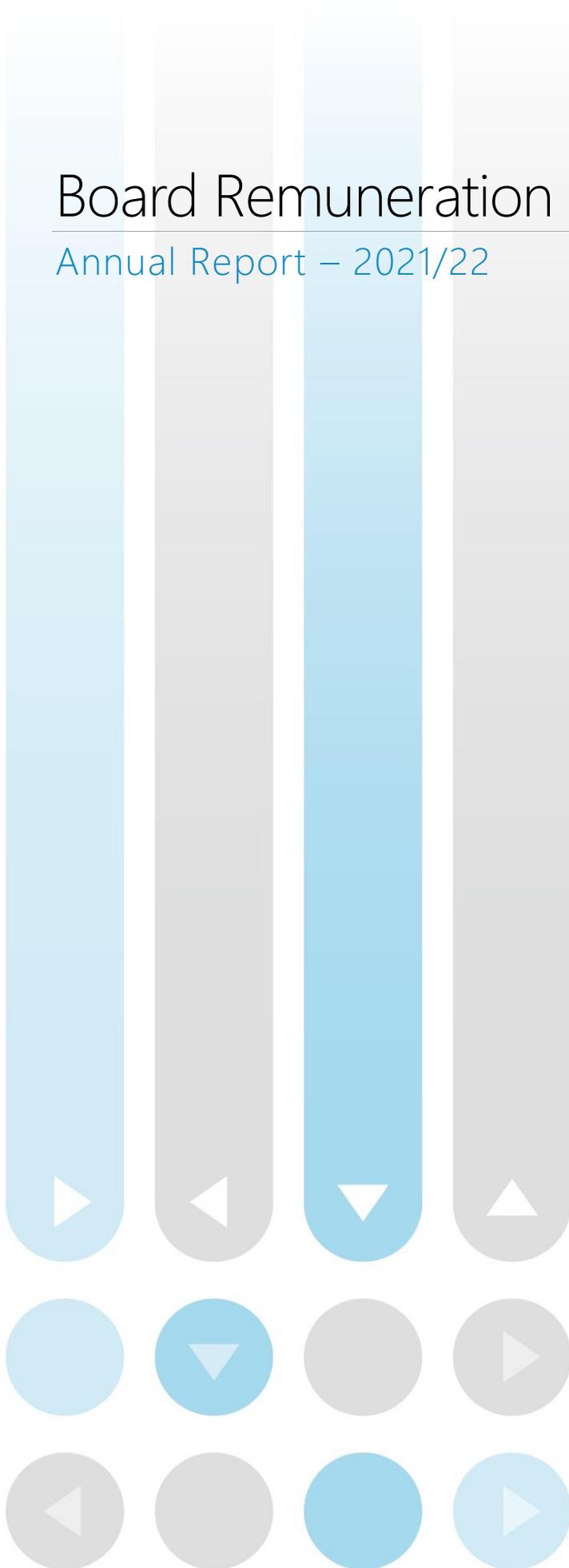


Board Remuneration Committee

Annual Report – 2021/22



1. Executive Summary

I am pleased to present the Board Remuneration Committee's annual publication specific to our approach to reward, at the University of Lincoln.

The Remuneration Committee form a sub-committee of the Board of Governors, with delegated responsibility to determine the remunerated terms of employment for the Vice Chancellor and the Vice Chancellor's senior direct reports. As such the Vice Chancellor may at times contribute to Committee business, where relevant, but is not part of the Committee's decision making processes or a member of the Remuneration Committee.

The publication intends to support the committee's commitment to providing greater transparency of our approach to senior remuneration and decision making, within the overall context of the university's approach to reward as overseen by the Vice Chancellor and the Senior Leadership Team (SLT).

During 2021/22, we faced post-pandemic uncertainty across the sector and a challenging economic climate which will continue into 2022/23. This report reflects both how the Board and University have addressed these challenges whilst ensuring we are financially secure and sustainable moving forward.

Mr Simon Morris
Chair of the Board Remuneration Committee

2. University and Sector Context

Throughout the 2021/22 financial year the University continued to adapt to the new post-pandemic world and the challenges this has brought to the Higher Education sector. The University has therefore put in place tight financial controls to ensure the University is financially sustainable for the future and able to be responsive in an unpredictable economic climate.

The University also saw the arrival on a new Vice Chancellor and introduction of a new five-year strategic plan to take us into 2027. This period of change takes place alongside sector-level challenges such as national industrial action and an increasing cost of living crisis.

The University nevertheless experienced success during this period with the following achievements: placing among the top 30 universities in the UK for student satisfaction in the Guardian University Guide 2023, listed in the world's top 130 universities in the Times Higher Education's (THE) Young University Rankings 2022 and holding a top five-star score overall in the QS Stars rating system of global universities.

3. Scope and Purpose of Report

The University's Board Remuneration Committee form a sub-committee of the University's Board of Governors with delegated authority to determine the remunerated terms of employment for the Vice Chancellor and the Vice Chancellor's senior direct reports.

