

REMUNERATION COMMITTEE

Unconfirmed Confidential and Reserved Business Minutes of the Meeting held on Thursday 22 October 2020 at 1400-1600hrs by video-conference.

Members Present:	Philip Carpenter (Chair), Chris Thompson, Denise Jagger, Claire Wesley, Dr Philip Rycroft.	
In attendance:	Dr Joss Ivory, Professor Charlie Jeffery, Professor Saul Tendler.	
Secretary:	Dr Adam Dawkins	
Apologies:	None.	
<u>Section 1: Standing Items</u>		
<u>Welcome and Apologies for Absence (Oral Report)</u>		
20/21-07	The Chair welcomed members and attendees to the Meeting, with no apologies recorded.	
<u>Declarations of Interest in Items on the Agenda (Oral Report)</u>		
20/21-08	<p>Declarations of interest were made in relation to:</p> <ul style="list-style-type: none"> i. Minutes 19-20/60-63 on Senior Staff Salary Reductions from the Vice-Chancellor and Chief Executive and HR Director/Acting Head of Professional Services, should Remuneration Committee wish to follow up on the status of the scheme; ii. Minutes 19-20/65 (5) and Written Resolution Minute 19-20-75iii in relation to any reference to USS death in service benefits coverage for senior staff salary reductions, for the same attendees at the Committee as mentioned in 20/21-08i above; iii. any reference by the Vice-Chancellor and President to the HR Director/Acting Head of Professional Services' performance in relation to the 'Senior Postholder Performance Assessment 2019-20 and Objective Setting 2020-21' oral report; iv. the Chair of Council's oral report on the performance of the Vice-Chancellor and President. This would be covered at the end of the Meeting under 'Any Other Business', and the Vice-Chancellor and President would leave the Meeting for this purpose. 	
<u>Terms of Reference, constituency, membership and annual schedule of business (RC.20-21/1)</u>		
20/21-09	The Committee considered its terms of reference, constituency, membership and schedule of business for 2020/21.	
20/21-010	<p>The Chair reported that:</p> <ul style="list-style-type: none"> i. following a discussion with the Secretary, Vice-Chancellor and President and HR Director/Acting Head of Professional Services, it was agreed that the future role-holder of Chief Operating Officer would not be a regular attendee at each meeting of Committee, in lieu of the Registrar and Secretary. This was because the former Registrar and Secretary was previously in attendance in her capacity as Secretary to Council, and the Acting University Secretary performed this function, alongside his specific role as Committee Secretary. It was also advisable to limit the number of UEB attendees at the meeting to a minimum, to reflect the spirit, if not the specific requirements of, the CUC HE Senior Staff Remuneration Code. 	
20/21-011	The Secretary reported that the stated term of office on the Committee for Dr Philip Rycroft was incorrect, and should read January 2022, to be co-terminus with his initial two-year term as a lay member of Council. This would be rectified.	IR
20/21-012	<u>Resolved:</u> To endorse the terms of reference and membership of the Committee for 2020/21, subject to the amendments required.	

	<u>University of York Strategic Remuneration Principles and Senior Remuneration Governance Framework (RC.20-21/02)</u>	
20/21-013	The Committee considered the University of York Strategic Remuneration Principles and Senior Remuneration Governance Framework.	
20/21-014	The HR Director/Acting Head of Professional Services reported that: <ul style="list-style-type: none"> i. the Framework was a standing item on the Committee’s agenda as a reference point for its work and to ensure the decisions it made were within its remit; ii. the reference to Senior Post Holders had been clarified to confirm that: [a] reporting directly to Vice-Chancellor and President would not define a role-holder as a Senior Post Holder by default (e.g., the Executive Officer) and [b] there were several members of UEB who did not report directly to the Vice-Chancellor and President (i.e, Director of External Relations, Director of Planning and Risk, HR Director/Acting Head of Professional Services, Academic Registrar, Director of Technology, Estates and Facilities); iii. a typographical error in 2.1, bullet point 2. 	IR
20/21-015	The Committee noted the amendments to the Framework and sought clarification on the status of the (Acting) University Secretary as a Senior Post-Holder.	
20/21-016	Declaring an interest, but best placed to respond to the query, the Acting University Secretary reported that there was no requirement in the University’s governing instruments, or external regulation or guidance (such as the CUC HE Code) that the University Secretary or equivalent role was a Senior Post Holder for remuneration or reporting purposes. Practice and reporting in this regard varied across HE providers, depending on the portfolio of responsibilities within the role of a University Secretary or equivalent position. However, there was an expectation under the CUC HE Code that the role-holder would have appropriate seniority and authority. That the role-holder was also recently made Secretary to University Executive Board (UEB) is another reason that it would not be appropriate to also be a member of UEB.	
	<u>Minutes of the last meeting held on 20 May 2020 12 August 2020 Extraordinary Meeting and Written Resolutions of the Committee on 11 June 2020, 27 July 2020, 03 August 2020, 24 September 2020 (RC.20-21/3-5)</u>	
20/21-017	The Committee considered the Minutes of its meeting on 20 May 2020, of its Extraordinary Meeting on 12 August 2020 and the written resolutions transacted on 11 June, 27 July, 03 August and 24 September 2020, and confirmed them as accurate records.	
	<u>Action Tracking and Matters Arising from the Minutes not covered elsewhere on the Agenda (RC.20-21/6)</u>	
20/21-018	The Secretary reported that the one action on log had been completed, and there was No Matters Arising not covered elsewhere on the Agenda.	
20/21-019	The Chair reported a Matters Arising from the Minutes 19-20/60-63 of the 20 May 2020 Meeting, and enquired as to whether there would be a proposal brought forward to the Committee to consider whether the interim voluntary UEB Salary reduction to be extended beyond the six-month period of 01 August 2020-31 January 2021.	
20/21-020	The Committee noted that whilst the original paper had stated that the operation of the Scheme would be reviewed after six months, it was content to work on the basis that the Scheme would expire at this stage and would not be considered for continuation or variation unless a proposal was brought to it by the Vice-Chancellor and President.	
Section 2: Strategic Development, Planning and Performance Monitoring items for consideration		
	<u>Senior Postholder Performance Assessment (2019-20) and objective setting (2020-21) (Oral Report)</u>	

