

Policy

Remuneration and Severance Policy for Management Staff

Contents

Introduction	2
Purpose Statement	2
Policy Scope and the Remuneration Framework	2
Responsibilities	3
Definitions	4
Principles	4
Procedural Fairness	5
POLICY	6
Governance	6
Defining pay ranges	6
Pay Management	7
Annual review of remuneration	8
Performance Related Pay and Bonus Payments	8
Severance	10
Additional Income	10
Expenses	10
EQUALITY	10
DATA PROTECTION	11
MONITORING AND REVIEW	11
FURTHER INFORMATION	11

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Introduction

- 1 The Remuneration and Severance Policy for Management Staff (historic individual spot salary remunerated roles above JNCES) outlines the key governance and policy framework for senior positions ('Management Roles') at Buckinghamshire New University aligned to the University's key guiding principles for remuneration. A separate policy document exists for the remuneration of University Executive Team (UET) positions that is governed by the University Remuneration Committee, "Remuneration and Severance Policy for Senior Staff".
- 2 The University's approach to remuneration is an integral part of the University's strategy 'Impact 2022' and beyond. The People Strategy includes a key objective to develop a strategic approach to rewarding, incentivising and recognising the contribution of employees, especially those driving the delivery of the University's goals and objectives.
- 3 To ensure success, it is vital that the University is able to attract, recruit, reward and retain leaders and employees in an increasingly competitive market. Therefore, it is important that the University is able to ensure that employees' contributions are recognised, valued and fairly rewarded.
- 4 The Vice-Chancellor [VC] is the University's Head of Institution, OfS Accountable Officer and Chief Executive Officer [CEO]. The VC and CEO has overall responsibility for the effective management of the University. The Vice Chancellor is accountable for the remuneration of employees within the scope of this Policy.

Purpose Statement

- 5 The purpose of this Policy and associated procedure is to demonstrate leadership and stewardship in relation to remuneration and, in doing so, help to protect institutional reputation. It will ensure consistent and appropriate treatment of individuals performing important Managerial Roles while ensuring the University has the flexibility to attract, motivate, retain and recognise the contribution of talent that is critical to the overall success of the institution. The policy also exists to ensure alignment of remuneration policy and its application for Management Roles with those of Senior Staff; in turn this is guided by external best practice guidance on fair and appropriate remuneration articulated through 'The Higher Education Senior Staff Remuneration Code' (CUC).

Policy Scope and the Remuneration Framework

- 6 Remuneration for Management Roles and Senior Staff is set within a framework, based on the UCEA levels defined in the UCEA Senior Staff Remuneration Survey. The framework organizes positions into common levels; these levels represent jobs of broadly equal size and accountability as followed:
 - a level 1 is the Vice Chancellor;

- b level 2 are roles with substantive impact across the whole university with long-term strategic impact. Level 2 roles are typically, though not always, University Executive Team positions;
 - c level 3 positions are managerial roles responsible for a significant area of accountability such as a school or an administration function; roles will provide strategic leadership for the given area of accountability with some limited impact across the University. UCEA level 3/4A2, 3 and 3B are examples of UCEA level positions. Example roles are Head of School, Director of a functional area (e.g. Estates, Student Success);
 - d level 4 positions are managerial roles that are responsible for a part of a significant area of accountability or defined area of academic leadership. Positions at this level will contribute expert leadership for their area and input into the strategy of the function or school. UCEA level 4A, 5A are examples of UCEA level positions. Example roles are Associate Head of School, Professor;
 - e level 5 positions are managerial roles with limited scope accountable for executing strategy in a smaller defined area.
- 7 This Policy applies to the remuneration of individuals occupying Management Roles (typically UCEA level 3, 4 and 5 positions but also non-UET level 2 position if this occurs). These roles and individuals are paid outside the Joint Negotiating Committee for Higher Education Staff (JNCES) grading structure (historically on spot salaries). All other employees' remuneration is determined by the Framework Agreement which details the pay structures for employees on JNCES grades.
- 8 Level 1 and 2 roles that are also members of the UET are governed by a separate, but aligned, policy document: "Remuneration and Severance Policy for Senior Staff"
- 9 The Policy is supported by associated procedures that apply to the following circumstances:
- a Performance, development and review policy
 - b Annual cost-of-living pay reviews
 - c Individual pay reviews
 - d Severance payments