The committee terms of reference are set out at Annex A and reflect our commitment to provide greater transparency of our approach to senior remuneration and decision making, with the *Board Remuneration Committee annual report* forming the basis of supporting these principles.

The report includes a pay multiple (pay ratio) of the Vice Chancellor and the median earnings of the University's establishment as well as details of university wide role evaluation, pay progression and, reward and recognition mechanisms.

As a committee we felt it important to adopt the spirit as well as the letter of the published guidance and to set our philosophy within the overall context of the university's approach to reward, overseen by the Vice Chancellor and the Senior Leadership Team (SLT).

4. Board Remuneration Committee

The members of the committee, as appointed by the Board of Governors, for the 2021/22 financial year (1st August 2021 – 31st July 2022) were:

Mr N Herbert (Chair through to 31st July 2022)
Dame D Lees DBE
Mr J Raine OBE CMG
Mr S Morris (commenced as chair 1st Aug 2022)

Clerk to the Board of Governors and Board Remuneration Committee: Mr A Smith.

The Vice Chancellor is not a member of the Board Remuneration Committee.

The committee convened on three occasions during the reporting period:

28th October 2021
17th February 2022
9th June 2022

5. Board Remuneration Committee Principles

In the context of determining the remunerated terms of employment for the Vice Chancellor and the Vice Chancellor's senior direct reports, the principles overarching the Board Remuneration Committee can be considered in three key areas:

- I. fair and appropriate levels of remunerated terms of employment
- II. procedural fairness
- III. transparency and accountability in all its dealings

The principles and terms outlined are consistent with the Higher Education Senior Staff Remuneration code, as determined and published by the Committee of University Chairs (CUC) June 2018 and will be reviewed and revised annually as appropriate.

6. Role Evaluation Schemes

6a. University Establishment Evaluation Schemes

The framework for remuneration and terms and conditions of employment for staff (other than Senior Staff) is overseen by the SLT. The University is a member of the Joint Negotiating Committee for Higher Education (JNCHES) which nationally agree the single pay spine for all colleagues below the senior scales. The University evaluates roles onto the single pay spine using two recognised role evaluation frameworks. The Higher Education Role Analysis (HERA) methodology - a job evaluation scheme designed by the Education Competencies Consortium (ECC); together with institutions within the Higher Education Sector that use a competencies-based questionnaire to systematically measure the size of a role compared to other roles in a fair and consistent manner.

Associated references: Appendix A. Figure 9: Single Pay Spine

6b. Senior Evaluation Schemes, within the Remit of the Board Remuneration Committee

Senior roles above the single pay spine, including those under the remit of the Board Remuneration Committee, as set out in the terms of reference, are mapped against the Senior Management Group (SMG) pay scale using the Hay Job Evaluation which is a method used to evaluate roles in the context of the organisational structure against the aspects of knowhow, problem solving and accountability.

Associated references: Appendix B. Figure 6: SMG Pay Scales

7. Current Labour Markets and Influencing Factors

7a. University Establishment Labour Markets

In instances whereby specific roles are entitled to pay scales determined by their professional status, for example partners connected to the NHS, then pay will be determined by the relevant scale. The University aligns the single pay spine rates of pay to the voluntary national living wage and this is reviewed as and when proposals are made. All hourly rates made at the University are above minimum wage rates set in respect of age and apprenticeships.

Where evidence from market data shows that salaries within an identified market sector and level have increased significantly above the current pay, the relevant Remuneration Committee will consider paying a market premium in addition to the salary. Any such premiums will be agreed on the basis of independently derived data and used in exceptional circumstances only.

7b. Senior Role Influencing Factors, within the Remit of the Board Remuneration Committee

All senior appointments, including those under the remit of the Board Remuneration Committee, are referenced to the University SMG pay scales and the specific portfolio reference levels within the UCEA Senior Staff Remuneration Survey.

The University benchmarks the salary for the Vice Chancellor against annual sector salary data provided by the CUC and the UCEA (Universities and Colleges Employers Association) Senior Staff Remuneration Survey.

All roles are benchmarked alongside broader labour market data.

Associated references: Appendix B. 8 Labour Market Data Sources

8. Approach to Pay Progression

8a. University Establishment Pay Progression

Colleagues mapped against the single pay spine, incrementally progress through their evaluated grade annually, aligned to their experience in post and agreed performance objectives. The pay spine is reviewed as part of national negotiations on an annual basis with the University aligned to the JNCHES outcomes. Additional accelerated progression through the grade structure may be applied through the University appraisal process and subject to a line manager supporting business case to demonstrate experience and performance.

8b. Senior Role Pay Progression, within the Remit of the Board Remuneration Committee

Annual salary reviews, within the pay banding, for those on the senior scales are based upon the value delivered by an individual within a role, determined and informed by the senior management performance review process (PRP) including:

- Size/complexity of role
- Level of accountability
- Impact i.e. on staff/students/partners/research
- Knowledge and skills
- Reputation and credibility required
- Delivery/ contribution in role
- Equal pay/gender pay gap considerations
- Relativity to other roles within SMG banding
- Comparator data

9. Reward and Recognition

9a. University Establishment Reward and Recognition

The University operates an *Individual Merit and Team Achievement Awards*, available to all colleagues on the single pay spine, which forms the recognition route for outstanding activity/achievement, embedded as part of the University's reward agenda and presented in recognition of outstanding activity.

