

# **ANNUAL REMUNERATION REPORT 2018/19 TO THE BOARD OF GOVERNORS**

## **Introduction**

### **1. Terms of reference**

The Committee's terms of reference can be found at Appendix A. During 2018/19 Senior Post Holders (SPH) were: the Principal; the Vice Principal; the Vice Principal; and the Registrar. The Remuneration Review Procedure for the Principal can be found at Appendix B, and for the SPHs/Clerk/Deputy at Appendix C.

### **2. Remuneration Committee Membership**

- Sue Brownlow ©, Deputy Chair of the Board of Governors;
- David Noyce, Chair of the Board of Governors; and
- Mark Greaves, Governor.

In attendance with no voting rights were also:

- Becky Moore, Staff Governor;
- Rowena Murphy, Student Governor.

### **3. Remuneration Committee Meetings**

The Committee met three times in 2018/19: 6 November 2018; Special Meeting 10 May 2019 and 9 July 2019.

All Committee members were present for both meetings. Staff and Student attendees were not present for the Special Meeting. There were no apologies.

### **Approach to remuneration**

4. The basic principles can be found at paragraph five of the Remuneration Review Procedure for the Principal and Chief Executive.

5. The type of factors used in considering reward proposals for senior post holders can be found at paragraphs 6-11 of the Remuneration Review Procedure for the Principal and Chief Executive.

6. The data that supports this approach is drawn from:

- a) Benchmark institutions financial statements;
- b) the Committee of University Chairs' Vice-Chancellor Salary Survey; and
- c) internal analysis of salary distributions.

7. The College introduced a HERA role analysis scheme in 2017-18. All posts including those of SPHs (excluding the Principal) were evaluated against the role and remit of the post (not the person). All posts were scored using a standardised, approved matrix. In introducing HERA at the College it was possible to migrate all staff to the nationally recognised single pay spine. All staff migrated to the new single pay spine, effective from 1 August 2018. Pay Awards are based on successful performance and the College uses an Annual Performance Appraisal scheme to monitor those staff who are entitled to have a salary review (provided they do not exceed their current salary banding).

8. Salary progression is subject to an annual Performance Appraisal, with the achievement of meeting expectations. Any increases are subject to individual performance and are normally applied on the 1 August of that year, provided that the

individual has satisfactorily completed a minimum of six months' service in post, at the previous salary point".

All staff (excluding the Principal, who is subject to a separate arrangement) would receive an annual inflation uplift to their base pay, which is approved by the Board. This inflation uplift is normally agreed in December, backdated to August but is primarily linked to student numbers and affordability. However, to maintain our competitiveness on using the Single Pay spine it would be difficult for us not to award the nationally agreed inflation uplift as we would then not be consistent with the University sector.

9. The approach used by the Committee in benchmarking positions offered within comparator institutions can be found at paragraphs 12-16 of the Remuneration Review Procedure for the Principal and Chief Executive.

10. The current value for the HEI of the pay multiple of head of institution (HoI) earnings against the median of all staff was 6.4 in (18/19). Details of how this indicator has changed over an extended period of time, e.g. the last five years, is unknown but the data will be collected going forward from 2017/18.

<b>Emoluments of the Vice-Chancellor</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Salary	<b>£163,929</b>	<b>£159,495</b>	<b>£155,000</b>
Performance related pay	2.78%	2.9%	3.3%
Benefits	£1,000	£1,000	£1,000
Subtotal	£164,929	£160,495	£156,000
Pension costs	£27,000	£26,000	£26,000
Total	£191,929	£186,495	£182,000

## **Expenses**

16. The Principal's expenses are inline with the College's Financial Regulations and Expenses Policy. The Remuneration Committee monitors these expenses on an annual basis.

**TERMS OF REFERENCE – REMUNERATION COMMITTEE****1. Purpose**

- 1.1 The Committee is responsible for recommending and monitoring the level and structure of remuneration for the Principal, Senior Post Holders, the Clerk and Deputy Clerk.
- 1.2 The Remuneration Committee must produce an annual remuneration report to the Board of Governors. That report will need to provide sufficient assurance to the Board that the Remuneration Committee has effectively discharged its responsibilities.

**2. Remit**

- 2.1 The Committee shall have the following specific responsibilities:
- a. To consider reports annually on the performance appraisals of the Principal, all other Senior Post Holders, the Clerk and Deputy Clerk.
  - b. To make recommendations to the Board of Governors on, the remuneration and other terms and conditions of the Principal, all other Senior Post Holders, the Clerk and Deputy Clerk, and of such other senior managers as the Board may determine.
  - c. To set the Remuneration Review Procedure for the Principal, and for SPHs, the Clerk and the Deputy Clerk.
  - d. To review the on-going appropriateness and relevance of the Remuneration Review Procedures.
  - e. To consider and advise the Board on the pay and allowances framework for the college.
  - f. To carry out such other tasks as may, from time to time, be assigned by the Board.
  - g. To review, within the areas under the Committee's oversight, whether satisfactory arrangements are in place to promote economy, efficiency and effectiveness or value for money.

