

Remuneration Committee Framework

October 2018

Policy control

Benchmarking	Universities of Edinburgh, Glasgow, Stirling, Strathclyde, Abertay, Edinburgh Napier, Robert Gordon, Heriot-Watt and St Andrews
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Approving Bodies	HR Committee, Board of Governors
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Supersedes	N/A
Supporting policy	Severance Policy and Procedure
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1. PURPOSE AND SCOPE

This framework applies to those posts at the Glasgow School of Art (GSA) that are not subject to the arrangements agreed as part of the local implementation of the National Framework Agreement, remuneration arrangements for which are the responsibility of the Remuneration Committee. These posts are set out in annex 1, which shall remain updated by the HR department in consultation with the Remuneration Committee.

The framework sets out the procedures to be followed in determining appropriate remuneration for new and vacant posts, as well as in reviewing remuneration arrangements of existing post holders, and defines the principles that underpin the decision-making process.

This document also defines the procedures in place for administration of any potential severance arrangements for those roles within the scope of the framework.

The design and application of this framework will be reviewed on an annual basis by GSA's internal auditors.

2. PRINCIPLES

The procedures outlined in this document follow the principles of the Scottish Code of Good Higher Education Governance (2017), the Higher Education Governance (Scotland) Act (2016) and the Equality Act (2010) and aim to ensure:

- A fair and transparent approach to senior staff remuneration that reflects the markets within which GSA operates
- Appropriate and justified levels of remuneration for senior staff based upon use of appropriate comparative information from established independent sources
- Proportionality and consistency of application of decision-making factors

3. GOVERNANCE

The Remuneration Committee is responsible for agreeing the remuneration of those senior staff not covered through national pay scales, and for considering the terms and conditions and severance payments for such staff (subject to Scottish Funding Council guidance).

Remuneration Committee Membership

- Convenor of the HR Committee (Convenor)
- Chair of the Board of Governors
- Vice-Chair(s) of the Board of Governors
- An additional Lay Governor (optional)
- President of the Students' Association
- An elected Staff Governor

- The Director (in attendance)
- The Head of Human Resources (in attendance)
- The Registrar and Secretary (in attendance)

The Convenor of the Remuneration Committee may request the Director of Finance and Resources to attend as appropriate. *(The Director, Director of Finance and Resources, Head of HR and Registrar and Secretary shall leave meetings when their own cases are being discussed.)*

Remuneration Committee members will have the required expertise to review and determine salaries, terms and conditions and severance payments for the staff within its remit. The Committee will normally meet on an annual basis and have any further meetings as required.

4. PROCEDURE

The Remuneration Committee will only review remuneration arrangements where the internal procedures, as set out below, have been followed. Any reports submitted by HR to the Remuneration Committee will be circulated to the Board's two Trade Union governors (currently attendees) and student governors (GSA will move to have two student governors from session 19/20 depending on completion of the required legal process) in advance of Remuneration Committee consideration. The Head of HR will report to these views to the Committee.

4.1 New Posts

As part of the recruitment process, the recruiting manager will submit a completed job description to the HR department, which will benchmark the role accordingly and prepare a report for consideration at Remuneration Committee.

Proposals to Remuneration Committee will be submitted prior to any recruitment activity commencing.

4.2 Direct Replacement of Vacant Posts

As part of the recruitment process, the recruiting manager will confirm in writing to HR that the role as previously described remains essentially unchanged, prior to any action being taken to appoint to the post. If this is not the case, the role will be considered as a new role and a revised job description should be provided to be benchmarked by the HR department accordingly.

In either case HR will prepare a report to be considered by Remuneration Committee.

Proposals to Remuneration Committee will be submitted prior to any recruitment activity commencing.

4.3 Review of Remuneration of Existing Post Holders

Any staff member may request a review of the remuneration arrangements of their role on an *ad hoc* basis on the grounds that:

- there has been a significant change to the role as originally described OR
- there is sufficient evidence that similar jobs attain a higher level of pay elsewhere within the relevant market, indicating that a market review is required

4.3.1 Changes to the role

The role holder should make the request in writing to their line manager at the time it is considered that the role has significantly changed. The request for review should then be forwarded by the line manager to the HR department, supported by appropriate evidence in the form of a revised job description.

This documentation will be used by HR to undertake benchmarking and to prepare a report for consideration at Remuneration Committee.

Any salary increase arising from a salary review will not normally be back-dated beyond the date when the request for review was submitted.

Should the line manager not support the review request, they will be invited by the Head of HR to explain in writing why they do not support the submission. The Head of HR will then meet with the line manager and the individual (with representation if required) to attempt to resolve the matter. Should the attempt to resolve the matter prove unsuccessful the individual may invoke GSA's Grievance Procedure.

4.3.2 Market review

The individual should make the request in writing to their line manager when it becomes apparent that the market review is required. The request for review should then be forwarded by the line manager to HR, supported by appropriate evidence in written form.

This documentation will be used by the HR department to undertake benchmarking and to prepare a report for consideration at Remuneration Committee.

