



UNIVERSITY OF  
PORTSMOUTH

# **Annual Report of the Remuneration Committees**

**November 2018**

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## Overview

This report covers the reporting period October 2017 to November 2018. The performance objectives of the Vice-Chancellor and senior postholders are set in October each year and the performance against these objectives are formally reviewed 12 months later. These timescales therefore determine the reporting period used.

The Board receives a formal report after each meeting of the Remuneration Committees. This annual report provides an over-arching summary of its deliberations over the year.

## Structure and Membership of the Remuneration Committees

1 The University has two committees that consider the remuneration of senior postholders. These are:

(a) The **Vice-Chancellor's Remuneration Committee** considers the remuneration of the Vice-Chancellor.

The membership of the Vice-Chancellor's Remuneration Committee is:

- Margaret Scott, Chair of the Human Resources Committee (Chair)
- Jane Hoskins, Chair of the Board of Governors
- Mark Readman, Chair of the Finance Committee
- Professor Nairn Wilson, Deputy Chair of the Board of Governors

(b) The **Senior Postholders' Remuneration Committee** considers the remuneration of the University's senior postholders. These are Pro Vice-Chancellor (Education and Student Experience); Pro Vice-Chancellor (Research and Innovation); Pro Vice-Chancellor (Global Engagement); Chief Operating Officer; Director of Finance; and Director of Corporate Governance.

The membership of this Committee is:

- Margaret Scott, Chair of the Human Resources Committee (Chair)
- Professor Graham Galbraith, Vice-Chancellor
- Jane Hoskins, Chair of the Board of Governors
- Mark Readman, Chair of the Finance Committee
- Professor Nairn Wilson, Deputy Chair of the Board of Governors

Members of both Committees are appointed by the Board of Governors.

2 The terms of reference of both committees are at Appendix 1.

## Dates of Meeting and Attendance

### Joint Meeting of the Committees - 13 July 2018

3 The Committees held a joint meeting on 13 July 2018. The following members were in attendance: Margaret Scott; Professor Graham Galbraith; Jane Hoskins; and Mark Readman.

4 This meeting considered the way that the Committees would work in the year ahead and also discussed the appointment of the Pro Vice-Chancellor (Research and Innovation); the realignment of the management responsibilities of senior staff; the implications of the OfS accounts direction and the FOI Code of Practice for the work of the Committees; potential pay frameworks for senior staff; and the commissioning of benchmarking and comparator salary information.

## Meeting of the Vice-Chancellor's Remuneration Committee – 10 October 2018

- 5 The Vice-Chancellor's Remuneration Committee met on 10 October 2018. The following members were in attendance: Margaret Scott; Jane Hoskins; Mark Readman; and Professor Nairn Wilson.
- 6 This meeting specifically considered and reviewed the Vice-Chancellor's performance for 2017/18 and remuneration for 2018/19.

## Meeting of the Senior Postholders' Remuneration Committee – 10 October 2018

- 7 The Senior Postholders' Remuneration Committee met on 10 October 2018. The following members were in attendance: Margaret Scott; Professor Graham Galbraith; Jane Hoskins; Mark Readman; and Professor Nairn Wilson.
- 8 This meeting specifically considered and reviewed senior postholders' performance for 2017/18 and remuneration for 2018/19. The Committee also noted that, in accordance with its monitoring responsibilities, that no severance payments had been made during the academic year 2017/18 to any member of staff earning in excess of £100k per annum.

## Servicing of the Committees

- 9 The Director of Corporate Governance clerked all meetings in his capacity as Clerk to the Board of Governors. He retired from the meeting room for the duration of any discussion of his personal remuneration.
- 10 The Director of Human Resources attended all meetings by invitation of the Committees to provide specialist knowledge and support.
- 11 Comprehensive reports of each meeting were provided to the Board of Governors.

