

Remuneration Committee

21/1 A meeting of the Remuneration Committee was held via teams on Thursday 4 February 2021 at 2.00 pm.

Present: -

The Vice-President, Mr T. Beardmore-Gray (in the Chair)

The President, Dr P.R. Preston

The Vice-President, Mrs K. Owen

Member of the Council, Mr J. Taylor

By invitation: -

Member of the Council, Ms Gordon

The Vice-Chancellor

The University Secretary

The Director of Human Resources

Head of Governance (Secretary)

Apologies were received from Sue Maple.

21/2 **Minutes of the last meeting**

The Committee received and approved the Minutes of its meeting held on 19 October 2020.

21/3 **Matters arising**

20/13 Dashboard

The Committee noted that the dashboard would be submitted to the Summer Term meeting.

Matters for Discussion

21/4 **Update on pensions and USS**

The Committee received a paper from the Director of HR on pensions and USS.

The Director of HR informed the Committee that:

- The University had responded to the consultation in respect of the 2020 USS valuation process with a detailed set of suggestions and further questions regarding the technical aspects of the consultation document. The University also urged further consideration of benefit reform.
- The published USS financial statements showed the Technical Provision Liability of the Scheme minus the assets held revealing a deficit of between £9.8bn and £17.9bn at 31st March 2020.
- The current combined contribution rate was 30.7% of salary, with employers paying 21.1% and members 9.6%, rates which were already considered to be at, or for some beyond, the limit of affordability. The 'backstop' increased rates of contributions due from 1 October 2021 were 23.7% for employers and 11% for members.
- Finance had provided an illustration of potential costs to the University if employer rates were to increase above 25% with effect from October 2021, the impact on the University would be significant.
- The USS Trustee had very recently updated on progress with the valuation process. Their discussions with the Pensions Regulator (TPR) and advisors continued. This stage had taken longer than anticipated, but their conclusions were due to be set out in the actuarial report and contribution determination due to be issued to the Joint Negotiating Committee (JNC).
- Due to the ongoing discussions with TPR, they now expected this to be ready in February. This would set out, among other issues, the Trustee position on the Joint Expert Panel's recommendations, UUK's response to the Technical Provisions consultation, the discount rates and prudence, the Recovery Plan, and the timeline and key milestones for progressing the valuation.
- There had been an acknowledgement that discussions in respect of benefit reform were a likely consequence of the valuation process.
- The University had begun preparing for the formal consultation process that was likely to be required as a minimum in respect of the scheduled contribution rate increases. Given the growing possibility of dispute around the valuation, future contribution rates and benefit reform careful communications would be planned with staff to ensure these highly technical issues were as well understood as possible.

The Committee thanked the Director of HR for the report. The following comments were noted:

- UUK was working closely with Vice-Chancellor's on pensions matters and they now had their own pension advisers.
- There was a need to engage more broadly with members of the Scheme – the University was arranging upcoming talks with colleagues in regard to the pension schemes through all staff talks.
- Many of the issues being consulted on were very technical, complex and difficult to translate for a wide audience – colleagues in HR and Finance were looking into providing communications that were meaningful and engaging for colleagues.
- Through the all staff talks it was hoped that colleagues would be able to understand the impact on their take home pay of some of the proposals being consulted upon.
- Plain speaking actuarial advice was needed; it was noted that the University had a good relationship with Mercer who might be able to help.

The Committee noted that further formal consultation meetings were expected over the coming months; an update would be given to the Committee at its next meeting.

21/5 Update on Pay including early Gender Pay Gap figures

The Committee received a report from the Director of HR on matters relating to pay including early headline figures from the Gender Pay Gap Report.

It was noted that:

