Senior Reward:
Policy and procedure

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1. Introduction

1.1 The University of Kent as a large employer, education provider, major contributor to the economy and driver of social and scientific progress has a responsibility to recruit, engage and reward credible, high performing leaders with the capability to deliver its Institutional Plan.

1.2 This Senior Reward Policy, by codifying the framework within which senior reward decisions will be made, marks the University’s intention to be at the forefront of innovative and transparent reward practice in the sector and its wish to facilitate confidence in an important and potentially sensitive area of reward practice.

1.3 The University complies with the requirements of the Higher Education Senior Staff Remuneration Code and the provisions of this policy set out how the University meets that commitment.

2. Aims and objectives

2.1 This policy is intended to:

2.1.1 Give confidence to the University’s many stakeholders (including staff, the tax payer, students and the wider community) that the Remuneration Committee is exercising its accountability for senior pay in a responsible and transparent way that is cognisant of its charitable status, public service values and value for money;

2.1.2 Ensure that individuals are paid fairly in a way that reflects relative accountabilities, job size and performance;

2.1.3 Offer rates of pay that enable the University to compete for, secure, retain and engage high calibre and high performing leaders with the skills, knowledge, experience and attributes it needs in an increasingly competitive environment;

2.1.4 Ensure that reward is proportionate to wider pay rates within the sector, and the Institution, taking into account the need to demonstrate responsible investment of public monies;

2.1.5 Ensure that the University’s reward arrangements underpin the delivery of the Institutional Plan.

3. Policy Status and Review

3.1 This policy is solely for the purposes of guiding the decisions of the Remuneration Committee and enhancing transparency and confidence regarding the decision making process. It has no contractual status and may be reviewed, amended or withdrawn at any time at the sole discretion of the Remuneration Committee.

4. Policy Scope

4.1 This policy applies to the Vice-Chancellor and President, Senior Deputy Vice-Chancellor & Provost, Senior Deputy Vice-Chancellor & Chief Operating Officer, Deputy Vice-Chancellors and Finance Director collectively referred to as the “Executive Group”. Other executive roles that may in the future be created and whose
holders are appointed to membership of the Executive Group, shall likewise be covered by this policy.

5. **Independent Advice**

5.1 Specialist independent reward related advice may not be commissioned by any member of the Executive Group. Independent advice will be commissioned by the Director of HR & Organisational Development with the approval of the Chair of the Remuneration Committee.

6. **Publication of Salary Information**

6.1 The total remuneration for the Vice Chancellor & President, together with relevant contextual information, is published each year in the University Annual Accounts and as required by the Office for Students. In addition, a summary of this policy and the current salary of the Vice-Chancellor & President is available in a prominent position on the University of Kent website.

6.2 The salary levels of all members of the Executive Group are shared with Council annually each year along with a report, setting out how the Remuneration Committee has discharged its responsibilities, in line with the requirements of the Higher Education Senior Staff Remuneration Code.

7. **Reward Philosophy**

7.1 Senior reward arrangements reflect the institution’s core values of fairness, equality, respect and its desire to create an inclusive approach to the reward of its entire workforce. In a collegiate environment and culture that thrives on collaboration it is important that pay systems are transparent, not overly complex, based on consistency and integrity in decision making and reflect, as far as possible a standard approach to the reward offer irrespective of job grade or status.

7.2 This philosophy is embodied for example in an extension to the national pay spine (known as the Managerial and Professional pay scale) which (with the exception of the position of Vice-Chancellor & President) covers the Executive Group. Target base salary is arrived at by reference to the extended national pay spine and the relevant market median rate for the job as determined by accountabilities and job size, with scope for adjustment/progression based on individual and institutional performance.

7.3 The selection of the median as a reference point is intended to ensure that the University is able to effectively compete for staff in its closest comparator group and to reflect that it does not offer senior executive “fringe benefits” but focuses instead on base pay and pension provision.