Responsibilities

- 10 The Vice-Chancellor has responsibility for pay governance for employees occupying Management Roles and will provide a summary update annually to the Remuneration Committee. The Vice-Chancellor has responsibility for defining which roles and individuals are defined as Management Roles.
- 11 The Vice-Chancellor is advised by the Director of Human Resources who is accountable for operational decision-making within the context of the policy. The policy makes clear where explicit approval from the Vice Chancellor is required. The wider UET is likely to be consulted and involved in decision-making as required and facilitated by the Director of Human Resources

and/or the Vice Chancellor. An annual review of Management Role pay by the Vice Chancellor will take place as part of the annual pay review cycle.

Definitions

- 12 Remuneration package – as defined by the Office for Students Regulatory Advice 9: Accounts Direction – includes basic salary and, where relevant, payment of dividends, performance-related pay and other bonuses, pension contributions and payments in lieu of pension contributions, salary sacrifice arrangements, any sums paid under any pension scheme in relation to employment with the University, other taxable benefits, non-taxable benefits, and other remuneration.
- 13 Severance payment – a payment made to an employee on the termination of his or her employment.

Principles

- 14 The main principle is to ensure that staff are paid fairly and are treated consistently throughout the University. The recruitment and retention of excellent employees, who are highly competent and committed to the University achieving its goals, are essential for providing high quality services to students, partners and key stakeholders.
- 15 The University recognises that to achieve its strategic aim to have the right people, at the right time, competent and motivated to deliver the goals of the organisation, it must reward and recognise its employees appropriately and fairly.
- 16 Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role, and the attributes required to undertake that role effectively.
- 17 The University aims to pay in the vicinity of the median (50th percentile) of the chosen benchmark group for the individual job to ensure that the University can attract and retain employees.
- 18 Fair and appropriate remuneration should recognise an individual's contribution in their role to the University's success and must be sufficient to recruit, retain and motivate employees with the right skills, attributes and experience in the context of the market and peers performing the same work.
- 19 Fit for purpose remuneration should be balanced with the need to demonstrate the achievement of value for money in how the University uses its resources. Remuneration will take account of the context in which Buckinghamshire New University operates.
- 20 The University is committed to a remuneration framework for Senior Staff and Management Roles which recognises and rewards the contribution that individuals make in line with the following principles:
 - a. Remuneration will normally be linked to performance, values and behaviours and the added value contribution delivered by an individual within the scope of this policy;

- b. Remuneration packages should be competitive and recognise the relative remuneration in comparable markets through relevant benchmarking. The benchmarking will take into account the performance of the University within its peer group, the context in which the University operates and its overall turnover as set out in the Financial Statement;
- c. Remuneration will reflect matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender, race, disability or other protected characteristics within the pay structure;
- d. Remuneration should vary according to individual contribution and performance. The non-achievement of an individual's expected contribution should result in consequences such as no pay rise to avoid rewarding poor performance;
- e. The University will be clear about the expected level of performance from individuals, what it means to exceed that level, and what it means for performance to be exceptional. There should be a robust and consistent process for setting objectives and assessing individual contribution;
- f. Reward mechanisms should be clear and consistent with the prevailing market to ensure that individuals are motivated and the University is able to attract and retain key talent;
- g. To remain competitive, the University will benchmark salaries against the market using a robust and defensible methodology;
- h. Remuneration may include base pay and some variable elements which will be commensurate with the role and level in the University. Where there are variable elements, the value of the remuneration package, in its entirety, will vary with business performance and will only be paid where financial results allow, which will be at the discretion of the Vice Chancellor;
- i. Severance payments should be reasonable and justifiable;
- j. There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity; and
- k. Remuneration decisions should be transparent and consistent, based on principles of fairness and equity, and adhere to good employment practice and legislation.

