



# **Remuneration Committee**

## **Policies and Processes**

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# Remuneration Committee Policies and Processes

## 1. Purpose

- I. This document seeks to outline the policies and processes that will be followed by the Edinburgh Napier University Remuneration Committee.
- II. The Remuneration Committee is the committee of the Court of Edinburgh Napier University established to review and determine the salaries, terms and conditions, performance related pay (and where appropriate, severance payments) of the head of the institution and such other senior members of staff as the Court deems appropriate.
- III. This should be read in conjunction with the Terms of Reference of the Remuneration Committee as currently approved by Court and which sets out the remit and membership of the Committee.

## 2. Scope of the Remuneration Committee

The roles considered by Remuneration Committee are those not placed on the 10 grade scales. They sit separately to this on a spot salary and are not entitled to the nationally agreed pay awards, nor is there an incremental scale. The outcome of the Remuneration Committee can be no pay increase, a pay increase and/or a non-consolidated award.

## 3. Severance Schemes

- I. Court will approve the terms of all “voluntary severance schemes” i.e. programmes which have a specified purpose, budget and timeframe.
- II. The Principal will approve all individual severance payments that are permitted within the terms of such schemes once approved.
- III. The institution must seek the views of its external auditor if it plans to make what it considered to be any novel or potentially contentious severance payments, including those that exceed the maximum threshold agreed by the governing body (Court).
- IV. The institution’s external auditor must review severance settlements. Such a review will normally take place after settlements have been agreed and should be carried out by senior audit staff given the sensitivity of the issues.
- V. If settlements do not conform to the principles that have been agreed with the governing body, this should be reported to the governing body, via the Audit and Risk Committee, who should consider whether it would be appropriate to inform the Scottish Funding Council.
- VI. Negotiations about severance packages and payments must be informed on both sides, by legal advice where appropriate.

- VII. Notice of termination of appointments must not be delayed in order to generate entitlement to payments in lieu of notice.
- VIII. At the end of any voluntary severance scheme the Director of People and Student Services must instigate an audit report to review the effectiveness of the scheme. The audit report must be shared with the Remuneration Committee for review.

#### **4. Settlement Agreements**

- I. Any proposed settlement agreement for a member of the University's Leadership Team must be referred to the Remuneration Committee.
- II. Any proposed settlement agreement for staff with a salary in excess of £100k must be referred to the Remuneration Committee.
- III. Any proposed severance or settlement payments that are in excess of £100k must be referred to the Remuneration Committee.
- IV. Any proposed settlement agreement payments that are in excess of £250k must first be referred to the SFC for consultation.
- V. The Principal will approve all individual settlement payments for members of the Senior Leadership Group whose salaries are not in excess of £100k.
- VI. The Director of People and Student Services will approve all individual settlement payments for anyone that would not be part of the groups outlined above.
- VII. When a settlement agreement arises following poor performance on the part of an individual, any payment must be proportionate and there should be no perception that poor performance is being rewarded.
- VIII. The institution must ensure its internal auditor includes a regular review of systems for the determination and payment of severance settlements in their strategic audit plan.
- IX. Where there are confidentiality clauses in place, they must be consistent with the institutions whistleblowing policy and must not prevent the public interest being served.
- X. Negotiations about severance packages and payments must be informed on both sides, by legal advice where appropriate.
- XI. Notice of termination of appointments must not be delayed in order to generate entitlement to payments in lieu of notice.
- XII. Where a settlement agreement has been put in place for the Principal, the information that will in due course be contained in the institution's financial statements should be published as soon as possible after the date of the settlement agreement.

## 5. Governance

### Standards of Best Practice

- I. The Remuneration Committee is a small, authoritative body, which must have the necessary expertise to review and determine the salaries, terms and conditions (and, where appropriate, severance payments) of the head of the institutions and such other senior members of staff as the Court deems appropriate. The Principal, the Chair of Court and (if appropriate) the Clerk shall not be in attendance when their own salaries, terms and conditions etc. are discussed.
- II. The governing body must take account of SFC's expectation of the institution regarding the use of public funds.
- III. All decisions taken by the Remuneration Committee must be recorded.
- IV. Reports provided to Court will provide sufficient detail to enable the Court to satisfy itself that the decisions made have been compliant with its policies.
- V. The Chair of Remuneration Committee reports the outcomes from the Remuneration Committee to the Lay members of Court.
- VI. Should anyone request to see a copy of the minutes of the Remuneration Committee meetings, these will be made available to them.
- VII. Should anyone request to see a copy of the Remuneration Committee Policies and Processes, these will be made available to them.
- VIII. The actions of those taking decisions about severance payments or settlement agreements, and those in receipt of such payments must be governed by the standards of personal conduct set out by the nine principles of public life in Scotland.

