



Annual Report of the Remuneration Committees

February 2024

ANNUAL REPORT OF THE REMUNERATION COMMITTEES 2022/23

This report covers the reporting period October 2022 to November 2023. 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 during the reporting period was:

- Claudia Iton, Chair of the People, Culture and Engagement Committee (Chair)
- David Willan, Chair of the Board of Governors
- David Madoc-Jones, Chair of the Infrastructure and Finance Committee (from 23 September 2022)
- Frances Morris-Jones, Chair of the Audit and Quality Committee (to 31 July 2023)
- Sandy Pepper, Chair of the Audit & Quality Committee (from 1 August 2023)

(b) The **Senior Postholders' Remuneration Committee** considers the remuneration of the University's senior postholders. These are the Senior Deputy Vice-Chancellor; the Provost, the Deputy Vice-Chancellor (Education); Deputy Vice-Chancellor (Research and Innovation); Deputy Vice-Chancellor (Global Engagement and Partnerships); Chief Finance Officer; Executive Director of Corporate Governance; and Chief People Officer.

The membership of the Senior Postholders' Remuneration Committee during the reporting period was:

- Claudia Iton, Chair of the People, Culture and Engagement Committee (Chair)
- Professor Graham Galbraith, Vice-Chancellor
- David Madoc-Jones, Chair of the Infrastructure and Finance Committee (joined the Committee from 23 September 2022)
- Frances Morris-Jones, Chair of the Audit and Quality Committee (joined the Committee from 16 August 2021)
- Sandy Pepper, Chair of the Audit & Quality Committee (joined the Committee from 1 August 2023)
- David Willan, 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 Meetings and Attendance

Joint Meeting – 31 January 2023

- 3 The two committees held a joint meeting on 31 January 2023. This was attended by Claudia Iton, David Willan, Graham Galbraith, Frances Morris-Jones and David Madoc-Jones.
- 4 At this meeting, the joint committee received and discussed a report and accompanying presentation on the proposed future leadership structure and academic structure at the University from the Chief People Officer and the Vice-Chancellor.

Joint Meeting – 25 April 2023

- 5 The two committees held a joint meeting on 25 April 2023. This was attended by Claudia Iton, David Willan, Graham Galbraith, Frances Morris-Jones and David Madoc-Jones.
- 6 At this meeting, the joint committee ratified the terms of reference of the two committees and its proposed programme of work for the year; considered its compliance with the best practice identified within the CUC Remuneration Code; and ratified the pay range framework for senior postholders.

Meeting of the Senior Postholders' Remuneration Committee – 2 November 2023

- 7 The Senior Postholders' Remuneration Committee met on 2 November 2023. This was attended by Claudia Iton, David Willan, Graham Galbraith, David Madoc-Jones and Sandy Pepper.
- 8 This meeting specifically considered and reviewed senior postholders' performance for 2022/23. The Committee also noted its responsibility to monitor any severance payments made during the academic year 2022/23 to any member of staff earning in excess of £100k per annum.

Meeting of the Vice-Chancellor's Remuneration Committee – 20 November 2023

- 9 The Vice-Chancellor's Remuneration Committee met on 20 November 2023. The following members were in attendance: Claudia Iton; David Willan; David Madoc-Jones and Sandy Pepper.
- 10 This meeting specifically considered and reviewed the Vice-Chancellor's performance for 2022/23.

Servicing of the Committees

- 11 The Executive Director of Corporate Governance clerked all meetings of the Remuneration Committees held during the period.
- 12 The Chief People Officer attended all of the meetings of both Committees during the period. This attendance was by invitation of the Committees and was to provide specialist knowledge and support. She left the meeting whilst her personal remuneration was discussed.
- 13 Comprehensive reports of each meeting were provided to the Board of Governors.

APPROACH TO REMUNERATION

- 14 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:

Pay Ranges and Initial Salaries of Senior Staff

- (a) Each senior post has a market-related pay range set, within which the postholder's base level pay is managed and adjusted. When setting the pay range, 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:
 - All higher education institutions with a turnover of £280m to £400m
 - All post-92 higher education institutions with a turnover of £280m to £400m
 - All higher education institutions in London and the South East of England with a turnover of over £200m
 - (ii) The relative performance of the University in comparison with other institutions and the salaries offered for comparable posts at similarly performing institutions.
 - (iii) Benchmarking data, where this is available, for comparable senior posts in other sectors.

