

## **Executive Reward Policy**

Revised and approved by Remuneration Committee, May 2022

Date of this version: 18 April 2022

### Introduction

1. The Committee is concerned with the full spectrum of senior employment issues, including recruitment; promoting and retaining the highest quality academic and Professional Services leaders; setting performance objectives and incentives for these leaders to develop the continued success of the University and monitoring the outcomes and the way in which they are achieved; and promoting equality, diversity and inclusion in the profile of the Executive Board and its decision making.
2. The University of Exeter Remuneration Committee is responsible for reviewing and making decisions on the remuneration, benefits and conditions of employment of the University Executive Board (UEB), taking account of affordability and comparative information on the remuneration, benefits and conditions of employment in the University sector and elsewhere as appropriate, so that:
  - the University is able to recruit and retain the highest quality academic and Professional Services leaders;
  - the Committee can set performance objectives and incentives for these leaders to support the continued success of the University; and
  - the Committee can effectively monitor the outcomes and the way in which they are achieved.
3. The Committee's Executive Reward Policy has been designed to motivate our key talent to achieve the University's Strategy 2030 objectives, based on the following overarching principles which guide the decisions taken by the Committee on executive reward:
  - reward excellence and competency;
  - be transparent about the total reward package and how reward is determined;
  - apply a consistent framework to reward which recognises different staff categories;
  - support equality in our approach towards reward;
  - promote the total reward package (financial and non-financial);
  - facilitate career and reward progression;
  - focus reward on positive stewardship of the University and legacy;
  - clearly contribute to key University strategies.

### Executive Reward

4. Decisions on the base salary of members of UEB are informed by market data, institutional and personal performance and affordability. The Committee's aim is to pay competitively with part of executives' reward being dependent upon performance. The University will pay a competitive salary based on the market median (informed by appropriate market intelligence) and members of the UEB will have the opportunity to earn above the market median through the Executive Performance Reward Scheme.

### Base Salary

5. The Remuneration Committee will set an indicative "mid-point" for the base pay of members of the UEB at approximately 95% of the Russell Group median (or other appropriate market data where the Remuneration Committee believes that this is more relevant for the particular role).
6. The Remuneration Committee will review the mid-point each year to ensure that it is appropriately aligned to the Russell Group median (or other appropriate market data).
7. Members of UEB do not receive general increases agreed annually at national level in the Joint National Committee for Higher Education Staff.

8. Decisions on starting salaries for members of the UEB will be made in accordance with the Committee's delegation schedule, informed by appropriate market intelligence and the new appointment's experience.
9. Members of the UEB whose starting salary is below the mid-point have a reasonable expectation that their base salary will progress to the mid-point subject to satisfactory performance, to be assessed annually by the Remuneration Committee.
10. Progression beyond the mid-point will be subject to exceptional contribution over a sustained period, determined by the Remuneration Committee. Members of the UEB who are paid at or above the mid-point will only have their base salary increased to take account of an increase in the market rate within the Russell Group or exceptional performance sustained over a longer period. Members of the UEB will therefore normally only be considered for performance-related pay progression above the mid-point every 3 years.
11. Each year, the Committee will review the base salaries of members of the UEB, taking account of the principles above and any recommendations made by the Vice-Chancellor.
12. When setting and reviewing base salaries, the Remuneration Committee will also consider the market positioning to the Russell Group median (or other appropriate market data) on a total remuneration basis (i.e. base salary + pension + benefits + variable remuneration).

#### Executive Performance Reward Scheme

13. The Executive Performance Reward Scheme (EPRS) represents an element of “pay at risk” in executives’ remuneration which recognises the role of members of the UEB in delivering against both institutional performance and personal performance targets. Under the Executive Performance Reward Scheme members of UEB are eligible for a performance related payment of up to 20% each year.
14. To recognise institutional performance – since all members of UEB have a shared responsibility in the success of the University – half of the potential performance related payment is subject to the University achieving a range of institutional objectives in a balanced scorecard approach.
15. The other half is subject to the achievement of personal performance objectives, including how these are achieved, as well as what is achieved.
16. The Remuneration Committee will approve both the institutional objectives and annual personal objectives after consultation with:
  - the Chair of Council in respect of the Vice-Chancellor’s objectives; and
  - the Vice-Chancellor in respect of other UEB members’ objectives and the institutional objectivesand assess achievement against these objectives (in consultation with the Chair of Council and Vice-Chancellor, as outlined above) and the amounts (if any) to be paid.
17. Both institutional and personal objectives should have a direct “line of sight” to the University’s strategic plans. The annual institutional objectives should also ensure they encompass the achievement of longer term objectives.
18. Any payments under the Executive Performance Reward Scheme will not be pensionable.

