

Senior Salaries Committee Annual Report to the University Council for the year ending 31st July 2018 on Remuneration of the Vice-Chancellor, Deputy Vice-Chancellor, Holders of Senior Posts and Holders of Other Posts to which the Committee's Terms of Reference apply

Introduction

1. This report summarises the business of the Senior Salaries Committee (the 'Committee') for the year ending 31st July 2018 and sets out how the Committee has discharged the responsibilities within its terms of reference.
2. The report is produced for members of the University Council but will be published on the University's website once received in final form and approved as the Annual Report on the work of the Committee.
3. The terms of reference of the Committee are specified in Appendix 1. The University Council has determined that the holders of senior posts in the University are:

the University Secretary and Director of Legal Services;
the Senior Pro Vice-Chancellor (Academic, Corporate Planning and Student Experience);
and
the Chief Financial Officer.

The posts of Vice-Chancellor and Deputy Vice-Chancellor, the above three senior posts and the following posts are those to which the responsibilities of consideration and determination of remuneration and conditions of service in paragraph 1 of the Committee's terms of reference apply:

Pro Vice-Chancellor & Provost of Warrington & Community Liaison
Pro Vice-Chancellor (Research & Knowledge Transfer and Provost of Thornton)
Pro Vice-Chancellor (Professional Services & Operations and Chief Information Officer)
Pro Vice-Chancellor (Enhancement)

Membership of the Committee

4. The members of the Committee at the date of adoption of this report by the University Council are:

Canon Dr J. Turnbull (Chair, External Member of University Council)
Rt Reverend Dr P. Forster (Bishop of Chester and President of the Council)
Mrs C. Allen (External Member of University Council)
Mrs J. France-Hayhurst (External Member of University Council)
Mrs S. Rudd (External Member of University Council)
Mrs S. Verity (External Member of University Council)

All members of the Committee are members of, and are appointed by, the University Council.

5. The Secretary to the Committee is Mr A. Lee (University Secretary and Director of Legal Services). Meetings are also attended by Canon Professor T. J. Wheeler (Vice-Chancellor and Principal). Professor Wheeler and Mr Lee withdraw from meetings when their own salary or conditions of service are discussed.

Committee meetings

6. This report was adopted at a meeting of the Committee held on 5th June 2018, subject to modifications occasioned by deliberation at the meeting. The Committee's previous meeting was held on 12th June 2017. Both meetings were quorate.
7. The Committee has determined that one meeting per year is sufficient to discharge the business it is required by the University Council to undertake.
8. The minutes of the meetings held on 12th June 2017 and on 5th June 2018 are publicly available.

Approach to Remuneration

9. All decisions and recommendations made by the Committee are guided by the following principles:
 - commitment to comply with the higher education remuneration code published by the Committee of University Chairs ('CUC') and the principles of adequate and effective management, governance and accountability embodied in the conditions of registration of the Office for Students ('OfS');
 - consideration of remuneration in the context of charity law – namely the obligation on trustees to use charity funds and assets only to further their charitable purposes;
 - the need to recruit, retain and reward the best staff possible, in order to deliver the best outcomes for students, society, the University and the economy, balanced by the need to demonstrate effective use of resources.
10. The Committee is influenced by a wide range of factors in determining the Vice-Chancellor's remuneration and utilises evidence from the higher education sector to benchmark pay and agree quantified performance targets that are aligned to the strategy of the University. Market rates for remuneration are considered, as evidenced by the comparative data referred to in paragraph 11, together with growing sector and institutional challenge and complexity, increasing competition and size of roles; skills, experience and individual performance.
11. The objectives used in considering reward proposals for the Vice-Chancellor for 2017-18 are as follows:
 - (1) To enhance the University's academic quality, research and student satisfaction
 - (2) To enhance funding via Core and Commercial activities, VFM and investment appraisal
 - (3) To realise the potential of Thornton Science Park and its engineering activities
 - (4) To secure approval of a new medical degree and Medical School DoH/NHS infrastructure
 - (5) To develop the Shrewsbury initiative, recruit to target and secure additional funding
 - (6) To build the public perception of the University of Chester and its activities

The objectives contain criteria and indicators by which ‘threshold’, ‘good’, ‘very good’ and ‘excellent’ performance will be assessed.