When setting the initial salaries of senior staff within the pay range, the University will take account of:

- (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 relevant market intelligence.

Pay ranges will be formally reviewed every three years to ensure their continued fitness for purpose, taking account of market intelligence and benchmarking data. However, adjustments to pay ranges may be made within this three-year timescale if exceptional changes in the market rates paid for particular roles become apparent.

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). The performance of individual postholders will be formally reviewed each year, mirroring the University's PDR process that applies to all staff. Any senior postholder identified as requiring significant improvement in their performance will not receive any pay increase in the relevant year.
 - (ii) Any material changes in roles and responsibilities since the previous review period.
 - (iii) The percentage increase in salary awarded to staff on national payscales as a consequence of national negotiations.
 - (iv) The average percentage increase in salary received by staff on national payscales to reflect incremental pay progression.
 - (v) 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:
 - All higher education institutions with a turnover of £280m to £400m
 - All post-92 higher education institutions with a turnover of £280m to £400m
 - All higher education institutions in London and the South East of England with a turnover of over £200m
 - (vi) 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.
 - (vii) The University will review and moderate the pattern of increases across all senior postholders in order to ensure fairness and consistency.

Pay Range Ceilings

- 15 Pay range ceilings will be formally reviewed every three years to ensure that they continue to reflect market rates. In addition, the pay range ceilings will be reviewed annually to reflect, where appropriate, national pay awards in the sector to mitigate the impact of inflation.
- 16 A ceiling will be set at the top of the pay range for each senior post. This will set a maximum pay level for each post.
- 17 For a senior post holder who has reached their pay range ceiling, a single non-consolidated payment could be made to reflect their sustained performance and contribution during the preceding year. Their base pay would be capped at their pay range ceiling.

Recognition Awards

- 18 In occasional instances of truly exceptional performance in delivering on the strategic imperatives of the University, a senior postholder may be considered for a non-consolidated special payment, in recognition of their achievement.
- 19 Such awards are not considered for actions which might normally be expected to fall within the senior postholder's remit, but for truly outstanding and exceptional performance.

Attraction and Retention Payments (Market Supplements)

- 20 The University may, for market pay reasons, decide to apply a market supplement to certain senior roles. The size of the market supplement to be applied will be determined by market data and evidence around the inability to recruit or retain senior postholders in certain roles. The University will review the appropriateness of market supplements on an annual basis. Senior postholders in receipt of a market supplement will be given three months' notice of the cessation of any market supplement payments.

Probationary Periods

- 21 Senior postholders will not routinely receive any increase in salary until the successful completion of their probationary year, save for cases where, in the Committee's judgement, exceptional circumstances justify an increase.

Pay Relativities within the institution

- 22 The University will monitor the ratio between the highest paid member of staff and the median pay level across the University. This ratio should reflect other comparable universities and the earnings multiple should not exceed 10:1.
- 23 The University will also 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

- 24 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

- 25 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 similar universities and all other 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: performance in the Graduate Outcomes Survey.
 - 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 (REF) 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.

ASSESSMENT OF SENIOR POSTHOLDERS' PERFORMANCE

- 26 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 2023/24 and that changes to salary should be implemented with effect from 1 August 2023.
- 27 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

- 28 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. In the event of any such instances, there should be transparency and any remunerated roles should be formally recorded within the University's register of interests.

ASSESSMENT OF THE VICE-CHANCELLOR'S PERFORMANCE

Assessment of Value and Performance

Contextual Information

29 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 of the Board of Governors and the Chair of the Audit & Quality Committee.
- (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

28 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 their view that the Vice-Chancellor had attained a high level of performance throughout the 2022/23 reporting year and had demonstrated a huge degree of commitment to delivering the University's strategic objectives.
- (b) There had been some excellent achievements during the period including the development of the London Campus and the Medical School.
- (c) The Vice-Chancellor had effectively led the University's achievement of a second TEF Gold award, the University being one of only five universities in the South East region to be rated gold, along with the universities of Oxford, Chichester, Solent and the Open University. The University being 1 of only 16 universities awarded Gold in both TEF exercises.
- (d) It was noted that although student recruitment had been challenging during the period, the University had experienced a significant uplift in its positions in the Guardian and Complete University Guide league tables. The University had also performed very

positively in this year's NSS, being ranked 18th for learning resources (89% compared to a sector average of 86%) and 19th of all universities in England for academic support (87% compared to a sector average of 84%).