The initiative forms an opportunity to acknowledge instances whereby employees have demonstrated exceptional performance as determined by line managers and approved by heads of area.

The HR department annually monitor levels of engagement to ensure representation from all areas of the business and across all job families/grades.

In addition the University recognises team achievement in response to the strategic aim of creating 'environments that focus on whole system approaches beyond immediate areas of responsibility where collaboration is regularly rewarded'. Engagement in this initiative has demonstrated opportunities for innovation and cross university working.

Associated references: Appendix A. Figure 5: All Staff Award and Merit Achievement costs

9b. Senior Role Reward and Recognition, within the Remit of the Board Remuneration Committee

For roles within the remit of the Board Remuneration Committee; the evaluation and assessment of individual performance against set objectives for the Vice Chancellors direct reports is undertaken by the Vice Chancellor. The Vice Chancellor's evaluation and assessment of performance against set objectives is reviewed by the Chair of the Board of Governors. Recommendations are subsequently made to the Board Remuneration Committee by the Vice Chancellor for their direct reports and by the Chair of the Board of Governors in respect of the Vice Chancellor's achievements.

Following the annual review stage and receipt of recommendations, the Remuneration Committee will determine whether the Vice Chancellor and the Vice Chancellor's direct reports should receive a performance related bonus award for exceptional performance, and if so, the level of this in line with the University Performance Related Pay scheme.

Associated references: Appendix B. Figure 3: Senior Management Group Performance Scheme - Vice Chancellor and Direct Reports

10. Activities Specific to 2021/22

Throughout the 2021/2022 financial year the University and Remuneration Committee continued to address the challenges presented by the Pandemic to remain flexible and agile whilst ensuring financial security.

National pay negotiations are still on-going as Union representatives have not formally agreed to the 3% uplift to the single pay spine as proposed by the sector. Until formal negotiations are concluded the University has implemented a 3% uplift from 1st August 2022.

Acknowledging the importance of staff motivation and engagement during the ongoing climate the University will return to an in-person event for the annual Merit and Achievement Awards recognition event. This will give staff the opportunity to receive their award in person from the new Vice Chancellor.

11. External Relationships and Reports

The University facilitates the use of external expertise where required in respect of compliance and/or specific reward focused reviews. Appropriate engagement is facilitated through the University procurement practices or through existing relationships. The current external governance and compliance auditors in place are:

External Auditor	KPMG
Internal Auditor	PricewaterhouseCoopers LLP

12. Review Process

The Board Remuneration Committee report is produced annually for the period 1st August – 31st July and published on the external governance pages prior to 31st December annually.

- Appendix A. University of Lincoln Contextual Reward Data 2021/22
- Appendix B. University of Lincoln Reward Data Relating to the Vice Chancellor and the Vice Chancellor's Direct Reports (under the remit of the Board Remuneration Committee) 2021/22
- Annex A. Board Remuneration Committee Terms of Reference
- Annex B. University's Senior Remuneration Policy

Appendix A. University of Lincoln Contextual Reward Data – 2021-22

Pay Band	2019	2020	2021	2022
SMG 1	50	38	38	46
SMG 2	32	34	35	31
SMG 3	25	35	36	38
SMG 4	9	8	8	9
SMG 5	13	23	23	19
Total	129	138	140	143

Data Source: Daily Export - ResourceLink (RL)

Figure 1: Senior Management (SMG) 1-5 by Pay Band and Headcount (as at 31st July)

Post grade	Distinct Count of Employee no	(%)	FTE	(%)
Other*	32.0	1.5%	27.7	1.4%
Grade 2	16.0	0.7%	12.1	0.6%
Grade 3	62.0	2.9%	52.0	2.6%
Grade 4	265.0	12.3%	223.0	11.3%
Grade 5	215.0	10.0%	190.8	9.7%
Grade 6	254.0	11.8%	233.9	11.9%
Grade 7	406.0	18.9%	373.1	19.0%
Grade 8	574.0	26.7%	542.4	27.6%
Grade 9	145.0	6.7%	137.1	7.0%
Grade 10	37.0	1.7%	36.4	1.9%
SMG	147.0	6.8%	138.7	7.1%
Grand Total	2117.0		1967.2	

*incl: OSP, KTP, NMW, Vol Lwage, GPLECT, JRDR, CLICON, INTERN and NHS

Data Source: Daily Export - RL

Figure 2: Single Pay Spine Distribution - Headcount and FTE (as at 31st July)

