

UNIVERSITY OF WARWICK

Annual Report of the Remuneration Committee 2022/2023

1. Introduction

This report covers the period from 1 August 2022 to 31 July 2023 and outlines the approach and decisions reached in relation to the Remuneration Framework as ratified and approved by the University Council at its February 2023 meeting. The Framework for University Senior Remuneration 2022/23 is contained in Appendix 1.

2. Remit and Membership

The Committee has responsibility for all matters relating to the remuneration of the Vice-Chancellor, Professor Stuart Croft, the Executive Team and a number of other senior roles. In addition, the Committee approves any payment made on the departure from the University of a member of staff earning more than £100,000. The Committee also receives reports on the work of the University Executive Board on matters relating to remuneration and pay gap reports.

The Chair of the Council	David Normington
The Chair of the Remuneration Committee	David Normington (10/22 to 01/23) James Furse (01/23 onwards)
The Treasurer	Neil Sachdev
Two independent members of the Council with expertise in leadership and/or senior remuneration in other sectors, appointed by the Council	Louise Ainsworth James Furse
Two independent members, external to the Council, with expertise in leadership and/or senior remuneration in other sectors, appointed by the Council	Lea Paterson Anne Marie Headley

The Chair of Council oversaw all meetings and discussions in the first part of the year except those relating to the Vice-Chancellor's performance review and reward and strategic objectives, in those instances, James Furse assumed the Chair. The members, as outlined above, were in attendance for the review period with the Secretary to Council as the Committee Secretary.

The Remuneration Committee meetings are also attended by the University's HR Director, HR Strategy Director and the Head of Reward and Benefits who provide information and analysis. The Vice-Chancellor is in attendance when requested by the Chair; this excludes meetings or agenda items where discussions and decisions are made where there would be personal implications.

The Committee held four meetings during the review period September 2022, November 2022, January 2023 (by correspondence) and June 2023.

3. Terms of Reference

For the period under consideration the terms of reference were as follows:

To report to the Council:

1. The remuneration policy framework and to work within this Framework on behalf of the Council.
2. Any remuneration or severance pay matters that fall outside of the approved remuneration policy framework or the delegated authority of the Committee.
3. Annually on the work of the Committee, including decisions taken under delegated authority, and to propose amendments to the remuneration policy framework.

To approve:

4. And review the remuneration of the Vice-Chancellor and President, members of the University Executive Board and other members of senior staff who are involved in setting and moderating the pay for senior staff.
5. The level of severance pay to be awarded to members of staff whose salary exceeds £100,000 and all senior members of staff whose remuneration is determined by the Committee.

To receive:

6. An annual report on the work of the University Executive Board on Remuneration.
7. An annual report on the framework for succession planning.
8. Monitor and oversee the work of the Pay Action Group and the University's Pay Gap reports for Gender, Ethnicity and Disability and LGBTQ+

To adhere to:

9. The approved Remuneration Policy Framework and operate within it, on behalf of the Council, when determining and reviewing remuneration.

4. Remuneration Framework

A copy of the Remuneration Framework, within which the committee operated during the period is available in Appendix 1. The Framework was designed to ensure that the University is able to sustain its place in a highly competitive environment and is in the best place to be able to recruit and retain talented senior staff, capable of delivering its strategic goals and to deliver exceptionally high performance against national and international benchmarks. The University is a large research-intensive institution; in many aspects of the University's work it needs to remain competitive with institutions in, for example, the US, Canada and Australia where the salaries offered to academic leaders are considerably higher than in the UK.

The Remuneration Framework makes reference to the National Pay framework applied to remuneration more widely in the University. Salaries for staff in jobs other than Professorial/Senior Professional Services roles are subject to national negotiation and are linked to the higher education pay spine. All roles are evaluated using Hay/Korn Ferry methodology as the basis for determining job size.

The two determinants of remuneration for the Remuneration Committee population are job size and individual performance. The Remuneration Framework articulates the overall objectives for remuneration in relation to institutional performance. Individual objectives and priorities for the Vice-Chancellor are agreed annually with the Chair of Council. For the remaining Remuneration Committee population, objectives reflect the focus for individual roles alongside the institutional priorities.

