

Executive Remuneration Policy

1. Scope

- 1.1 This Remuneration Policy applies to members of Executive Board, including the Vice-Chancellor and President ('the Vice-Chancellor').
- 1.2 The remuneration of other senior staff below Executive Board Level (paid on Grade IB, our professorial and equivalent grade) is managed through the Merit Awards Committee (MAC), which reports decisions to University Remuneration Committee for information, and to provide context for decision-making on executive salaries.

2. Governance and Practice Guidelines

- 2.1 The application of this Policy is managed by the University Remuneration Committee, a committee of Council. The Constitution and Terms of Reference of Remuneration Committee are published on the governance pages of the University website.
- 2.2 Remuneration Committee reports to Council after each meeting, and provides an annual Remuneration Report, which is also published on the University website and forms part of the University's Annual Report and Accounts.
- 2.3 Remuneration Committee is committed to the principles of fair remuneration and transparency, whilst needing to maintain appropriate levels of confidentiality for individuals and for business reasons. The University Remuneration Committee seeks to comply with the requirements of the Committee of University Chairs' (CUC) Higher Education Senior Staff Remuneration Code.

3. Roles and Responsibilities

- 3.1 The roles and responsibilities of each member of Executive Board are set out in individual job descriptions and in an annual summary document considered each year by Executive Board that lists recurrent responsibilities and project responsibilities. These provide a framework for the individual's activities and performance objectives. Each job is evaluated using the Hay job evaluation method.

4. Performance Management

- 4.1 All members of the Executive Board take part in an annual Performance and Development Review (PDR) process. Team and individual performance goals are agreed between the Vice-Chancellor (or Registrar) and the Executive Board members at the beginning of the academic year. Goals may be personal

and/or related to team/institutional performance. Performance is assessed during and at the end of the year.

- 4.2 The Vice-Chancellor's performance goals are agreed annually with the Chair of Council, having regard to the strategy and plan for the University as agreed by the University Council.
- 4.3 The Vice-Chancellor is responsible for setting performance expectations, and assessing the performance, of members of Executive Board (apart from the Executive Directors of HR and Corporate Affairs – see 4.4 below). The Vice-Chancellor provides salary recommendations to Remuneration Committee annually for members of the Executive Board having regard to the pay level of the individuals, their performance and the pay policy for all staff employed by the University.
- 4.4 The Registrar is responsible for setting performance objectives and reviewing performance annually in the cases of the Executive Director of Human Resources and the Executive Director of Corporate Affairs.

5. Pay Policy

5.1 Base Pay

- 5.1.1 The base pay level for members of Executive Board reflects the full range of their role and responsibilities, and no additional responsibility allowances are normally appropriate at this level. Executive board members who retain certain clinical responsibilities may be eligible to receive clinical excellence awards determined through a process managed by the appropriate NHS Trust.
- 5.1.2 Appointments to the Executive Team are made within the pay range for grade IB. The appropriate starting salary is determined by
 - (i) the Chair of Council, with advice from the Executive Director of HR, and the Chair of the Remuneration Committee for the appointment of the Vice-Chancellor and President;
 - (ii) The Chair of Remuneration Committee, on the recommendation of the Vice-Chancellor and President, with advice from the Executive Director of HR, for other Executive Board appointments.
- 5.1.3 The appropriate starting salary point is determined with reference to a number of relevant factors, including:
 - (i) The job size, as determined by job evaluation.
 - (ii) Internal relativities, particularly in relation to the salaries of other Executive Board members.
 - (iii) External market comparisons (see 6 below)

