

University of
Northampton



Remuneration Committee Annual Report 2022-23

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1 Scope

This report covers the work of the Remuneration Committee from 1 August 2022 to 31 July 2023.

2 Purpose of the report

This report is intended to provide assurance to the Board that the Remuneration Committee has effectively discharged its responsibilities.

The report is in compliance with the HE Senior Staff Remuneration Code

3 The Nature and Work of the Remuneration Committee

3.1 Terms of Reference

The Committee’s duties cover all aspects of the remuneration of the University’s senior post holders, oversight of the University’s remuneration framework and the decisions of the Vice Chancellor about the remuneration of senior managers.

The full terms of reference are attached at Appendix 1. The terms of reference were last reviewed and updated by the Board on 19 July 2023.

3.2 Membership

Members of Remuneration Committee are appointed by the Board of Governors. The deployment of governors and external members to the Committee, and the skills mix of its members, is kept under review by the Nominations and Governance Committee.

The membership from August 2022 to 31 July 2023 was as follows:

Name	Type	Notes
Geoff Donnelly	Independent governor and Chair of the Board	
Sue Dutton	Independent governor and Deputy Chair of the Board	Chair from 01/08/2019 to 30/09/2022
Michael Nadin	Independent external member	
Deborah Parker	Independent governor	
John Renz	Independent external member	
Michelle Teo	Independent governor	From 01/10/2022 to 30/09/2023
Paul Wood	Independent governor and Senior Independent Member of the Board	Chair of the Committee from 01/10/2022

The following were in attendance at meetings except for discussions of their own remuneration:

Name	Role
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Emma Finlay	Governance Assistant
Peter Gregory	Director of Human Resources from April 2023
Anne-Marie Kilday	Vice Chancellor
Miriam Lakin	Clerk to the Board of Governors, Clerk to the Committee
Deborah Mattock	Executive Director of HR, Marketing and International Relations to March 2023
Nick Petford	Vice Chancellor

The Chair of the Audit Committee is also invited to attend meetings.

In accordance with the Terms of Reference, neither the Clerk or Vice Chancellor was present during discussions of their own remuneration.

No external consultants were employed by the Committee during the reporting period.

3.3 Meetings and Attendance of Members

The Remuneration Committee met three times during the reporting period. The quorum is at least half of the current number of members. At least one of those making up the quorum must be an independent governor of the University.

Date	Attendance of Members
6 October 2022	6 of 6
24 January 2023	6 of 6
7 June 2023	6 of 7

3.4 Post Holders in the Remit of the Remuneration Committee

From 30 September 2022, the Committee was delegated by the Board of Governors to approve the remuneration of Vice Chancellor and the Clerk to the Board of Governors.

Prior to 30 September 2022, the Committee had also approved the remuneration of the Deputy Vice Chancellor and Chief Operating Officer.

In September 2022, the Board agreed that setting and monitoring the objectives of the Deputy Vice-Chancellor and Chief Operating Officer should be under the VC's mandate. The Remuneration Committee retained approval of the award of performance-related pay, changes to the remuneration package, and severance payments for all senior staff.

4 Business Conducted by the Remuneration Committee

4.1 October 2022

- Reviewed a proposal on changes to the appointment, line management and remuneration arrangements for senior post holders and senior staff. This was paused pending further information
- Reviewed a report on the achievement of corporate and personal objectives of the VC, COO and Clerk for 2021/22
- Approved the award of performance related pay to senior staff based on performance in 2021/22
- Agreed that there should be a review of the performance related pay scheme
- Agreed the University key performance indicators which would be used in calculation of the corporate element of performance-related pay for 2022-

23 (the corporate element of performance related pay was up to 10% of base salary)

- Reviewed the VC's proposed objectives for 2022-23 and ensured that these were measurable before approving them
- Approved the Clerk's revised objectives for 2022-23
- Received a verbal report from the VC on senior team succession planning
- Carried out a salary benchmarking exercise for the role of Clerk to the Board. No changes to salary were made as a result
- Reviewed its draft annual report to the Board covering the 2021-22 academic year
- Noted the job descriptions of the post holders in its remit

4.2 January 2023

- Received an update on a salary benchmarking exercise for roles in the senior team which was due to begin
- Received an interim review of the Clerk's objectives
- Received an interim review of the VC's objectives
- Reviewed the external commitments of the VC and Clerk
- Discussed a proposal to move to consultation about removal of the performance related pay scheme
- Received an update from the VC on the development of the senior team

4.3 June 2023

- Received an update on the reorganisation of the senior team which had been discussed by the Board of Governors in March 2023
- Approved in principle a contractual change to enable the removal of performance related pay for the post holders in the remit of the Committee