Expense Type	2019-20	2020-21	2021-22	Total
Expenses - Accommodation	£983	£107	£1,096	£2,186
Expenses - Conferences	£0	£0	£0	£0
Expenses - Consumables	£0	£0	£8	£8
Expenses - Equipment Purchases - General	£0	£0	£0	£0
Expenses - Equipment Purchases - IT	£0	£0	£44	£44
Expenses - Medical Fees	£0	£0	£25	£25
Expenses - Meeting Refreshments External	£0	£0	£28	£28
Expenses - Meeting Refreshments Internal	£27	£0	£67	£94
Expenses - Non-Staff Entertaining	£158	£0	£156	£314
Expenses - Office Stationery	£0	£0	£0	£0
Expenses - Photocopying	£0	£0	£0	£0
Expenses - Published Materials (Books)	£0	£24	£0	£24
Expenses - Relocation NT	£331	£0	£6,000	£6,331
Expenses - Subscriptions	£524	£0	£628	£1,152
Expenses - Subsistence	£82	£15	£19	£115
Expenses - Sundries	£61	£23	£0	£84
Expenses - Telephone Charges	£0	£0	£0	£0
Expenses - Toll Bridge	£0	£0	£0	£0
Expenses - Travel - Air Travel	£537	£0	£123	£660
Expenses - Travel - Fares	£1,043	£0	£247	£1,290
Expenses - Travel - Mileage	£287	£243	£1,517	£2,047
Expenses - Travel - Mileage Inter Site	£0	£0	£0	£0
Expenses - Travel - Vehicle Hire Fuel	£0	£0	£21	£21
Total	£4,034	£411	£9,978	£14,423

Data Source: Payroll Master Enquiry - RL

Figure 3: Senior Leadership Team (SLT) Reclaimed Expenses (1st Aug - 31st July)

Row Labels	2019/20		2020/21		2021/22	
	Count of Employee no.	Sum of Payment	Count of Employee no.	Sum of Payment	Count of Employee no.	Sum of Payment
SMG 1	3	£7,187	0	£0	0	£0
SMG 2	4	£11,669	0	£0	0	£0
SMG 3	5	£15,148	0	£0	0	£0
SMG 4	2	£7,374	0	£0	0	£0
SMG 5	3	£10,581	0	£0	0	£0
Grand Total	17	£51,959	0	£0	0	£0

Data Source: Payroll Master Enquiry - RL

Figure 4: SMG Performance Review Scheme (1st Aug - 31st Jul)

Award	2019-20			2020-21			2021-22		
	Cost	Number	Total	Cost	Number	Total	Cost	Number	Total
Individual Merit Awards	£400	120	£48,000	£250	200	£50,000	£350	155	£54,250
Individual Behavioural Awards	£0	0	£0	£0	0	£0	£100	19	£1,900
Individual Best Practice Award	£250	11	£2,750	£100	10	£1,000	£0	0	£0
Team Best Practice	£250	5	£1,250	£250	5	£1,250	£0	0	£0
Team Behavioural Awards	£0	0	£0	£0	0	£0	£250	4	£1,000
Teaching Excellence	£500	9	£4,500	£500	14	£7,000	£0	0	£0
Research Excellence	£500	6	£3,000	£0	0	£0	£0	0	£0
Team Achievement	£1,000	16	£16,000	£500	13	£6,500	£1,000	13	£13,000
Highly Commended Team Achievement	£500	1	£500	£500	4	£2,000	£500	4	£2,000
Vice Chancellor's Award - Teaching	£500	4	£2,000	£0	0	£0	£0	0	£0
Vice Chancellor's Award - Professional Services Excellence in Student Engagement	£500	1	£500	£0	0	£0	£0	0	£0
All Staff Award	£40	0	£0	£0	0	£0	£0	0	£0
Total		173	£78,500		246	£67,750		195	£72,150

Figure 5: Merit and Achievement

Type	2017/18	2018/19	2019/20	2020/21	2021/22
Attrition*	8.0%	8.9%	10.5%	7.8%	11.2%
Turnover**	11.7%	12.6%	14.3%	11.2%	14.8%

*Incl: Voluntary Severance, Voluntary Redundancy, Resignation and Retirement

**Incl: All Leaving reasons

Data Source: HR Information Site People Update

Figure 6: University Turnover and Attrition

Scheme	2018/19	%	2019/20	%	2020-21	%	2021-22	%
USS	£1,151,528	19.50%	£1,196,939	21.10%	£1,326,243	21.10%	£1,512,666	21.6%*
LGPS	£5,800,999	25.30%	£5,106,350	25.30%	£4,685,942	25.40%	£4,517,937	25.40%
UCRSS	£276,823	upto 10%	£685,900	upto 10%	£1,060,862	upto 10%	£1,677,291	upto 10%
TP	£5,725,759	16.48%	£8,637,690	23.68%	£9,418,899	23.68%	£9,876,141	23.68%
NHS	£0		£22,080	14.38%	£34,652	14.38%	£42,378	14.38%
Total	£12,955,108		£15,626,880		£16,526,597		£17,626,413	

Data Source: Payroll Master Enquiry - RL

*from 1st April 2022

Figure 7: Employer Contributions to Pension Schemes - % and Value (£)

