

University of Glasgow
Remuneration Committee

Minutes of the Remuneration Committee held on 27 May 2021 at 1400 via Zoom

Present: Dr June Milligan (Convener), Liam Brady, Kerry Christie, Dr Craig Daly, Rob Goward, Ronnie Mercer, Elizabeth Passey

Apologies: None

Attending: Christine Barr, Dr David Duncan, Sir Anton Muscatelli, Amber Higgins (Clerk)

1. Welcome and Introductions

The Convener welcomed Members to the meeting.

2. Notes from the meeting held on 11 November 2020

The notes from the meeting held on 22 November were approved as an accurate record.

3. Matters Arising

No substantive matters were raised.

4. Remuneration Committee Annual Report

The Director of People & OD introduced the report, advising that its format had been determined by CUC guidance and the Scottish Code of Good HE Governance.

Current Strategic Context and Institutional Performance

Christine Barr summarised details of: the Committee's terms of reference; remit and membership; current strategic challenges in the HE context including the risks associated with student and staff recruitment as impacted by changes in the UK Visa & Immigration system and the Covid pandemic; institutional performance with regards to financial sustainability and budgetary position; KPIs and league table performance, and data relating to employment expenditure and pay progression at the University.

The Committee noted that following the recent USS valuation report, UUK had proposed an alternative hybrid package based on current contribution rates. This provided for a DB pension accrual at 1/85th of salary, a £40K salary threshold, CPI indexation capped at 2.5% and DC benefits above the threshold to remain unchanged at 20%. In addition, employers were consulted with regards to the introduction of more flexible and lower cost options to provide greater flexibility relative to issues of affordability and portability for members, given current opt-out rates. Further, a series of financial assurances were sought with respect to covenant strengthening measures. Taken together, the proposed benefit reforms had been put forward with a view to addressing the longer-term affordability and sustainability of the USS scheme.

It was noted that a number of staff webinars had been held during May to outline the anticipated impact of any subsequent changes to the scheme. Following consultation with USS employers, these proposals will be debated and subsequently determined by

the JNC, any agreement reached will be subject to further consultation with University employers in the autumn of this year, with changes implemented by April 2022. Dr Daly, on behalf of UCU, commented upon the communication and consultation process at a local level, reporting positively upon the discussions that had taken place with UCU members. Consultation with colleagues revealed strong support for the retention of a defined benefit element of the Scheme with a preparedness on the part of the majority having responded to pay slightly more to secure this provision.

Senior Performance and Reward – SMG (Principal's Report)

It was noted that Remuneration Committee normally reviewed the performance of the Principal and other members of SMG through the annual PDR process, evidencing strategic delivery at an institutional level, assessed against University KPIs and institutional performance in domestic and international league tables. This, in addition to an assessment of team and individual delivery against objectives set in the preceding year as pertinent to each role. This review mechanism was suspended last academic year in light of the impact of the global pandemic with informal discussions taking place between SMG members and their respective reviewer.

The Committee noted that the University performed well against its agreed KPIs in AY 2020-21 culminating in the University being awarded Times Higher Education University of the Year 2020. It was also reported that remuneration of the Senior Management Group fell outside the national negotiating framework for the substantive workforce for which UCEA (the Universities' & Colleges Employers' Association) leads negotiations with the five recognised trade unions on behalf of HEIs across the UK. Further, the Remuneration Committee recalled that a pay freeze applied to colleagues covered by this agreement in AY 2020-21 given the backdrop of the pandemic and the associated financial pressures experienced across the HE sector.

A similar approach was adopted for SMG with the University's team approach to pay review for this group suspended for AY 2019-20 regardless of institutional performance. This, a consequence of the constrained funding environment and the resultant pay freeze applied across the sector aligned with the University's remuneration policy principles and practices.

The Committee noted that the University continued to work hard to maintain its current financial performance and had yet to observe any adverse impact post Brexit and changes to UKVI on colleague attraction and retention. The University continues to closely monitor student intake forecasts with regards to international (especially EU) recruitment targets for AY 2021-22. Despite mitigation efforts, the ongoing strength, capacity and quality of our research base had yet to be fully tested as adversarial fiscal and research investment policies at a national level had the potential to affect performance.