- Approved the VC's personal objectives for 2023-24, subject to including timescales and measurable outcomes
- Reviewed compliance with the HE Senior Staff Remuneration Code and received assurance of continued compliance
- Reviewed the Committee's terms of reference
- Approved its schedule of business for 2023-24
- Received a report on national comparative salary data for the VC role
- Approved a justification of the VC's remuneration which is required to be given in the University's annual report and accounts
- Noted the interim probation review for the VC who had been appointed from August 2022

5 Approach to Remuneration

5.1 HE Senior Staff Remuneration Code

The Remuneration Committee confirms that over the reporting period, it has operated in accordance with the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs.

The Board has adopted the Code, and the Remuneration Committee monitors compliance. A review of compliance with the Code is included at Appendix 2.

5.2 Fundamental Principles

The [Remuneration Policy for employees outside the JNCHES framework](#) applied to the posts in the Committee's remit over the reporting period.

'JNCHES' is the Joint Negotiating Committee for Higher Education Staff.

Employees outside the framework are those who are not in a national pay framework and negotiation. This applies to senior managers of the University.

The basic principles of this policy are the same as those of the Pay and Reward Policy which applies to all other staff. The principles common to both policies are:

- The University will operate a reward and recognition system which is transparent, based on objective criteria and free from unlawful bias
- The reward and recognition system will support the strategic objectives of the University
- The University is committed to the principle of equal opportunities in employment and believes that pay and conditions of employment should be awarded fairly and equitably for doing like work or work rated as equivalent

5.3 Approach to setting remuneration

The Remuneration Committee's approach to setting remuneration for the staff in its remit is set out in its terms of reference.

This states that as part of its decision making, the Committee must take account of:

- a) The remuneration of all of the University's employees, for example the rate of increase of average remuneration of all staff, and pay ratios
- b) Affordability and the University's budgetary position
- c) The University's strategy and market position
- d) The charitable status of the University and the need to ensure value for money for its stakeholders
- e) The public interest and the safeguarding of public funds, alongside the interests of the University
- f) The need for transparency of process
- g) Comparative information on the remuneration, benefits and conditions of employment in the University sector and other sectors as considered appropriate

5.4 Benchmarking

In benchmarking exercises for the salaries of senior post holders, sector remuneration data from the Universities and Colleges Employers' Association was used. In the case of the Vice Chancellor, data from the Committee of University Chairs on Vice-Chancellors' remuneration was also reviewed. The salary and the total package of the following types of institution was considered:

- All post 92 universities
- All universities with £100m turnover

- All post 92 universities with an income of £100-160m
- All universities outside London and the South East

For each type of institution, the median figure and the upper quartile was considered.

A benchmarking exercise takes place every three years for roles in the Committee's remit.

5.5 Performance Related Pay

Until autumn 2023, senior staff outside the JNCHES framework and senior post holders were eligible for performance related pay (PRP).

- Whilst consideration for payment under the scheme was contractual, the awards were discretionary
- Payment of PRP was subject to its affordability to the University
- Staff were not eligible for PRP until they had successfully completed their probationary period
- The award of PRP was at the discretion of the Remuneration Committee
- Staff were not categorised into different groups for the purposes of performance assessment

The award was based on the successful performance of a selection of corporate key performance indicators and personal objectives. According to the Policy for staff outside JNCHES, 'payment should be directly linked to outstanding performance and the achievement of strategic...objectives'

In respect of performance in 2022-23, a total of £114,376 was distributed for performance related pay.

5.6 Calculation of PRP

- PRP was up to 15% of salary
- Of the 15%:
 - 5% was based on personal objectives
 - 10% was based on corporate objectives¹
- Each objective was equally weighted
- There was no payment for partial achievement of objectives

5.6.1 Personal objectives

- Are agreed between the employee and line manager
- Between two and six objectives are set annually
- Objectives should be challenging and should build capability
- The objectives of the VC and Clerk were approved and reviewed by the Remuneration Committee

5.6.2 Key performance indicators

- Each year, a selection of the University's key performance indicators was agreed for use in the calculation of PRP
- In 2022-23, all 15 of the University's KPIs were used in the calculation of PRP

5.7 External Appointments

Under the terms of the contract for senior managers, other employment must be approved by the line manager.

The University's Code of Conduct for employees states that:

¹ With the exception of the Clerk. PRP for the Clerk is based on 10% personal objectives, 5% corporate objectives

‘those who undertake additional work outside of the University, whether it is paid or voluntary, must notify their line manager.