Procedural Fairness

- 21 Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision-making using appropriate evidence and assessing the value of roles, the context and individuals' performance and contribution.
- 22 Principles of procedural fairness are set out in section 24 of the Remuneration and Severance Policy for Senior Staff and the spirit of this should be observed with regard to Management Role pay setting. Specifically:
 - a Proposals will be developed by the Director of Human Resources and be subject to oversight and approval by the Vice Chancellor;

- b Proposals will be supported with clear objective evidence related to external competitiveness, internal consistency and fairness and adhere to the University's reward principles set out in section 20;
 - c Management Role remuneration will be determined in the context of the University's approach to rewarding all staff, and in particular, consideration will be given annually to the rate of increase of the average remuneration of all other staff; and
 - d No individual will be involved in deciding his or her own remuneration.
- 23 Attention should be paid to requirements for external disclosure if a management position salary exceeds the level articulated in the Office for Students Regulatory Advice 9: Accounts Direction.

POLICY

Governance

- 24 The Vice-Chancellor has responsibility for pay governance for employees occupying Management Roles.
- 25 The Vice-Chancellor is advised by the Director of Human Resources who is accountable for operational decision-making within the context of the Policy. The Policy makes clear where explicit approval from the Vice Chancellor is required. The wider UET is likely to be consulted and involved in decision-making as required and facilitated by the Director of Human Resources and/or the Vice Chancellor.

Defining pay ranges

- 26 Remuneration for Managerial Roles is governed with reference to pay ranges that sit within the Remuneration Framework. The pay ranges reflect the market level for pay and are defined as follows:
- a Each role is benchmarked with objective and reliable market information periodically to ensure pay ranges remain relevant. As with Senior Staff remuneration, the University will ordinarily determine the market rate of a role with reference to the UCEA Senior Salary Remuneration Survey and the context of the market within which the University operates. There may, however, be occasions where the local market definition is not appropriate for the role; for example, where a role is expressly unique, or where the HE sector is not the most appropriate external market. For example, private and public sector comparisons may be more relevant for certain professional services roles, whereas in sectors such as health the NHS may provide more appropriate comparisons for certain academic roles. Professional independent judgement may be sought to ensure the appropriateness and objectivity in choice of market as necessary; a blend of market information may be appropriate in some circumstances.
 - b Pay ranges will be based on the external market compensation and benefits data and seek to balance consistency in internal pay levels with external market competitiveness.
 - c Pay ranges are based on the median of the competitive market for talent.

- d More than one pay range may exist at each level to ensure the pay range reflects the correct market for talent.
 - e Each pay range will have a midpoint based on the aggregate of market data. Each pay range will have a minimum and maximum. The minimum and the maximum will be 10% below and above the range midpoint respectively. All individuals should normally be rewarded within the minimum and maximum of the pay ranges.
 - f Pay ranges should be reviewed annually prior to the start of the academic year
- 27 The Vice Chancellor is accountable for decisions related to the composition of positions in each level, positions in each pay range and the number of pay ranges. The pay ranges are set on an annual basis and agreed by the Vice Chancellor.

Pay Management

- 28 Pay management concerns how pay is set outside of the regular annual review of salaries. This includes setting appropriate remuneration on appointment, on promotion into a higher level or on substantive change to a role that does not necessitate change of level.
- 29 The pay of individuals will be linked to the value or potential value delivered by an individual within a role. When managing pay the following objective criteria are applied:
 - a Complexity (scale and range of decision making, collaboration and contact, time critical activity);
 - b Impact (on students, research, finances and people, including employees, partners and citizens);
 - c Discretion (level of accountability, degree of autonomy and decision-making authority);
 - d Level of experience required;
 - e Knowledge and skills (including specialist skills) required;
 - f Reputation and academic/professional credibility needed for the role;
 - g Ability to recruit and retain key staff;
 - h Criticality of role relative to enabling University success; and
 - i External market forces (e.g. hot skills)
- 30 Notwithstanding the use of pay ranges to ensure consistency of treatment, close consideration must be paid to ensure that differences in pay relative to others at the same level are established through reference to objective criteria and evidenced.
- 31 On setting appropriate remuneration on appointment (pay for an individual when they start employment) particular attention should be paid to consistency and fairness of remuneration levels relative to peers. As a guide it is expected that an individual joining on a salary above their respective pay range midpoint should be able to demonstrate clear and direct experience and evidence such that they can perform the role fully within a short period of joining; that they bring a developed level of in-role competence. If an individual is relatively new to the proposed level (for example the new position represents a promotion in the context of their wider career

and the individual demonstrates low levels of directly comparable in-role competence but high potential) it would not be expected they should be paid above the market median. Consultation with the Vice Chancellor and/or designated members of the UET would be necessary to ensure the proposed salary level is objectively justifiable and appropriate. The criteria in 29 above articulate criteria for assessment.

