**Remuneration Annual report to Council 2021-22 (approved)**

**Introduction**

1. The Committee of University Chairs Senior Staff Remuneration Code requires that an annual report is made to the governing body and made publicly available.
2. [The terms of reference and membership](https://www1.essex.ac.uk/committees/CommitteeResults.asp?committee=REMC) of Remuneration Committee, as with all sub-committees of Council, are reviewed annually and agreed by Council. They are published on the University’s webpages.
3. The terms of reference for Remuneration Committee require the submission of an annual report to Council that meets the requirements of the Committee of University Chairs (CUC) senior remuneration code, to include details of the decisions taken by the Committee and the basis upon which it has exercised the authority delegated to it by Council; and providing details of the individual salaries of the Vice-Chancellor and Registrar and Secretary.
4. Members of Remuneration Committee are appointed through Nominations Committee and the membership includes one independent member. The Vice-Chancellor is not a member of Remuneration Committee.
5. In relation to the 2021-22 annual salary review, Remuneration Committee met twice, on 27 June 2022 and 31 October 2022.
6. Post-holders within the remit of Remuneration Committee decision-making are:

* The Vice-Chancellor
* The Registrar and Secretary
* Members of University Steering Group
* University Office Holders
* Grade 11 senior professional services staff
* Grade 11 Professors

**Approach to remuneration**

1. All staff are eligible for performance-related pay, which can take the form of a salary increase (in the form of accelerated or discretionary increments) for sustained exceptional performance in relation to their job role or a bonus for an exceptional one-off activity or specific achievement.
2. An application must be made for an award to be considered. The application could be made by an individual themselves or by nomination through their line manager.
3. All staff are contractually entitled to receive any nationally negotiated pay award, in addition to any performance-related pay increase. Grades are determined through the Higher Education Role Analysis (HERA) job evaluation framework.
4. When considering reward proposals for senior post holders, applications must demonstrate exceptional performance in relation to their job role. This is based on assessment of performance against individual objectives in support of the University key performance indicators (KPIs). Strategic priority objectives are agreed annually for the Vice-Chancellor and members of the University Steering Group, alongside personal objectives.
5. Each year when the budget is set, affordability of the annual review process is determined, and a financial envelope set aside based on affordability. There was no annual review in 2020 as part of the University’s financial sustainability plan.

**Benchmarking**

1. The Vice-Chancellor’s remuneration is benchmarked against comparator groups directly linked to the University KPIs. These are:

* Times Good University Guide (TGUG) top 30
* Institutions falling in the Top 25 of both the Research Excellence Framework (REF) and the Teaching Excellence Framework (TEF),
* Institutions that are included with Cluster X for the purposes of the Knowledge Exchange Framework (KEF)
* Institutions that form part of the University’s UCAS admissions group

1. The salaries of senior staff within the decision-making remit of Remuneration Committee are benchmarked according to the following principles:

* In relation to consideration for additional performance-related pay, senior Grade 11 academic roles continue to be benchmarked against institutions within the Pre-1992 Institution type as generally the most relevant sub-set.
* Senior Grade 11 professional services roles continue to be benchmarked against institutions within the relevant band of the institutional income sub-set.
* In some limited cases, it may also be appropriate to provide alternative benchmarking information. This might include other UCEA comparators, for example, if regional pay benchmarks are relevant and available, or for some roles that have comparable equivalents in the public sector and industry, where benchmarking information from outside the sector might be relevant. In these cases, the reason for providing additional benchmarking information will be clearly explained and provided alongside the agreed UCEA comparator group data.
* Senior staff are generally appointed around the median and can expect to progress to the upper quartile if they demonstrate sustained exceptional performance. This reflects our ambition to be in the top 25 TGUG and to ensure salaries are competitive in the external market. Senior staff who do not apply or are not awarded performance related pay continue to benefit from any pay increases applicable to all Grade 11 staff.
* Appointments may be made below the median – upper quartile zone and performance-related pay benchmarked accordingly in circumstances where the individual is, for example, newly promoted or taking on a broader range of duties.
* Strong performers are expected to track the median, with only exceptional performers progressing beyond this into the upper quartile.  In these cases, progression in less than 3-5 years would be unusual. Performance is assessed against objectives as part of the annual review of strategic priorities and individual performance conversations.

