

UNIVERSITY OF GLASGOW

Remuneration Committee

Notes of the Meeting held on 24 June 2015

Present Ken Brown (acting convener)
Brian McBride
Anton Muscatelli
David Ross

Attending Christine Barr
David Newall

1. David Anderson

Everyone present had been deeply saddened by the death of David Anderson. The Committee asked that the minute record its appreciation of David's skilled chairmanship of Remuneration Committee and of the immense contribution he had made to the University in 7 years as a member of Court.

2. Notes of the meeting on 6 October 2014

These were approved.

3. Voluntary Severance Policy

The University had last invited applications to a voluntary severance scheme in 2011, with a view to achieving a reduction in salary costs. Since that time, voluntary severance (VS) terms had on occasion been offered by management to members of staff where this served the University's interests. VS proposals in all cases required the approval of a business case by the Principal and by either the Secretary of Court or the Senior Vice-Principal, and Remuneration Committee had received a report at each meeting on the number and cost of voluntary severance arrangements approved since it has last met. Court had agreed that, in certain circumstances, a VS payment would require the explicit approval of the Remuneration Committee itself. Payments requiring Remuneration Committee approval were: those involving a member of SMG; those costing over £100,000; and those which breached the standard terms of the scheme, by involving a payment equivalent to more than one year's salary.

The Committee now considered a paper from the Director of HR which sought to establish the VS Scheme on a fresh footing, creating a Voluntary Severance Panel to consider all cases for VS, and addressing the governance requirements that had emerged over the last 2 years through the Scottish Code of Good Governance in Higher Education and the Scottish Funding Council's revised Financial Memorandum.

Having discussed the contents of VS Policy and agreed certain amendments to it, the Committee agreed to recommend to Court that it approve the terms of the Voluntary Severance Policy, as annexed to these minutes. (**Annex 1**)

4. **Professorial / Grade 10 Performance and Reward**

Remuneration Committee had approved the introduction of a professorial reward strategy in October 2014. This involved the application of a points-based approach to performance-related pay for senior staff, informed by individual performance assessment in the annual Performance & Development Review (P&DR) process.

Introduction of the points-based approach had been criticised by members of Court in December 2014, and had not been well received by senior staff. Court had raised a concern regarding the apparent disparity between the treatment of SMG members, who received consolidated awards based on performance, and the treatment of professorial staff, for whom a consolidated award could only be achieved after 3 years. Senior staff had been concerned that the points-based formula made it difficult for staff to progress in salary terms in any significant way and that, where performance outcomes did justify consolidated reward, the sums were perceived to be small, and would only be made available, at most, every three years. The reception of the reward strategy was now presenting challenges for the University with regard to retention, with some senior academic staff perceiving that salary progression would be more easily achieved by seeking employment at other universities.

In this context, SMG had now proposed a revised approach to professorial reward. This involved the remuneration practice applicable to SMG members being applied more widely to senior staff at professorial and Grade 10 Level. It also allowed greater flexibility and autonomy at College level within a recognised P&DR framework, while ensuring that high-performing staff were recognised and rewarded within predetermined budgetary provisions.

The elements of the proposed policy were:

- i. provision for consolidated salary uplifts on an annual basis where it was justified on the basis of performance consistent with remuneration practice applicable to members of the senior executive team.
- ii. retention of the norm referenced distribution across five performance assessment outcomes as follows:

<i>Performance level</i>	<i>% Distribution</i>
Improvement Required	0 - 5
Inconsistent	5 - 10
High Quality	60 - 70
Excellent	up to 20
Outstanding	up to 10

- iii a maximum budgetary sum available for reward and recognition purposes at grade 10 level for academic session 2014-15 being provided to each College and University Services, based on their headcount of Level 10 staff. As this was a fixed sum, the level of any individual award would ultimately be determined by the number of individuals assessed as excellent and outstanding, and would be recommended to Remuneration Committee once the P&DR exercise was complete. Given that the sum available for reward and recognition in each College would be

capped, then, should numbers exceed the norm referenced percentage distributions indicated, the sum of any individual award within that College would reduce accordingly.

- iv an expectation that those with leadership responsibilities for managing staff would have at least one performance objective that related to leadership and effective staff management/engagement for the forthcoming year.

Having discussed the proposed policy, Remuneration Committee agreed that this approach should be adopted for 2015. The Committee would consider a report on the experience of implementing the policy before making a decision on its continued use beyond 2015.