Employees engaged in other work must ensure that it does not come into conflict with their duties at the University, that they devote their time during their University working hours to their University post and that it does not distract them from carrying out their duties with the University.’

There is a further Code of Conduct for Governors, External Committee Members, University Officers and Senior Post Holders. This makes clear the ethical standards expected of those in scope, including the fiduciary duty they owe the University. It adopts the Seven Principles of Public Life the basis of the ethical standards expected of those in scope.

The University’s policy on staff undertaking consultancy work is available [on the University’s website](#).

5.8 Expenses

The University’s Travel and Expenses Policy applies to all staff and members of the Board of Governors. The policy contains detailed information on which claims are admissible. Details of the Vice Chancellor’s expenses are [published](#) on the University’s website.

6 Pay multiples for VC and all staff

The Office for Students requires all universities to report in their annual accounts the multiple of the VC’s basic salary and the VC’s total remuneration compared to the median pay of all staff.

In accordance with the Office for Students’ Accounts Direction, median pay is calculated based on the amounts paid by the University to its contracted staff on an FTE basis, excluding temporary agency staff. Remuneration is calculated as at

the end of the academic year (31 July). Total remuneration includes pension contributions, performance related payments, benefits etc.

Expressed as a multiple, the VC's basic salary and total remuneration when compared to the median basic salary and total remuneration of all staff:

	2020/21	2021/22	2022/23
VC basic salary	£203,000	£205,000	£205,000
Staff basic salary median	£35,845	£39,739	£41,931
Basic salary ratio	5.72	5.17	4.76
VC total remuneration	£265,000	£278,000	£244,000
Staff total remuneration median	£41,959	£47,316	£50,266
Total remuneration ratio	6.26	5.88	4.86

7 Appendix 1 – Remuneration Committee Terms of Reference

These were the Committee's terms of reference for the majority of the reporting period. They were approved on 30/09/2022. They were active from 30/09/2022 until their amendment on 19/07/2023.

Purpose

The Committee is responsible for the remuneration arrangements of senior post holders and has oversight of their performance. The Committee oversees remuneration arrangements for other staff and oversees the composition of the Vice-Chancellor's senior team.

1. Duties

Senior Post Holders

(Vice-Chancellor and Clerk to the Board)

1. Approve annual personal objectives and monitor the achievement of them, informed by the relevant line manager
2. Ensure that concerns about performance are effectively addressed
3. Determine the remuneration package, terms and conditions of service, benefits and bonuses, including the award of Performance Related Pay
4. Approve and monitor the external commitments of senior post holders. As necessary, establish and monitor arrangements for the income from these commitments, and the income itself
5. Determine severance arrangements. In doing so, to ensure compliance with guidance issued by the Committee of University Chairs on severance payments in HEIs

6. Carry out a regular benchmarking exercise of the remuneration package of the senior post holders.

Staff outside the JNCHEs Framework

(Senior Post Holders, COO, DVC, CFO, Executive Directors, Directors and Deans)

7. Approve which KPIs will be used to calculate performance related pay
8. Have oversight of the pay and reward framework, benchmarking data and demographics. Satisfy itself that value for money is being achieved, and the Public Sector Equality Duty is being met
9. Approve the award of performance-related pay, ensuring that this is based on robust data from the relevant line manager
10. Approve changes to the remuneration package, and severance payments

VC's Senior Team

11. Have oversight of developments regarding the Vice-Chancellor's senior team, and direct line reports, including appointments, significant changes to the roles, succession planning and the achievement of objectives
12. Receive an overview of performance and provide feedback to the Vice-Chancellor

All Staff

13. Have oversight of the strategy for the pay of all staff and the UCEA pay review process

Other Duties

14. Monitor the achievement of value for money in areas in the Committee's remit

15. Ensure and monitor compliance with HE Senior Staff Remuneration Code and the requirements of the Office for Students in respect of remuneration
16. As part of its decision making, take account of:
 - a. The remuneration of all of the University's employees, for example the rate of increase of average remuneration of all staff, and pay ratios
 - b. Affordability and the University's budgetary position
 - c. The University's strategy and market position
 - d. The charitable status of the University and the need to ensure value for money for its stakeholders
 - e. The public interest and the safeguarding of public funds, alongside the interests of the University
 - f. The need for transparency of process
 - g. Comparative information on the remuneration, benefits and conditions of employment in the University sector and other sectors as considered appropriate
17. Promote the University's responsibilities for equality, diversity and inclusion by ensuring that relevant issues are given full consideration as part of the Committee's work
18. Monitor KPIs on any matters in Committee's remit
19. Monitor strategic risks relevant to the work of the Committee
20. Ensure appropriate policies are in place for items in the Committee's remit
21. Carry out a bi-annual assessment of its own performance
22. Determine the arrangements for any honoraria payments to non-salaried positions appointed by the Board of Governors