20/21-021	The Committee considered an oral report from the Vice-Chancellor and President on the performance of Senior Post holders during 2019-20.	
20/21-022	The Vice-Chancellor and President reported that: <ul style="list-style-type: none"> i. whilst it was agreed at the May 2020 Committee meeting, that no decisions in relation to pay increases for Senior Post Holders would be taken for 2020, he had conducted Performance and Development Reviews (PDRs) with the individuals comprising this Group; ii. it was appropriate to provide the Committee with an oral report on the outcomes of the PDR process, and how individuals' overall scores would be rated were this a standard PDR review cycle, to provide assurance to the Committee that expenditure on senior staff pay remained appropriate; iii. the performance was set in the context of the positive and outstanding work of UEB as a whole during this critical period, with references made to the specific contributions and PDR ratings of individuals within this Group. 	
20/21-023	The Committee noted that: <ul style="list-style-type: none"> i. the feedback was helpful and commended the continuation of the PDR process for Senior Post Holders, whilst recognising the prudence of the halting of pay increases and, commending the voluntary and temporary pay reduction adopted for this senior group; ii. in relation to the PDR ratings, the University did not adopt a forced distribution model for employer appraisal and that was not appropriate for the current context of the University, but a level of moderation took place across the Group. It was clarified that there was no method to calibrate senior performance with performance of the wider workforce at present. However, the appraisal of Senior Post Holders was set in the context of their leadership of the wider workforce, adopting the same University performance definitions and ratings, with reviewers and reviewees trained in the system adopted. 	
	<u>Report on University Severance Payments 01 August 2019 to 31 July 2020 business and Report on Remuneration Decisions for individuals earning £100k+ April 2020 to September 2020 (RC.20-21/7)</u>	
20/21-024	The Committee considered the report on total severance and redundancy payments for the 01 August 2019 to 31 July 2020, and the decision log for appointment of individuals with remuneration over £100k for the period 01 April 2020 to 31 September 2020.	
20/21-025	The HR Director reported that: <ul style="list-style-type: none"> i. the two instances of severance payment for individuals earning in excess of £100k per annum had obtained Committee approval in line with the Strategic Remuneration Principles and Senior Remuneration Governance Framework; ii. the severance and appointment payments for those earning in excess of £100k requiring Committee approval were evidenced in the written resolution records confirmed at the start of the meeting. 	
20/21-026	The Committee observed that: <ul style="list-style-type: none"> i. the 2019/20 £1.21m total severance costs were high, with assurance provided by the HR Director that there had been a reasonably high number of voluntary exits by agreement during this period, as part of a wider push on reducing staff underperformance in the University, where this was a factor informing the severance decision; ii. the month of Committee approval of the severance payments on page 4 of the document should state September 2020, not October 2019. 	IR
	<u>Report on University and Executive Board and Lay Council Members' Expenses 2019-20 (RC.19-20/8)</u>	
20/21-027	The Committee considered a report on UEB and Lay Council Members' Expenses for the period 01 August 2019 to 31 July 2020.	