Senior Performance and Reward – Grade 10 Professorial and Professional Staff

As with SMG, PDR processes for these groups were paused in AY 2019-20, with a greater focus on development and support towards future career plans. This was achieved through informal discussion routes given the increased workload expectations associated with the University's online teaching provisions and the resultant challenges faced professionally and personally throughout the pandemic. Colleagues had similarly not been in receipt of any pay uplift in recognition of performance. Dr Daly confirmed that the future discontinuation of performance assessment outcomes as part of the PDR process was welcome however stressed the importance of development and future career progression discussions remaining part of this dialogue.

The Committee noted that there were a number of retention and market related uplifts (17 in total) in AY 2020-21 to date aligned with the University's Retention & Market Supplement related policies to the value of £158,697, averaging £9,335.

Exceptionally this year, the University took the opportunity to recognise the tremendous work undertaken across the Campus and to acknowledge the instrumental part that everyone had played over the last year, adapting to new ways of working and ensuring the continuation of core research and teaching activities. In light of these achievements and the University having been awarded THE University of the Year for 2020, colleagues across the institution were given a recognition payment (exc. SMG) in March 2021.

Exceptional Contribution

The Committee noted that given the absence of the annual performance review process last academic year, the University did not make any awards in recognition of exceptional performance through this route. It was of note however that a small number of colleagues (344 in total - 3.4% our population), having made an essential contribution in support of research, teaching, and other services at the height of the pandemic, were recognised accordingly. Those in scope, predominantly employed in University Services and the College of MVLS based on their respective inputs to the 'war effort', were awarded voucher payments ranging from £25 - £750 irrespective of job category or grade, to the value of £109,000.

Clinical Academic Excellence & Innovation Award Scheme

Following formal approval by Remuneration Committee in November 2020, it was noted that there had not been any further awards of this nature in the intervening period although it was anticipated, this would be reviewed later this year.

Vice Chancellors Remuneration – Current Landscape

The Committee noted that Vice Chancellors' remuneration dominated the headlines in May 2019, when this topic was last seriously considered by Remuneration Committee. The political landscape and headlines afforded to VC pay had substantially changed in the intervening period, given the impact of the pandemic. Against this backdrop, there was a continuing trend across the sector to bring more structure and rigour to senior management pay, especially as the sector emerges from the pandemic. Further, there was greater transparency following the introduction of governance codes for this purpose: the Scottish Code of Good HE Governance, the Committee of University Chairs (CUC) and the Office for Students (OFS) with increased scrutiny of executive pay and a push from Remuneration Committees relative to fairness and transparency considerations with respect to job size and institutional competitiveness.

This assessment had been supported through an independent review of the HE Senior Staff Remuneration Code, published on behalf of the CUC in December 2020. The review concluded that it was premature to comment on the extent to which publication of these frameworks had had a significant impact on pay constraint at this juncture. There has been a resultant impact on VC salaries over the course of the past 18 months, with UCEA's Senior Salary Staff Remuneration Survey for 2020 reporting an increase of 1.2% in the median salaries of VCs in the Russell Group. This marginal increase was primarily a consequence of the appointment of new VCs to particular institutions across the UK, as the vast majority of institutions did not apply any form of uplift to VCs as evidenced in the 2021 CUC Survey of Remuneration of Vice Chancellors. The

Committee noted that this was important to note for succession planning purposes in the coming years.

5. Salary Augmentation Policy Review

Christine Barr described the University's Salary Augmentation Policy in lieu of Pension Contribution that has been in place since 1 April 2016. The policy was originally developed by the University to maintain institutional competitiveness in offering attractive, meaningful, and flexible employment packages to those who are instrumental to strategic deliverables. The policy provided an opportunity for higher earning colleagues electing to withdraw from membership of the University's recognised pension schemes to exceptionally apply for salary augmentation in lieu of employer pension contributions, conditional upon satisfying a set of qualifying criteria. This followed a series of legislative changes in UK government fiscal policies with regards to taxation of pension savings around this time.

The Committee noted its responsibility to regularly monitor and review the policy, its operation on a cost neutral basis and participation levels across the institution, and had the authority to modify or withdraw this provision at any time.

The Committee acknowledged that the policy was extremely valued and forms an important element in the attraction and retention of senior colleagues. Furthermore, there was significant support across the institution to retain this benefit provision. In the current climate, particularly in the light of the anticipated changes and benefit reforms to USS, and the potential for recurring increases in employers' pension contributions going forward, it was prudent to introduce a cap on the level of salary augmentation for future recipients.