## Approach to Remuneration

- 12 The University has established a framework that outlines a number of clear principles that will be followed to ensure that decisions on the levels of remuneration for senior postholders are evidence-based and are transparent, fair and equitable. The framework is set out below:

### Setting the Initial Salaries of Senior Staff

- (a) When setting the initial salaries of senior staff, the University will take account of:
  - (i) Benchmarking data gathered via the annual independent UCEA survey of senior staff remuneration within the higher education sector, with a particular focus upon:
    - Institutions with a turnover of £202m to £400m
    - Institutions within the membership of the University Alliance mission group
  - (ii) The relative performance of the University in comparison with other institutions and the salaries offered for comparable posts at similarly performing institutions, especially within the University Alliance mission group.
  - (iii) Benchmarking data, where this is available, for comparable senior posts in other sectors.
  - (iv) Comparison with the salaries of other senior postholders within the University, taking into consideration the relative responsibilities and accountabilities of each senior post.
  - (v) The need to apply an inflationary adjustment to take account of time lags in the publication of benchmarking data.
  - (vi) The need to offer a competitive reward package to attract and secure candidates with the necessary experience, taking account of the relevant market intelligence.

## Reviewing the Salaries of Senior Staff

- (b) When making changes to the salaries of senior staff the University will take account of:
- (i) Their sustained performance and contribution during the preceding year(s).
  - (ii) The percentage increase in salary awarded to staff on national payscales as a consequence of national negotiations.
  - (iii) The average percentage increase in salary received by staff on national payscales to reflect incremental pay progression.
  - (iv) Maintaining the relative value of salaries when compared with benchmarking data in the annual UCEA survey of senior staff remuneration within the higher education sector, with a particular focus upon:
    - Institutions with a turnover of £202m to £400m
    - Institutions within the membership of the University Alliance mission group
  - (v) The overall affordability of any proposed increases to senior salaries, taking account both of the University's financial performance and the need to offer salaries that compare favourably with competitor institutions.
  - (vi) Any material changes in roles and responsibilities since the previous review period.

## Non-consolidated payments

- (c) One-off, non-consolidated payments may also be made to acknowledge exceptional individual contribution and to ensure the delivery of strategic imperatives.

## Probationary Periods

- (d) Staff will receive no increase in salary until the successful completion of their probationary year.

## Pay Relativities within the institution

- (e) The University will ensure that its highest paid staff member will not earn more than 20 times the full time equivalent salary of its lowest paid staff member. This is consistent with a proposal considered by the Hutton Review of Fair Pay in the Public Sector.

## Application of this Framework

- (f) This framework applies to all staff designated as senior postholders by the Board of Governors. The Vice Chancellor will take account of its principles when setting the remuneration of other senior staff.

## Institutional Performance

13 The Remuneration Committees receive the following information to support their decision-making:

- (i) Copies of the performance feedback letters received by senior postholders following their annual Personal Development Reviews. These letters detail both their achievement against personal objectives and their contribution to the achievement of corporate objectives, including the assistance they have given to supporting the attainment of colleagues' objectives.

- (ii) A comprehensive report on the University's comparative performance when compared with the University Alliance Group of Universities and all UK universities. This provides details of the University's overall performance in relation to:
- Performance in key league tables: these draw primarily upon the University's position in the three key domestic league tables - Complete University Guide, The Times and The Guardian league tables. Note is also taken of the University's position in international league tables – primarily, the Times Higher World Ranking and the Times Higher Young University league tables.
  - Student satisfaction: National Student Survey (NSS) outcomes.
  - Student employability: Destinations of Leavers from Higher Education (DLHE) Survey outcomes.
  - Teaching excellence: performance in the Teaching Excellence Framework (TEF) and results derived from TEF-related pilot activity.
  - Research and Innovation performance: performance in the Research Excellence Framework and income from research and innovation activities.
  - Financial performance: the total income of the University.

These measures are used because they reflect fundamental measures of strategic success but also represent higher-level output measures for which reliable benchmarking data is available.

Overall, the University of Portsmouth performs in the upper quartile in the context of University Alliance universities and, in relation to all UK universities, is performing at an above average level.