20/21-028	<p>The Committee observed that:</p> <ul style="list-style-type: none"> i. the reduction in both UEB and lay Council members' expenses between 2018-19 and 2019-20 was due to travel restrictions brought about by Covid-19; ii. as a secondary point, the importance of Council members not travelling first or business class on University business was raised, not because this had been prevalent practice (other than for legitimate health reasons), but as it was useful to reiterate in line with the University's Travel and Expenditure Policy, which rightly treated Council members on the same basis as employees in seeking Value for Money (VfM) from travel. The Acting University Secretary confirmed that he would be circulating information to Council on the University's new Gifts and Hospitality Policy and the Travel and Expenditure Policy in the near future, and that he would assume responsibility for review and sign-off of Council members' expenses. 	AD
	<u>HR Director's Report for 2020 (RC.20-21/9)</u>	
20/21-029	The Committee considered the Report of the HR Director, which set out the context for senior pay to support the remit of Remuneration Committee.	
20/21-030	<p>The HR Director reported that:</p> <ul style="list-style-type: none"> i. in addition to the halting of pay review for Senior Post Holders, the report reminded the Committee of the withholding of all salary increases for the wider senior staff group at present, due to the financial uncertainty brought about by Covid-19. This would be addressed in more detail in the Deputy Vice-Chancellor and Provost's Report. An adverse impact on staff retention could not be excluded, even at this uncertain time in the employment market, with market and retention supplements potentially needing to be considered on a case-by-case basis; ii. UCEA had confirmed that there would be no uplift in the value of the new JNCHES pay spine points in 2020-21. The trades unions had not accepted this position, but had currently paused the dispute on this matter. Bottom end adjustment to the JNCHES pay spine may be needed from 01 April 2021 to respond to the National Living Wage increase. The UEB commitment in principle to adopt the Voluntary Living Wage had been paused due to the current situation, with progress on this matter resumed in the near future; iii. a consultation on the USS March 2020 valuation on the proposed methodology and assumptions for the Scheme's Technical Provisions was close to its deadline date. The University's response was familiar to the majority of Committee members who sat on Urgent Decisions Group (UDG); iv. the 2019/20 and 2020/21 workforce planning stream was well underway. The severance application element of the Voluntary Options Programme closed on 31 July 2020. Post-2020/21 severance costs being accounted for, an annual salary saving of around £6m was forecast as an outcome of the voluntary severance proposals. The next steps in workforce planning would be significantly influenced in coming weeks by the emerging international student recruitment position; v. data on the University's restricted and targeted reclaiming of costs under the Covid-19 Job Retention Scheme were also provided; vi. gender pay gap analysis and reporting had been undertaken as previously considered by both the Committee and Council, with work underway on ethnicity pay gap reporting, and a requirement to publish data in early 2021. 	
20/21-031	<p>The Committee observed that:</p> <ul style="list-style-type: none"> i. it supported the view that there should be no wider senior management pay review for this period, and would receive more information from Remuneration Sub-Group on this matter later in the meeting; ii. it would expect use of market supplements, retention payments and promotions to be limited during this period of financial uncertainty. However, it was recognised that a number of colleagues were assuming significant additional responsibilities and would be addressed on a case-by-case basis, informed by role benchmarking; iii. balancing removing costs from the University with business critical and strategic (re)investment was key, as was ensuring that voluntary severance had been appropriately targeted to minimise subsequent backfill or replacement staff recruitment requests. Staff expenditure levels as a 	