2. Authorities and Approvals

1. Approve the personal objectives of senior post holders
2. Approve the remuneration package of senior post holders
3. Approve the award of performance related pay to senior post holders
4. Approve pay review recommendations and severance payments to staff outside the JNCHES framework
5. Approve the University key performance indicators which will be used to calculate performance related pay
6. Approve the external commitments of senior post holders and arrangements for the income from these
7. Approve honoraria payments to non-salaried positions appointed by the Board of Governors
8. Seek any information it requires to fulfil its terms of reference. This includes authority to appoint remuneration consultants and to commission or purchase any reviews, reports, surveys or information which it deems necessary, within budgetary constraints set by the Board of Governors.

3. Escalation

The Committee escalates the following for further consideration by the Board

- Significant risks relating to the areas in its remit
- Any items in its remit on which the Committee has not received adequate assurance
- Value for money or appropriate compliance not being achieved

4. Reporting

- The Committee produces a RAG rated report of its business and any items for escalation to the next available Board meeting
- The Committee provides an annual report to the Board of Governors on the work of the Committee, setting out its approach and decisions regarding the remuneration of senior post holders
- Report to the Board of Governors where the decisions of the Committee are likely to have an impact on all staff

5. Rules for membership and attendance

1. No one for whom the University is their employer may serve as a member of the Remuneration Committee
2. Only members of the Committee have the right to attend its meetings
3. No individual will attend any part of a meeting where their own remuneration arrangements are being discussed or determined, or be in any way involved in decisions regarding their own remuneration

6. Membership

- The Committee's membership is made up of:
 - Three to four independent governors
 - Up to two external members with expertise in areas in the Committee's remit
- Committee members serve a two-year term of office, which is renewable up to twice for a total of six years
- Committee members are appointed and reappointed by the Nominations and Governance Committee

7. Quorum

At least half of the current number of members. At least one of those making up the quorum must be an independent governor of the University.

8. Chair

- The Committee's Chair is appointed and reappointed by the Nominations and Governance Committee following consultation with the committee
- The Chair is appointed from amongst the members who are independent governors of the University
- The Chair of the Board will not chair the Remuneration Committee
- The Committee may choose to have a Deputy Chair, appointed and reappointed in the same way as the Chair
- The Chair serves a two-year term of office, which is renewable up to twice, for a total of six years

9. Attendees

- The Committee may invite others to attend at its discretion
- As requested by the Committee, the Vice-Chancellor will be in attendance to report on the senior team and the staff outside the JNCHES framework
- Observers may attend at the invitation of the Chair

10. Clerking

The Clerk to the Committee is the Clerk to the Board of Governors

11. Frequency of meetings

As determined by the Committee to allow it to discharge its responsibilities.

There are at least three meetings per academic year.

8 Appendix 2 – Review of Compliance with the HE Senior Staff Remuneration Code

The Committee reviewed compliance with the HE Senior Staff Remuneration Code in June 2023.

Element I - A fair, appropriate and justifiable level of remuneration

Principles	University Position
a) Remuneration should take account of the context in which the institution operates	<p>For employees in the remit of the Remuneration Committee, a salary benchmarking exercise took place every three years. Salaries were compared to other post-92 institutions, to the region, and to other institutions by turnover</p> <p>Over the reporting period in respect of staff outside the JNCHES framework (Senior Post Holders, COO, DVC, CFO, Directors and Deans) the Remuneration Committee had oversight of the pay and reward framework and benchmarking data and a responsibility to satisfy itself that value for money was being achieved and to approve changes to the remuneration package and severance arrangements</p>

<p>b) Remuneration must be linked to the value, based on a number of components, delivered by an individual acting within a role</p>	<p>The elements of senior staff remuneration were basic salary and performance-related pay (PRP). PRP had a corporate element and a personal element, both of which relate to the achievement of objectives which are designed to add value to the organisation</p>
<p>c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure</p>	<p>Equal pay audit and gender pay gap reports are published annually. Equality and diversity implications are part of reports at Board level, including reports to the Remuneration Committee. The Remuneration Committee's terms of reference include specific reference to its consideration of equality, diversity and inclusion issues as part of its work. The University's policies and procedures on pay and reward ensure that equal treatment is a key principle</p>
<p>d) Institutions should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There should be a robust and consistent process for</p>	<p>In respect of its decisions about the remuneration of senior post holders, the Remuneration Committee has formally adopted the following definitions of 'normal' and 'exceptional':</p> <p>Normal = achieve the high standards of performance expected of the role and its constituent responsibilities</p>