It was reported that whilst this practice may not be widespread across the public, private and third sectors, those organisations with such policies had capped the benefit somewhere between 12-15% of salary. In the circumstances, given both the current and anticipated changes to the employers' contribution of the USS hybrid scheme going forward, and in the interests of fairness and transparency to future recipients of this provision in lieu of pension contribution, it was recommended that a cap be introduced.

The Committee agreed that the University should retain the benefit capped at 15% of salary for any new applicant effective from 1 August 2021. The cap for those already in receipt of the benefit would be maintained at its current level of 16.42%.

6. Contractual Changes

The Committee noted that there had been no SMG contractual changes since the last meeting.

7. Expenses Report

A summary of expenses incurred by SMG members over the period from 1 August 2020 to 31 January 2021 was noted by the Committee. This information included travel expenses booked on behalf of SMG members for University business, in addition to expenses claimed by members.

8. Recent Voluntary Severance Approvals

Voluntary Severance Approvals

Since the last meeting of the Committee on 11 November 2021, 22 severance packages had been approved within the standard terms of the University's Voluntary Severance Scheme. The split as follows: Arts 2; MVLS 1; Science & Engineering 2; Social Sciences 4; and University Services 13. The total cost of which totalled £405,417.96 with an average payback period of 8.09 months.

Further, the Committee noted that the Facilities Services review had provided a Voluntary Release (VR) Scheme for those seeking to pursue alternative opportunities outwith the University. To date 30 applicants had accepted offers totalling £544,667.60 with an average payback period of 7.88 months. Dr Duncan reported that VR applications are monitored and that this practice would continue going forward.

Whenever voluntary severance proposals departed from the standard terms approved by Court; or exceeded £100,000; or involved a member of SMG, the matter was referred to Remuneration Committee for decision. There had been no such cases since the last meeting of the Committee.

9. Salary Augmentation Approvals

The Committee noted that one application for salary augmentation had been approved in the period since the last meeting of Remuneration Committee on 11 November 2020. A total of 27 members of staff currently benefit from the policy.

10. Any Other Business

There was no other business

11. Date and time of next meeting

The next meeting will be held on 17 November 2021.

University of Glasgow

Remuneration Committee

Minutes of the Remuneration Committee held on 19 November 2021 at 1430 via Zoom

Present: Dr June Milligan (Convener), Kerry Christie, Dr Craig Daly, Rob Goward, Ella McCabe, Ronnie Mercer, Elizabeth Passey*

Attending: Christine Barr*, Dr David Duncan*, Professor Sir Anton Muscatelli*, Amber Higgins & Laura McCrimmon (Clerks)

*(*Individuals exited the meeting during deliberations pertaining to their own remuneration).*

1. Welcome and Introductions

The Convener welcomed everyone to the meeting. Introductions were made to Ella McCabe – SRC President who joined the Remuneration Committee for the first time, it was noted that Christine Barr had met with Ella McCabe ahead of the meeting by way of preparatory briefing.

2. Notes from the meeting held on 27 May 2021

The notes from the meeting held on 27 May 2021 were approved as an accurate record.

3. Matters Arising

3.1 Salary Augmentation Policy (Item 7)

Following a query raised in relation to the Salary Augmentation Policy Christine Barr outlined the reasoning for the policy and confirmed that the changes agreed at the last meeting were now reflected in the policy. A copy of the policy was shared with Ella McCabe during the meeting.

4. Remuneration Committee Annual Report

It was noted that the Principal, Christine Barr and David Duncan would leave the meeting during deliberations pertaining to their own remuneration.

The Director of P&OD spoke to the annual report, the format of which is determined by CUC guidance and the Scottish Code of Good HE Governance.

Current Strategic Context and Institutional Performance

Christine Barr summarised details of: the Committee's terms of reference, remit and membership, which included new member Ella McCabe (SRC President as student member of the Committee); current strategic challenges in the HE context including the risks associated with student and staff recruitment post-Brexit and following the introduction of a new immigration system; institutional performance in the University's financial sustainability and budgetary position; KPIs and league table performance; and data relating to employment expenditure and pay progression at the University.

The report highlighted the collective impacts of the global pandemic having continued to dominate University business since the last meeting of the Committee on 27 May 2021.

These impacts have been felt with respect to teaching, research and innovation for much of the past year. The sector had weathered many of these challenges through the sheer hard work and commitment of colleagues, and diligent leadership in the deployment of multiple mitigation measures. Further, the University had maintained its strong institutional and financial performance consistent with its strategic ambitions over the last 18 months.