Benefit	2019	2020	2021	2022
Car Park	970	1245	1220	1222
Car Salary Sacrifice	14	18	22	22
Childcare Vouchers	153	113	89	88
Cycle To Work	28	30	33	33
Holiday +	41	16	10	9
Grand Total	1062	1296	1270	1273

*Distinct Count of employees utilising university benefits

Childcare vouchers were closed to new members from October 2018 and replaced by an alternative government initiative

Data Source: Payroll Master Enquiry - RL

Figure 8: University Benefits take up by Headcount (1st Aug - 31st Jul)

+

Group/Institution	2020		2021		2022	
	Mean	Median	Mean	Median	Mean	Median
University of Lincoln	17.44%	11.09%	14.50%	11.10%	12.50%	11.10%
UoL Services	11.10%	15.38%	12.70%	14.70%	11.30%	5.60%
Average of Aspirational Group	20.03%	22.15%	16.93%	16.26%	16.60%	19.10%
Average of East Midlands Group	15.52%	11.48%	16.10%	13.77%	14.90%	15.20%
Average of UCAS Group	12.28%	11.20%	11.38%	10.94%	11.70%	11.30%
All Universities	14.19%	13.25%	13.90%	13.33%	12.90%	12.40%

All in favour of Males

As per GOV.UK - UK Gender Pay-Gap Data - 2019 to 2020, 2020 to 2021 and 2021 to 2022

Figure 10: Gender Pay - as per GOV.UK specification

Appendix B. University of Lincoln Reward Data Relating to the VC and the VC's Direct Reports 2021-22

1. Post holders, within the remit of the Board Remuneration Committee (2021-22)

- Professor M Stuart CBE, Vice Chancellor (left 31/12/2021)
- Professor N Juster, Vice Chancellor
- Mr J Free CBE, Deputy Vice Chancellor
- Professor A Hunter, Deputy Vice Chancellor
- Professor E Mossop, Deputy Vice Chancellor
- Mr S Parkes, Deputy Vice Chancellor

Pay Band	2019	2020	2021	2022
SMG 6	5	5	5	4
SMG 7	1	1	1	1
Total	6	6	6	5

Data Source: Daily Export - ResourceLink (RL)

Figure 1: Vice Chancellor and Vice Chancellor Direct Reports by Pay Band and Headcount within year

Element	2020/21*	2020/21***	2021/22**	YOY Change	YOY Change***
Basic salary	£222,029	£246,699	£239,650	7.9%	-2.9%
Payment of dividends	£0	£0	£0		
PRP & other bonuses	£2,220	£2,220	£0	-100.0%	-100.0%
Pension contributions & payments in lieu of pension contributions	£42,408	£42,408	£35,165	-17.1%	-17.1%
Employer pension contribution for Life Assurance Cover	£4,441	£4,441	£3,329	-25.0%	-25.0%
Salary Sacrifice arrangements	£0	£0	£0		
Compensation for loss of office	£0	£0	£0		
Sums paid under any pension scheme in relation to employment	£0	£0	£0		
Other taxable benefits	£3,450	£3,450	£2,134	-38.1%	-38.1%
Non-taxable benefits	£0	£0	£0		
Other remuneration	£0	£0	£0		
Total	£274,548	£299,218	£280,278	2.1%	-6.3%

Data Source: VC Remuneration Letter

*The Vice Chancellor took a voluntary 10% pay reduction during this academic year

**Represents a combination of the remuneration of the 2 VCs over the reporting period: the previous VC left the post on 30th September 2021, the incumbent VC was in post for the remainder of the year

***Represents the previous VC remuneration without the voluntary 10% pay reduction

Figure 2: Vice Chancellor Remuneration (1st Aug - 31st Jul)

Grade	2019/20		2020/21		2021/22	
	Count of Employee no.	Sum of Payment	Count of Employee no.	Sum of Payment	Count of Employee no.	Sum of Payment
SMG 6	2	£11,908	0	£0	0	£0
SMG 7	0	£0	0	£0	0	£0
Grand Total	6	£11,908	0	£0	0	£0

Data Source: Payroll Master Enquiry - RL

Figure 3: SMG Performance Scheme - Vice Chancellor and Direct Reports (1st Aug - 31st Jul)

Ratios*	2019/2020***	2020/2021	2020/2021****	2021/2022
Basic Salary Median – calculated on a full-time equivalent for the salaries paid by the provider to its staff	7.3 to 1	6.4 to 1	7.1 to 1	6.6 to 1
Total Remuneration Median** – calculated on full time equivalent basis for the total remuneration by the provider of its staff	8.9 to 1	7.7 to 1	8.4 to 1	7.6 to 1

Ratio Movement

* Basic Salary Median includes basic salary only. The figure without the Vice Chancellor's voluntary reduction for the 2020/2021 period would have been 7.1 to 1.

** Total Remuneration Median includes basic salary and performance bonus only, scope of the ratio is core workforce. The figure without the Vice Chancellor's voluntary reduction for the 2020/2021 period would have been 8.4 to 1.