- In recognition of the exceptional circumstances created by the pandemic the JNCHES process was paused and in subsequent discussions with the national trade unions UCEA tabled a 0% settlement.
 - The union negotiators had recommended non-acceptance of the 0% settlement and were likely to moot potential industrial action with members.
 - Any potential local impact was tempered by the wide-ranging agreement (reported previously) reached with UCU and the Staff Forum that allowed for, *inter alia*, a three-year pay freeze and a series of tiered pay cuts for 12 months.
 - An interim review of the University's financial position in early November enabled the Vice-Chancellor to communicate a cautious optimism that the proposed tiered pay cuts would not be required. A formal review scheduled for 1 February 2021 would confirm the position vis-à-vis the proposed pay cuts and the duration of any required period of pay freeze (see Minute 21/6).
 - The University would re-engage fully with the national pay bargaining process as soon as any period of local pay-freeze reached its conclusion.
 - The formal Gender Pay Gap (GPG) report covered the snapshot date of 31 March 2020. The formal report was still at an early draft stage, headline figures were as follows:
 - For the purposes of the formal report the University had 5008 full-pay relevant employees. 39.13% were male, 60.87% female.
 - The mean GPG was 20.64% - the 2019 figure was 18.33%.
 - The median GPG was 23.18% - the 2019 figure was 18.48%.
 - There were a number of local factors that had a distorting effect on the figures, the most significant of which was the inclusion of Campus Jobs workers (an activity unique to University of Reading).
 - Excluding Campus Jobs workers from the headline figures made a significant difference. The mean GPG became 16.99% (15.93% in 2019) and the median GPG became 16.18% (16.17% in 2019). As a further example of how easily the figures can be skewed by local factors the GPG at Grade 1 is 12.92%. [Section 40]
- During the reporting period 20 senior (i.e. Professorial or Grade 9 Professional & Managerial) female colleagues left the University's employment. Of these 7 were Zone 3 Professors.
- Further analysis of appointment and leaving trends was being carried out to better understand the factors influencing the GPG. This included analysis of the potential impact of the 2018 voluntary redundancy scheme.
 - The full report would be publicly available in March.
 - The ethnicity pay gap showed a mean of 15.43% and median of 20.97%.

The Committee thanked the Director of HR for the report. Members of the Board queried whether there was more that could be done to extol the work of Campus Jobs and well as activities undertaken to address the GPG and place the University on more of a front foot. The

Director of HR confirmed that work identified under Athena Swan action plan would indicate a good level of progress in addressing the GPG.

21/6 **Update on Phase 1**

The Director of HR informed the Committee that a meeting had been held with UCU and the Staff Forum on Monday 4 February 2021 to review the latest financial figures and decisions reached under the Phase 1 agreement.

It had been agreed that the tiered pay cut would not take place this year. At the meeting it was recognised that colleagues had worked hard to get the University into a place where the tiered pay cut was not needed but it was recognised that there were still challenges ahead and so the option of a tiered cut would remain for future years.

A joint communication would be issued to all staff later in the week and the upcoming all staff talk would focus on the University's financial picture. A key factor in the finances was student numbers; at present undergraduate applications from home and international students were up but considerably down for students from the EU.

21/7 **Update on the VR Scheme**

The Committee received an update on the VR Scheme undertaken during the Autumn Term. It was noted that:

- The scheme opened in October 2020 (closing for applications on 20 November 2020), in accordance with the agreement reached with UCU and the Staff Forum.
- The offer was open to all University employees other than:
 - a. those within the first six months' of employment, or longer if a normal probationary period has been extended for any reason;
 - b. those employed on fixed-term contracts of employment, and within 12 months of the stated expiry date;
 - c. those employed as sessional teaching staff.
- The voluntary redundancy payment was calculated as a sum equivalent to the statutory redundancy payment (uncapped), plus 3 months' gross pay.
- It was expected that where applications were accepted, colleagues would leave the University no later than 31 July 2021.
- Applications were considered in the first instance by Heads of School/Function who then made recommendations for acceptance or rejection of each application. All applications were submitted to a Voluntary Redundancy Group (VRG) chaired by the PVC (Academic Planning & Resource).
- The VRG met twice on the 9th and 15th December 2020 and considered all the proposed offers:
Total number of VR applications received: 94 (45 x Schools; 49 x Functions)
Total number of VR applications approved: 45 (29 x School; 16 x Function)
- Of the 45 VR applications approved, 26 were academic posts (11 x Professor; 10 x Associate Professor; and 5 x Lecturer).
- The scheme has generated the following total net savings over 2 years: £2.6M
- All colleagues had now signed the settlement agreements.

21/8 Annual Review

The Director of HR informed the Committee that the annual review processes for Professorial and Senior Staff, which were postponed last year, had restarted on their normal timeframe. Recognising the pressures faced by colleagues at present this year's review would be lighter touch but would include the submissions made last year. Reports on both processes would be submitted to the next meeting of the Committee.

It was noted that John Taylor and Sue Maple had agreed to oversee meetings of the groups.

Matters for Report

21/9 Severance Payments and Early Retirement Arrangements

The Committee received and noted the severance payments and early retirement arrangements that had been agreed since the last meeting.

21/10 Out of Cycle Salary Increases

The Committee received and noted out of cycle increases agreed since the last meeting. It was noted that one case which had been approved by the Chair had decided not to accept the University's offer of retention.

21/11 Report of the University Executive Board

The Committee noted that there was no report on this occasion.

21/12 Dates of Meetings in Session 2020-21

Tuesday 8 June 2021 at 10.30 am