

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

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BOARD OF GOVERNORS, 23 NOVEMBER 2018

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Charles Wace, Chair of the Remuneration  
Committee of the Board of Governors

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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, Chair of the Board of Governors
- Mark Carne, 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 Anne Carlisle, Vice-Chancellor
- Daniel Jones, Director of Human Resources
- Dr Robin Kirby, Strategic Advisor to the Vice-Chancellor, and Secretary to the Board of Governors

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.

The process is set out in the Terms of Reference and the Senior Management Team Performance Related Pay Scheme.<sup>1</sup>

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. Designated postholders for this purpose are:

- Vice-Chancellor
- Senior Deputy Vice-Chancellor
- Chief Operating Officer
- Deputy Vice-Chancellor (Academic)
- Strategic Advisor to the Vice-Chancellor, & Secretary to the Board of Governors

## 2. Approach to remuneration

### (i) The competitive environment

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<sup>1</sup> 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

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 ambitious 2030 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/strategicplan>

## **(ii) Remuneration Policy**

The policy for 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/charity>

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.

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.

*The Remuneration Committee decided not to award cost of living increases to base pay for Designated Post Holders for 2018-19.*

- **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 £24m-£70m)
- Post-1992 institutions (income £24m-£70m)
- Rest of England (up to £70m 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 gives consideration to any changes or developments to the role during the period that may justify an amendment to remuneration.

### 3. Institutional performance

#### (i) Performance pay

As set out in the Remuneration Policy, performance pay is based on two components: (i) institutional performance based on achievement of the target annual surplus; 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 pay

In 2017-18, the University met and exceeded its target surplus, as detailed in the published annual accounts (target 7.6%, final outcome 10.3%). Therefore, this component of Performance Related Pay was released. Other key indicators considered in relation to personal objectives included the following:

Student recruitment: achievement of revised, undergraduate full time target for 2018-19 enrolments, recognising a year-on-year decrease of 9.27% against 2017-18 enrolments at the same date. Whilst this does represent a year-on-year decrease this was considered within the context of a reduction in student numbers across the entire sector due to demographic factors and a more marked decrease in applications to subjects in the creative industries, highlighting that the University's recruitment performance remained in line within the wider sector changes.

Student retention: achievement of improved year-on-year retention (92.66%) vs. 2016-17 (92.35%)

Student satisfaction (National Student Survey): reduction in overall satisfaction score from 83% to 80%. UK average also saw a reduction in overall satisfaction, falling 1% to 83%

#### (iii) Total funds distributed for performance pay

The total value of all payments awarded by the Remuneration Committee for the 2017-18 period is £113,231.

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

The total funds were paid across 17 people, including the Vice-Chancellor, payment values were in the following bands:

Value of performance pay	Number of recipients
Less than £5,000	6
£5,000 – £9,999	7
£10,000 - £14,999	3
£15,000 – 19,999	0
£20,000 +	1

#### (v) Assessment of the Vice-Chancellor’s performance

In assessing the Vice-Chancellor’s performance for 2017-18, the Remuneration Committee considered the following:

- Key metrics listed in (b) above, including the challenging recruitment environment for full time, UK undergraduate students, achievement of improved year-on-year student retention, and a reduction in some key National Student Survey metrics
- Full achievement of each of the eight personal objectives agreed with the Chair of the Board in 2017-18, according to the agreed metrics for each objective.

#### (vi) Total remuneration for the Vice-Chancellor

Following deliberations at Remuneration Committee the decisions for the Vice-Chancellor remuneration, along with comparisons against the previous year, are shown in the table below:

Remuneration for the Vice-Chancellor	2017-18	2016-17
Salary	£224,645	£224,441
Performance Related Pay	£22,464.50	£33,697
Benefits	£3,381.81	£3520
Subtotal	£250,491.31	£261,658
Pension / payment in lieu of pension costs	£32,528.64	£47,563.04
Total	£283,019.95	£309,221.04

#### (vii) Pay multiples

The Remuneration Committee also note the requirement to consider and publish the pay multiple of the Vice-Chancellor 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 and the median earnings of the institutions whole workforce is 7.39. This compares to a pay multiple of 7.91 in 2015/16 and 7.85 in 2016/17, and therefore continues a downward trend in the pay multiple which is reflective of our approach to pay restraint for the Vice-Chancellor and other members of the senior team.

#### **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 holds the following external appointments:

- A named Director on all of the Launchpad Companies and all Falmouth University subsidiaries. However, oversight of these companies is a key component of the Vice-Chancellor's role.

Whilst not formal appointments, the Vice-Chancellor 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 and includes the following Boards:

- Cornwall Executive Group
- Cornwall Place Board
- Creative Industries Group (a subsidiary of the C&IoS LEP Board)

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

***Endnote:***

The following key documents referred to in this statement can be viewed on the website:

<https://www.falmouth.ac.uk/corporate/charity>

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