

**SENIOR REMUNERATION: ANNUAL
STATEMENT BY THE REMUNERATION
COMMITTEE FOR THE BOARD OF
GOVERNORS**

BOARD OF GOVERNORS, 25 NOVEMBER 2022

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1. Introduction

(i) Remuneration Committee membership and Terms of Reference

The Remuneration Committee is comprised of:

- Charles Wace, Deputy Chair of the Board of Governors, Independent Governor [Chair of the Remuneration Committee]
- Chris Pomfret OBE, Chair of the Board of Governors
- Julie Fielding, Independent Governor
- Helen Owers, Independent Governor

Membership of the Remuneration Committee is approved by the full Board of Governors as are the Terms of Reference for the committee. Also in attendance for specific items only are:

- Professor Emma Hunt, Vice-Chancellor and Chief Executive
- Christine Turton, Executive Director of People and Culture
- Mark Smalley, Deputy Director of People and Culture
- Robyn Wyatt, Head of Governance Services

The Head of Governance Services is the Servicing Officer for the Committee.

The Remuneration Committee has formally adopted the Higher Education Senior Staff Remuneration Code (2021).

Whilst members of the Executive are present for some items of the agenda, none are present for any item of discussion that may influence their own remuneration. The requirement for individuals to leave the meeting is clearly detailed on the agenda so that the Chair is able to manage this accordingly.

Remuneration Committee processes are set out in the Terms of Reference and the Senior Management Team Performance Related Pay Scheme.¹

The Remuneration Committee is reporting on the remuneration decisions of the Vice-Chancellor and other senior post holders as set out in the terms of reference of the Remuneration Committee. The designated postholders for this purpose are:

- Vice-Chancellor and Chief Executive
- Deputy Vice-Chancellor and Provost
- Pro-Vice Chancellor (Marketing and Engagement)
- Chief Operating Officer
- Strategic Advisor to the Vice-Chancellor, & Secretary to the Board of Governors

¹ Key documents referred to in this statement can be viewed on the website:
<https://www.falmouth.ac.uk/corporate/charity>

List of key documents:

- a) Remuneration Committee Terms of Reference
- b) Senior Management Team Performance Related Pay Scheme
- c) Remuneration Policy
- d) Expenses Policy

2. Approach to remuneration

(i) The competitive environment

Falmouth is a specialist University and Creative Innovation Hub, with over 6,000 students. The University operates in the UK, EU and international student markets for undergraduate, Masters level and Ph.D. programmes. The University operates innovation, research and commercial ventures programmes for regional, national and international impact.

The University's Strategy commits the institution to major growth in student numbers over the next decade through diversification of academic programmes, and to a major rebalancing of income sources through innovation, research and commercial ventures. The full strategy can be viewed here: <https://www.falmouth.ac.uk/corporate>

(ii) Remuneration Policy

The Senior Management Team Performance Related Pay Scheme sets out the principles and process to be followed in determining variable pay across the institution:
<https://www.falmouth.ac.uk/corporate/regulatory-information>

Variable pay is determined following an assessment of both the financial performance of the institution and also an assessment of performance against personal objectives as set out in the annual performance appraisal process.

Variable pay is designed to incentivise and reward senior managers in the delivery of the overall budgeted institutional financial surplus and 2030 Strategy, and complements the University's other arrangements for recognising and rewarding staff in the approved Incentivisation & Reward Strategy.

Base pay is reviewed for each designated post-holder, and this is considered in two distinct areas:

- **Cost of Living:** Consideration is given on whether any inflationary increase to base pay should be made to reflect cost of living pressures. In reaching this decision the committee consider a range of inflation indices, the trend of these over the year as well as considering the outcome of the annual New JNCHES pay negotiations. Any decision to apply a cost-of-living increase to base pay would be applied equally to all designated post-holders.

Regarding Cost of Living, the Remuneration Committee decided that, in line with national HE sector pay negotiations, a 3% cost of living increase was to be provided for Designated Post Holders for 2022-23.

- **Individual base pay:** Separately to the decision on cost of living, the committee will also consider individual base pay to see whether the remuneration for the role has become out of kilter with the market.

In order to undertake this analysis, data published by the Universities and Colleges Employers Association is used to benchmark across relevant groups of institutions in the Higher Education sector, specifically:

- All institutions (income £40m-£100m)
- Post-1992 institutions (income £40m-£100m)
- Rest of England (up to £100m income)
- Mean of the median for the above
- In addition to the above, Xpert HR comparative salary data for posts not focused on academic leadership

The Committee also considers analysis of internal salary distributions, and considers any changes or developments to the role during the period that may justify an amendment to remuneration.

3. Institutional performance

(i) Performance Related Pay (PRP)

As set out in the Senior Management Team Performance Related Pay Scheme, performance pay is based on two components: (i) institutional performance based on achievement of a suite of financial and teaching excellence metrics; and (ii) individuals' achievement of their personal objectives in relation to the Strategic Plan (2030 Strategy). For (ii), individuals work to annually agreed, measurable objectives agreed with their line manager, and the Remuneration Committee considers written reports on achievement of, or progress against, their objectives, with relevant supporting commentary and data. Staff are not grouped into categories of performance but are considered on an individual basis.

In reaching any decision about performance related pay the committee give due consideration to a range of factors including:

- the financial performance of the University,
- levels of student recruitment,
- retention and satisfaction,
- development of partnerships, research and innovation programmes, commercial ventures, and external relations that help to diversify Falmouth University's academic portfolio and income streams as well as embed the University as an anchor institution for supporting the Cornish economy.