The Committee noted that the sector remained mindful of the significant socio-economic and geo-political risks to which the University was exposed. These included, but are not limited to:-

- historic overseas student recruitment trends and over-reliance on income from Asian markets in particular and the need to diversify our international fee base;
- the relative fragility of the UK research funding landscape and the need to strengthen and develop the research base
- rapidly increasing threat from cyber security breaches and the need to protect the research base in particular;
- collective challenges & complexities faced by HEIs in Scotland in light of the SFC review and at UK level more generally, given the Spending Review extension of the £22bn commitment to R&D spend over a longer timeframe;
- the potential that post-Covid Scottish Government may return to a period of relative freeze (or flat cash) in terms of teaching grant from SFC;
- the potential reduction in capital spending by Scottish Government on HE to meet funding requirements and urgent need for estate optimisation;
- continued pressure from deficits in University sponsored pension schemes resulting in increasing employer costs.

Institutionally, it has been a tremendously successful year for the University having launched the new World Changers Together Strategy for the 2020-25 strategic planning cycle, maintained its strong financial performance and been recognised as Times Higher Education University of the Year for 2020, and Times and Sunday Times Scottish University of the Year 2022, while enhancing our position in both domestic and international league tables.

The ongoing financial performance of University remained strong position, delivering a significant surplus in AY 2020-21 with the management accounts reporting an operating surplus of £121m against a base budget of £30m, a favourable variance of £91m. This was attributable to many factors, largely of a one-off in nature. These included: tuition fee income exceeding budgetary expectations; significant income and contribution generated by the operation of the Lighthouse Laboratory and lower than budgeted expenditure across the year.

The Committee noted that the student intake had seen income growth with a 7% year-on-year growth since 2016. Similarly, income from overseas students had grown by 18% year-on-year over the same period with demand remaining strong this year.

The University had performed well across the domestic league tables having risen one place to 11th in the Guardian University Guide, jumping 2 and 3 places to 12th and 16th respectively in the Times/Sunday Times Good University Guide and the Complete University Guide. For International League Tables the University had improved its position in the rankings for the 5th consecutive year, enhancing the University's place in the top 100 global universities in the QS and THE rankings having risen 6 places to 73rd and jumped 7 places to 86th respectively.

The Committee noted the impact of the USS benefit reform and successive disputes over pay and conditions with strike action due to take place from the 1-3 December 2021. It was noted that the University would work to minimise the impact on teaching activity, which has the potential to negatively impact students. The Committee acknowledged the huge effort colleagues had put into the blended learning approach and noted that the University had not yet fully returned to a business as usual state.

The Committee noted that staff expenditure as a proportion of total expenditure at an institutional level had remained fairly static at 58% (previously 58.4%) with the headcount having increased by 8.9% (4.5% by fte) over this period, partly attributable to the Lighthouse Laboratory. This trend was reported as slightly higher than the sector.

David Duncan and Christine Barr left the meeting.

Remuneration Principles

The Committee noted that the University's annual PDR process was reinstated this year with the Principal and other senior figureheads having conducted 'light touch' performance reviews with all members of SLT. Discussions largely focussed on development and feedback in addition to evaluation of individual and collective performance objectives against KPIs for AY2020-21.

Senior Performance and Reward – SMG (Principal's Report)

With respect to SMG, the Principal outlined SMG performance against the strategic objectives set last year. The Principal reported that the University had continued to have strong performance despite the impact of the global pandemic, and this was as a result of the combined contribution of SMG and colleagues across the University as a whole. As a team, SMG has engaged in a series of development programmes to enhance effectiveness and ensure SMG embodied the cultural values and principles of the University. It was however noted that there was still work to be done in terms of racism and gender-based violence across the institution and although the first steps had been taken in acknowledging the issues, the next steps would be key to ensuring that the issues were tackled.

The Committee raised concern over the potential SMG gender pay imbalance, while mindful of historically low pay for females and the importance of appropriate remuneration levels on appointment. The Committee agreed that the Principal should conduct a review and adjust salaries as appropriate during future salary reviews / appointments.

The Committee took the opportunity to review a number of proposed salary reviews as outlined in the Remuneration Committee report.

