

**Mr Thomas Sheppard, Chair of Council
Statement to Court - 16th January 2018**

Much has happened since the last meeting of Court. As you will be aware our Regulator (HEFCE) published a report on 20 November about the governance of that Court meeting and also the work of the University's Remuneration Committee. The first recommendation of the report was that 'Before or at the next meeting of Court, the university should respond to the view of HEFCE that the vote at the Court meeting on 23 February 2017 was both poorly handled and flawed, and that this has damaged the reputation of the university. In the interests of transparency, the university's response should be fully minuted if given at the next Court meeting or presented as a written addendum to the minutes, if given before the meeting.'

My comments are intended to be balanced and not defensive and I hope that in the discussion that follows we can also show that. I, and others who I have consulted in preparing these remarks, all want to do our very best for this great University. Starting with the meeting of Court last February it was not the University's finest hour. It was in my view a difficult and unsatisfactory meeting and HEFCE is right so say that it was poorly handled. Members of Court who were present will draw what conclusions they wish about the way in which it was chaired but the voting process was flawed and the Vice-Chancellor and I have already apologised for the way it was handled and for voting on the motion.

There may be differing views on the effect of what happened but I want to assure you that we have worked hard to learn from the mistakes made and I very much hope that will be apparent from this and future meetings of Court. The HEFCE report is critical of both the handling of the vote and also for Court not having standing orders.

We accept this criticism and although this requirement for Court to have standing orders has existed for 51 years without problem they were not there when they were needed. It is also not an excuse that most other University Courts may not have standing orders and possibly they may learn from our experience.

The substance of last February's motion before Court reflected the concerns of a significant number of members of Court about the level of remuneration awarded to the Vice-Chancellor in 2015 and the transparency of the process of the Remuneration Committee. I appreciate that some will feel a sense of injustice over how the motion was defeated by the inclusion of the votes by members of the Remuneration Committee and others who were seen to be conflicted. As I stated to Court in February I would, I raised the matter with Council which I did at a meeting later the same day and I can assure you that I have treated the motion as if it were carried. I committed on the day that there would be a full examination of the operation of the Remuneration Committee in this academic year and that is exactly what we have put in place, with a team from Halpin Partnership now carrying it out.

I have deliberately had no role at all in the choice of the consultant to carry out a review but I am advised that a reason why Halpin Partnership was chosen was because they had much experience in the field of remuneration governance.

To be quite clear in 2015, the Remuneration Committee took the decision with proper advice and in what it considered were the best interests of the University, with an emerging new strategy and with several other changes occurring to the senior management team, to retain the Vice-Chancellor's services for a further period, and the Vice-Chancellor agreed to remain on that basis. We had absolutely no expectation that would make her the highest paid Vice-Chancellor.

Whilst dealing with matters of the Vice-Chancellor's remuneration I am aware of the adverse comment about the retirement arrangements, announced on 28 November. Again I would stress that with the spotlight on this process we were very careful to act in the best interests of the University and at the same time recognise that the Vice-Chancellor – like all other employees of the University - has protected contractual rights. The process was handled with the support of external legal advice. As I am sure you know, her agreement to stand down as the Vice-Chancellor allows us to start recruiting her successor now. The sabbatical arrangement was also part of a contractual entitlement and as an eminent psychologist the Vice-Chancellor has maintained her academic standing throughout her time with us and the University's next REF return will benefit from her work during her sabbatical. There will be no salary increase in 2018 and so her current salary will remain until she leaves in February 2019 and there is no payment for loss of office.

The HEFCE report deals substantially with matters related to the Remuneration Committee and it makes very clear that we meet all the requirements of HEFCE and CUC although it encourages us to take the opportunity to embrace the changes to remuneration governance which the new regulator is likely to want to see for the Higher Education sector. I welcome this challenge and Council acted in October to implement the Vice-Chancellor's proposal not to be a member of the Remuneration Committee at all and since our HEFCE report came out universities around the country have been racing to make the same change.

Court will see that Council decided to accept all the recommendations of the HEFCE report. You will see that action has already been taken on some and for the remainder we want the Effectiveness Review to be completed by May so we can also have the benefit of the wide consultation and expertise, from beyond as well as within the higher education sector, that Halpin will bring us and also the expected far-reaching guidance on remuneration from the CUC in April, of which a draft for consultation was published just this last week.

Council has agreed that Bath must be in the vanguard on these issues. The external review team from Halpin have much expertise to draw on and they will be engaging widely, including with Court members, as Council has asked them to do. You have a copy of our full response to HEFCE accepting the recommendations of their report and they have welcomed our response and the progress we are making.

This has been a difficult few months and on behalf of my fellow Council members, I would like to give assurance that we have heard and understood the messages from Court and elsewhere. I urge that in this discussion and any others that follow we look forwards to how this University, with the support of Court, can return to its sole focus being on the outstanding teaching, research and other activities for which it is rightly known.