To assist in these deliberations the committee are presented with the following:

- Information detailing the institution-wide performance metrics
- An assessment of each individual's performance against agreed objectives
- Benchmarking data for base salary of comparator roles

(ii) Institutional performance in relation to key indicators for performance related pay

For 2019-20 onwards, the Board of Governors approved a suite of metrics to underpin the Remuneration Committee's decisions on the institutional performance component of performance related pay (PRP), with a maximum total of 5% of base pay for this component. These metrics and their outcomes for 2021-22 are listed as follows:

Table 1: Institutional performance in relation to key indicators for performance related pay

Theme	PRP value	2021-22 target	2021-22 outcome
Achievement of planned deficit through budget control, recruitment, sales and efficiencies	1%	£(1.448)m	£(1.757)m
Achievement of budgeted income targets	2%	£63.7m	£63.1m
Achievement of budgeted income diversification objectives	1%	£17m	£15.6m
Achievement of teaching excellence targets	1%		
a) NSS: Student satisfaction with 'teaching on my course':		85%	80.8%
b) NSS: Student satisfaction with 'academic support'		82%	77.5%
c) NSS: student satisfaction with 'assessment and feedback'		77%	76.2%
d) Student in-year retention		93%	90.3%

(iii) Total funds distributed for performance related pay

The total value of all payments awarded by the Remuneration Committee for the 2021-22 period was £nil.

(iv) Aggregate disclosure of how funds for performance related pay were distributed

Payment amounts were determined by either the Remuneration Committee of the Board of Governors or the Executive Remuneration Committee in accordance with the requirements as set out in the Senior Management Team Performance Related Pay Scheme as referenced in section 2(ii).

Payment values would be in the following bands:

Table 2: value of PRP payments and number of recipients

Value of PRP	Number of recipients
Less than £5,000	nil
£5,000 – £9,999	nil
£10,000 - £14,999	nil
£15,000 – 19,999	nil
£20,000 +	nil

(v) Assessment of the Vice-Chancellor & Chief Executive's performance

In assessing the Vice-Chancellor & Chief Executive's performance for 2019-20, the Remuneration Committee considered the following:

- Key metrics listed in (b) above,
- The extent of achievement of each of the personal objectives agreed with the Chair of the Board in 2021-22, according to the agreed metrics for each objective.

(vi) Total remuneration for the Vice-Chancellor & Chief Executive

The Vice-Chancellor & Chief Executive's remuneration, along with comparisons against the previous year, are shown in the table below:

Table 3: Total remuneration for the Vice-Chancellor & Chief Executive in 2021-22 and 2020-21

Remuneration for the Vice-Chancellor	2021/22	2021/22	2020/21
	Prof E Hunt	Prof A Carlisle	Prof A Carlisle
	01/01/22- 31/07/22	01/08/21- 31/12/21	01/08/20- 31/07/21
Salary	£110,834	£123,214	£228,689
Payment in lieu of notice	-	£48,140	-
Benefits	£476	£5,320	£3,479
Subtotal	£111,310	£176,674	£232,168
Pension / payment in lieu of pension costs	£23,053	£13,963	£33,114
Total	£134,363	£190,637	£265,282

(vii) Pay multiples

The Remuneration Committee also note the requirement to consider and publish the pay multiple of the Vice-Chancellor & Chief Executive in comparison to the rest of the organisation.

It is noted that the calculation required by the Committee of University Chairs' (CUC) Senior Staff Remuneration Code differs slightly from the calculation required by the Office for Students Accounts Directions and therefore for clarity each ratio is published below.

Using the CUC directed calculation, the pay multiple of the Vice-Chancellor & Chief Executive and the median earnings of the institutions whole workforce is 6.38 to 31/12/21 and 5.23 from 01/01/22 (2020/21: 6.39).

Using the OfS directed calculation, the pay multiple of the Vice-Chancellor & Chief Executive and the median earnings of the institutions whole workforce is 6.4 to 31/12/21 and 5.2 from 01/01/22 (2020/21: 6.4).

Using the OfS directed calculation, the total remuneration multiple of the Vice-Chancellor & Chief Executive and the total remuneration earnings of the institutions whole workforce is 6.39 to 31/12/21 and 5.98 from 01/01/22 (2020/21: 6.25).

4. External Appointments and Expenses

It is often helpful to the University for its staff to hold non-executive director or trustee roles. Any such appointment is agreed in advance with the line manager, including any declaration of income to be received.

The Vice-Chancellor & Chief Executive holds the following external appointments:

Company	Role
Falmouth Enterprises Ltd	Director
Falmouth Ventures Ltd	Director
Falmouth Staffing Ltd	Director
Falmouth Agency Ltd	Director
Falmouth Exeter Plus	Director

Whilst not formal appointments, the Vice-Chancellor & Chief Executive also sits on a number of Boards where this develops a wider network that is advantageous to the University: (none of these appointments are remunerated):

Board Memberships – By Invitation	Role
Cornwall & Isles of Scilly Local Enterprise Partnership	Director
CloS LEP Creative Industries Taskforce	Chair
Cornwall & Isles of Scilly Prosperity Advisory Panel	Member
Cornwall & Isles of Scilly Executive Group	Member
Great South West Partnership Board	Member
Knowledge Exchange Concordat Strategic Group	Member
Universities UK Economic & Social Recovery Task & Finish Group	Member
Universities UK Specialist Institutions Forum	Member
Universities UK Student Policy Network	Member
Universities UK Funding Policy Network	Member
Universities UK Research & Innovation Policy Network	Member
Shape of Tomorrow Group	Member
Tyller A Nerth Strategic Development for Culture Board	Member
Creative Industries Federation Creative Education and Careers Working Group	Member
British Academy Skills Steering Group	Member

The University has a single scheme for payment of expenses that is applicable to all employees.

Endnote:

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