*** Formula utilised to determine calculation was altered by the OFS for the 2019/20 reporting period

**** Represents ratio without the VC's voluntary reduction

Data Source: University Financial Statement 2021-22

Figure 4: Ratio - Vice Chancellor to the Median of all Staff Salaries (as at 31st July)

Measure	2018/19	2019/20	2020/21	2021/22
Count of Payments	0	0	0	0

Figure 5: Settlement payments under the remit of Board Remuneration Committee only

Level	Hay Reference Level	Academic Management	Professional / Support Management	Professors / Senior Academics	Approved Level 22/23 following 3% increase August 22
SMG Level 7	700	Vice Chancellor			£233,450 - £274,050
SMG Level 6	600	Deputy Vice Chancellor			£140,070 - £162,400
SMG Level 5	528	Senior Leadership Team (SLT) / Distinguished Professor			£110,635 - £131,950
SMG Level 4	460	Deans of large areas	Professional Management Level 4	Professor level 4	£86,275 - £99,470
SMG Level 3	400	Deans of small areas Heads of large schools	Professional Management Level 3	Professor level 3	£76,125 - £89,320
SMG Level 2	350	Heads of small / medium schools	Professional Management Level 2	Professor level 2	£70,035 - £79,170
SMG Level 1	304	Director of academic area	Professional Management Level 1	Professor level 1 / Senior Academic	£65,578 - £73,080
Grade 10					£61,818 - £69,752

Figure 6: SMG Pay Scales

Labour Market Data Sources

UCEA Senior Staff Remuneration Survey

Committee of University Chairs – Vice Chancellor Annual Remuneration Report

ASHE data (Annual survey of hours and earnings)

NHS pay review body agenda for change pay scales

IDR's Pay Benchmarker online tool

Indeed.com

Jobs.ac.uk

HAYS salary recruiting guide

Reed.com

Annex A. Board Remuneration Committee Terms of Reference



BOARD REMUNERATION COMMITTEE TERMS OF REFERENCE

The Board of Governors Remuneration Committee are responsible for, determining the remunerated terms of employment for the Vice Chancellor and the Vice Chancellor's direct reports in line with the University's policy to be fair and transparent. It will set:

- I. fair and appropriate levels of remunerated terms of employment
- II. ensure procedural fairness and
- III. ensure transparency and accountability in all its dealings.

Each element of the Committee's workings can be found below.

I. Fair and appropriate level of remuneration

The Remuneration Committee shall determine appropriate payments based upon:

- i. the context within which the University operates
- ii. the expected contribution of a role
- iii. the attributes required to undertake a role
- iv. the value, based on a number of elements, delivered by an individual acting within a role
- v. consideration for equality, diversity, and inclusion with a view to ensuring no bias pertaining to any protected characteristic within the pay structure
- vi. the context of affordability

- vii. the proportionality of remuneration to other university colleagues
- viii. comparativeness of external benchmarking information in respect of remuneration and equality

Payment arrangements will demonstrate value for money whilst also being sufficient to recruit, retain and motivate colleagues in the context of the market for that role.

II. Procedural fairness

The Remuneration Committee shall be an independent body, whose members are drawn from the members of the Board of Governors, and who will determine and maintain consistency of approach whilst applying policy, process and procedure. The Remuneration Committee will determine policy within its remit set out above in line with the University's approach to remunerating all its staff and be able to evidence decisions as necessary.

III. Transparency and accountability

The Remuneration Committee shall ensure their approach to remuneration and decision making is transparent and annually publish remuneration details of its senior team with any significant changes to remuneration packages being detailed.

I. Scope and purpose

The Remuneration Committee forms a sub-committee of the Board of Governors with delegated authority to determine the remunerated terms of employment for the Vice Chancellor and the Vice Chancellor's senior direct reports.

II. Remit

- i. To determine the remuneration and reward packages, including but not limited to basic salary and pension arrangements and any other elements of reward as required, for the roles of Vice Chancellor and the Vice Chancellor's senior direct reports prior to appointment and subsequently throughout employment. Giving due consideration to a variety of components including such items as gender and other equal pay matters related to this group.
- ii. Review the performance of the Vice Chancellor and the Vice Chancellor's senior direct reports against set objectives determined by the Chair, for the Vice Chancellor and the Vice Chancellor for their direct reports and determine annual performance-related pay awards for these individuals. Reviews will be undertaken within a context of proportionality to the reward offered to other university colleagues.
- iii. Consider proposals for severance payments to all employees earning in excess of £100,000, or where the total cost to the University of the payment, including compensatory pension fund payments, exceeds £100,000; and, where satisfied of the appropriateness, approve payments to individuals.
- iv. Agree the expenses policy for the Vice Chancellor and the Vice Chancellor's senior direct reports; ensuring the policy is appropriate, fair and requiring expenses to be wholly associated with university business. The policy subsequently to be operationalised by the Vice Chancellor in respect of direct reports and the Chair of the Board of Governors in respect of the Vice Chancellor's expenses.