- (iv) An assessment of the individual's track record and fit with the job requirements.
- 5.1.4 University Remuneration Committee reviews the base salary level for each member of Executive Board annually – normally in May – and any changes normally take effect the following 1 August.
- 5.1.5 No Executive Board member is involved in any discussion at Remuneration Committee about any part of their own remuneration.
- 5.1.6 In reviewing the base salaries of Executive Board members, Remuneration Committee will take into account the following factors:
- (i) The performance of the University against its strategic objectives;
 - (ii) The performance of the individual Executive Board members against all their main key result areas, objectives and competencies. A record of this performance will be provided on the “Executive Board Pay Review Form”;
 - (iii) The general level of pay awards across the University in the previous financial year – this is used to provide a reference guide alongside other relevant factors;
 - (iv) Market position against relevant external comparators (see 6 below);
 - (v) For the Vice-Chancellor, the ratio of highest to median and lowest University salaries.
- 5.1.7 In some cases (e.g. for newly appointed Executive Board members who started on a lower salary to reflect their inexperience in an executive role) a salary increase may reflect both general market movement of salary and progression towards an appropriate ‘rate’ for the individual having regard to proven performance in the role.
- 5.1.8 In circumstances where the individual's level of contribution is below the expected standard, Remuneration Committee may determine that no additional payments are appropriate, including the annual negotiated pay award.
- 5.1.9 Academic positions on Executive Board are normally offered for a period of up to 5 years subject to termination with notice of 3 months from the employee and 3 months from the employer in line with normal professional contracts. Where the position is not renewed, academic members may be retained by the University on professorial contracts. In such circumstances, it is normal practice for the individual's basic salary to be reduced by an appropriate amount to reflect the new role the individual has taken. The notice period for termination of employment is unchanged.
- 5.1.10 Executive (non-academic) positions on Executive Board are made on an open-ended basis with a notice period of 3 months.

5.2 Bonus Payments

- 5.2.1 It is not normal practice for Executive Board members to be eligible to participate in a performance-related bonus scheme. Exceptionally a performance-related bonus may be agreed for a member of Executive Board, subject to Remuneration Committee approval. In these exceptional cases bonus targets and maximum payment levels must be clearly established and agreed in advance of the performance period for which the bonus is payable. A Performance Review must be undertaken prior to any decision being taken by Remuneration Committee on the appropriate level of such a bonus payment.
- 5.2.2 In line with reward practice across the University a non-consolidated payment may be made as an alternative to a base pay increase, for example in recognition of a one-off major achievement. Any unconsolidated payment to an Executive Board member requires Remuneration Committee approval.

5.3 Pension

- 5.3.1 Executive Board members, like all other academic and related staff, are offered membership of the appropriate pension scheme (USS or NHSPS)
- 5.3.2 In exceptional circumstances, an alternative to pension scheme membership may be agreed on a case-by-case basis. This will be at no extra cost to the University and advice will be sought from the Executive Director of HR prior to an arrangement being made.

5.4 Health Screening

- 5.4.1 Executive Board members perform key strategic roles for the University. In order to protect the individuals and the University, all Executive Board members are offered, and encouraged to take up, an executive health screening programme. This is provided not as a benefit, but as a sound risk management practice. The University does not provide private medical insurance to its Executive Board members.

6. Market Positioning

- 6.1 In reviewing salaries at this level, the University reference appropriate market data. In order to ensure reliable and relevant data is used, the HR Directorate seek to
- (i) Where possible, use job size as well as job titles to reference market data.
 - (ii) Compare against relevant benchmark groups. For academic leadership roles, this is normally the Russell Group of universities, or pre-92 HEIs

with income over £400m. For professional (non-academic) roles, in addition to these sector benchmarks, other public and private sector benchmarks may be used. In using such benchmarks the University normally targets a market position which reflects its size and performance against the members of the comparator group.

- (iii) Source data is taken from reputable specialists in reward services.

7. Severance Payments

- 7.1 Newcastle University has rarely had cause to sever staff from an appointment at Executive Board Level. When this has arisen the starting point for consideration is the contractual minimum.
- 7.2 Remuneration Committee approves all severance payments to Executive Board members prior to any termination agreement being finalised.

8. Remuneration for External Appointments

- 8.1 Executive Board roles are key strategic positions and Executive Board members are not normally expected to earn external income in addition to their University salary. Where this is permitted, an agreement will be required in line with the University's standard practices on external fees/income.

9. Transparency

- 9.1 The University will publish an annual Remuneration Report, in line with the recommendations of the CUC Senior Remuneration Code.

Approved by Remuneration Committee on 6th December 2018

Approved by Council on 17th December 2018

R Boggie
Assistant Director of Human Resources
November 2018