### The Nine Principles of Public Life in Scotland

**Duty** - You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of the public body and in accordance with the core functions and duties of that body.

**Selflessness** - You have a duty to take decisions solely in terms of public interest. You must not act to gain financial or other material benefit for yourself, family or friends.

**Integrity** - You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

**Objectivity** - You must make decisions solely on merit and in a way that is consistent with the functions of the public body when carrying out public business, including making appointments, awarding contracts or recommending individuals for rewards and benefits.

**Accountability and Stewardship** - You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others, and must ensure that the public body uses its resources prudently and in accordance with the law.

**Openness** - You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

**Honesty** - You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership** - You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

**Respect** - You must respect fellow members and employees and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a Board member.

## **6. ULT Reward**

- I. The University acknowledges the importance of ensuring that staff are appropriately remunerated to ensure the recruitment and retention of high quality staff to deliver the University Strategy.
- II. The Remuneration Committee will also review the performance of the individual in line with their personal objectives and feedback from the Principal and Vice-Chancellor.
- III. When determining any increase to base salary or bonus award, consideration should be given to the following factors:
  - a. **University performance** – a summary of the overall university performance including KPI's and performance against them should be reviewed and considered.
  - b. **Individual performance** – the Chair of Court provides a summary of the Principal & Vice Chancellor's performance for the Committee to consider and the Principal & Vice Chancellor provides a summary for all of the other role holders being considered by the Committee. The University and the individual performance information is the most important aspect of the input to the committee. Both 'what' and 'how' ratings will be considered by the Remuneration Committee.
  - c. **Current salaries/internal relativities** – the Committee will receive information on the current salary and salary history of the individual in the role being considered. This will be framed in the context of the internal relativities between posts in the relevant group.
  - d. **Sector pay awards** – the current context of the national pay awards will be explained. The Committee is not bound by the national pay awards and this will not be applied automatically, however they should have an awareness of the overall agreements which have been reached as this may influence the decisions of the Committee.
  - e. **Market data** – UCEA undertake a Senior Staff Salary survey on an annual basis. Appropriate information from this survey should be considered along with any other market data which may be sought if it is felt that there are any gaps in the UCEA data. For senior non-academic roles, additional role specific benchmark

data may be obtained in conjunction with UCEA benchmarks. The Times Higher list of Principal & Vice Chancellor's salaries may also be considered.

- i. Base salary should ideally be positioned towards the median against external salary benchmark data unless the individual is identified as a consistent high performer or where the skill set is difficult to recruit.
  - ii. Final year salaries should not be inflated to boost pension benefits.
- f. Retention – if the individual is believed to be a retention risk to the University, this should be indicated to the Remuneration Committee and consideration should be given to whether retention measures are put in place. The individual's performance and skillset should be reviewed when considering retention measures. A skillset that is difficult to recruit for may give cause for a retention payment or an above median base salary.
- g. Affordability – the Committee considers the affordability of any pay award considered before a final decision is made.
- h. Pay policy - As required by the Financial Memorandum with the Scottish Funding Council, the Committee shall have regard to public sector pay policy set by the Scottish Ministers.
- IV. Where an individual has achieved excellent or outstanding performance, consideration may be given as to whether they should receive a one-off non-consolidated performance related bonus. This bonus should not exceed more than 5% of their base salary.
- V. If the individual is considered a retention risk then a bonus that is linked to service could be considered. This bonus should be no more than 5% of annual salary for each year that they are to be retained.
- VI. Should a ULT member not wish to be a member of the pension scheme, they can instead receive a payment which must be cost neutral to the University. This allows the ULT member flexibility to consider which might be most suitable for them whilst ensuring that the total reward package is the same.

## **7. ULT Appointments**

- I. Following consultation with the Principal and Vice-Chancellor, the Remuneration Committee will recommend to Court, the creation or cessation of ULT roles as may be considered necessary.
- II. A lay member of Court will be part of the interview process for any members of the University Leadership Team.
- III. The Remuneration Committee will determine the base salary and any relocation packages for any new appointments to the University Leadership Team.