- v. Consider and keep updated on senior staff remuneration guidance issued by relevant bodies such as the Office for Students (OfS) and the Committee of University Chairs (CUC).
- vi. Maintain overall awareness of the significant general issues relating to the reward offering for all university staff, such as pensions. Reporting any recommendations to the Board of Governors as appropriate.
- vii. Ensure due regard, in the committees activities, to discharging the University's equality, diversity and inclusion duties.
- viii. Maintain awareness on external matters relative to remuneration and equality in the context of reward.
- ix. To undertake other such duties as may be appropriate to assign to the committee by the Board.

III. Meetings

The committee shall meet at least twice annually and otherwise as required.

The committee shall evaluate the performance, on the advice of the Chair of the Board of Governors, and any reward of the Vice Chancellor and on the advice of the Vice Chancellor the performance of and reward recommended of their direct reports at one of these meetings annually.

IV. Quorum

- i. The quorum necessary for the transaction of business shall be three members of the committee. In the absence of the Chairman of the Committee one of the remaining members of the committee, with the exception of the Chairman of the Board of Governors, may deputise.

V. Membership

- i. The Board of Governors shall appoint the committee Chairman. The Chairman of the Board may also serve on the committee as an additional independent member but shall not be Chairman of the committee.
- ii. The committee shall comprise a minimum of four members, all of whom shall be external members of the Board of Governors, who are independent of the institution, and represent a diversity of knowledge of sector remuneration governance.
- iii. Members of the committee shall be appointed by the Board of Governors, on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
- iv. The Vice Chancellor will not be a member of the committee or involved in the discussions of the committee related to their performance or remuneration, however they may be invited to attend part of any meeting, as and when appropriate and necessary. Invitations to attend committee meetings may also be extended to other colleagues such as the Director of Human Resources or External Advisers as and when appropriate and necessary. No attendee from the University staff shall be involved in any discussions as to their own remuneration, reward or compensation.

- v. Appointments to the committee shall be for a period of up to three years extendable by no more than an additional three-year period, provided members continue to be external members of the Board of Governors.

VI. Secretary

- i. The University Secretary or his or her nominee shall act as the secretary to the committee to arrange meetings and ensure; the committee receives papers in advance for consideration; minute proceedings and circulate the minutes to committee members once approved.

VII. Reporting Responsibilities

- i. The HR department will provide university data and market intelligence as required for the committee to consider. This will include an oversight of both benchmarking and fair pay.
- ii. The Chairman of the committee shall provide an annual remuneration report to the Board of Governors on its proceedings, decisions and any recommendations beyond its remit.
- iii. In the interests of transparency the Remuneration Committee will also publish the annual remuneration report on the external University of Lincoln webpages.

VIII. Revision

The principles and terms outlined are consistent with the *Higher Education Senior Staff Remuneration code*, as determined and published by the CUC, Committee of University Chairs, June 2018.

The Committee's terms of reference will be reviewed and revised as appropriate, annually.



SENIOR REMUNERATION POLICY

1. Background and Scope

The University is committed to fair, transparent and appropriate remuneration for all. The *Senior Remuneration Policy* outlines the approach to remuneration and reward for the Vice Chancellor and the Vice Chancellor's senior direct reports.

The Board Remuneration Committee form a sub-committee of the Board of Governors with delegated authority to determine and apply the *Senior Remuneration Policy* to the roles listed above.

2. Evaluation of Roles

- 2.1 Roles will be evaluated prior to recruitment and thereafter on an annual basis to ensure equal pay for work of equal value, transparency and to reward exceptional contribution/sustained excellence.
- 2.2 The value of a role will be based upon a number of components including those outlined in 3.2 below. Roles will be evaluated through the application of a recognised role evaluation methodology, benchmarked against local, sector, national and international data and scored through external role evaluation. Roles will then be allocated to bandings within the Senior Management Group (SMG) structure based on the evaluated scoring.
- 2.3 The UCEA Senior Remuneration Survey forms one of the benchmarking data tools for the University's senior structure.

3. Basic Salary

- 3.1 Upon evaluation of a role and allocation to SMG banding salary upon appointment will be determined based on the experience held by the individual and benchmarked against that of colleagues. Market data will be sourced specific to the role to ensure that salary levels remain within the banding of the role.
- 3.2 Annual salary reviews within the pay banding will be based upon the value delivered by an individual within a role, determined and informed by the senior management performance review process (PRP) including:
 - ❖ Size/complexity of role
 - ❖ Level of accountability
 - ❖ Impact i.e. on staff/students/partners/research
 - ❖ Knowledge and skills
 - ❖ Reputation and credibility required
 - ❖ Delivery/ contribution in role
 - ❖ Equal pay/gender pay gap considerations
 - ❖ Relativity to other roles within SMG banding
 - ❖ Comparator data
- 3.3 Exceptional pay reviews may take place outside of the designated timescale, at the specific request of the Vice Chancellor or the Chair of the Board of Governors. These recommendations will be assessed by the Committee on their own merit and supporting business case.
- 3.4 There will be no automatic entitlement to national pay awards, and their application at the time of national agreement will be the decision of the Remuneration Committee.