**3. Limitation**

- 3.1 The Board of Governors shall, itself, retain ultimate responsibility in law as "the employer".

**4. Membership and Attendance**

- 4.1 The Committee shall comprise six members (allowing for any current vacancies); including the Board of Governors Chair, two other Governors, the SU President as student governor, a staff governor and a Governor or Independent Consultant who has skills, knowledge and/or experience of HR and employment. The Board will appoint to the Committee annually, or on retirement of an existing member.
- 4.2 The Board of Governors shall appoint the Chair of the Committee biennially, from its independent members. The Chair of the Committee must not be the Chair of the Board of Governors. The Committee will not normally meet in the absence of the Board of Governors Chair.
- 4.3 The Committee may determine to appoint a Chair Designate to have a handover period between the outgoing Chair of the Committee and the new Chair of the Committee, particularly where the latter is relatively new to the Corporation. The

Chair Designate would not be a formal office and would not carry any specific authority. The Chair Designate will need to be formally appointed as the Chair of the Committee on the retirement of the existing Chair of the Committee.

- 4.4 Senior Post Holders and members of staff, other than the Staff Governor, shall not be eligible for appointment to the Committee.
- 4.5 The College's Head of Human Resources will routinely attend the Committee for those agenda items appropriate to his/her duties. The Committee may, from time to time, invite the Board of Governors' legal advisors and/or other parties with an established and relevant interest to attend all or part of a meeting. Such persons may be invited to speak but may not vote.
- 4.6 The Principal will routinely attend the Committee for those agenda items appropriate to his/her duties ie staff and Senior Post Holder pay, but will not attend for any part of the meeting relating to the Principal's remuneration.
- 4.7 Given the nature of the work of the Committee, the quorum for meetings shall be two Governors.
- 4.8 The Clerk to the Board of Governors shall act as Clerk to the Committee.

## **5. Meetings and Conduct of Business**

- 5.1 The Committee will meet at least twice a year in accordance with the Board of Governors' Meeting Schedule. The Chair may call additional meetings as required and subject to a minimum of 7 day's notice.
- 5.2—The Clerk or the Deputy Clerk may be required to withdraw from discussion of those items of direct relevance to them. Separate minutes of those parts of the debate relating to the Clerk are to be compiled by the Deputy Clerk or a member of the Committee nominated by the Chair. Papers relating to the remuneration and conditions of the Clerk will be circulated by the Chair with the assistance of the Deputy Clerk.
- 5.3 The Committee is entitled and empowered by the Board of Governors to access all data and information it considers necessary to the effective pursuit of its remit, and may require members of staff and others as appropriate to produce such information. It may seek professional and/or specialist advice from the college's legal advisors directly, and without further resource to the Board of Governors.
- 5.4 In order to function effectively and to provide timely advice to the Board of Governors, the Committee will, as a minimum, include in its agenda at the appropriate time, all items detailed in the Board of Governors' Cycle of Business.

## **6. Procedures and Reporting**

- 6.1 The procedures, standards and requirements laid down in the Instrument & Articles of Government, Board of Governors' Standing Orders, and the Members' Code of Conduct apply in full to the activities of this Committee and to all its members, regardless of whether or not they are members of the Board.
- 6.2 The Committee Chair shall deliver an oral report on the business of this Committee at the Board of Governors as required. The Committee Chair shall also bring urgent matters to the early attention of the Board, the Principal/CEO and the Clerk as appropriate, and may also direct that reports on specific topics be prepared for submission to the Board as an agenda item.
- 6.3 The Board of Governors will formally receive the minutes of the Committee.

## Plymouth College of Art

### Remuneration Review Procedure - Principal and Chief Executive

#### Introduction

1. This procedure has been drawn up with due reference to the regulatory framework<sup>1</sup> and also good practice and guidance<sup>2</sup>.
2. The Articles of Government specify that the employment and remuneration of Senior Post Holders and of the Clerk and Deputy Clerk are properly the domain of the Board of Governors, which is responsible for all decisions including the appointment, grading, suspension, dismissal and determination of pay and conditions of service for those posts.
3. The Board has established a Remuneration Committee in line with the Committee of University Chairs (CUC) Higher Education (HE) Code of Governance (3.13). "Remuneration" refers to the full range of the reward package an individual receives, including pay, benefits (including pension contributions of all kinds) allowances and incentives/rewards.
4. The Board has delegated to the Remuneration Committee (the Committee) the responsibility for the annual review of the Principal's salary, and for making recommendations thereafter to the Board.
5. The Board adopted the Higher Education Senior Staff Remuneration Code (June 2018) in July 2018.

#### Basic principles

6. The following basic principles will be followed in this pay review process:
  - the process should be agreed by all parties;
  - the process must be robust and rational;
  - the outcomes must be affordable;
  - all decisions taken must be transparent.

In the process of review, the Committee will take account of the following:

- perceptions of College staff - being mindful of the general level of wage and salary settlements being received by staff and how any proposed increase for the Principal might be viewed;
- proportionality - being fair and consistent - within the College and within the HE sector;
- performance - ensuring the salary paid works for the College and its students;
- recruitment and retention - keeping valued staff within the College;
- avoidance of excessive reward - the importance, for 'public institutions' of being able to evidence that the level of remuneration is not excessive and the public interest is safeguarded.