	<p>percentage of turnover were above sector average at York. This was not driven by salary levels which were commensurate with other Russell Group institutions, but the inefficient organisation of the University and the significant additional and sometimes duplicated or replicated professional support staff overheads this occasioned;</p> <p>iv. a joined-up view from UEB on the longer-term and future workforce skills was key, and should be balanced with alleviating short-term financial pressures. Such an approach had been inaugurated by a recent UEB Think Tank on workforce planning in this context led by the HR Director/Acting Head of Professional Services and the Finance Director.</p>	
Section 3: Policy and Regulatory Matters		
	<u>Report on proposed Remuneration Content for the University of York Report and Accounts 2019-20 (RC20-21/10)</u>	
20/21-032	The Committee considered the draft annual remuneration report and statement which would be presented to Council and publish as part of the annual report and accounts for 2019/20.	
20/21-033	<p>The Committee observed that:</p> <ul style="list-style-type: none"> i. under the institutional performance section, reference to achievement of a financial surplus of £27m in 2019/20 should be contextualised on the basis that this was achieved only after an adjustment for USS; ii. to ensure that the narrative around strategy and institutional performance was consistent and cross-referenced with the wider annual report and accounts 2019/20 content of which this formed a part; iii. some points from the Acting University Secretary, including referring to the UEB temporary voluntary salary reduction in the conclusion to the Statement in addition to the existing reference in the May 2020. 	JL/JC
20/21-034	<u>Resolved</u> To endorse the content subject to the amendments, for consideration by Council at its 10 November 2020 meeting, noting that the content would be incorporated into the annual report and accounts 2019/20 and function as a published standalone report.	AD/ IR
Section 4: Sub-Committee Summaries and Meeting-related information		
	<i>The Deputy Vice-Chancellor and Provost joined the Meeting at this stage to present the Report from Remuneration Sub-Group.</i>	
	<u>Remuneration Sub-Group Report (RC20-21.11)</u>	
20/21-035	The Committee noted the Report from Remuneration sub-group.	
20-21-036	<p>The Deputy Vice-Chancellor and Provost reported that:</p> <ul style="list-style-type: none"> i. there would be no 2020 pay review for staff at Grades 1-8 as had applied to Senior Post Holders and the wider senior management. It also noted that the vast majority of institutions were adopting this approach, specifically in respect of senior staff; ii. the Sub-Group had agreed to continue to award annual increments to professors for the reasons as this was contractual; iii. external benchmarking had indicated that almost 50% of York professors were paid below 90% of the relevant market median, with a further 50% paid between 90% and 110%. However, this range concealed significant variations across the professorial bands, with a high percentage of Band 1 professors paid competitively against benchmark. The merger of professorial bands was a matter which was being considered, and was favoured by the Sub-Group; iv. Director of Centre, Deputy Head of Departments and Senior Post Holders reaching the end of their term and resuming their prior duties had also been discussed, with the final matter to be brought to Remuneration Committee in May 2021; v. the Sub-Group's oversight of pay equality had continued, noting the under-representation of female professors and BAME staff in senior management positions. 	

20-21-037	<p>The Committee observed that:</p> <ol style="list-style-type: none"> i. whilst mechanisms were cited to moderate and uplift pay for professors where it fell below the market median, a more open and clearer professorial pay structure was favoured, noting the possibility of collapsing the professorial pay bands; ii. whether it was appropriate to open the window for professorial pay review for next year, given the lead-in time for applications to be prepared. This was being considered by the Sub-Group; iii. a targeted approach for women and BAME staff to apply for promotion has been adopted, principally in the Faculty of Arts and Humanities to help redress inequalities, and to encourage more applicants from these groups. Where this approach has taken place, it has increased applications from female staff, and the commitment is for University-wide targeted with successful outcomes across both female and/or BAME staff. Assurance was given that in taking promotions decisions, the Promotions Sub-Group would not adopt an arbitrary approach based solely on the number of research outputs in a given period, for example, but took a more holistic view of an individual's achievements. The Committee commended the equal pay work and would support it being featured in the proposed review of professorial pay. 	
	<i>The Deputy Vice-Chancellor and Provost left the Meeting following conclusion of the above item.</i>	
	<i>The Vice-Chancellor and President also left the meeting, so as not to be present for Any Other Business pertaining to his own performance.</i>	
	<u>Any Other Business (Oral Report)</u>	
20-21-038	<p>The Chair of Council reported that:</p> <ol style="list-style-type: none"> i. she had sought views about the Vice-Chancellor and President's performance from Senior Post Holders and other staff working in close proximity with the Vice-Chancellor and President. The focus of this summary was on his performance to date rather than his objectives, which would stem more explicitly from the University Strategy development; ii. feedback had been very positive, noting the Vice-Chancellor and President's strategic and empowering approach, his inclusivity and honesty and support for collaboration, whilst not being averse to taking difficult decisions; iii. some colleagues were adjusting to the demanding pace of work set by the Vice-Chancellor and President, but influenced by the pressing circumstances of Covid-19. The ability to rise to the challenges going forward would be key, and to maintain morale and a sense of pace; iv. the Vice-Chancellor and President's future objectives would be linked directly to successful delivery of the University Strategy as it moved beyond aims, to themes and delivery, and the need to engender a culture of increased and diversified income; v. it was concluded that this had been a very successful year for the Vice-Chancellor and President, at an unprecedented time to lead the University; vi. the performance discussion would be reiterated at Council meeting on 10 November, reserved for a lay Council member audience only. 	
20-21-039	<p>The Committee observed that:</p> <ol style="list-style-type: none"> i. the perspectives communicated by the Chair reinforced its own views of the Vice-Chancellor and President's performance; ii. that this performance review was not only set in the context of pausing a review on pay increases, but the leadership of the Vice-Chancellor and President in initiating the temporary UEB pay reduction; iii. the Vice-Chancellor and President's prioritisation of UEB collective and individual team development and coaching was commended. 	

Dr Adam Dawkins
Acting University Secretary
Secretary, Remuneration Committee
29 October 2020