Notably, the Remuneration Framework ensures that any performance-related pay takes the form of a non-consolidated cash payment. The move to non-consolidated cash payments was introduced by the Remuneration Committee in 2018 and changes to base pay are made in exceptional circumstances and only when there is misalignment with the market for a particular role externally.

Staff whose roles are linked to the national pay spine would normally receive incremental awards (generally equivalent to circa 3% of base pay) until they have reached the top of the range relevant to their role. Staff demonstrating exceptional performance would also be eligible for a merit award.

5. National Pay Award

There is no contractual entitlement for the population covered by the Remuneration Committee to receive the general pay uplift negotiated annually between Higher Education employers and the Trades Unions. When such an agreement is reached the Remuneration Committee considers whether or not to apply the general uplift to the salaries of the population covered by the Remuneration Committee. The Remuneration Committee approved the agreed National Pay Award which was applied (in accordance with the terms of the Award), in two stages in August 2022 and February 2023. Both awards were in line with the percentage award for the wider population.

The University is committed to paying the Real Living Wage rate, which is higher than the National Living Wage rate, to any member of staff whose pay for the financial year falls short of that recommended by the Living Wage Foundation. This was applied in December 2022.

6. External perspectives received by the Committee

During the year the Remuneration Committee received input from both the Council of University Chairs (CUC) and the Office for Students through the form of reports and circulars, as well as benchmark pay information relevant to the roles within its remit. Independent external pay benchmarking was achieved using external sources including the CUC Vice-Chancellor Salary Survey, the Russell Group, the Universities and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey and independent analyses provided by Hay/Korn Ferry. The Committee considered externally sourced information as well as internal analysis of pay relativities, including gender pay.

This external perspective provides assurance that remuneration for key senior roles is in line with the market for comparable institutions and assisted the Committee in its decision-making when approving the remuneration for new hires to the University Executive Board and other roles falling within the Committee's remit.

7. Performance Pay

The University did not make any payments in relation to performance pay schemes in the review period, but a thank you payment of £1,000 was made in August 2022, pro-rated for all eligible staff including the Vice Chancellor and President. The University is re-introducing performance pay schemes and payments in 2023/24 based on 2022/23 performance; next year's report will comment on the approach taken and the outcome.

8. Remuneration of the Vice-Chancellor

The Committee reviewed the performance of the Vice-Chancellor, Professor Croft, against a broad range of objectives agreed by the Chair of Council. The following summary of the Vice-Chancellor and

President's performance relating to 2022/23 financial year is contained in the 2022/23 financial statements.

The Chair of Council conducts an annual review of the performance of the Vice-Chancellor and President against objectives, which are agreed at the start of the year. In advance of the review, the Chair seeks comments on the Vice-Chancellor's performance from all members of the University's Council, including the student representatives. The outcome is discussed at the Remuneration Committee and subsequently reported to the University Council. The Vice-Chancellor is not present at the Committee nor Council during the discussions regarding his performance.

The Vice-Chancellor's objectives for 2022 – 2023 focused on progressing key objectives in the University's 2030 strategy, alongside an exercise to refresh the strategy. The objectives laid particular emphasis on: developing a framework for values and behaviours; a successful outcome in the Teaching Excellence Framework; and credible business cases for major investment in STEM and Social Sciences, backed by robust Financial and Capital Plans.

In reviewing the Vice-Chancellor's performance account is also taken of the key performance indicators agreed by Council and performance in national and international league tables. The review period had seen continuing improvements in educational delivery and student recruitment, evidenced by a "Triple Gold" rating in the Teaching Excellence Framework 2023. The University had ensured that all students were eligible to graduate or progress in 22/23 with appropriate mitigations and support for those affected by the industrial dispute with the University and College Union, whilst maintaining academic quality and standards.