## Assessment of Senior Postholders' Performance

- 14 Having discussed and taken account of all relevant factors and especially the requirements of the Framework for Setting the Pay of Senior Postholders, the Senior Postholders' Remuneration Committee agreed the remuneration of senior postholders for the academic year 2018/19 and that changes to salary should be implemented with effect from 1 August 2018.
- 15 The Senior Postholders' Remuneration Committee took care to ensure that their decisions achieved a balance between achieving valid pay relativities for levels of relative seniority, rewarding performance, and ensuring compatibility with the salaries paid for comparable roles in comparable universities.

## External Appointments and Expenses

- 16 Senior postholders may only accept remunerated roles with other bodies with the explicit permission of the Vice-Chancellor. None of the University's senior postholders receive any remuneration from other bodies.

## Assessment of the Vice-Chancellor's Performance

### Assessment of Value and Performance

#### Contextual Information

- 17 To enable the Vice-Chancellor's Remuneration Committee to assess the value and performance delivered by the Vice-Chancellor, the following contextual information is provided to the Committee:
- (a) A narrative based on the discussions conducted at the Vice-Chancellor's personal development review (PDR) meeting with the Chair and Deputy Chair of the Board of Governors.
  - (b) An assessment of achievement against the Vice-Chancellor's personal objectives for the reporting year.
  - (c) A summary of the salary and benefits received by the Vice-Chancellor.
  - (d) Details of the remuneration received by the Vice-Chancellor in previous years.
  - (e) CUC and UCEA comparator data.
  - (f) Lowest paid staff member pay ratio and median pay rate ratio data for the University.

In addition, the Chair of the Board of Governors writes to all governors to invite comments, feedback and observations on the Vice-Chancellor's performance.

#### Judgement of Performance

- 18 In reaching their decision, the Vice-Chancellor's Remuneration Committee concluded that:
- (a) Comments, feedback and observations on the Vice-Chancellor's performance from governors confirmed that it was the view of governors that the Vice-Chancellor had provided effective leadership for the University; had presided over a sustained improvement in the University's performance; and had maintained a firm focus upon achieving key strategic outcomes for the University.
  - (b) The assessment of the Vice-Chancellor's achievement against his objectives for 2017/18 showed that the majority of objectives had been successfully completed. In instances where objectives had been partially completed, significant progress could be demonstrated. There were no instances where little or no progress had been made towards the achievement of an objective.
  - (c) The Vice-Chancellor had:
    - (i) Effectively addressed a number of longstanding issues during his early years in post. This had enabled him to demonstrate impact and attain results quickly. The challenges that now faced the University were more complex and likely to become harder to address.
    - (ii) Demonstrated both the commitment and the ability to nurture and develop an effective senior team. He had taken a keen interest in supporting them to fulfil their future career aspirations.
    - (iii) Demonstrated an entrepreneurial outlook and that he was skilled at identifying and securing new opportunities for the University.
    - (iv) Attained an excellent level of performance over the reporting year.



- 19 Having discussed and taken account of all relevant factors and especially the requirements of the Framework for Setting the Pay of Senior Postholders, the Vice-Chancellor's Remuneration Committee agreed that the Vice-Chancellor should receive a salary of £282,000 with effect from 1 August 2018.

## Other Benefits

### Health Insurance

- 20 The Vice-Chancellor receives family healthcare insurance cover under the Universities and Colleges Corporate Healthcare Scheme. This insurance cover is available to all senior postholders of the University. The cost to the University of providing this cover was £1,309 for 2017/18 and is anticipated to be £1,335 for 2018/19. It is a taxable benefit and the Vice-Chancellor pays tax upon this.

### Pension Allowance

- 21 The University allows any member of staff who can demonstrate that they have met their maximum lifetime pension allowance to opt-out of their pension scheme and, instead, receive a pension allowance from the University in lieu of pension contributions. The Vice-Chancellor has availed himself of this option and received a monthly allowance of £3,217 in lieu of pension contributions from the University during 2017/18. This is anticipated to be £3,343 per month during 2018/19.
- 22 The Vice-Chancellor also participates in an excepted group life assurance scheme which replicates the current life insurance benefits provided by membership of the pension scheme. This is available to all staff in receipt of a pension allowance from the University. The cost of this scheme that relates to the Vice-Chancellor is £933 per annum and this is deducted from his pension allowance payment.

