

Remuneration Annual Report 2019

Introduction

The University believes that pay should be attractive, competitive, and managed through a robust and consistent framework. In addition, it believes that the performance of staff may be enhanced through appropriate reward arrangements for the outstanding performers. Governance of pay, terms and conditions and employee benefits is therefore vitally important to ensure that the University offers a compelling employment package, whilst ensuring equality, equity, consistency, fairness and managing any associated risks.

The University is one of the UK's leading universities and uses remuneration as one of the tools to attract and retain top academic and professional services staff. The University's People Strategy sets out five priorities as follows:

- A high engagement with professional growth, talent management and leadership excellence
- A diverse, respectful and inclusive culture
- An engaging and sustainable reward and recognition programme
- Sustainable workloads, wellbeing and resilience
- An outstanding candidate and new employee experience

Remuneration for senior staff at the University (i.e. those on grade 9) is governed by the Remuneration Committee, which reports to Council. The Committee comprises lay members of Council and is chaired by the Senior Pro Chancellor and Chair of Council. An alternative lay Pro Chancellor chairs the meeting while the Vice Chancellor's pay is being considered. The Chair may invite the Vice Chancellor and Deputy Vice Chancellor to attend to share information related to the remuneration of senior staff who report through them, although they will not be present for any final decisions. The Vice Chancellor and Deputy Vice Chancellor will never be asked to attend for any discussion or decision of their own remuneration. Further details including membership, terms of reference and meeting dates are available from:

<http://www.lboro.ac.uk/committees/remuneration/>.

Approach to Remuneration

The University has a salary scale for grades 1 – 8 and the various policies and procedures associated with pay, including guidance on starting salaries, job evaluation and pension schemes are available from the University's HR website: <http://www.lboro.ac.uk/services/hr/>.

The University also participates in the University and Colleges Employers Association (UCEA) national pay bargaining.

The University's Performance and Development Review (PDR) system provides a robust basis for managing performance, developing staff and informing remuneration decisions. Individuals identified as having *exceeded expectations* during the prior year are eligible to be considered for a financial reward (in addition to any automatic increment and any cost of living increase). A comprehensive review of PDR took place during early 2019 and some changes to further enhance the process and the experience are being implemented in time for the next round in early 2020.

The University's Remuneration Committee is responsible for determining pay and reward for senior staff including adjusting pay for reasons of equity and retention as well as reward. In addition, the University has three Reward Committees which consider appropriate rewards for all eligible staff as follows:

- Senior Staff Reward Committee (staff on grade 9 and above) chaired by the Vice-Chancellor
- Academic Staff Reward Committee chaired by the Deputy Vice-Chancellor
- Professional Services Reward Committee chaired by the Chief Operating Officer

The Chairs of the Reward Committees co-ordinate their work to ensure that reward arrangements across all three Committees are applied consistently. Rewards can range from a lump sum worth 5% of salary to a 3% consolidated pay award with the majority of staff receiving a lump sum award.

The Remuneration Committee is responsible for determining the most appropriate pay as well as addressing any equity or retention issues for the University's most senior officers, namely:

- Vice-Chancellor
- Deputy Vice-Chancellor
- Chief Operating Officer
- Director of Finance
- Pro Vice-Chancellor (Research)
- Pro Vice-Chancellor (Teaching)
- Pro Vice-Chancellor (Enterprise)

In considering the appropriate reward for the senior officers, Remuneration Committee will ensure that the reward arrangements set out by the University are applied consistently and fairly to this group of staff. Remuneration Committee will also consider the following:

- The institution's performance against the University Strategy and its strategic ambitions
 - A distinctive international reputation for excellence
 - A life-shaping student experience
 - Outstanding partnerships to deliver social, economic and cultural prosperity
 - A culture of delivering excellence in all that we do
 - One outstanding university: two vibrant campuses
- The size and complexity of the organisation
- The external market and the University's performance against its competitors
- The University's success (or otherwise) in attracting and retaining the most talented people at the highest level
- The institution's equality and diversity strategy
- University and Colleges Employer Association's Senior Staff Remuneration Survey
- Committee of University Chairs' Vice-Chancellor Salary Survey

Institution Performance

The University has had another very successful year and is consolidating its position as a top 10 institution in the UK. Achievements include:

- University of the Year 2019 – Times and Sunday Times Guide
- 4th in the Guardian league table, 2019
- 5th in the Times Higher Education 'Table of Tables'
- 8th in the Complete University Guide 2020
- Britain's Top University for Quality of Student Life, Lloyds Bank Survey, 2018
- Best University in the World for Sports Subjects, Global QS Higher Education League, 2019
- Top mainstream University in National Student Survey 2019

The University also has a number of internal achievements which are worthy of noting:

- Successfully developed and launched a People Strategy
- Recruited to the undergraduate target (no growth was planned)
- During 2018/19 the University achieved or exceeded budgeted financial performance agreed by Council, maintained a fully funded capital programme and secured new loan finance to underpin its strategic ambitions.

The ongoing Brexit situation and the lack of any clarity in relation to fees and funding mean that the University is continuing to succeed in very challenging circumstances. In order to continue the University's success, Council believes it is important to maintain stability at a senior level during these periods of uncertainty.

Senior Reward

The performance of the University's six Senior Officers (excluding the Vice-Chancellor) were reviewed. In addition, their salary levels were compared with the sector using the UCEA Senior Staff Salary Survey.

Awards not exceeding 5% were given and some salary adjustments were made to ensure equity and comparability with salaries in the sector. **It should be noted that none of the Senior Officers receive the cost of living award which is negotiated via UCEA each year.**

Vice-Chancellor's Reward

The performance of the Vice-Chancellor was reviewed and his salary was compared with the sector, using the UCEA Senior Staff Salary Survey and also using some analysis of VC pay for other top 10 institutions. The following points were agreed:

- The Vice-Chancellor's performance over the past 12 months had exceeded expectations
- The Vice-Chancellor's current pay is the sector median and so his level of reward should reflect the rise in the University's performance.
- The cost of living rise should not apply to the Vice-Chancellor and his pay and any associated increases should be based solely on his performance.
- It is important to ensure that the Vice-Chancellor's pay remains competitive.
- The Vice-Chancellor has been awarded a prestigious Leadership Award by the Council for Advancement and Support of Education (CASE)

The Vice-Chancellor was therefore awarded a pay increase of 5%.

	2019/20	2018/19	2017/18	2016/17	2015/16
Salary	£297,570	283,400	260,000	240,000	220,667
Excellence reward	NIL	NIL	NIL	NIL	NIL
Benefits	NIL	NIL	NIL	NIL	NIL
Subtotal	£297,570	283,400	260,000	240,000	220,667
Additional for pension	30,469	28,780	8,618	NIL	NIL
Pension costs	17,027	15,415	36,052	43,200	39,113
Total	345,066	327,595	304,670	283,200	259,780

Payments Made to Lay Members of Council

No payments (other than receipted expenses) were made to lay members of Council during 2018/19.

External Appointments and Expenses

The University's expenses policy for all staff is available from:

<https://internal.lboro.ac.uk/info/finance/staff/forms/>

The University's policy in external work for all staff is available from:

<https://www.lboro.ac.uk/services/hr/conditions-of-service/external-work/>

The Vice-Chancellor receives no further benefits or benefits in kind. For example, the University does not own a car or employ a driver for the Vice-Chancellor's use. The University does not maintain a residence for the use of the Vice-Chancellor: he lives in his own property.

Any external remuneration offered to the Vice-Chancellor is always paid directly to the University and he receives no personal benefit. During 2018/19, the Vice Chancellor did not engage in any remunerated external work.