National Student Satisfaction Survey results were very strong, and these contributed to the University maintaining its Top 10 position in the Guardian and Times Good University Guide League Tables. Internationally, the University ranked 67th in QS global table (19th in Europe) and 106th in the Times Higher Education Global Rankings. The Vice-Chancellor remains committed to improving our international ranking position.

Under the Vice-Chancellor's leadership in 2022-23, several major programmes have been initiated and clear and measurable progress has been made. These include the launch of Warwick Transformation (a major organisational re-design of Professional Services to deliver simplicity, efficiency and value-for-money) approval of the funding for the investment and development of STEM and Social Sciences. The Council expects to see implementation of these investments to time and to budget over the coming years. The University strategy has been reviewed and revised, culminating in signoff of the refreshed strategy at the October meeting of Council: it is looking for further progress on research and education strategies, on sustainability, on embedding the new values and behaviours, and on the development of strategic KPIs to monitor its implementation and impact. The 2022-23 financial outturn was very positive, and this in turn has informed the 2023 Financial Plan and accompanying Capital Plan, which are the most ambitious yet for the University.

The Remuneration Committee agreed with the Chair's assessment that this represented another successful year for the University under the Vice-Chancellor's leadership, particularly given the backdrop of continuing uncertainties caused by the industrial dispute. They agreed with the view of Council members that his overall performance has been excellent. His leadership continues to be clear, decisive and inclusive. The Vice-Chancellor has successfully integrated several new members of the University Executive Board into his leadership team, and he continues to command respect amongst the academic community and beyond the University.

Given the Vice-Chancellor's excellent performance and a successful year under his leadership the Remuneration Committee in normal circumstances would have considered a performance award for the Vice-Chancellor. However, this year as in previous years the Remuneration Committee agreed to accept and honour the Vice-Chancellor's request not to be considered for a performance award. The Remuneration Committee did approve a non-consolidated thank you payment of £1,000 paid in October 2022. The thank you payment was consistent with the value and approach adopted for all staff in recognition of their hard work in what was a challenging year as we emerged from the pandemic in 2021/22. The Vice-Chancellor does not undertake any paid work outside the University.

The Remuneration Committee regularly reviews the Vice Chancellor's pay against remuneration in other Russell Group Universities, taking into consideration its top 10 position in the Guardian and Times league tables, the scale of the University's operations with an annual turnover in excess of £800m and using the latest findings from the 2023 survey of Vice-Chancellor's remuneration conducted by the Committee of University Chairs. The Vice-Chancellor's salary was slightly above the median when compared to the salaries of other Vice-Chancellors at Russell Group Universities. The University of Warwick's Vice-Chancellor has been in post since 2016 and is one of the longest serving Russell Group Vice-Chancellors. Since August 2017, his base salary has been increased in line with the percentage awarded nationally to university staff (there was no such award in August 2020) and he has accepted no performance awards since 2017.

Vice-Chancellor Remuneration

Emolument	Year Ended 31 st July 2023	Year Ended 31 st July 2022	Year Ended 31 st July 2021
Salary	£325,749	£313,130	£308,502
Other Remuneration	£1,000	£0	£0
Taxable Benefits	£7,846	£18,333	£19,056
Pension Costs	£39,359	£40,707	£40,105
Total	£373,954	£372,170	£367,663

Table 1

9. Pay relativities

For some time, the Committee's Remuneration Framework has made explicit reference to proportionality and the guidance from the Office for Students Accounts Direction requires the calculation of the Pay Multiple. The Pay Multiple must be expressed as the full-time equivalent Vice-Chancellors' remuneration divided by the median pay of all employees at the institution (also calculated on a full-time equivalent basis).

Relativity to Median Salary	31 st July 2023	31st July 2022
Basic salary as a multiple of median basic salary of staff - excluding atypicals	8.3	8.4
Total remuneration as a multiple of median total remuneration of staff - excluding atypicals	7.6	7.9
Basic salary as a multiple of median basic salary of staff - including atypicals	11.1	10.9
Total remuneration as a multiple of median total remuneration of staff - including atypicals	10.0	10.6
Basic salary as a multiple of median basic salary of staff - including atypicals but excluding Unitemps	8.8	8.9

Total remuneration as a multiple of median total remuneration of staff - including atypicals but excluding Unitemps	8.0	8.4
Basic salary to median academic	6.2	6.2

Table 2

NB the Total remuneration ratio excludes (in both years) the University's deficit contributions to the USS in respect of the Vice-Chancellor and President, as he is opted-out of the USS and does not benefit from those payments.