#### Process

7. The Committee understands the need to take account of a range of information.

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<sup>1</sup> Office for Students, Securing student success: Regulatory framework for higher education in England (February 2018)

<sup>2</sup> Committee of University Chairs, The Higher Education Code of Governance, 2014; ACEVO, The Good Pay Guide for Charities and Social Enterprises, 2013. November 2019

8. This will include evidence of performance against agreed objectives in the form of a report from the Chair of the Board based on the annual performance development review process.
9. The Committee has indicated that, although the performance development review should not be directly linked to pay reviews, personal performance indicators, which evidence progress against the College's strategic aims, will be considered in arriving at recommendations to the Board.
10. The Committee will consult benchmark data on equivalent posts in similar institutions (see paragraphs 12-14 below).
11. The Committee will also take account of anticipated levels of pay settlements for all staff in the sector.

### **Comparative Data**

12. Comparative data offers a benchmark of the rewards paid to similar roles in comparable institutions, e.g. Norwich University of the Arts, Arts University Bournemouth; Falmouth University, Leeds College of Art, Hereford College of Art and Cleveland College of Art and Design.
13. The availability of useful comparative data for benchmarking pay awards is limited. Data for Principal salaries is based on published Financial Statements, and therefore when applied is two years out of date. It may also be useful to look locally for comparisons with similar sized organisations out of sector to compare pay scales, and other comparable sectors;
14. The Committee should routinely have available the following information to assist salary reviews:
  - the Guild HE survey of Principals' salaries; the AoC's and UCEA's annual survey of management staff and senior post-holders (including Clerks and Deputy Clerks);
  - the annual survey undertaken by the Times Higher Education; and
  - actual or forecast national pay settlements for all staff in the sector for the forthcoming 12 months, and percentage increases on offer to other members of staff who are not Senior Post Holders.

### **Comparative data risk**

15. The use of benchmark data is expected to inform the level of remuneration, rather than be the sole basis on which the Committee makes a decision.
16. The UK Corporate Governance Code warns that a Remuneration Committee should use such comparisons with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in [College] and individual performance'.

### **Reporting to the Board of Governors**

17. It is important that reports from the Committee to the Board provide sufficient detail of its deliberations to enable governors to assure themselves fully that a rigorous, fair and defensible process had taken place, since overall responsibility for this rests with the Board and not the Committee.
18. The College must publish a readily accessible annual statement, based on an annual report to its Board of Governors, the parameters for which are set out in the Remuneration Code.

## **Plymouth College of Art**

### **Senior Post Holders, Clerk and Deputy Clerks' Remuneration Review Procedure**

#### **Introduction**

1. The Articles of Government specify that the employment and remuneration of senior post holders, the Clerk and Deputy Clerk are properly the domain of the Board of Governors, which is responsible for all decisions including the appointment, grading, suspension, dismissal and determination of pay and conditions of service for such posts.
2. The Board has delegated to the Remuneration Committee (the Committee) the responsibility for the annual review of Senior Post-Holders' and the Clerk and Deputy Clerks' salaries, and for making recommendations thereafter to the Board.
3. The SPHs at this time are: the Principal, the Vice Principal; and the Registrar.
4. The Principal's remuneration review is subject to a separate procedure.

#### **Some basic principles**

5. It is proposed that there are key points and basic principles which should feature in this pay review process:
  - the process should be agreed by all parties;
  - the process must be robust and rational;
  - outcomes should be justifiable and clearly recorded and communicated;
  - any outcomes must be affordable.
  - any changes to bandings or salary reviews will be subject to the outcomes of the College's recognised HERA role analysis process.

#### **The Process**

6. The Committee will take account of anticipated levels of pay settlements for all staff in the sector.
7. If SPH performance was strong a salary review, linked to the College's Performance Appraisal outcomes, could be made in line with College procedure by way of recommendation from the Principal to the Committee, providing the post is not at the maximum of the banding, if the SPH is at the top of the banding, they will receive the annual college pay review negotiated by UCEA.
8. If the Clerk's performance was strong, a salary review, linked to the College's Performance Appraisal outcomes, could be made in line with College procedure by way of recommendation from the Chair of the Board of Governors to the Committee, providing the post is not at the maximum of the banding, if the Clerk is at the top of the banding, they will receive the annual college pay review negotiated by UCEA.
9. If the Deputy Clerk's performance was strong, a salary review, linked to the College's Performance Appraisal outcomes, could be made in line with College procedure by way of recommendation from the Clerk to the Committee, providing the post is not at the maximum of the banding, if the Deputy Clerk is at the top of the banding, they will receive the annual college pay review negotiated by UCEA.

## **Financial Sustainability**

10. After HERA review, SPHs, Clerk and Deputy Clerk were on an appropriately benchmarked management pay spine.
11. Given the current environment and financial position of the College, SPHs, the Clerk and Deputy Clerks' pay award will be on the same basis as the overall College pay award.