## External Appointments and Expenses

- 23 The Vice-Chancellor may only accept remunerated roles with other bodies with the explicit permission of the Chair of Governors. The Vice-Chancellor does not receive any remuneration from other bodies.

## Summary of Vice-Chancellor's Emoluments

### Summary of Vice-Chancellor's Emoluments

Emoluments of the Vice-Chancellor	2018/19	2017/18
<b>Salary</b>	282,000	273,000
<b>Benefits</b>	1,335	1,309
<b>Subtotal</b>	283,335	274,309
<b>Pension costs</b>	40,120	38,600
<b>TOTAL</b>	323,455	312,908

(NB Costs for 2018/19 are estimated only and are derived from current data held within the University's HR system.)

Note: The Vice-Chancellor declined to receive a non-consolidated special payment of £5k awarded for 2017/18 and requested that these monies should instead be used to help to support bursaries to enable people from disadvantaged wards within Portsmouth to study at the University. This sum therefore does not appear in the emoluments for 2018/19.

## Appendix 1

### University of Portsmouth - Board of Governors

#### Senior Postholders' Remuneration Committee

The Constitution of the Senior Postholders' Remuneration Committee comprises four External Governor members holding particular offices, together with the Vice-Chancellor:

- Chair of the Board
- Deputy Chair of the Board
- Chair of Human Resources Committee
- Chair of Finance Committee
- and the Vice-Chancellor (for all matters other than those affecting his own position).

#### CONSTITUTION

Chair of Board

Deputy Chair of Board

Chair of Human Resources Committee

Chair of Finance Committee

and for all matters other than those affecting his own position

#### MEMBERSHIP AS AT 1 AUGUST 2017

Jane Hoskins

Professor Nairn Wilson

Margaret Scott

Mark Readman

Professor Graham Galbraith: Vice-Chancellor

Notes:

The Director of Human Resources attends to provide advice and guidance as required and the Committee can call on other sources of advice as it thinks necessary, for example, the Director of Finance.

The Senior Postholders Remuneration Committee will meet to review its processes at least every three years.

#### Terms of Reference – last approved by the Board 11 October 2017 Minute 7.7

- 1 To determine and keep under review the pay and conditions of service of all senior postholders with the exception of the Vice-Chancellor and as defined by the Board in accord with the Articles of Government (AoG 1.1): currently the Pro Vice-Chancellors, the Chief Operating Officer, the Director of Finance, and the Director of Corporate Governance; and in line with the agreed principles outlined in the pay policy for senior postholders of the University as approved by the Board of Governors.
- 2 To consider and approve arrangements proposed by the Vice-Chancellor to increase, reduce or alter the number of or responsibilities of senior postholders, whether on a permanent or temporary basis. Within this remit, nothing is intended here to disrupt the day-to-day running of the University and minor changes need not be brought for approval.
- 3 To assure themselves as to the reasonableness and currency of the contractual terms and benefits for such appointments, for example health insurance, performance criteria and measurement and applicability of any special pay schemes.
- 4 To consider and approve severance payments for senior postholders in the event of premature retirement or dismissal.

5 Having regard to Office for Students requirements, to approve all severance payments to Senior Staff. In addition, to approve all severance payments determined by the Vice-Chancellor for other post-holders that would not be in accordance with policy guidelines established separately by the Board of Governors.

6 To consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance for staff.

7 Meetings of Senior Postholder Remuneration Committee will include routinely an opportunity for External Governors to meet privately, without the Vice-Chancellor and Clerk present. This private session will be for formative discussion: subsequent decisions will take place with the Vice-Chancellor and Clerk present. (This opportunity for private discussion mirrors the arrangements for Audit and Quality Committee, and preserves External Governors' independence).