5. Voluntary Severance Approvals

Since the last meeting of the Remuneration Committee, on 6 October 2014, University officers had approved 12 severance packages within the standard terms of the University's VS scheme. 9 of these had been in University Services, 2 in MVLS, and 1 in Arts. The total cost of the 12 packages had been £289,664.

Whenever voluntary severance proposals departed from the standard terms approved by Court, or cost more than £100,000, or involved a member of SMG, the matter required to be referred to Remuneration Committee for its decision. There had been no proposals in this category since the last meeting of the Committee.

6. Vacancies on Remuneration Committee

It was noted that Nominations Committee was currently overseeing the recruitment process to identify an external expert to serve on Remuneration Committee. In addition, the University would soon be recruiting new lay members of Court, and it was intended that one of these would have a strong HRM background and would therefore be well-placed to serve on HR Committee and Remuneration Committee. Pending these appointments, and at the request of the other Committee members, Ken Brown indicated that he was willing to act as chairman of Remuneration Committee.

7 Pension issues

The Committee agreed that at a future meeting it should review the potential impact on professorial and senior management pay of changes in pensions taxation policy, as these might have an impact on staff retention.

8. Date of Next Meeting

The next meeting would be arranged for late September / early October.

DN, 27.6.15

UNIVERSITY OF GLASGOW

Remuneration Committee

Notes of the Meeting held on 7 October 2015

Present Ken Brown (convener)
Brian McBride
Anton Muscatelli
David Ross

Attending Christine Barr
David Newall

1. Notes of the meeting on 24 June 2015

These were approved.

2. Guidance from Court and the Committee of Scottish Chairs

At its meeting on 30 September 2015, Court had discussed the guidance it should give to Remuneration Committee this year regarding its annual review of SMG salaries. There had been a significant development in this area in recent months, with the publication of the Committee of Scottish Chairs' (CSC) Guidance Note on Remuneration Committees. Court expected that Remuneration Committee would follow this guidance in addressing its work.

One aspect of the CSC Guidance was that *'each year, in advance of the committee's annual review of senior salaries, the governing body should provide policy guidance to the committee'*. Court had agreed on policy guidance for Remuneration Committee, as follows:

Remuneration Committee's review of the salaries of members of SMG should be informed by:

- *a statement of each SMG member's salary for this and the previous 4 years;*
- *benchmark information, from the Universities and Colleges Employers Association, showing how Glasgow's salary levels compare with those of other UK universities;*
- *advice from the Principal on the performance of each member of the SMG in 2014/15, following his P&DR discussions with them; and*
- *in respect of the Principal, advice on performance from the Convener of Court, following his P&DR discussion with the Principal and reflecting the views he has obtained on the Principal's performance through his discussions with staff, students and lay governors.*

In considering the appropriate level of reward, the Committee should:

- *provide tangible reward for excellent performance;*
- *give consideration to any cases where the salary awarded by the University is substantially out of line with that of managers in equivalent positions at comparable universities; and*
- *apply a general principle that percentage pay increases for senior managers should not be higher than those for the workforce as a whole.*

3. Senior Management Group Remuneration, 2015

Following the guidance provided by Court, Remuneration Committee now considered a report which set out the salaries of all SMG members over their period on SMG, and which provided comparative data for managers in similar roles in other major UK universities, including an analysis of Russell Group comparators.

The Committee considered whether an adjustment should be made to any SMG salary with a view to offering salaries competitive with those in other major UK universities. It was agreed that no such adjustment should be made.

The Principal now provided Remuneration Committee with his assessment of performance levels for each member of SMG in the course of 2014/15, relating these assessments to the delivery of high-level objectives that had been agreed for SMG as a whole, and for each individual member of SMG, at the start of the year. The Secretary of Court absented himself while SMG performance was discussed.

The performance assessments ranged from *high quality* to *outstanding* on the P&DR scale. In considering how these should translate into salary reward, Remuneration Committee referred to the guidance from Court that pay increases for senior managers should be no more than for the workforce as a whole. In 2015, all University staff other than SMG members would benefit from a 1% national award. In addition, many staff graded at Level 9 or below would benefit from incremental progression (of 3% for each beneficiary), while staff at Level 10 would be eligible for performance-based reward. Having considered this, and having noted the Principal's advice that SMG as a group had successfully delivered in 2014/15 against challenging targets, the Committee agreed: that members of SMG whose performance was rated as *high quality* should be awarded a 1% consolidated salary increase; that members rated *excellent* should be awarded 1.5%; and that those rated *outstanding* should be awarded 2%.