7.4 Base pay is paid for a sustained level of performance and meeting whole role requirements to the satisfaction of the Vice-Chancellor & President, and in the case of the Vice-Chancellor & President, Council/Chair of Council.

7.5 The Managerial and Professional pay scale is reviewed each year in line with the national pay award to maintain its value to individuals.

8. **Pay Ratios**

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1 The Remuneration Committee will publish the relevant comparator group for pay purposes annually and as a part of its report to Council.
8.1 In determining the salary of the Vice-Chancellor & President the Remuneration Committee will have regard to the pay ratio of the median basic pay at the University to the pay of the Vice-Chancellor. While the Remuneration Committee has not adopted a formal policy position regarding the acceptable size of the pay ratio it will have regard to the most recently published average sector position. The top to median pay ratio will be published annually.

9. **Assessing Accountabilities and Job Size**

9.1 Relative job weight or size for the Executive Group is initially assessed via the Korn Ferry Hay Group job evaluation scheme (more widely known as the Hay method). This method of job evaluation was selected by the University as it has been used extensively across the public and higher education sector. It provides a coherent model to compare dissimilar jobs and the characteristics of different levels of work.

9.2 Substantive changes to Executive Group remits will normally require an independent re-assessment by Korn Ferry Hay Group with any consequent advice on appropriate level of reward provided to the Remuneration Committee.

10. **Elements of Reward**

10.1 **Base Pay Scale and the Target Pay Zone**

10.1.1 Employees in the Executive Group (with the exception of the Vice-Chancellor & President) are paid at a rate on the Managerial and Professorial pay scale.

10.1.2 While the University continues to maintain/improve its performance against key performance metrics such as the REF, TEF and NSS and its position in League Tables is maintained or improved (ie ranked approximately 20, as at 2017, in major UK league tables), the Remuneration Committee will generally expect the base pay scale points used for individual members of its Executive Group to fall in broad zone around the median market rate for comparable roles (as measured in the UCEA/CUC annual survey, or other market pay report as appropriate) for pre-92 institutions with a comparable level of institutional income.

10.1.3 The Target Pay Zone will typically encompass 10 percentile points above and below the median rate for pre-92 institutions of comparable institutional income. At its upper end the zone will incorporate the Upper Quartile rate for these institutions but will not exceed the Upper Decile rate. The range of the zone around the median will be reviewed annually by the Remuneration Committee to ensure that these parameters are not exceeded and if they are, the Committee may re-calibrate the range. Equally, if the performance of the University significantly improves or worsens across 3+ consecutive years the Remuneration Committee may re-calibrate the Guide Target Pay Zone.

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2 A ‘significant’ change in performance is defined as a marked and sustained trend that is attributable to specific action(s) or omission(s) on the part of the University. It may relate to particular targets, objectives or milestones in the institutional plan and should be measurable. It may be reflected in league table positions and the results of independent inspections. A change in ‘performance’ that is either a ‘one-off’ anomaly and/or is triggered by events in the wider economy, would not generally lead to a re-calibration being considered.
10.2 **Pay Progression and Performance**

10.2.1 Annual salary reviews will focus on individual performance in the preceding year and whether performance is demonstrably contributing to the long term success of the University and delivery of the Institutional Plan.

10.2.2 In determining whether an additional base pay award is appropriate the Committee will first have a view to:

10.2.2.1 The pre-existing level of base pay and the performance expectations this implies;

10.2.2.2 The pre-existing level of base pay relative to peers delivering a similar level of performance and the desire to reach alignment from an equality perspective over time;

10.2.2.3 Data relating to these matters will be presented to the Committee by the Director of HR & Organisational Development. The Committee will then have a view to:

10.2.2.4 Organisational performance against key strategic indicators;

10.2.2.5 Individual achievement against annual objectives set by the Vice-Chancellor & President and, in the case of the Vice-Chancellor & President, Chair of Council;

10.2.2.6 Leadership contribution (referencing the University Leadership Behaviour Framework);

10.2.2.7 Any significant and positive achievements in the year in addition to those covered by personal individual objectives.