- (e) It was acknowledged that this was an exceptionally difficult time to be a Vice-Chancellor of a modern university but that, despite these challenges, the Vice-Chancellor had continued to maintain his energy, drive and vision which was critical for the success of the University.

- 29 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 £320,881 with effect from 1 August 2023. This is an increase of 5%, made to reflect a modest increase in the prevailing circumstances.

Other Benefits

Health Insurance

- 30 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 £1,862.25 for 2022/23. It is a taxable benefit and the Vice-Chancellor pays tax upon this.

Pension Allowance

- 31 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 annual allowances of £61,965.72 from 1st August 2022; £62,035.80 from 1st October 2022; £62,727.00 from 1st November 2022 and £63,999.24 from 1st February 2023 in lieu of pension contributions from the University during the 2022/23 financial year¹. The pension allowance is calculated as £65,571.24 for the 2023/24 financial year.
- 32 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 £907.08 for 2023/24, and this is deducted from his pension allowance payment and reflected in the above figure.

External Appointments and Expenses

- 33 The Vice-Chancellor may only accept remunerated roles with other bodies with the explicit permission of the Chair of Governors. The Vice-Chancellor receives an honorarium for serving on the Board of the Portsmouth Hospitals University NHS Trust and after paying appropriate tax donates the remaining sum in its entirety to a University of Portsmouth scholarship fund to support students from a care background.

¹ Changes in pension allowances due to variations in National Insurance requirements and February 2023 interim pay award

Summary of Vice-Chancellor's Emoluments

Emoluments of the Vice-Chancellor	2022/23	2021/22
Salary	308,657 ²	296,700
Benefits (cost by calendar year)	1,862	1,433
Subtotal	310,519	298,133
Pension costs	63,178 ³	60,805
TOTAL	373,697	358,938

Changes over time to the pay multiple of its Vice-Chancellor and the University's all-staff median basic pay ratio may be summarised as:

Year	Pay Multiple
2015	7.30
2016	7.40
2017	7.50
2018	7.30
2019	7.40
2020	7.40
2021	7.25
2022	7.11
2023	7.47

² Salary of £305,601 from 1st August 2022 and £311,713 from 1st February 2023 following interim pay award

³ Reflects the varying pension allowances detailed in the Pension Allowance section above

UNIVERSITY OF PORTSMOUTH**BOARD OF GOVERNORS****SENIOR POSTHOLDERS REMUNERATION COMMITTEE
TERMS OF REFERENCE**

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

- Chair of the Board
- Deputy Chair of the Board
- Chair of Audit and Quality Committee⁴
- Chair of Infrastructure and Finance Committee
- Chair of People, Culture and Engagement Committee
- and the Vice-Chancellor (for all matters other than those affecting his own position).

The Chief People Officer 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 Chief Financial Officer.

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

⁴ Renamed Audit and Risk Committee following approval by the Board of Governors on 23 November 2023

Terms of Reference

- 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 Senior Deputy Vice-Chancellor, Provost, Deputy Vice-Chancellor for Education, Deputy Vice-Chancellor (Research, Innovation and External Relations), Deputy Vice-Chancellor (Global Engagement and Student Life), Chief Financial Officer, Chief People Officer and the Executive 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 the Office for Students (OFS) Terms and Conditions of Funding for Higher Education Institutions, the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code, the CUC Code of Governance or other similar documents, 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 CUC Code of Governance and the CUC Higher Education Senior Staff Remuneration Code, 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 Chief People Officer) 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

TERMS OF REFERENCE

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

- Chair of the Board
- Deputy Chair of the Board
- Chair of Audit and Quality Committee⁵
- Chair of Infrastructure and Finance Committee
- Chair of People, Culture and Engagement Committee

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

The Chief People Officer 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 Chief Financial Officer.

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

⁵ Renamed Audit and Risk Committee following approval by the Board of Governors on 23 November 2023

Terms of Reference

- 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 Chief People Officer) 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.