4. Market Rates

- 4.1 Where evidence from market data shows that salaries within an identified market sector and level have increased significantly above the current pay, the Remuneration Committee will consider paying a market premium in addition to the salary or consider the grading of the post. Any such premiums will be agreed on the basis of independently derived data and used in exceptional circumstances only.

5. Retention Premiums

- 5.1 Retention premiums are defined as additional payments for a post-holder to remain in post for a fixed period.
- 5.2 The University may exceptionally consider non-consolidated retention premiums in respect of a specific individual or role, where the purpose of the premium is to avoid critical impact or a high risk of the loss of continuity. Payment will be dependent upon meeting objectives within a specific period of time and be subject to careful monitoring and equal pay criteria.

6. Remuneration Package

- 6.1 Car provision may be considered either through a lease arrangement or university ownership dependent upon the necessity of business travel to carry out the role.
- 6.2 Relocation allowance may in exceptional circumstances be increased to ensure continuous delivery of university activities and leadership.
- 6.3 Accommodation may in exceptional circumstances be subsidised, for a set period of time, to support the effective delivery of university leadership.
- 6.4 Employer supported Private Medical Insurance (PMI) is offered to post holders and one nominated partner. PMI may in exceptional circumstances be widened to include other family members at a cost to the employee.

7. Senior Management Performance Review Process (PRP)

- 7.1 The Chair of the Board of Governors will agree the Vice Chancellor's objectives annually, in line with the strategic direction of the University.
- 7.2 Objectives for the remaining members of the Senior Leadership team will be set by the Vice Chancellor against the strategic plan.
- 7.3 The evaluation and assessment of individual performance against set objectives for the Vice Chancellor's direct reports will be reviewed by the Vice Chancellor. The Vice Chancellor's evaluation and assessment of performance against set objectives will be reviewed by the Chair of the Board of Governors. Recommendations will be made to the Board Remuneration Committee by the Vice Chancellor for direct reports and by the Chair of the Board of Governors in respect of the Vice Chancellor's achievements.
- 7.4 Following the annual review stage and receipt of recommendations, the Remuneration Committee will determine whether the Vice Chancellor and the Vice Chancellor's direct reports receive a performance related bonus award for exceptional performance, and if so, the level of this in line with the University scheme.

- 7.5 Where performance has been determined as not meeting expectations, consequences may result in; no uplift in basic pay, no performance related bonus award and performance management in line with the University's *Improving Performance Policy*.
- 7.6 Where payment is applicable, it will be based upon university affordability with the bonus being determined by assessment of the achievement of both corporate and personal objectives.
- 7.7 Individuals who join or leave the University part way through the year may receive payment on a pro-rata basis subject to the qualifying rules outlined in the scheme guidance.
- 7.8 Payment will not be consolidated into base salary but may be treated as a pensionable emolument dependent upon individual scheme rules.

8. Severance Agreements and Payments

- 8.1 The Remuneration Committee will determine the terms, as appropriate, of any severance arrangements applying in the event of an unplanned early termination of employment of the Vice Chancellor or a member of the Vice Chancellor's senior direct reports.
- 8.2 In considering severance arrangements, the Remuneration Committee will seek to represent the public interest in accordance with the University Financial Regulations and the Office for Students (OfS) Accounts Direction.
- 8.3 Any eligibility to severance arrangements will be aligned to contractual entitlements and all other applicable statutory employment entitlements.
- 8.4 The level of severance payment will reflect the business and contingency risk of an extended period of performance management.
- 8.5 Disclosure requirements in relation to compensation for the loss of office will be as per the annual OfS Accounts Direction.
- 8.6 The Remuneration Committee shall seek professional advice from the internal HR department and external legal representatives, where appropriate, prior to the commitment to any severance arrangement.

9. Consultancy/Externally Generated Income

- 9.1 Where a salary or honorarium is attributed to membership or contribution to an external Body/Board/Organisation the payment must be disclosed to the University.
- 9.2 The Remuneration Committee shall determine on an exceptional basis whether remuneration in the form of an honorarium paid to the University, should be passed to the individual. Determining factors will include; use of university resources, time and university representation.

10. Pensions

- 10.1 Should an individual within scope choose not to be a member of the relevant pension scheme, they may receive a compensatory pension allowance limited to 15% of salary, subject to annual review. This is not equivalent to the value of employer contribution for the relevant scheme. The allowance will be paid through the payroll as a taxable emolument and separately identified.

11. University Incurred Expenses

- 11.1 The University will reimburse expenditure to individuals which is wholly and necessarily incurred in relation to carrying out university business, in line with the University's expenses policy.

12. Commitment to Equality in Remuneration

- 12.1 The University is committed to equal opportunities for all, and the principle of male and female staff, regardless of any other protected characteristic, should receive equal remuneration whilst undertaking the same/similar role or work of equal value.
- 12.2 Furthermore, given the duties under the Equality Act (2010) (Gender Pay Gap Information) Regulations (2017) the institution is committed to continue to monitor and report annually specifically on gender pay gaps within the organisation.

Last Reviewed January 2020