10. Equality considerations

There were no instances within the Remuneration Committee population where there was a gender-related difference in salary for roles of the same type. The Remuneration Committee reviewed the population under the remit of the Remuneration Committee, as well as receiving gender, ethnicity, disability and LGBTQ+ pay data for the University as a whole. The Committee considered the work of the Pay Action Group in addressing the findings from the data, and the Group's associated Action Plan, noting the work that remains to be done. The University published a full gender pay report in March 2023, and will do so again in March 2024.

11. Severance arrangements

During the period covered by the report, the Remuneration Committee was not asked to consider any severance payments for a member of staff with a salary over £100k.

12. External appointments and expenses

Professor Croft's contract allows him to take external appointments with the permission of the Chair of Council. There is no contractual restriction on retention of external income but Professor Croft has chosen not to take any paid appointments.

His current external Board appointments are as follows:

Coventry and Warwickshire Local Enterprise Partnership (Board member)
 Universities West Midlands (Board member)
 Midlands Innovation Board (Board Member)
 Lord Bhattacharyya Family Trust Fund (Director)*
 Russell Group of Universities (Board member)
 The Guild of European Research-Intensive Universities (General Assembly member)
 Eutopia (Vice-Chair)
 Hong Kong PolyU International Advisory Board (Board member)
 Jagiellonian International Advisory Board (Board member)

*Note this is an endowment within the University and specifies the Vice-Chancellor as a trustee.

James Furse
 Chair of the Remuneration Committee
 University of Warwick
 November 2023

Appendix 1 – 2022/23 Remuneration Framework

Remuneration Committee

Framework for University Senior Remuneration, 2022/23

This framework covers the period from July 2022 to July 2023.

1. Remuneration Committee composition and remit

The Remuneration Committee is a sub committee of the University's Council and is chaired by the Chair of Council or another independent Council member. It comprises three independent members appointed by the Council, with expertise in leadership and/or senior remuneration in other sectors, of whom a minimum of two will be serving independent members of the Council and is supported by the Secretary to Council and an Assistant Secretary. Meetings are attended by key members of HR Staff in an advisory capacity, and by the Vice-Chancellor when matters being discussed have no bearing on his personal remuneration. The current membership of the Remuneration Committee is available online.

Within the Remuneration Framework approved by the Council, the Committee reviews and approves pay recommendations for the following:

- The Vice-Chancellor and President;
- All senior roles that report directly to the Vice-Chancellor:
 - Provost
 - Registrar
 - Pro-Vice-Chancellors
 - Vice-Presidents
 - Group Finance Director
 - Commercial Director
 - Secretary to Council
 - Chief Information and Transformation Officer
 - Chief Marketing and Communications Officer
- Holders of significant faculty or departmental executive roles which report to the Provost, currently:
 - Chair, WMG
 - Executive Dean, WBS
 - Executive Dean, WMS
- Any other senior role which has a significant influence over reward policy.
- Initial appointment of staff where proposed salary is above £200,000.

2. Vice-Chancellor's remuneration

The Remuneration Committee agrees annually the performance criteria against which the performance of the Vice-Chancellor will be reviewed. These criteria will typically include a series of objectives related to the strategic performance and development of the University on issues such as research and teaching excellence, the student experience, widening access and the national and international standing and reputation of the University. It may also include a small number of personal objectives. The Remuneration Committee may attach differential weightings to objectives at a later meeting, dependent on views about relative priorities.

The Vice-Chancellor reports to the Chair of Council who assesses how these criteria have been met (taking into account the available evidence and the views of all Council members) and makes a recommendation annually to the Remuneration Committee.