1. The data that supports these indicators includes:

* the Universities and Colleges Employer Association’s (UCEA) Senior Staff Remuneration Survey;
* the Committee of University Chairs’ Vice-Chancellor Salary Survey;
* publicly available financial statements from comparator higher education institutions (HEIs);
* salary history and previous performance-related pay over the previous five years; and
* internal analysis of salary distributions.

**Institutional performance and affordability**

1. Institutional performance is measured against KPIs in the University’s Strategic Plan 2019 – 2025. At its meeting on 31 October 2022, Remuneration Committee noted the change to Times Good University Guide criteria, which had impacted the University’s ranking. Across the remaining measures in the TGUG, the Committee noted that performance had been strong, having improved in six of the nine measures comprising the TGUG.
2. Each year when the budget is set, affordability of annual review is determined, and a financial envelope set aside based on affordability. There was no annual review in 2020 as part of the University’s financial sustainability plan.

**Remuneration and performance of the Vice-Chancellor 2021-22**

1. The position of the Essex figures in comparison to the benchmarking groups has shown greater variance than in previous years. For some benchmark groups, the   
   Vice-Chancellor’s salary remained comparable to the upper quartile of the external data, as it has been in previous years, but in some areas, the Essex figures are above the external upper quartiles. The position of the pay multiples represents an improvement towards the UCEA median as can be seen in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Measure** | **UCEA Benchmark** | **University** | | | |
| **2020-21** | **2021-22** | **2020-21** | **2019-20** | **2018-19** |
| HoI Basic Salary and Median Pay of all staff in UE, UECS, WHH | 6.8 | 9.30 | 9.58 | 11.2 | 11.77 |
| HoI Total Remuneration and Median Remuneration of all staff in UE, UECS, WHH | 7.2 | 10.89 | 11.06 | 12.83 | 14.22 |
| HoI Basic Salary and Median Pay of all staff University of Essex only | Not Available | 8.83 | 9.58 | 8.7 | 11.10 |

1. Full details of the Vice-Chancellor’s Remuneration are published in the annual [financial statements](https://www.essex.ac.uk/governance-and-strategy/financial-statements). In the 2021-22 academic year, the Vice-Chancellor’s salary was £309,941.
2. In relation to performance against KPIs, Remuneration Committee noted the change to Times Good University Guide criteria (with the removal of facilities spend per FTE student as a measure within the guide), which had impacted the University’s ranking. Across the remaining measures within the TGUG, all 6 measures relating to student satisfaction and student outcomes had recorded improvements in performance. The ranking achieved against the research measure within the TGUG reflected the University’s strategy of prioritising improvements in research power over Grade Point Average (used by the TGUG as the measure of research quality).
3. The Committee agreed that in this context the performance of the Vice-Chancellor and his leadership of the University had continued to be excellent.

**Remuneration of other post-holders with the remit of the Committee**

1. In addition to reviewing, at its meeting on 27 June 2022, the outcomes of the annual review process for staff in grades 1 – 10 and grade 11 Professors, at its meeting on 31 October 2022 the Committee endorsed recommendations that resulted in the following outcomes to post-holders within the remit of Remuneration Committee:

* The award of discretionary increments to twenty members of staff.
* The award of one-off bonus payments to one member of staff.

**Remuneration of the Registrar and Secretary**

1. In line with the requirements within the Committee’s terms of reference, the annual report to Council is required to include details of the individual salary of the Registrar and Secretary. In 2021-22 this was £183,349 per annum.

**External appointments and expenses**

1. Under Remuneration Committee’s terms of reference, both the Vice-Chancellor and Registrar and Secretary must declare any external paid work to the Committee on an annual basis. There was no income generated from external bodies in 2021-22.
2. The University continues to publish on a quarterly basis details of [expenses](https://www.essex.ac.uk/staff/freedom-of-information/senior-staff-expenses) claimed by the following members of senior staff: Vice-Chancellor, Deputy Vice-Chancellor, Pro-Vice-Chancellors, Executive Deans, Registrar and Secretary, Director of Finance, and Chief of Staff.

**Katherine Parker**

**Business Partner – People and Culture**

**November 2022**