8 To report to the Board of Governors in line with the Governance Code of Practice, and as agreed by the Board as follows:

- (i) the Board will receive reports from Senior Postholders Remuneration Committee on its meetings, specifying context, purpose, process and broad outcome of Committee's deliberations;
- (ii) the names and salaries of individuals will remain confidential and, as is current practice, the outcome of deliberations (usually in the form of a letter from the Chair to the Director of Human Resources) will be bound into the formal record that is the Governors' Minute book, and be available for consultation by any Governor by arrangement with the Clerk;
- (iii) the minutes of the Senior Postholder Remuneration Committee will continue to be confidential to members and not presented to the Board of Governors.
- (iv) the minutes of the Senior Postholder Remuneration Committee will be available for consultation by any Governor by arrangement with the Clerk.

# University of Portsmouth - Board of Governors

## Vice-Chancellor's Remuneration Committee

The Constitution of the Vice Chancellor's Remuneration Committee comprises four External Governor members holding the following offices:

- Chair of the Board
- Deputy Chair of the Board
- Chair of Human Resources Committee
- Chair of Finance Committee

The Vice-Chancellor is explicitly excluded from membership or attendance at meetings of this Committee.

### CONSTITUTION

Chair of Board  
Deputy Chair of Board  
Chair of Human Resources Committee  
Chair of Finance Committee

### MEMBERSHIP AS AT 1 AUGUST 2017

Jane Hoskins  
Professor Nairn Wilson  
Margaret Scott  
Mark Readman

### Notes:

The Director of Human Resources attends to provide advice and guidance as required and the Committee can call on other sources of advice as it thinks necessary, for example, the Director of Finance.

The Committee will meet to review its processes at least every three years.

## Terms of Reference – last approved by the Board 11 October 2017 Minute 7.7

- 1 To determine and keep under review the pay and conditions of service of the Vice-Chancellor in line with the agreed principles outlined in the pay policy for senior postholders of the University as approved by the Board of Governors.
- 2 To assure themselves as to the reasonableness and currency of the contractual terms and benefits available to the Vice-Chancellor, for example health insurance and performance criteria.
- 3 To consider and approve severance payments for the Vice-Chancellor in the event of premature retirement or dismissal.
- 4 To consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance for the Vice-Chancellor.
- 5 Meetings will include routinely an opportunity for External Governors to meet privately, without the Clerk present. This private session will be for formative discussion: subsequent decisions will take place with the Clerk present. (This opportunity for private discussion mirrors the arrangements for Audit and Quality Committee, and preserves External Governors' independence).
- 6 To report to the Board of Governors in line with the Governance Code of Practice, and as agreed by the Board as follows:
  - (i) the Board will receive reports from Vice Chancellor's Remuneration Committee on its meetings, specifying context, purpose, process and broad outcome of Committee's deliberations;
  - (ii) the outcome of deliberations (usually in the form of a letter from the Chair to the Director of Human

Resources) will be bound into the formal record that is the Governors' Minute book, and be available for consultation by any Governor by arrangement with the Clerk;

- (iii) the Minutes of the Vice Chancellor's Remuneration Committee will continue to be confidential to members and not be formally presented to the Board of Governors;
- (iv) the Minutes of Remuneration Committee will be available for consultation by any Governor by arrangement with the Clerk.

## Principles of Operation

### Vice-Chancellor's and the Senior Postholders' Remuneration Committees

The Vice-Chancellor's Remuneration Committee and the Senior Postholders Remuneration Committee will have the following shared principles of operation:

- (i) To enable all Governors to input into the performance review of senior post holders;
- (ii) To reward senior post holders with appropriate salaries, not bonuses;
- (iii) To preserve independence of External Governors by routinely providing a private session within the Committee meetings;
- (iv) To continue to provide reports to the Board in line with the CUC Code of Governance;
- (v) To make decisions and minutes available for consultation by any Governor by arrangement with the Clerk;
- (vi) To consider comparator data in making deliberations as follows:
  - Sector comparator data from UCEA and CUC;
  - External comparator data (provided by the Director of HR);
  - A report from the Vice-Chancellor on the posts rewarded on grade 12 as well as information on salaries of those above the top of grade 12 in order for members to see how higher salaries relate to those on normal scales.

All comparator data to be provided for a three-year time frame if possible.