

UNIVERSITY OF DUNDEE
UNIVERSITY COURT

Remuneration Committee

Remit, Terms of Reference and Membership

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1. Purpose of the Remuneration Committee

The role of the Remuneration Committee is to recommend to the University Court the remuneration strategy and policy framework for Professional and Grade 10 staff, including the Principal and the University Executive Group (UEG). In so doing, the Committee's aim is to be an exemplar of sector wide good governance and best practice in relation to remuneration, reward matters and any termination arrangements (severance), for senior staff.

The Committee will make decisions, and report to Court, regarding the salaries, emoluments and terms and conditions of service for the Principal and members of the UEG.

However, the approval of severance terms and substantial changes to pay and/or terms and conditions of the Principal & Vice-Chancellor on receipt of recommendations from the Remuneration Committee are matters reserved to the Court under the Schedule of Delegation. In this case 'substantial' shall be taken to mean anything exceeding the standard annual remuneration payment award for 'exceptional performance' as applied to Grade 10 awards

The Committee will delegate authority to the UEG the application of the Remuneration Policy and Procedure for all other staff at grade 10, but will receive and consider appropriate reports and monitoring data from the UEG in relation to its decisions in discharging this delegated authority.

In so doing, the Committee must:

- take account of SFC's guidance on the governance of senior salaries, including the requirements of [the Financial Memorandum with the SFC](#) and having due regard to Value for Money (VfM).
- take account of the requirements for reporting to the External Auditor and recommendations from the Internal Auditor.

- in regard to decisions around severance, act in a manner consistent with the requirements of the University's Severance Policy
- give due regard to the academic, institutional and financial wellbeing of the University.
- ensure the University's principles of fairness, equality, diversity and inclusion are applied and monitored.
- ensure that the Principal, the members of the UEG and staff at grade 10 are fairly rewarded for their individual contribution to the University's overall performance.
ensure compliance with the financial parameters within which the Committee and the UEG must operate when making salary/monetary awards, approving 'other paid work', for example consultancy payments or considering severance/termination arrangements.
- satisfy itself that the grade 10 staff who have been made salary/monetary awards have actively engaged in the University's Objective-setting & Review process and demonstrate performance which supports the University's Vision and Strategy.
- fulfil its duties as outlined in the Schedule of Delegation.

2. Context

The Scottish Funding Council (SFC) requires that the University follows the principles of its Financial Memorandum, the Financial Reporting Council's *UK Corporate Governance Code* (FRC Code), insofar as they apply to the University sector and the Scottish Code of Good Higher Education Governance 2017. The University is also required to follow the guidance to institutions set out by the Committee of University Chairs in its *Guide for Members of Higher Education Bodies in the UK* (CUC Guide).

These guides require the University to establish a Remuneration Committee to determine and review the salaries, terms and conditions (and, where appropriate, severance payments) of the head of the institution and such other members of staff as the governing body deems appropriate. They also make recommendations regarding the composition of the Committee.

The University is required to adhere to the principles of the Scottish Code of Good HE Governance (2017), specifically under paragraphs 78-81 on Remuneration Committees.

The CUC Guide states that the reports of the Remuneration Committee to the governing body should provide sufficient detail of the broad criteria and policies against which decisions have been made. However, the FRC Code requires the production of a tabulated report setting out Directors' remuneration (i.e. members of UEG in the University context), covering salary, severance payments, benefits in kind etc. This report on the remuneration of UEG members is presented each year to the Remuneration Committee and to the University Court. In addition, a simplified version setting out the salaries of members of the UEG by salary band is published each year in the University's Annual Report and Accounts. The SFC imposes specific requirements on Remuneration Committees in respect of setting policy statements on severance and overseeing severance arrangements, which are covered in this remit and also in the University's Severance Policy. The [SFC annual accounts direction](#) also gives guidance on the information that should be disclosed in an institution's annual financial statements about the Principal's remuneration and the aggregate amount of any compensation for loss of office payable to the head of institution and any staff member earning in excess of £100,000 per annum, or where the costs of all elements of a proposed arrangement amount to more than £100,000, together with the number of people to whom this was payable.

3. Composition of the Remuneration Committee

The Remuneration Committee must have the expertise to review and determine the salaries, emoluments and terms and conditions of service for the most senior members of the University (i.e. the Principal and the UEG) and to monitor the application of the Remuneration Policy to ensure it is being applied fairly, effectively and consistently, in the University's interests. In the interests of equity, the Remuneration Committee should aim as far as possible to have a diverse membership in relation to the Protected Characteristics as defined in the Equality Act 2010.

The membership of the Committee will comprise:

- The Chair of Court.
- Three lay members of Court, one appointed as Convener. The Convener of the Audit Committee will not normally be a member.
- One staff member of Court;
- One student member of Court;
- The Committee may seek independent advice as may be required from time to time.

The quorum of the Remuneration Committee will be five.