- 32 Similarly, if an individual is promoted the expectation would be for pay to be set in the lower half of the pay ranges, below the mid-point, following the same principles articulated in 31, above. The additional justification and governance for proposed pay levels higher than midpoint would be good practice.
- 33 Pay outside of the pay ranges should be exceptional and will require the direct approval of the Vice Chancellor.

Annual review of remuneration

- 34 The annual review of remuneration is an assessment of pay against various factors: affordability; market movement; sector context; University performance; individual performance. This review takes two forms: a general “cost of living” and a performance pay increase. In both cases the review does not imply an entitlement to pay uplift but rather a commitment to consider the factors to determine: (a) whether any uplift is appropriate; (b) if appropriate, the value of the ‘cost of living’ award; (c) whether any performance pay increase is available; (d) the value of the budget for performance pay awards.
- 35 The University operates an annual Professional Development and Review (PDR) process for setting objectives and assessing an individual’s contribution. The separate Professional Development and Review Policy articulates and governs how goals are set and performance assessed and should be referred to for detail. The outcome of the annual PDR process is one of four ratings defined as:
 - High Performer: an individual exceeds in all objectives and expectations.
 - Performing well: an individual meets all objectives and expectations
 - Developing Performer: an individual meets some objectives and expectations
 - Under Performer: an individual falls below on most objectives and does not meet role expectations
- 36 Those individuals who achieve ratings of ‘Exceptional’ and ‘High’ will be entitled to consideration for Performance Related Pay and/or Bonus awards.
- 37 Those individuals who achieve ‘Exceptional’, ‘High’ and ‘Normal’ ratings will be entitled to Annual ‘cost of living’ pay awards. Those who receive a ‘Developing’ rating will be considered on a case by case basis.
- 38 Annual cost of living pay awards will not exceed those awarded to other staff groups (expressed as a percentage uplift).

Performance Related Pay and Bonus Payments

- 39 Performance related pay is the means by which the University delivers on its principle to reward and recognise the performance of individuals who have contributed to the success of the

University. This can be done in two forms: through a performance pay increase and, where appropriate, through a performance bonus.

- 40 There is no guarantee of a performance pay increase or bonus award. The Vice Chancellor will on an annual basis determine if there exists facility to provide funds for either award beyond the cost of living award; this will be based on such criteria as: achievement compared to institutional level goals, University affordability, appropriateness in the wider political and social context.
- 41 A performance pay increase is a consolidated, pensionable increase to annual salary additional and above the cost of living award. The bonus award is a one-off, non-consolidated and non-pensionable award.
- 42 Performance pay increases are only available to those who have achieved ‘Exceptional’ or ‘High’ performance ratings in the PDR. The nature and amount of the award will reflect:
 - a. Internal and external market information where available
 - b. Salary position in relation to colleagues within the same pay range
 - c. Equality and diversity impact
 - d. Individual pay history
 - e. University affordability
 - f. Level and nature of performance
- 43 If the size of the combined cost of living and performance related pay award results in base pay exceeding the maximum of the pay range, a non-consolidated bonus should be used to ensure that the pay range maximum is not exceeded. In this situation the award would only be consolidated up to the level of the maximum of the appropriate pay range at the time of implementation of the award; the balance would be awarded as a non-consolidated, one-off payment.
- 44 Bonus awards are only available to those who have achieved ‘Exceptional’ or ‘High’ performance ratings in the PDR; specifically this means the achievement of strategic, financial and non-financial objectives which are detailed and measured and linked to the achievement of the University’s strategic objectives and financial performance.
- 45 The bonus award will be between 1% and 10% of annual base pay and the level of the award will be determined by the Vice-Chancellor. The maximum award is 10% of base pay; if in exception a proposed award is above 10%, this will require the agreement of the Remuneration Committee. Awards for ‘High’ performance should not exceed ‘Exceptional’ performance, on a percentage basis, in each review year.
- 46 Bonuses will be awarded solely at the discretion of the Vice Chancellor, taking recommendations and evidence from the annual Professional Development and Review process, HR Director and wider UET as appropriate.
- 47 Bonus in this context is understood to be distinct to any University-wide, non-consolidated bonus offered to all staff, which would therefore include Management Roles outside the JNCES grading structure. Depending on the nature of any such bonus this may be paid to individuals without regard to PDR ratings.
- 48 A separate non-consolidated bonus plan process and policy will be produced to supplement this broader guidance.