The Committee agreed that it supported the Principal's proposals as outlined below:

- Professor Frank Coton to become the Senior Vice Principal and Deputy Vice Chancellor (Academic)
- Dr David Duncan to become the COO/University Secretary and Deputy Vice Chancellor (Operations);
- Rachel Sandison to become Vice Principal (External Relations) and Deputy Vice Chancellor (External Relations);
- Salary uplifts as outlined in the papers.

The Principal left the meeting.

Senior Performance and Reward – Principal

The Convener of Court, Elizabeth Passey, informed the Committee that she and the Convener of the Remuneration Committee had conducted a review of the Principal's Performance in the form of a 360° review, a PDR and psychometric testing. The review was informed by an assessment of the Principal's performance against agreed objectives and by feedback invited from all members of Court. Ms Passey noted that the sector had been through the most challenging time in 30 years. The Principal had led SMG and the University through this in an admiral way. JM noted that the feedback received reinforced the effectiveness of The Principal and his willingness to listen to feedback and seek guidance on how he can be more effective.

The Committee accepted the Convenor of Court's report with regards to the Principal's performance. Whilst there was no specific contractual entitlement for the current remuneration period, the committee were supportive of the Principal receiving a pay uplift in line with the nationally agreed settlement.

The Principal, David Duncan and Christine Barr returned to the meeting.

Senior Performance and Reward – Grade 10 Professorial and Professional Staff

Remuneration principles applying to Grade 10 Professorial and Professional Staff, and a summary of the proposed P&DR approach to these categories of staff in 2020/21, were noted and agreed. Grade 10 remuneration levels continue to be benchmarked against UCEA salary survey data on an annual basis to ensure the University maintains its competitive position in terms of policy and practice, and its pay positioning against the market median.

The Committee noted that Grade 10 colleagues received a 1.5% uplift effective from 1 August 2021, with the exception of clinicians, who received a 3% pay uplift with effect from 1 April 2021, consistent with NHS arrangements. In addition, the Committee was supportive of the budgetary envelope set aside for the purposes of exceptional reward & recognition (applicable to those in scope who have not been in receipt of an in-year increase) in accordance with University policies for this purpose. Further, the Committee was satisfied that these responsibilities were delegated to the relevant figureheads at a unit level, subject to min./max. £1500/£2500 unless otherwise specified.

Payments to Members of the Governing Body

The total fees paid to the Convenor of Court for the period of February 2021 to August 2021 was noted.

5. Recent Voluntary Severance Approvals

The Committee noted that since the last meeting of the Committee on 27 May 2021, 143 severance packages had been approved within the standard terms of the University's Voluntary Severance Scheme. The split by College/US included;

Arts - 2
MVLS - 3
Science & Engineering - 7
Social Sciences - 4

University Services - 127 (inclusive of 111 aligned with Facility Services & Commercial Services Reviews).

The total cost of the package was £2,368,992 with an average payback period of 7.46 months. This includes a total sum of £327,391 applicable to Commercial Services averaging 6.2 months and £1,268,011 applicable to the Facilities Services Review averaging 7.8 months for voluntary release schemes, both of which have now concluded.

6. Salary Augmentation Policy

The Salary Augmentation Policy has been updated to reflect the Committee's decision to retain the University's salary augmentation in lieu of pension contribution scheme as agreed by the Committee at its last meeting on 27 May 2021. This introduced a cap of 15% of salary for any new applicant with effect from 1 August 2021. The Committee noted that the rate of augmentation will reduce to 12.3% (currently 16.4%) of salary in line with changes to USS/NIC schemes effective from 1 April 2022. Recipients in scope will be notified accordingly in due course.

The Committee noted that since the last meeting in May 2021, a single request for salary augmentation had been approved, with a total of 25 members of staff currently participating in the scheme.

7. Contractual Changes

The Committee noted a number of SMG contractual changes including one resignation, one appointment, one appointment change and three appointments with forthcoming reviews later this year.

8. Expenses Report

A summary of expenses incurred by SMG members over the period from 1 February 2021 to 31 July 2021 was noted.

10. Any Other Business

A query was raised in relation to the contractual arrangements for colleagues affected by both the Facilities Services and Commercial Services reviews. The Director of People & OD confirmed that the University has supported colleagues through a range of options including voluntary severance, redeployment, and re-engagement.

Further to discussion at Nominations Committee the Convenor of Court expressed the view that the University may wish to give future consideration to remunerating lay members of court, noting this could also enhance the talent attraction pool when recruiting new members.

11. Date and time of next meeting

The next meeting will be held on 26 May 2022.