#### Academic Office Holders

The following arrangements will apply to new appointments from August 2019. Separate arrangements apply to current academic office holders.

19. When a new external appointment is made as Deputy Vice-Chancellor or Pro-Vice-Chancellor, the following arrangements will apply:
  - The appointment to the role of Deputy Vice-Chancellor or Pro-Vice-Chancellor will be subject to the provisions in the University’s Ordinances regarding term of office.

- The successful candidate will also be guaranteed an open-ended appointment as Professor in the relevant Faculty at the end of their term of office.
- The successful candidate will be appointed to the appropriate salary for the role (ie Deputy Vice-Chancellor or Pro-Vice-Chancellor), taking account of the Committee's Executive Reward Policy.
- At the same time, the successful candidate will be advised of the salary they will receive if, when their term of office expires, they exercise the option to become a Professor in the relevant Faculty. This salary will be the appropriate Professorial Pay Band and point in the scale which takes account of their experience to date, consistent with pay decisions for other new Professor appointments. The salary will be agreed between the Provost and Director of Human Resources, taking account of the University's professorial pay policy.
- When the term of office of the DVC/PVC expires, unless the Remuneration Committee agree alternative arrangements, their salary will be reduced to the appropriate Band and point (including general increases) over two years as follows:
  - Year one: Professor salary + 2/3 of difference
  - Year two: Professor salary + 1/3 of difference
  - Year three: Professor salary.
- Future pay arrangements will be in accordance with the University's professorial pay policy and decisions will be taken by the Professorial and Senior Salaries Committee, on the recommendation of the Pro-Vice-Chancellor.

20. When a current Professor at the University of Exeter is appointed as Deputy Vice-Chancellor or Pro-Vice-Chancellor, the following arrangements will apply:

- The appointment to the role of Deputy Vice-Chancellor or Pro-Vice-Chancellor will be subject to the provisions in the University's Ordinances regarding term of office.
- The successful candidate will be able to return to their substantive role as Professor in their Faculty at the end of their term of office.
- The successful candidate will be appointed to the appropriate salary for the role (ie Deputy Vice-Chancellor or Pro-Vice-Chancellor), taking account of the Committee's Executive Reward Policy.
- At the same time, the successful candidate will be advised of the salary they will receive if, when their term of office expires, they exercise the option to become a Professor in the relevant Faculty. This salary will be the appropriate Professorial Pay Band and point in the scale which takes account of their experience to date, consistent with pay decisions for other new Professor appointments. The salary will be agreed between the Provost and Director of Human Resources. This will normally be the salary they were paid prior to their promotion from Professor to Pro-Vice-Chancellor/Deputy Vice-Chancellor.
- When the term of office of the DVC/PVC expires, unless the Remuneration Committee agree alternative arrangements, their salary will be reduced to the appropriate Band and point (including general increases) over two years as follows:
  - Year one: Professor salary + 2/3 of difference
  - Year two: Professor salary + 1/3 of difference
  - Year three: Professor salary.
- Future pay arrangements will be in accordance with the University's professorial pay policy and decisions will be taken by the Professorial and Senior Salaries Committee, on the recommendation of the Pro-Vice-Chancellor.

## Pension

21. Subject to the rules of the Universities Superannuation Scheme (USS), base salary will be pensionable but members of the UEB may request that part of their salary is taken as non-pensionable. They also have the opportunity to choose other options provided by USS to take account of the Annual Allowance and Lifetime Allowance.
22. The Policy on Pension Taxation, which provided for the payment of an allowance in lieu of employer pension contributions for staff who had reached or exceeded their Lifetime Allowance and taken advice from an independent financial adviser, is currently suspended. The Remuneration Committee will continue to monitor this position.