<p>setting objectives and assessing an individual's contribution</p>	<p>Exceptional = achieve personal objectives set through the Performance and Development Review process which add value beyond the performance expected of the role and its constituent responsibilities.</p> <p>The process for objective setting is clear and consistent. Annual objectives are approved by Remuneration Committee or the line manager as appropriate. Progress towards achievement is overseen by the relevant line manager and in the case of the VC and Clerk to the Board was reported to the Remuneration Committee. Objectives are drafted to be SMART (Specific, Measurable, Achievable, Realistic and Time-bound). An overall appraisal of performance is made by the relevant line manager. For the VC and Clerk this informed the Rem Com's decisions on remuneration.</p>
<p>e) Remuneration can vary according to individual performance</p>	<p>Performance related pay (PRP) varied because it was paid according to the achievement of objectives. 10% of PRP was linked to the achievement of selected KPIs, 5% to personal objectives</p>
<p>f) Awards made in respect of annual bonus arrangements linked to the achievement of specific</p>	<p>PRP was not consolidated</p>

annual objectives should not be consolidated	
g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc	<p>A benchmarking exercise took place every 3 years.</p> <p>There is an annual review of individual performance through the PDR (Performance and Development Review process). The process sets and monitors the achievement of objectives. The PDR process can trigger a review of the job description</p>
h) Non-achievement of an individual's expected contribution should have consequences	<p>The University has a robust Performance Management Policy and Procedure which applies to employees including senior managers. Regular conversations with line managers ensure sustained performance, and address performance issues.</p> <p>There are also financial consequences. There was no award of PRP for objectives that were not completed, or were partially completed</p>
i) Any severance payments must be reasonable and justifiable	<p>In the last 8 years the University has not made a severance payment to a senior post holder.</p> <p>Staff may be eligible for severance payment under the Voluntary Severance Scheme. This scheme is potentially applicable to all staff and has been agreed with the relevant Unions to ensure payments are reasonable and justified</p>

<p>j) There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity</p>	<p>Under the terms of the contract, other employment must be approved by the line manager.</p> <p>The retention of income from consultancy is covered by a policy.</p> <p>For the VC and Clerk, the Remuneration Committee was responsible for approving and monitoring external commitments.</p>
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Element II – Procedural fairness

Principles	University Position
<p>a) Senior post holder remuneration should be determined in the context of each institution’s approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff</p>	<p>Rem Com’s terms of reference make clear that the Committee’s decisions consider remuneration in the context of all employees. Rem Com receives a report annually on the remuneration of all senior staff.</p> <p>The Remuneration Committee Annual Report, and the University’s Annual Report give the relationship between the VC’s remuneration and that of all other employees expressed as a ratio. Rem Com monitors this ratio.</p>

	Any annual inflationary increment awarded to senior post holders is the same as the percentage increase awarded nationally to all HE staff
b) No individual can be involved in deciding his or her own remuneration	No one can be in attendance or vote at Rem Com when their own remuneration is being discussed
c) Remuneration Committees must be independent and competent	As well as the Chair and Deputy Chair of the Board, and independent governors, the Committee contains external independent members with recent and relevant experience in the field of remuneration. The Chair of the Audit and Risk Committee is invited to attend as an additional control mechanism. The Director of HR is in attendance to give specialist advice. No one can be in attendance or vote when their own remuneration or PRP is being discussed.
d) The head of the institution (HoI) must not be a member of the Remuneration Committee	The Vice-Chancellor is not a member of the Rem Com. The VC is in attendance at Remuneration Committee to advise the Committee on senior team and direct line report developments, including appointments, significant changes to the roles, succession planning, achievement of objectives and performance overview.

	The VC is not in attendance for discussion or decision-making on their own remuneration
e) Remuneration Committees, when considering HoI remuneration, must be chaired by a lay governor who is not Chair of the governing body	The Committee is chaired by an independent governor

Element III - Transparency and accountability

Each institution must publish a readily accessible annual statement, based on an annual report to its governing body, containing:	
a) a list of post-holders within the remit of Remuneration Committee	This information is included in the Remuneration Committee's Annual Report, which is published on the University's website.
b) membership of the Remuneration Committee	
c) its policy on the remuneration for post-holders within the remit of Remuneration Committee	
d) its choice of comparator institutions/organisations	
e) its policy on income derived from external activities	

f) the pay multiple of the HoI and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why
g) an explanation of any significant changes.