Any salary increase arising from a salary review will not normally be back-dated beyond the date when the request for review was submitted.

If the line manager does not support the review request, the manager will be invited by the Head of HR to explain in writing why they do not support the submission. The Head of HR will then meet with the line manager and the individual (with representation if required) to attempt to resolve the matter. Should the attempt to resolve the matter prove unsuccessful the individual may invoke GSA's Grievance Procedure.

4.4 Cost of Living Enhancements

The Head of HR will prepare a report for Remuneration Committee on an annual basis providing recommendations for the application of any cost of living increases. The report will detail any agreed increases applicable to staff on the grading structure, which are negotiated at a national level through the Joint Negotiating Committee for Higher Education Staff (JNCHES). Any cost of living increases for senior staff will be considered and agreed in line with this information and, if applied, shall not exceed that negotiated at a national level.

5. DETERMINING APPROPRIATE LEVELS OF REMUNERATION

Benchmarking

When considering the remuneration of senior staff, Remuneration Committee should refer to information provided by HR on comparable organisations.

The information provided may include (but is not restricted to) data from the Committee of University Chairs (CUC) Vice Chancellors' salaries survey, data provided by the Universities and Colleges Employers' Association (UCEA), the annual survey undertaken by the Times Higher Education (THE) and any relevant information from Universities Scotland, the Committee of Scottish Chairs, and the Scottish Funding Council.

Internal benchmarking information will also be provided by HR, including details of any equal pay considerations that should be observed.

Further considerations

In addition to the benchmarking information provided, in determining the remuneration for senior staff at GSA the Remuneration Committee should also consider:

- a) how the remuneration is linked to the skills, experiences and competencies that GSA needs from its senior staff and the scope of their roles.
- b) GSA's ability to pay including:
 - the benefit to GSA that such positions will bring, including the benefits to the sustainability of the institution;
 - the cost to GSA of increasing remuneration levels;
 - how increasing senior remuneration, particularly at senior levels, may be perceived by employees, donors and students; and
 - whether the remuneration level is affordable and sustainable.
- c) reputational damage and public interest.

6. SEVERANCE ARRANGEMENTS

The Scottish Funding Council (SFC) require that institutions set a limit over which any payment must be referred to the SFC's Chief Executive (the "Accountable Officer") for consultation prior to any payment being made.

The Remuneration Committee will only consider severance arrangements where internal authorisation procedures, as set out below, have been observed.

6.1 Settlement Agreements

Settlement agreements are legally binding agreements entered into between an employer and employee in order to terminate a contract of employment. Under the Agreement, the employee will waive their right to raise a claim against the employer and an amount of compensation for loss of office will be agreed. Additional payments which may also be

included in a Settlement Agreement include pay in lieu of notice (PILON), holiday pay and legal fees (this list is not exhaustive).

It is necessary to ensure that any severance arrangements agreed for those roles within the scope of this policy are defined within a Settlement Agreement. The drafting of Settlement Agreements will be carried out by GSA's solicitors who shall advise on any legal issues.

6.2 Authorisation

The Head of HR will normally lead all negotiations in respect of Settlement Agreements. This will involve discussion with the appropriate members of senior management as required in respect of the parameters of the Agreement.

(a) Agreements up to a value of £75,000

Once the negotiations in respect of the Settlement Agreement have concluded and a final position has been reached, the approval of the Director, Director of Finance and Resources and Registrar and Secretary must be obtained. The Settlement Agreement itself will be signed in the normal manner.

(b) Agreements with a value between £75,001 and £99,999

In addition to the approval of the Director, Director of Finance and Resources and the Registrar and Secretary, the approval of the Remuneration Committee must also be obtained. It is recognised that whilst it is desirable for the Committee to meet to discuss cases, it may not always be possible to arrange this within an appropriate time scale and therefore approval may be sought by email. In order to ensure security, information will be provided via a password protected file.

(c) Agreements with a value of £100,000 and above

In addition to the arrangements above, details of any payment of £100,000 and above must be forwarded to the SFC's Chief Executive (the "Accountable Officer") for consultation prior to the payment being made.

6.3 Other Arrangements

Where there are any severance arrangements regarding the Director, Head of HR, Director of Finance and Resources or Registrar and Secretary, this will require Remuneration Committee approval regardless of the value of the Agreement. Additionally, regarding the Director, majority approval from the Board will be required.

Should the Settlement Agreement relate to any other member of the Executive Group, this must be approved by the Remuneration Committee irrespective of the value of the Agreement.

Where GSA is engaged in an Employment Tribunal case, and as part of this engages in Judicial Mediation, it may be necessary to seek delegated responsibility to agree a settlement within a specified limit.

These arrangements do not apply to compulsory redundancy payments.

7. REPORTING

Remuneration Committee will report to the last Board meeting of each year detailing any senior staff remuneration reviews undertaken in the preceding year, outlining the broad criteria against which any decisions have been made. The report will also detail any issues highlighted in the preceding equal pay audit.

The Board of Governors will also receive an annual report from the Remuneration Committee providing information on the number of Settlement Agreements approved during the previous financial year and their total cost.