10.2.2.8 Having established that the performance demonstrated does not preclude an increase to base pay the Committee will then have regard to:

10.2.2.9 Organisational and individual performance in the year in question and in the preceding two years (subject to service);

10.2.2.10 The degree to which a more newly appointed individual has potential and is “on track” to achieve “all role requirements” and the need to move them toward the median rate for role at an appropriate rate of progression while preserving appropriate peer relativities.

10.2.2.11 The Vice Chancellor & President will submit a report to the Remuneration Committee outlining organisational performance in the year in question (see paragraph 10.2.2.4) together with reports addressing the factors set out in paragraphs 10.2.2.5 to 10.2.2.10 and for each member of the Executive Group for which he/she is responsible.

10.2.2.12 The Chair of the Committee will submit a report relating to the performance for the Vice Chancellor & President.

10.2.2.13 The Remuneration Committee will seek to manage base pay, and recognise long term success by balancing all these factors within an
overall guiding framework for base pay as set out at Appendix A to this policy (the Target Pay Zone Framework).

10.2.2.14 There is no individual entitlement to a base pay increase other than that conferred via the annual national pay award (and excluding the position of Vice Chancellor & President).

10.3 Units of Award

10.3.1 Base pay increases will take the form of whole increments on the Managerial and Professorial scale. The number of increments awarded will be determined by the target position within the Target Pay Zone framework established by the committee and determined by performance (see Appendix A).

10.4 Temporary Additional Payments

10.4.1 On occasion members of the Executive Group may be required to take on additional temporary duties (eg due to vacancy or secondment of a group member to a prestigious external organisation). In this event the Remuneration Committee will determine if the additional duties are significant and sustainable for the individual concerned and will not have an overall detrimental impact on their ability to meet their personal objectives. The Remuneration Committee will exercise careful judgement in this matter and in the event that they determine that such duties are sustainable in the short term may authorise an additional payment of normally not more than 15% of base pay.

10.5 Starting Salaries

10.5.1 The reward package of new members of the Executive Group will be agreed at the time of offer by the Vice Chancellor & President in consultation with the Chair of the Remuneration Committee. Starting salaries will have regard to:

10.5.1.1 Pre-existing rate of pay and career position;
10.5.1.2 The sector being recruited from and pay norms in that sector;
10.5.1.3 The need to retain, if possible, appropriate peer relativities in the Executive Group based on track record and job size;
10.5.1.4 Performance in the selection process and anticipated levels of performance;
10.5.1.5 Urgency and strategic imperative to make an appropriate appointment;
10.5.1.6 The best that can be achieved through negotiation taking account of the above factors.

10.5.2 Ideally, and given the pay management guidance at Appendix A, new appointees will not be offered a base salary above the median reference point. The Committee accepts however that it may be necessary to offer a higher salary to reflect existing career position, track record (and anticipated impact on institutional performance), current rate of pay and pay expectations. Where this results in pay on appointment that is out of line with peer relativities/the Target Pay Zone framework the expectation is that the Committee will ensure that pay is brought into line over time. This may mean that no incremental increases to base pay are applied for a period of time. In these circumstances and where results against annual personal
objectives are positive, one off non-consolidated payments may be awarded by the Committee.

10.6 **Non-Consolidated Awards**

10.6.1 The University does not operate formal bonus schemes to incentivise staff. Non-consolidated, non-pensionable awards may however be considered where an incremental increase to base pay is not appropriate (in line with the Target Pay Zone framework) or there has been an incident of exceptional/unanticipated achievement beyond normal role requirements which will have a significant positive impact on the university the achievement/advancement of the Institutional Plan. Good all round performance and delivery of core role objectives is assumed as a basic entry requirement.

