

## REMUNERATION COMMITTEE

### Terms of Reference

| 1. Constitution and Purpose                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <p>1.1 In accordance with Statute 4 (Paragraphs 6 (a) and 6 (b)(iii), the Court has established a Remuneration Committee.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>1.2 The Court's Statement of Primary Responsibilities<sup>1</sup> includes the establishment and purpose of the Remuneration Committee, stating that the Court <i>"shall establish a Remuneration Committee to determine and review the salaries, benefits, terms and conditions (and, where appropriate, severance payments) of the Principal and such other members of staff as the Court deems appropriate. The Court shall determine the policies and processes used by the Remuneration Committee and shall receive reports from the Committee in sufficient detail to satisfy the Court that the decisions made have been compliant with its policies."</i></p>                                                                                                                                                                                                                                                                             |
| <p>1.3 In addition, the Remuneration Committee is responsible for overseeing effective succession planning with regard to the Senior leadership team, ensuring the long term success and continuity of the University.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>1.4 The Remuneration Committee operates in compliance with the Scottish Funding Council (SFC) Financial Memorandum<sup>2</sup> and the Scottish Code for Good Higher Education Governance (2023)<sup>3</sup> which requires the Court to establish a Remuneration Committee. The Scottish Code is issued on a 'comply or explain' basis and a statement must be included to address this in the institution's Annual Accounts in accordance with the SFC Accounts Directive. The Remuneration Committee operates in compliance with the SFC expectations of the institution regarding the use of public funds and the Committee will be open, objective and accountable in exercising its responsibilities in keeping with the nine principles of public life in Scotland. The University recognises and, from time to time, aligns best practice identified in other codes such as those issued by the Committee of University Chairs (CUC).</p> |
| 2 Remit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>2.1 The Court delegates authority to the Remuneration Committee to:</p> <ul style="list-style-type: none"> <li>a) review and recommend to the Court for approval the University policies and processes which govern the remuneration, terms and conditions of service, severance payments and early retirement arrangements for G10 staff;</li> <li>b) receive annually a budget envelope for total senior staff reward recommendations set within the context of external and internal factors, and in line with the approved financial plan.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                         |

<sup>1</sup> [statement-of-primary-responsibilities.pdf \(hw.ac.uk\)](https://www.hw.ac.uk/statement-of-primary-responsibilities.pdf)

<sup>2</sup> [Institutional sustainability and governance - Scottish Funding Council \(sfc.ac.uk\)](https://www.sfc.ac.uk/institutional-sustainability-and-governance)

<sup>3</sup> [GOOD-HE-GOVERNANCE-A4-REPORT-2023.pdf \(scottishuniversitygovernance.ac.uk\)](https://www.scottishuniversitygovernance.ac.uk/good-he-governance-a4-report-2023.pdf)

- c) receive annually the objectives for the year for the Principal and Vice Chancellor and their direct reports.
- d) review and recommend for Court approval, the salary, other remuneration (including individual's performance and any performance linked reward payments, and retirement terms) of the Principal & Vice Chancellor, the Vice Principal of the University, and the University Secretary subject to Statute 2, paragraphs 3, 4 and 5.
- e) receive a report and recommendations for approval by the Committee from the Principal and Vice Chancellor and the University Secretary relating to the annual review and reward of G10 staff. The report will include assurance reporting which confirms compliance with the relevant policies and procedures for the review and reward of senior staff, and provides assurance that the processes have been robust.
  - The Committee will only consider in detail cases where more than 2 increments or a bonus of more than £5,000 are recommended.
  - With regard to the G10 staff at the Malaysia Campus, recommendations will first be considered by the Remuneration Committee of the Heriot-Watt University Malaysia (HWUM) Board, then submitted to the University's Remuneration Committee for approval, and reported in summary form to the HWUM Board to note.
  - Recommendations for reward will be presented having been reviewed in relation to relevant market benchmark information, taking account of national pay awards, rates of pay applied throughout the University, and appropriate comparative information on salaries and other benefits and conditions of service in equivalent positions in the higher education sector and elsewhere. Recommendations will be based on performance review relative to clear objectives which, for members of the University Executive, include both corporate and individual goals.
  - The Committee will encourage the senior executives to demonstrate restraint in their own pay settlements and senior pay packages, and ensure overall value for money, affordability, and sustainability in the longer-term.
- f) seek the views of representatives of students and staff of the institution, including representatives of recognised trade unions, in relation to the remuneration package of the Principal and the University Executive Team. In addition, to provide high level feedback to them on the outcomes of the Committee's deliberations. The Committee shall ensure that the relevant consultation processes are established and form part of the policies and processes recommended to the Court for approval.

## 2.2 The Remuneration Committee will also:

- a) provide oversight on behalf of the Court of succession planning across the University Executive, considering the leadership talent pipeline and assuring stability and continuity. The Committee will receive an annual report on succession planning at its spring meeting, with updates on any changes at each meeting.
- b) ensure that contracts of employment for senior staff do not specify periods of notice of more than 6 months and do not require the payment of pension enhancements (except where these follow from pension scheme rules).
- c) undertake, on behalf of Court, to deal with any other relevant remuneration matters which may be referred to the Committee from time to time by the Court.

