

## Vice-Chancellor and Senior Staff Remuneration; 2018

### a. Number of Staff with Basic Salary over £100,000 per annum

Basic salary of other higher paid staff (on a FTE basis):	Consolidated	
	2017/18	2016/17
	Number of employees	
£100,000- £104,999	8	13
£105,000- £109,999	9	7
£110,000- £114,999	8	10
£115,000- £119,999	5	5
£120,000- £124,999	5	6
£125,000- £129,999	9	5
£130,000- £134,999	7	3
£135,000- £139,999	3	2
£140,000- £144,999	1	-
£165,000- £169,999	1	2
£170,000- £174,999	3	2
	59	55

In accordance with the OfS's Accounts Direction for 2017/18 financial statements, these bands exclude staff who joined or left part way through the year who would have received basic salary in these bands in a full year. Lay members of Council do not receive remuneration, other than expenses, for their role on the institution's governing body.

### b. Remuneration Package for the Head of Provider

- i. Basic Salary:  
£314k (2017/18)  
£310k (2016/17)
- ii. Payment of Dividends:  
n/a
- iii. Performance-related Pay and other Bonuses:  
£22k (2017/18)  
£5k (2016/17)

The Vice-Chancellor participates in the same bonus arrangement as Executive Board colleagues. This scheme allows for a bonus of up to 5% of salary based upon the Executive Board's collective performance against targets and up to 5% for meeting personal performance targets. Any bonus arising from this scheme is non-pensionable and is not consolidated into base pay.

iv. Pension Contributions and Payment in lieu of Pension Contributions

Allowance in lieu of pension contributions      2017/18 £50k (2016/17 £49k)

Pension contributions      2017/18 £7k (2016/17 £7k)

Sum paid as pension opt-out due to exceeding the lifetime allowance. Sum is paid as an allowance equating to 15.9% of pensionable salary, based on the current employer contribution of 18%, minus 2.1% which the employer is contributing to the pension deficit.

v. Salary Sacrifice Arrangements

n/a

vi. Compensation for Loss of Office

n/a

vii. Sums Paid under Pension Scheme in Relation to Employment

n/a

viii. Other Taxable Benefits

£7k (2017/18)

£2k (2016/17)

The above is broken down as follows:

Private medical insurance      £3177.07

Accommodation      £4066.00

ix. Non-taxable Benefits

£19k (2017/18)

£19k (2016/17)

The non-taxable benefits reflect the appropriate percentage of the costs of the Vice-Chancellor's official residence.

x. Other Remuneration

Expenses legitimately incurred on business activity are reimbursed to the Vice-Chancellor and to other University staff.

[https://www.surrey.ac.uk/sites/default/files/2018-11/travel-and-expenses-policy\\_0.pdf](https://www.surrey.ac.uk/sites/default/files/2018-11/travel-and-expenses-policy_0.pdf)

**c. Justification for Total Remuneration Package for Head of Provider**

The University of Surrey is a medium sized research intensive institution with a strong track record of delivering an excellent teaching and learning experience for over 16,500 students. The institution was recognised as University of the Year in 2016 by the Times and Sunday Times and holds a Gold level award under the Teaching Excellence Framework. Based in Guildford, some 40 minutes from central London by direct train, the University competes with London based Russell Group institutions and other research intensive institutions, particularly in and around the South East, for staff,

students and research funding. With over 110 companies on the University of Surrey's Research Park, the institution contributes £1.7b to the UK economy and has over 110,000 alumni.

Professor Max Lu was appointed President and Vice-Chancellor in April 2016 following a world-wide search. Previously Provost and Senior Vice-President at the University of Queensland, a world top 100 institution, Professor Lu is one of only 150 double highly cited academics in the world. Professor Lu has developed and launched a new strategy for the institution which will build on the success of recent years whilst also building the University's strengths in research, innovation and enterprise and through this, enhancing the institution's national and international reputation.

Professor Lu's appointment salary of £310,000 was a reduction against the salary levels he enjoyed at the University of Queensland. Nonetheless, Professor Lu was honoured to join the University of Surrey as the institution's fifth Vice-Chancellor, and set out on his mission "to educate and equip students with the skills and confidence to become future leaders, driving positive change around the world despite the many global challenges society is facing". In October 2017 the Remuneration Committee increased Professor Lu's base remuneration by 1.7% to £315,270 pa, which was comparable with the base pay increases received by staff at other pay grades last year. He was also awarded a £22,000 bonus payment, equivalent to 7% of salary, on account of his performance against a balanced scorecard of metrics within his annual incentive scheme. The scheme has a maximum potential payment of 10% of his annual salary.