10.7 **Exceptional Pay Awards**

10.7.1 The Remuneration Committee may on occasion be required to adjust Executive Group pay either for an individual or group of individuals outside the parameters set out in the Target Pay Zone Policy. Any such exceptional payments will only be made following advice from an independent and specialist remuneration advisor.

10.8 **Support for Retirement Planning**

10.8.1 All members of the Executive Group, eligible to join the Universities Superannuation Scheme (USS) will be offered membership of that scheme. Only in circumstances where an annual and/or life tax allowance in relation to pensions’ savings has been exhausted will the Chair of the Remuneration Committee authorise a payment in lieu of employer pension contribution. The University’s policy entitled “Support for Retirement Planning” will be applied in these circumstances.

10.9 **Severance Pay**

10.9.1 Redundancy and Efficiency severance pay for members of the Executive Group will be calculated in a manner consistent with that adopted for staff in the wider University but capped at a 15 month’s pay. These sums may be paid as a lump sum or into the USS pension scheme where this is compatible with the scheme rules and at the request of the relevant member of EG.

10.9.2 In cases of redundancy and consistent with the treatment of the wider workforce, the University will adopt the Statutory Calculator for Redundancy Pay. The Statutory Calculator is regarded as the most appropriate method of recognising and mitigating any equality issues that arise from the calculation of redundancy payments which are based on age and/or length of service.

10.9.3 No discretionary sums will be paid to the USS pension scheme in augment individual pension benefits over and above any sums agreed in accordance with paragraph 10.9.1 above.

10.9.4 A severance package may also include or comprise payments to counter any legal claims; agreement over any pay in lieu of notice (PILON); funding to support an employee to find further employment; agreements over equipment such as computers and phones; and details about confidentiality terms.
Collectively and where the Remuneration Committee and Council are satisfied that these present value for money for the University the total severance package may exceed 15 month’s pay.

10.9.5 Before recommending a severance package to Council that includes any payment in respect of safeguarding the University from legal claims the Remuneration Committee will have regard to professional legal advice.

10.9.6 The Remuneration Committee in considering a proposal to make any severance payment will consider the cost and organisational benefit of the full costs of severance (including any non-discretionary payments to the USS) and will only make a recommendation to Council to make a severance payment where they are satisfied that the payment represents good value to the organisation having also considered the potential reputational implications of such a payment.

10.9.7 All proposed severance payments to members of the Executive Group, as recommended by the Remuneration Committee will be subject to scrutiny and agreement by Council.

End

First Adopted at Remuneration Committee of: 3 February 2017 and subsequently amended at their meetings of 8 June 2017, 26 January 2018 and 15 June 2018.
## Target Pay Zone Framework

### Most Appropriate Description of Performance & Organisational Context (choose one)

<table>
<thead>
<tr>
<th>Performance &amp; Organisational Context</th>
<th>Target Position in Pay Policy Zone</th>
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<tbody>
<tr>
<td></td>
<td>Below Median</td>
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<tr>
<td>• Meets most role requirements but is still on a developmental trajectory.</td>
<td></td>
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<tr>
<td>• Meets all role requirements to a good standard</td>
<td></td>
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<tr>
<td>• Regularly demonstrates leadership in line with University values and objectives;</td>
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<tr>
<td>• Has met most personal objectives or made significant progress towards these;</td>
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<tr>
<td>• Organisational performance on which they exert a direct or significant indirect influence, and contribution to the achievement of the Institutional Plan, is at least acceptable.</td>
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<tr>
<td>• Meets most role requirements to at least a good standard and exceeds others;</td>
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<tr>
<td>• Frequently and consistently demonstrates leadership in line with University values and objectives;</td>
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<tr>
<td>• Has met most personal objectives and exceeded others;</td>
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<tr>
<td>• Organisational performance on which they have exerted a direct or significant indirect influence, and contribution to the Institutional Plan, is good with a track record of improvement and success over several years (including the current year).</td>
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