- d) receive retention cases which will be carried out in line with the Procedure for the Approval of Retention Cases [\[add link to the procedure\]](#)
- e) review and recommend to the Court in the year ahead, with appropriate benchmarking, the remuneration of the Chair of Court (and other Court or Court Committee members), as required.
- f) undertake, on behalf of the Court, to oversee the operation of the Severance Policy ensuring it is correctly applied and remains compliant with the Scottish Code for Good Higher Education Governance and the SFC Financial Memorandum.
- g) ensure that its conduct and decision-making is in line with institutional values; adheres to the Scottish Government Principles of Public Life; and complies with the Scottish Code for Good Higher Education Governance (2023) and the Scottish Funding Council Financial Memorandum, acting in ways which represent the public interest and avoid any inappropriate use of public funds. The Committee will also seek to adopt best practice in other relevant codes or guidance.
- h) include consideration of relevant staff across its global campus operations. While the Committee can provide advice to and receive advice from the officers responsible for campus activities both in the UK and overseas, the Committee will take into account the governance arrangements that operate for each campus and shall pay due regard to non-UK legislation that might be applicable.

### 3 Reporting Procedures

- 3.1 The Committee will report to the Court in sufficient detail to ensure that it is open, objective and accountable in exercising its responsibilities. The report will include the minutes of the meeting and an assurance report which confirms that the policies and procedures approved by the Court have been followed, and that a robust process has been overseen by the Committee.
- 3.2 Any redactions of the minutes will require approval by the Chair of the Committee on the advice of the University Secretary and the Global Director of HRD. The Chair of the Committee will report to the Court on any matters requiring the approval of the Court and on any matters which the Committee considers ought to be brought to the attention of the Court.
- 3.3 Due to the confidential nature of the report and the minutes, these will be provided only to the Court members (the trustees), the University Secretary and the Global Director of HRD. Members of the University Executive will not attend the Court for the report from the Remuneration Committee.
- 3.4 Matters requiring the approval of the Court will be highlighted in the Committee's report to the Court.
- 3.5 The Committee's records (agenda, papers, minutes) are included in the University's Freedom of Information Publication Scheme. Information will be readily accessible on request to members of the public under the terms of the Freedom of Information (Scotland) Act (FOI(S)A) with the exception of information which is deemed to be covered by a specific exemption under the Act.

### 4 Frequency of Meetings

- 4.1 The Committee will normally meet and report to the Court three times a year, as follows:
  - to receive the budget envelope for reward and update on relevant policies and procedures (April)
  - to receive the objectives for the year for the Vice Chancellor and direct reports (September); and
  - to review and take decisions on the previous year's outcomes, referring to the draft Annual Accounts (November).

- 4.2 Additional meetings may be held in order to meet business requirements at the request of the Chair of the Committee.

## 5 Composition and Membership

- 5.1 Membership of the Remuneration Committee has a majority of lay members and includes the Chair of Court as a member in line with the Scottish Code of Good Higher Education Governance (2023)

The composition of the Committee shall include:

- a) the Chair of the Court (not as the Chair of the Committee)
- b) the Deputy Chair of the Court
- c) the Chair of the Finance Committee
- d) the Chair of the Staff Committee
- e) a co-opted independent lay member appointed by the Court
- f) a staff member of the Court.
- g) a student member of the Court

- 5.2 Members are appointed to the Committee by the Court. The Committee's current membership is as follows:

Chair of Committee: Mr Mike Tumilty (Deputy Chair of Court) [from autumn 2024]

The Chair of Court: Mr Bruce Pritchard

Ex Officio members:

Ms Dorothy Wright, Chair, Staff Committee and Mr Steve Heathcote, Chair, Finance Committee

Court member: Mr Gary Kildare

Co-opted independent lay member: Ms Evelyn Stevenson

Staff member of the Court: Dr Yvonne McLarin-Hankin, Dean

Student member of the Court: Mr Cameron Fields, Student Union President

- 5.3 The term of office of Court members who are members of the Committee is concurrent with their term of office on the Court.

- 5.4 The maximum term of office of co-opted members appointed by the Court is nine years. The initial appointment will be for three years with eligibility to be considered for appointment for up to two further periods of up to three years.

## 6 Attendance at Meetings

- 6.1 The following officers are expected to be in attendance at meetings:

- a) the Principal and Vice-Chancellor
- b) the University Secretary
- c) the Global Director of HR
- d) the Head of Reward with in HRD
- e) the Committee Clerk

- 6.2 The Committee will maintain a record of attendance at each of its meetings and will include this information in its annual report to the Court.