Severance

- 49 In making severance payments, the University will be able to explain the reasons for any payments made in the context of meeting its contractual obligations and any advice that is available from regulators, together with detailed CUC advice.
- 50 The University will ensure that contracts agreed with post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities. The University will not operate contracts with notice periods of more than six months other than in exceptional circumstances, which can be explained and justified.
- 51 Remuneration Committee has specific responsibilities around the making of severance payments to senior employees and will discharge its responsibilities regarding such severance payments, through the use of explicit delegated responsibility from Council.
- 52 When a severance arises following poor performance on the part of an individual, payment should be proportionate, and the perception that poor performance is being rewarded should be avoided.
- 53 Arrangements outside those contained in the explicit delegated responsibility from Council will require the approval of Council itself.
- 54 In some instances, the use of compromise agreements will be appropriate; for example, in order to protect the commercial interests of the University. Confidentiality clauses can be included in compromise agreements where required but will not prevent the wider public interest being served and will contain the provision that any information covered by a confidentiality clause will need to be disclosed, in line with the CUC code of practice and OfS guidelines on remuneration.

Additional Income

- 55 It is important that staff represent the University on various bodies and boards and carry out academic and civic responsibilities at other organisations, e.g. non-executive director roles. Where such activity generates additional income for the individual from the external body it will be declared and explained in accordance with the University's Register of Interests.
- 56 Additional income will be managed according to the University's consultancy policy
[\[https://ben.oak.com/Content/File/Index/24b58d0c-0bd5-4315-8f64-40ba32b2a701?forceApprovalStatus=False&reviewComplete=False\]](https://ben.oak.com/Content/File/Index/24b58d0c-0bd5-4315-8f64-40ba32b2a701?forceApprovalStatus=False&reviewComplete=False)

Expenses

- 57 The University's expenses scheme, which applies to all staff, is contained within the University's Financial Regulations. Remuneration Committee will receive assurance that the Scheme is operating effectively.

EQUALITY

- 58 This policy has been produced with the aim of supporting the University's overall strategy to promote diversity and embrace individuals from all backgrounds as employees. When using this

policy, the University expects all employees to be treated fairly and with respect and will take action against acts which breach expected standards of behaviour.

- 59 Equal pay reviews for managerial staff within the scope of the policy, will be undertaken every two years and presented to the Vice Chancellor, along with comparable pay benchmarking data. Action plans will be produced where there are areas of concern or inequalities identified.

DATA PROTECTION

- 60 The data collected in the course of following this policy and procedure will be used for monitoring and managing the effectiveness of the University's Remuneration and Severance Policy for Management Staff.
- 61 Records of meetings and correspondence will be held on the University's computerised Human Resources Management System. Records will be kept on an individual's central HR file, and where necessary in secure records within other relevant departments. Only staff who need to see the information in order to carry out the duties of their post will have access to the data.
- 62 The information will be kept on computerised and paper records, in line with the Records Lifecycle Management Scheme dated 2004.

MONITORING AND REVIEW

- 63 The University will raise the awareness of all relevant employees of their rights and responsibilities under this policy.
- 64 The effectiveness of this policy will be ensured by continuous monitoring and regular review. It will be the responsibility of the Director of Human Resources to monitor the effectiveness of this policy. The Director of Human Resources and Vice-Chancellor will meet annually to monitor remuneration decisions and ensure that the relevant internal monitoring controls are in place and salaries have been determined based on benchmarking comparators in the sector and market forces.

FURTHER INFORMATION

- 65 This policy is not contractual and is not intended to be incorporated into individual terms and conditions of employment. It may be subject to review, amendment or withdrawal in accordance with the provisions contained elsewhere in the policy.