

# A Possible Outline Structure for a Remuneration Annual Report to the Governing Body

The Higher Education Senior Staff Remuneration Code requires the production of a Remuneration Annual Report. This document sets out a possible approach to producing this report, but it is not prescriptive and is not intended to be additional to the Code. Institutions will need to decide themselves the format that is most suitable for their circumstances. This is not an exhaustive list of options, nor a minimum requirement, since not all elements need be included. It is only included to assist institutions in their consideration of how best to report to their governing bodies.

## Introduction

1. Terms of reference: including a hyperlink to and/or appendix containing the Committee's terms of reference. These might refer to the determination of remuneration and conditions of senior posts holders as defined by the institution – they may also refer to oversight of a framework for remuneration and conditions of all staff, monitoring of remuneration and conditions of senior staff and any responsibilities placed on them for oversight of pay gaps based on gender, ethnicity and other protected classifications.
2. Remuneration Committee membership: including names of members for the period, and how they were appointed. This section might also include any use of consultants and details of any other relationship between consultants with the institution.
3. Remuneration Committee meetings: the number and dates of meetings in the previous year, members' attendance and links to minutes.

## Approach to remuneration

4. A statement as to the competitive environment and markets that the institution operates within.
5. A statement of any fundamental principle agreed by the governing body that will guide all decisions related to remuneration. This will probably reference the balance to be struck between recruiting, retaining and rewarding the best staff possible, in order to deliver the best outcomes for students, society and the economy while demonstrating effective use of resources.
6. The approach to setting remuneration, e.g. the extent to which economic factors, competition, market rates, roles, skills, experience and individual performance influence decision making.
7. The type of factors used in considering reward proposals for senior post holders. These include, but are not limited to:
  - a) performance in support of the institution's strategic objectives in areas such as:
    - teaching
    - management and administration
    - leadership of staff
    - partnerships and external relations internationally, nationally and locally
    - major initiatives and projects;

- b) the size and complexity of the institution;
  - c) the nature of the HE markets and issues of recruitment and retention;
  - d) the institution's objectives in relation to the diversity of the workforce; and
  - e) that some staff are on NHS salaries not determined by the university.
8. Where the data that supports these indicators is drawn from, possibly including:
- a) Higher Education Statistics Agency data;
  - b) the Universities and Colleges Employer Association's Senior Staff Remuneration Survey;
  - c) the Committee of University Chairs' Vice-Chancellor Salary Survey;
  - d) reports and reviews from external experts commissioned by the committee;
  - e) internal analysis of salary distributions.
9. A reference to the use of job evaluation schemes, pay awards and pension schemes that are applicable to the rest of the workforce.
10. A description of which (if any) staff are eligible for performance-related pay, in accordance with the institution's policy on performance pay – with a hyperlink to and/or appendix containing that policy, and a statement as to whether these staff also receive annual inflation uplifts to their base pay.
11. A statement on the approaches used by the committee in benchmarking positions offered within comparator institutions.
12. The current value for the university of the pay multiple of head of institution (HoI) earnings against the median of all staff, plus details of how this indicator has changed over an extended period of time, e.g. the last five years.

## Institutional performance

13. Set out a summary of how some of the key factors listed in point 7 changed over the year. For those that have explicit performance pay schemes, this might include:
- a) a note that performance pay is based on key indicators set out in the institutional strategy (with a hyperlink provided);
  - b) a list of key indicators used for remuneration purposes;
  - c) a statement as to whether performance pay is released if financial targets are not met;
  - d) a statement as to whether staff are put into different groups of performance (for example: 'satisfactory', 'good' or 'exceptional');
  - e) a statement of how the institution has performed in the previous year in respect to the indicators used for performance pay;
  - f) total of funds distributed for performance pay;
  - g) an aggregate disclosure of how the funds for performance pay were distributed;
  - h) an assessment of the Vice-Chancellor's performance using the same metrics; and
  - i) a table outlining total remuneration for the Vice-Chancellor, with year-on-year comparator data, as follows:

Emoluments of the Vice-Chancellor	2017-18	2016-17
Salary		
Performance related pay		
Benefits		
Subtotal		
Pension costs		
Total		

## External appointments and expenses

- 14. A statement and hyperlink to and/or appendix containing the policy on the retention of income generated from external bodies.
- 15. The amount retained from external bodies by the HoI.
- 16. A statement about the expenses policy, with a hyperlink and/or appendix, and a statement about the extent of expenses incurred.