The following University Officers will be invited to be in attendance of meetings to be held to account for the decisions taken at previous stages within their area of responsibility, and otherwise to provide advice, guidance, and answer questions when requested:

- The Principal.
- The Deputy Vice-Chancellor & Provost.
- The University Secretary & Chief Operating Officer.
- The Director of People, (Secretary to the Committee)
- The Policy Officer (Corporate Governance), (Minute Secretary)

The University Officers in attendance will withdraw from the appropriate sections of any meeting at which their personal salary, emoluments and/or terms and conditions of service or those of their peers are being discussed by the Remuneration Committee.

A separate meeting of the Committee will be convened when the salary and other terms & conditions of the Principal are to be discussed. The Principal will not attend this meeting.

The following skills/experience are particularly valued by the Committee

- General understanding of, and commitment to, good governance;
- Experience or qualifications relating to Human Resources matters;
- Experience in reward and remuneration strategies and their application;
- Experience of performance management systems;
- Experience of the operation of appraisal systems;
- Experience of employee engagement/stakeholder consultation, ideally with staff and students;

- Understanding of the broader political, media, and governance environment relating to senior pay across the public and private sector;
- Awareness of sector-wide legislation and requirements relating to remuneration;
- Knowledge/experience and understanding of equality, diversity and inclusion legislation and approaches;

In addition, the following abilities and attributes would be valued

- Ability to challenge based on material and data presented;
- Ability to interpret the Committee's remit within the wider context of the University Strategy; and

The above skills should be covered by the Committee as a whole, with individual skill-sets contributing towards this.

4. Key Responsibilities

The key responsibilities of the Remuneration Committee are:

To maintain an overview of good practice in senior staff remuneration in the HE sector, other public and private sectors to inform the University's Remuneration Policy.

- To review the Remuneration Policy for Grade 10 staff at least every 3 years to ensure its effectiveness in terms of impact and compatibility with the salary arrangements applicable to the rest of the University.
- To review and determine the total reward package of the Principal taking account of performance, and to report accordingly to Court. To oversee contracts of employment for senior staff in accordance with the provisions of the Scottish Code of Good HE Governance Section 7:81.
- To review and determine the total reward package of members of the UEG taking account of performance and report accordingly to Court.
- To seek the views of representatives of students and staff of the Institution, including representatives of recognised campus trade unions, in relation to the remuneration of the Principal and the UEG.
- To oversee and report to Court on the outcomes of the delegation of responsibility to the UEG for reviewing and determining any annual salary increases and awards to those grade 10 staff of the University who are not members of the UEG.
- To review any equality and/or, pay gap issues for UEG and be informed of any necessary actions.
- To receive reports from the UEG regarding any equality and/or pay gap issues in relation to other Grade 10 staff and the actions being taken.
- To make recommendations to the Court on matters relating to severance terms and substantial changes to pay and/or terms and conditions of the Principal & Vice-Chancellor, noting that the approval is a matter reserved to the Court.
- To approve severance or early retirement arrangements for members of the UEG, with the exception of the Principal & Vice-Chancellor, taking account of the University's Severance Policy and the *SFC Guidance on Severance Arrangements in respect of Senior Staff* and reporting on any such cases to the next available Court meeting.

- To oversee and report to Court annually on the outcomes of the delegation of responsibility to the UEG for the approval of severance terms for Grade 10 staff outwith the UEG membership. To consider requests by UEG members, to undertake consultancy; other paid work or serve as a non-executive director or similar having due regard to issues which could adversely impact the University.
- To review the Deans' Honoraria periodically as necessary.
- To deal with any such other relevant matters as may be referred to the Remuneration Committee by Court for example in year awards.

5. Core Values

The core values of the University:

- Valuing people
- Working Together
- Integrity
- Making a Difference
- Excellence

must be central to all the processes and decisions made leading up to and at the Remuneration Committee.

Merit (defined as clear contribution to the Vision and Strategy of the University), including the retention of key employees and the need to address any pay gap issues arising from an analysis of protected characteristics, will be the only basis on which remuneration awards will be distributed.

- Fairness, equality and diversity. No discrimination will be permitted arising from a protected characteristic as defined by the Equality Act 2010.
- Any conflicts of interest throughout the process, leading up to and at the Remuneration Committee must be declared and action taken to rectify the situation.

6. University Strategy 2022 to 2027

The University Strategy 2022-2027 supports the core purpose, vision and values of the University. It sets our commitments over the next five years as a triple intensive university pursuing excellence in:

- Research with Impact
- Education and student experience
- Engagement and Enterprise and our overarching priorities for:
- Academic Excellence
- Growing our Reach, particularly in widening access, social inclusion and internationalisation
- Transforming our University to be a truly Digital Community

Remuneration is one way in which the University can contribute to these commitments and priorities, ensuring Grade 10 staff are suitably rewarded for their contribution to the University, students and community.