In considering the Chair's recommendation the Remuneration Committee will also take into account:

- any guidance on Vice-Chancellor's pay issued by the Committee of University Chairs or /the Office for Students;
- through informal consultation, the views of all members of Council, including student members, about the Vice-Chancellor's performance and pay.
- the current remuneration of the Vice-Chancellor in universities of similar size and standing, as determined through the annual benchmarking review of remuneration of Vice-Chancellors undertaken by the Committee of University Chairs;
- the relationship between the Vice-Chancellor's salary and that of pay elsewhere in the University; including the recommendation in the Hutton report that senior pay in an institution should be a multiple of no more than twenty times the pay of the lowest paid employee;
- guidance from the Office for Students Accounts Direction, which requires the calculation of the pay multiple. The pay multiple must be expressed as the full-time equivalent of the Vice-Chancellor's remuneration divided by the median pay of all employees of the University (also calculated on a full-time equivalent basis).

Having received and approved a recommendation from the Chair of Council about overall performance, the Committee will recommend how that should be rewarded. Any performance-related award will be recognised through payment of a cash lump sum rather than through consolidation into base salary. The only exception to this approach will be when competitor benchmarking information reveals that the salary paid to the Vice-Chancellor at the University of Warwick has fallen behind the desired comparator.

3. Remuneration of other senior staff covered by the Remuneration Committee

In deciding the remuneration of those senior staff within its remit, the quantum available for performance related reward will, as far as practicable and appropriate, mirror the University's arrangements for those senior professorial and senior administrative staff below the Remuneration Committee level who are covered by the University Executive Board - Remuneration.

The Committee will consider annually the performance review recommendations made by the Vice-Chancellor in respect of those members of the Remuneration Committee population reporting directly to them and the recommendations made by the Provost and Registrar in respect of those who report to other members of the Executive team. In reaching its final decisions, the Committee will take into account:

- performance against objectives (those objectives will generally be linked to those approved by the Remuneration Committee for the Vice-Chancellor);
- external benchmarks and comparators (for senior academic leaders this will, where appropriate, be external Russell Group benchmarks; for senior professional and commercial staff wider benchmarks from other sectors and other parts of the economy may also be used);
- and affordability.

The Remuneration Committee will review and agree the salary range for vacancies within the Remuneration Committee population prior to recruitment. The Remuneration Committee will be required to approve the recommended overall remuneration package which will be based on market

benchmark. Thereafter, any performance related award will be paid as a cash lump sum. The Committee will review all appropriate pay benchmarks regularly to ensure that remuneration at senior levels remains competitive.

4. National Pay Award

There is no contractual entitlement for any member of staff covered by the Remuneration Committee to receive the national pay uplift in Higher Education, but the Remuneration Committee has in the past normally applied the general salary uplift to the group. This decision will remain subject to annual review.

5. Bonus Payments

The Remuneration Committee will not generally award one-off bonuses other than the performance-related cash lump sums outlined above, but may do so in very rare cases, for example:

- where it wishes to recognise an exceptional and outstanding achievement which has enhanced the reputation and standing of the university; or
- where bonus or other incentive arrangements are a core element of remuneration for direct comparator roles (e.g. for commercial or project management roles).

6. Equality Adjustments

In taking decisions about senior remuneration the Remuneration Committee will consider the impact of its decisions on pay equality. Given that there are very few similar roles within the group overseen by the Remuneration Committee, this is by definition a limited exercise, but the figures will nevertheless be reviewed annually and adjustments will be made if necessary.

The Remuneration Committee will also receive an annual review of pay equality in the University generally and, more specifically in the population of senior staff. The University has an annual budget for making equality adjustments where there is a demonstrable gap in pay between males and females undertaking similar roles at professorial level which cannot be explained by other factors.

The University is legally bound to publish gender pay reports under the rules being applied to public sector bodies. The University has chosen to consider pay gaps in relation to gender, ethnicity, disability and sexual orientation and these will be also reviewed annually by the Remuneration Committee for subsequent presentation to Council before final publication.

**Remuneration Committee
November 2023**