In the Principal's absence, Remuneration Committee now reviewed his salary. Benchmark data showed that the Principal's salary was significantly below the median level for UK competitor institutions. However, it was agreed that, in the current climate of financial restraint, the Committee would not want to propose a significant salary increase to address this point. The Principal's performance review had been conducted by the Convener of Court who had received input to that exercise from staff, student and lay governors and from senior executive members of the University. This has been a year of success for the University, evidenced by improved research ratings, by success in achieving stretching student recruitment targets and by a strong financial performance. In view of this, and of his effective overall leadership of the University, the Convener proposed an assessment of *outstanding*, which Remuneration Committee agreed should be rewarded by a consolidated salary increase of 2%.

4. **Professorial / Grade 10 Performance and Reward**

At its meeting on 24 June, Remuneration Committee has discussed the University's policy on Professorial / Level 10 Performance and Reward in the light of Court's concern that, in 2014, no consolidated award had been provided to professorial/level 10 staff in respect of exceptional performance. The new approach agreed in June involved the remuneration practice adopted for SMG members being applied more widely to senior staff at professorial level. It also allowed greater flexibility and autonomy at College level within a recognised P&DR framework, while ensuring that high-performing staff were recognised and rewarded within predetermined budgetary provisions.

The elements of the proposed policy were:

- i. *provision for consolidated salary uplifts on an annual basis where it was justified on the basis of performance.*
- ii. *retention of a norm-referenced distribution across five performance assessment outcomes as follows:*

<i>Performance level</i>	<i>% Distribution</i>
<i>Improvement Required</i>	<i>0 - 5</i>
<i>Inconsistent</i>	<i>5 - 10</i>
<i>High Quality</i>	<i>60 - 70</i>
<i>Excellent</i>	<i>up to 20</i>
<i>Outstanding</i>	<i>up to 10</i>

- iii. *a maximum budgetary sum available for reward and recognition purposes at grade 10 level for academic session 2014-15 being provided to each College and University Services, based on their headcount of Level 10 staff. As this was a fixed sum, the level of any individual award would ultimately be determined by the number of individuals assessed as excellent and outstanding, and would be recommended to Remuneration Committee once the P&DR exercise was complete. Given that the sum available for reward and recognition in each College would be capped, then, should numbers exceed the norm referenced percentage distributions indicated, the sum of any individual award within that College would reduce accordingly.*
- iv. *an expectation that those with leadership responsibilities for managing staff would have at least one performance objective that related to leadership and effective staff management/engagement for the forthcoming year.*

The Committee now considered how the above policy should translate into consolidated financial reward in respect of performance in 2014/15.

The Budget had provided a total sum for each College/University Services as follows:

	£
Arts	18,248
MVLS	51,277
Science & Engineering	34,795
Social Sciences	47,373
University Services	14,308
Total Budget	166,001

Should the spread of P&DR ratings be consistent with the agreed norms (i.e. up to 10% Outstanding and up to 20% Excellent) then these budget provisions would allow for the application of a 2% reward for outstanding performance and a 1% reward for Excellent. Alternatively, the budget would allow for a flat-rate reward of £1,800 for Outstanding and of £900 for Excellent.

Remuneration Committee agreed that the policy this year should be that a flat-rate consolidated award of £1,800 should be provided in respect of an Outstanding assessment and a flat rate consolidated award of £900 in respect of an Excellent assessment. It was noted that these would be maximum amounts and that Colleges must contain the total cost of reward within the College budget. Should the proportion of Outstanding and Excellent assessments awarded by a College be greater than 10% and 20% respectively, then the level of reward for members of staff in that College would be correspondingly reduced.

5. Voluntary Severance Approvals

The Committee was advised that, since its last meeting, University officers had approved 15 severance packages within the standard terms of the University's VS Scheme. Fourteen of these had been in University Services and one in Social Sciences, and the total cost of the packages had been £266,992. In addition, officers had approved the use of the VS Scheme to support the restructure of Library weekend/evening staffing. The total estimated cost, which covered 38 fractional posts, was £38,656.

The Committee asked that in future the standard information on VS approvals should be accompanied by a note on the payback period.

Secretary's Note. The payback period for the packages referred to above was 6.9 months.

6. Committee Vacancies

It was noted that there was currently two vacancies on Remuneration Committee. Interviews were taking place in the course of the week at which it was hoped suitable candidates might be identified.

DN, 20.10.15