Other indicators which are considered include, but are not limited to:

- the annual percentage increase awarded to staff as a result of national negotiations between recognised trades unions and the employers’ representative body, the Universities and Colleges Employers Association (‘UCEA’);
- the size, complexity and growth of the University;
- the quality of leadership of staff.

12. The data supporting these indicators is drawn from the following:

- data maintained by the Higher Education Statistics Agency and the Office for Students and its predecessor, the Higher Education Funding Council for England;
- UCEA Annual Senior Staff Remuneration Survey;
- the Committee of University Chairs’ Vice-Chancellor Salary Survey (when available).

13. No holder of a senior post or any other post the remuneration of which is considered by the Committee is eligible for performance pay.

14. No severance payments were made to the holder of a senior post or any other post the remuneration of which is considered by the Committee during, or in respect of service during, the reporting year.

15. The relationship between the salary of the Head of the Institution (HoI) and the salary of all employees can be expressed as a ratio of the former to the median salary of all employees of the institution. The current value in respect of that relationship in respect of the reporting year and the year ended 31st July 2017 is shown in the following table:

	2018	2017
Head of Institution median pay ratios:	£’000	£’000
Median basic salary all staff	29	31
Basic salary ratio	9.5	8.7
Median total remuneration all staff	34	33
Total remuneration ratio	8.3	8.3

Institutional performance

16. (1) The Vice-Chancellor’s performance review is conducted by the President of the University Council, following consultation with the other external members of the Council. The objectives specified in paragraph 11 above were considered at the review and objectives were set for 2018/19. Using the factors outlined above, in assessing the Vice-Chancellor’s performance and the justification for his remuneration, the Committee recognises that the overall financial position has improved, and progress has been made with the consolidation of recent significant strategic initiatives, as the University faces a challenging immediate future. The University seeks to position itself for development in the medium term and beyond through these initiatives, and the University Council must ensure sustainability both of the strategic developments and core business.

(2) The Committee acknowledges the Vice-Chancellor's continued ability and worth to the University, the particular features of his value at this key stage of its development, the perceived need to recognise and reward appropriately his contribution to this development, in terms of professional acumen, individual personal qualities and as a senior manager, and the complexity of the strategic initiatives which require careful management and oversight on a continuing basis.

(3) The Committee acknowledges the sensitivity of decisions in this area of the University Council's work. The Committee is satisfied that the Vice-Chancellor's remuneration is appropriate and aligns with relevant comparator institutions, after a period of some years up to 2014 during which it had lagged comparators, and reflects the Vice-Chancellor's contribution, performance and length of service.

(4) The objectives for 2018/19 are not published externally because of commercial confidentiality, although the Committee recognises that there should be disclosure of a summary of the objectives when considerations of commercial sensitivity allow.

17. The Committee's recommendation to the University Council for the remuneration of the Vice-Chancellor for the year ending 31st July 2019, with year-on-year comparator data, is as follows:

Emoluments of the Vice-Chancellor	Recommendation for 2018/19	2017/18	2016/17
Salary	£282,000	£276,000	£271,000
Performance related pay	None payable	None payable	None payable
Benefits¹	£1,830²	£1,690	£1,561
Pension costs	None	None	None
Total	£283,830	£277,690	£272,561

The agreed base annual salary determined for the Vice-Chancellor would be £282,000, an increase of 2.17%.

Payments to members of the governing body

18. Members of the governing body are unpaid. Members may claim expenses incurred in travelling to meetings of the University Council and to training events. In the year ended 31st July 2017 the amount paid was £2,053.05. In the year to date the amount paid is £349.60.

External appointments and expenses

19. If the Vice-Chancellor is eligible to receive any income generated from external bodies it is paid to the University, unless agreed to the contrary with the University Council. In the year ended 31st July 2017 and in the year to date there has been no such income.

20. The expenses policy pursuant to which holders of senior posts are entitled to reimbursement of expenditure incurred on the business of the University is [here](#). In the year ended 31st July 2017 and in the year to date the amounts payable to the Vice-Chancellor by way of reimbursement of such expenses is £3,278.27 and £1,069.22 respectively.

¹ Private healthcare

² A notional sum, derived by applying the same percentage increase between 2016/17 and 2017/18 to the value of the benefit in 2017/18. The actual sum may be more or less than the amount shown.