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| 6.3       | All members of the Committee and those in attendance at the Committee will be expected to have some induction provided by the University. Staff and student members will be provided with a specific induction and briefing for membership of this committee, recognising the complex nature of business. This will be supported by the Chair and the University Secretary.                                                                                                      |
| 6.4       | The majority of meetings will be held online via Microsoft Teams and members will be expected to join remotely. One meeting per year will usually be held in person (timing at the discretion of the Chair) and members will be expected to attend that meeting in person wherever feasible.                                                                                                                                                                                     |
| <b>7</b>  | <b>Quorum and Voting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 7.1       | The quorum is three members who are members of the Court. In the event of the absence of the Committee Chair, the Chair of the meeting must be an independent lay member of the Court.                                                                                                                                                                                                                                                                                           |
| 7.2       | Members who are participating in a meeting by means of audio-visual conferencing or other means enabling them to speak with and be heard by all members present at the meeting simultaneously shall be deemed to be present at the meeting and to count towards the quorum.                                                                                                                                                                                                      |
| 7.3       | Only members of the Committee shall be entitled to vote on any matter which involves powers and functions delegated to the Committee by the Court.                                                                                                                                                                                                                                                                                                                               |
| 7.4       | The Chair of the Committee shall have a deliberative and casting vote.                                                                                                                                                                                                                                                                                                                                                                                                           |
| 7.5       | It is intended that decisions are normally reached by consensus following a full debate. There are no occasions stipulated in the Charter and Statutes which require a formal vote. Therefore, the Chair will normally seek agreement to the proposal in question, and only call for a vote either if there is a clear expression of dissent or if it is a matter of particular significance.                                                                                    |
| <b>8</b>  | <b>Committee Chair</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 8.1       | The Chair of the Committee shall be the Deputy Chair of Court.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 8.2       | In the absence of the Chair of the Committee, members shall elect from among the members of the Committee who are present at the meeting a person to act as Chair for the meeting or until such time as the Chair of the Committee arrives. That person must be an independent lay member of the Court.                                                                                                                                                                          |
| <b>9</b>  | <b>Equality, Diversity and Inclusion Statement</b>                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 9.1       | The Committee will exercise its responsibility, as far as possible, to promote the diversity of representation within its membership and the membership of any working group or board established by the Committee. The Committee will also act to promote equality of opportunity for all and will review equality pay statistics to support this.                                                                                                                              |
| <b>10</b> | <b>Reserved Business</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 10.1      | There may be occasions when the Committee's business is designated reserved (confidential).                                                                                                                                                                                                                                                                                                                                                                                      |
| 10.2      | The record of matters which the Chair and the Committee are satisfied should be dealt with on a reserved basis will be recorded separately.                                                                                                                                                                                                                                                                                                                                      |
| <b>11</b> | <b>Conflict of Interest</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 11.1      | Where it is identified that a member of the Committee has a conflict of interest with respect to a given matter, the Chair may, on the advice of the Secretary, request that the member in question withdraw from participation in relevant business. Depending on the nature of the business, this may allow for participation in discussions without taking part in decision-making or may require complete non-participation and/or withdrawal from that part of the meeting. |

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| 11.2      | All instances of identified conflicts of interest shall be recorded in the minutes.                                                                                           |
| <b>12</b> | <b>Forward Planning</b>                                                                                                                                                       |
| 12.1      | The Committee will review its Terms of Reference and submit recommendations on these to the Court annually for approval.                                                      |
| 12.2      | The Committee will set its meeting dates two years in advance, aligned to the schedule of meetings of the Court, and will maintain an annual workload plan for the Committee. |

## Supporting Information

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| <b>Groups feeding into the Remuneration Committee</b>                                                                                                                                                                                   |                                                       |
| The Remuneration Committee has no sub-committees.                                                                                                                                                                                       |                                                       |
| <b>Effectiveness and lifespan</b>                                                                                                                                                                                                       |                                                       |
| This is an established Committee of the Court and its lifespan is ongoing.                                                                                                                                                              |                                                       |
| An annual year-end self-assessment is conducted, with a formal review of effectiveness every five years as part of the Court's review of its effectiveness.                                                                             |                                                       |
| <b>Actions that may be taken by the Committee</b>                                                                                                                                                                                       |                                                       |
| <p>The Remuneration Committee may:</p> <ul style="list-style-type: none"> <li>• Note</li> <li>• Receive</li> <li>• Consider</li> <li>• Endorse for onward approval</li> <li>• Approve</li> <li>• Recommend</li> <li>• Reject</li> </ul> |                                                       |
| <b>Most appropriate minuting style</b>                                                                                                                                                                                                  |                                                       |
| Traditional / formal minutes in accordance with internal University guidance.                                                                                                                                                           |                                                       |
| <b>Resources</b>                                                                                                                                                                                                                        |                                                       |
| Secretary                                                                                                                                                                                                                               | Ms Ruth Moir, University Secretary                    |
| Clerk                                                                                                                                                                                                                                   | Mr Marc Quinn, Head of Policy and Governance Division |