Since Professor Lu's appointment the UK HE sector has faced a number of major challenges, some of which have impacted the University of Surrey. Chief amongst these challenges has been the uncertainty that Brexit has brought upon the sector, both for staff, students and the research funding environment. Despite the University of Surrey being awarded a Gold Award under the Teaching Excellence Framework (TEF) shortly after Professor Lu's appointment, student satisfaction (as measured by the National Student Survey) has declined across the sector as a whole and the University of Surrey has also experienced a decline in satisfaction levels utilising this measure. The sector has also seen unprecedented levels of industrial action arising from a national dispute between the sector's main trade union, UCU, and employers over plans to reform the sector pension scheme, the USS. Although not immune from strike action, the University of Surrey saw limited levels of disruption, but this was nonetheless an unwelcome development and a distraction from delivery of the core strategy for the institution.

Under Professor Lu's leadership the University of Surrey has made significant progress with many elements of its strategy. In 2017-18 notable achievements included the University overachieving against its surplus target, and its target for research income. Philanthropic income was also ahead of target, and there has been good progress with a number of major strategic projects. Performance in international leagues tables has been strong, which will be an important enabler for further increased recruitment of international students in future years. Such students bring great diversity, vibrancy and enrichment to the University community, and the income delivered as a result of our international students is a key element amongst the University's main income streams.

Professor Lu's performance is assessed by reference to both achievement of annual targets and also by assessment of progress towards longer term goals. Institutional performance is overseen on a regular basis by the University Council, which meets five times a year, and by various formal Committees of Council which meet throughout the year. As President and Vice-Chancellor Professor Lu chairs the University's Executive Board, the body responsible for the day to day management and leadership of the institution. He also chairs meetings of the University's Senate, the supreme body in overseeing and managing the institution's academic activity and quality standards. Professor Lu meets regularly with the Chair of the University Council and with other Lay Members of Council to

review and report on the institution's performance, and the Chair of Council undertakes a formal appraisal on an annual basis with Professor Lu to assess performance against both short and longer term goals.

The Remuneration Committee, chaired by the Deputy Chair of Council, determines the Vice-Chancellor's remuneration. In common with the rest of the Executive Board, the Vice-Chancellor's remuneration is totally at the discretion of the Remuneration Committee and he does not receive any uplift as a result of the nationally negotiated uplifts to the pay spine, nor to any service related increments. The Remuneration Committee takes into account a number of factors when setting the Vice-Chancellor's remuneration, including:

- The level of remuneration within other grades of staff at the University, with specific reference to the pay of those staff who participate in the nationally negotiated pay process and associated conditions of service, including professorial and other senior staff. This year, average pay growth for this group of staff will be c.3.9% as a result of the nationally negotiated uplift in the pay scale of at least 2.0%, the impact of service related increments which typically cost the institution 1.4% pa, and performance related pay which is funded at c.0.5% of pay bill.
- The performance of the Vice-Chancellor, assessed against both an institutional balanced scorecard of metrics deemed critical to achievement of the institutional strategy and against more qualitative judgments by the Chair of Council and by members of the Remuneration Committee on the quality of the Vice-Chancellor's leadership and overall performance.
- The level of remuneration growth within comparable roles within the HE sector, as assessed by the national pay benchmarking data provided each year by the University Colleges Employers Association. A total of 145 Vice-Chancellors are included in the UCEA data. In addition, the Remuneration Committee assessed comparable remuneration by reference to specific benchmark institutions which operate in very similar conditions and with similar strategies to the University of Surrey. This year, 21 such institutions have been included in this benchmark, including the University of Bath, University of Birmingham, University of Exeter, University of Nottingham, University College London, University of Southampton, University of Bristol, Lancaster University, University of York and University of Warwick. In addition, the Remuneration Committee compares the Vice-Chancellor's base and total remuneration to median remuneration within Russell Group institutions (with whom the University of Surrey competes) and to upper quartile remuneration for institutions in London and the South East which have annual income of £202m +,(with whom the University of Surrey competes).

**d. Relationship Between Head of Provider's Remuneration and all Other Employees Based on:**

**i. Basic Pay**

The ratio of the Vice-Chancellor's basic pay is 9.0 times (17/18) the median pay of all staff on a full time equivalent basis (2016/17 comparative: 9.1).

**ii. Total Remuneration**

The total remuneration ratio is 10.2 times (17/18) the median pay of all staff on a full time equivalent basis (2016/17 comparative: 9.7).

**e. Severance Payments**

There were no severance payments in respect of senior staff in 2016/17 or 2017/18.