21. The Vice-Chancellor made one overseas visit during 2017-18, namely to China from 5th to 24th April 2018 to visit partner and prospective partner universities with a view to promoting recruitment of students, and development of academic and commercial partnerships and collaborations.

The Appraisal and Performance Review of Holders of Senior Posts

22. The Vice-Chancellor conducts a performance review of the Deputy Principal and holders of senior posts and reports his recommendations in respect of their salary, in accordance with the Articles of Government to the Committee. The remuneration over £100,000 in respect of the posts which are considered by the Committee shown in bands of £5,000 (excluding employer's pension contributions) will be as follows in 2018/19 as a result of the Committee's decisions:

Band	Number
£100,000 to £104,999	1
£105,000 to £109,999	1
£110,000 to £114,999	
£115,000 to £119,999	
£120,000 to £124,999	1
£125,000 to £129,999	1
£130,000 to £134,999	
£135,000 to £139,999	
£140,000 to £144,999	1
£145,000 to £150,000	1

23. The remuneration of two additional posts has been determined by the Committee for 2018/19. The combined impact of the Committee's decisions, excluding those two additional posts in order to compute a true year-on-year comparison, will be an increase of £33,520 (3.77%) in the overall remuneration bill attributable to the posts which are considered by the Committee. This follows reductions of 9.1% in 2016/17 and 1.4% in 2017/18.

Recommendation

24. The Committee seeks to reward success in accordance with principles of good governance. Council is invited to receive the report and endorse the Committee's approach.

J Turnbull
 Chair,
 Senior Salaries Committee, November 2018

APPENDIX 1 – SENIOR SALARIES COMMITTEE TERMS OF REFERENCE

1. To consider and determine the remuneration and conditions of service of the Vice-Chancellor, the Deputy Vice-Chancellor and (following the recommendation of the Vice-Chancellor) the holders of senior posts (defined as the holders of such senior posts as the Council Members may determine) and the following posts:
 - Pro Vice-Chancellor & Provost of Warrington & Community Liaison
 - Pro Vice-Chancellor (Research & Knowledge Transfer and Provost of Thornton)
 - Pro Vice-Chancellor (Professional Services & Operations and Chief Information Officer)
 - Pro Vice-Chancellor (Enhancement)
2. To determine grievances against the Vice-Chancellor and similar matters which relate to remuneration and conditions of service.

In discharging its terms of reference the Senior Salaries Committee will:

1. consider comparative information on the emoluments of employees within its remit when determining salaries, benefits and terms and conditions;
2. ensure that all arrangements are clearly recorded;
3. report on its decisions and operation at least annually to the University Council. Such a report should not normally be withheld from any members of the University Council and will record, inter alia:
 - (a) the resulting overall levels of increase in the aggregate salary costs of the Vice-Chancellor, the Deputy Vice-Chancellor and holders of other posts the remuneration of which is determined by the Committee; and
 - (b) the agreed base salary for the Vice-Chancellor.

Voting

Decisions are to be decided by a simple majority vote following resolutions proposed and recorded by members of the Committee. The Chair will have the casting vote in the event of a tied vote, in addition to their own vote. Voting members are indicated by an asterisk in the membership below.

Meetings

The Committee will normally meet annually. The time and place of meetings will be arranged by the Secretary to the University Council in conjunction with the Chair of the Committee.

Withdrawal from Meetings

The Vice-Chancellor and any other holder of a senior post present at a meeting of the Senior Salaries Committee must withdraw from any part of the meeting which considers their remuneration and conditions of service or in which they have any other interest.

Clerking arrangements

1. The Secretary to the University Council will act as Secretary to the Senior Salaries Committee.
2. The Secretary shall ensure that an Agenda and relevant reports and documentation shall be circulated to all members at least one week prior to meetings.
3. The Secretary shall take minutes of all proceedings and copies provided to all the members.

Quorum

There shall be a quorum when 4 members are present at the start of the meeting.

Membership

1. Membership of the Committee is made up of the President of the University Council and five members of the University Council. The membership shall be for a term of three years, but reappointment is possible.
2. Members should declare any interest in the institution.
3. With the approval of the Chair, members will be entitled to invite to the meeting a person or persons to give advice on a matter before the Committee.

4. The Chair shall be a member of the University Council.

Membership summary:

* = voting member

President of the University Council *

5 University Council Members * +

In attendance: The Vice-Chancellor
 Secretary to the University Council

+ *one of whom shall be Chair*