7. Support for the Remuneration Committee

In undertaking these responsibilities, the Committee will receive support from the Principal, University Secretary, Director of Finance and the Director of People.

It will be provided in the form of a report, co-ordinated by the Director of People, including information on:

- Background information in respect of the HE sector and the University's position contextualised within the overview, together with the University's strategy.
- Contextualisation of the School or Directorate's performance within the University by the UEG.
- The current and projected financial position of the University; the recommended budget to be allocated for grade 10 awards and the recommended financial value to be assigned according to performance rating (see [Reward Policy](#)).
- Relevant benchmarking salary data for the sector provided by UCEA covering both academic and senior professional staff.
- Any relevant retention issues.
- The recommended spread of financial awards across performance ratings.
- Proposed awards for individuals taking account of the above.
- An Equality Impact Assessment analysis of the statistical data relating to the full group of senior staff; those nominated and not; those successful and unsuccessful together with an explanatory narrative, with particular attention being paid to any indication of a gender or other pay gap.

This information will take the form of a report as shown in Appendix 1.

In addition, the Director of People will produce an Annual Remuneration Report for Court detailing the outcomes of the decisions taken by both the Remuneration Committee and the UEG, including an anonymised statistical report.

Where considered necessary, the Remuneration Committee may commission research and information externally and/or independent scrutiny and challenge, in order to ensure the University is an exemplar of 'best practice' in terms of governance, policy and process.

The University will support training and development for the members of the Remuneration Committee to ensure members are well-informed and up-to-date with remuneration matters.

8. Meetings of the Remuneration Committee

The arrangements for meetings of the Remuneration Committee are as follows.

- Typically, the Committee will meet in November and February of each year. An additional meeting can be arranged if considered necessary by the Committee. As with the Court, notice of no less than 7 days shall normally be given for such additional meetings, although by exception this may be waived in the case of urgent/emergency business with the full agreement of the Committee.
- Minutes, agendas and papers will normally be circulated to the Committee and attendees at least five working days in advance of the meeting.
- A formal minute of the meeting will be produced for approval by the Convener and remitted to Court as a report of each meeting.
- The Committee will be serviced by the Policy Officer (Corporate Governance).
- Papers will include any action required and the status of the paper in respect of Freedom of Information legislation.

9. Delegated Authority

Within the Schedule of Delegation the Court has delegated authority to the Remuneration Committee as follows, subject to appropriate reporting:

- Approval of annual remuneration decisions relating to members of the UEG and severance/early retirement agreements, subject to the terms of the Severance Policy;
- Approval of annual remuneration of the Principal, noting that the approval of severance terms and substantial changes to pay and/or terms and conditions of the Principal & Vice-Chancellor is a matter reserved to the Court on the recommendation of the Remuneration Committee. In this case 'substantial' shall be taken to mean anything exceeding the standard annual remuneration award for 'exceptional performance' as applied to Grade 10 awards;

It is normal practice when appointing the Principal & Vice-Chancellor, University Secretary & Chief Operating Officer, or Vice-Principals, for the Court to delegate authority to the Remuneration Committee to agree the remuneration package for the appointment within a range set in advance by the Court.

Approval of requests by the UEG for members of the UEG to undertake consultancy work, other paid work or serve as a non-executive director, or similar, where remuneration exceeds £5,000 or where the Principal judges there to be a significant reputational risk, conflict of interest or significant time commitment has been delegated to the Committee.

The Court has delegated authority to the University Executive Group for the approval of requests by Grade 10 staff (other than members of the UEG) to undertake consultancy work, other paid work or serve as a non-executive director, or similar, where remuneration exceeds £5,000. Guidance may be sought from the Remuneration Committee in instances where the UEG considers there to be a significant reputational risk, potential conflict of interest or significant time commitment.

10. Governance

Details of the salaries and other appropriate remuneration information will be published annually relating to the following officers who are members of the UEG:

- The Principal
- The Deputy Vice-Chancellor & Provost
- The Vice-Principals
- The University Secretary & Chief Operating Officer
- The Director of Finance

**University of Dundee
Information for the Remuneration Committee**

1. Background information in respect of the HE sector and the University's position contextualised within the overview, together with the University's strategy.
2. Contextualisation of the School or Directorate's performance within the University by the UEG.
3. The current and projected financial position of the University; the recommended budget to be allocated for grade 10 awards and the recommended financial value to be assigned according to performance rating (see Reward Policy).
4. Relevant benchmarking salary data for the sector provided by UCEA covering both academic and senior professional staff.
5. Any relevant retention issues.
6. The recommended spread of financial awards across performance ratings (see Reward Policy).
7. Proposed awards for individuals taking account of the above.
8. An Equality Impact Assessment analysis of the statistical data relating to the full group of senior staff; those nominated and not; those successful and unsuccessful together with an explanatory narrative, with particular attention being paid to any indication of a gender or other pay gap.