

# REMUNERATION COMMITTEE ANNUAL REPORT TO COUNCIL 2021-2022

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## SUMMARY

- The Office for Students expects higher education providers to comply with the Committee of University Chairs Higher Education Senior Staff Remuneration Code and this requires the production of a Remuneration Annual Report, which is presented here.
- The format and content of the report follows the template for such reports provided by the Committee of University Chairs
- In the RCM and wider HE context, for these purposes, the 'senior staff' comprise those staff whose pay is outside the national pay framework, which in the RCM's case are members of the Directorate. It does not encompass the RCM's other senior managers, such as heads of faculty or heads of large professional services departments, who are paid on the national pay framework grades and scale

## ACTION

- To discuss and approve
- To be noted by Council

**Jennifer Allison**  
Head of HR  
September 2022

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## Introduction

1. Remuneration Committee has met on two occasions during 2021/2022; 16 September 2021 and 16 June 2022.
2. The terms of reference and membership of the Remuneration Committee can be found as an appendix to this report. The Committee noted the terms of reference and are content that due regard has been taken to the responsibilities of the Committee during the year and that all procedures and processes have been undertaken as required.

## Approach to remuneration

3. In 2018, the Remuneration Committee and Council approved a new 'RCM Directorate salary policy and annual review procedure'. This has guided, and will continue to guide, decision-making in respect of senior pay. A copy of the policy and procedure is included as an appendix to this report. This policy establishes that the Remuneration Committee will take into account:
  - the competitive environment and markets that the College operates within,
  - the fundamental principles that will guide all decisions related to remuneration, including the balance to be struck between recruiting, retaining and rewarding the best staff possible, in order to deliver the best outcomes for students, society and the economy while demonstrating effective use of resources and
  - the approach to setting remuneration, e.g. the extent to which economic factors, competition, market rates, roles, skills, experience and individual performance influence decision making.

- these points are set out in more detail in the attached policy.
4. RCM specific factors include the global context in which the RCM operates: its standing and market position amongst conservatories, its successes, and the market for senior talent world-wide.
  5. The Director reminded the Committee that they had received information throughout the year at both Council and Finance & General Purposes Committee which informed members about the RCMs performance through the 2021/22 year in respect of the areas detailed in the RCM Directorate salary policy and annual review procedure (attached at Appendix 2).
  6. The Committee noted that a final offer had been made by UCEA as part of the JNCHES pay negotiations of a 3% uplift to the pay spine with higher percentage increases on the lowest points.

### **Pay awards for senior staff 2022/2023**

7. In determining pay awards for 2022/2023, the Remuneration Committee took into account the context in which the RCM is currently operating:
  - The national negotiations on an annual cost of living award for 2022/2023
  - The current financial situation of the RCM
  - Pay in the wider economy and the ongoing cost of living crisis
8. At the meeting on 16 June 2022, The Director presented the RCM Progress summary 2021/2022. A full report was later presented to the RCM Council on 6 July 2022
9. The Director presented the Directorate Annual Reviews for the year 202/2022, which highlighted key achievements and future plans and objectives for individual Directorate members. The high calibre of Directorate colleagues, in terms of leadership and support, was particularly commended by the Director.
10. The Committee considered and approved the salary recommendations for the Director and the other members of Directorate.

### **External appointments and expenses**

11. The RCM has a single published expenses policy as part of its financial regulations, which applies to all staff, in respect of income paid and expenses reimbursed by third parties. The external earnings of the Director, as disclosed by the post-holder to the Chairman, were reviewed at the Committee meeting on 16 June 2022 and it was determined that these could be retained.

# Appendix 1

## Terms of reference and membership of Remuneration Committee

### Terms of reference (2021/2022)

1. To promote equality, diversity and inclusion (ED&I) with specific reference to the RCM EDI policy and strategy, and to reflect regularly on how the work of the Committee might support the strategy.
2. Having due regard to the guidance of the Office for Students and the Committee of University Chairs, to establish policies and procedures for the selection and appointment of Directorate members and the Director (ie those staff whose pay is outside the national pay framework, normally referred to as the 'senior staff' in a wider HE context).
3. To approve the arrangements for the recruitment and the appointment of Directorate members, on the recommendation of the Director
4. To approve the terms and conditions of service, remuneration, and pay awards for Directorate and the Director.
5. To produce an annual report to Council on the work of the Committee.

### Membership

Chairman of Finance & General Purposes Committee  
Chairman of Council  
Chairman of Investment Committee  
Chairman of Estates Committee  
Co-opted member with experience in the field of remuneration, if such experience is not otherwise within the membership of the Committee

Jane Barker (Chairman)  
Lord Black of Brentwood  
Ruth Keatch  
Douglas Gardner  
Richard Goulding

### In attendance

Head of HR

Jennifer Allison (Secretary)

The Director will attend meetings only to advise on Directorate salaries other than his own, and will not be present for any discussion of his/her own salary

The Deputy Director and/or the Clerk to Council will attend meetings only to advise on policy and procedures relating to governance matters concerning remuneration and committee business. They will not be present for any discussion of any Directorate salaries.

## Appendix 2

# RCM Directorate salary policy and annual review procedure

### Element I - A fair, appropriate and justifiable level of remuneration

*Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration will recognise an individual's contribution to the RCM's success in that role, and establish whether it is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.*

#### Principles

- Remuneration will take account of the global context of excellence in which the RCM operates
- Remuneration must be linked to the value delivered by an individual acting within a role
- The range of the values of a role is based on a number of components
- The RCM will be clear about what it expects from staff, i.e. what is normal and what is exceptional. There will be a robust and consistent process for setting objectives and assessing an individual's contribution
- Remuneration can vary according to individual performance
- From time to time the value of a role may need to be changed in light of changing conditions, sustained performance, experience etc.
- Non-achievement of an individual's expected contribution should have consequences.

### Element II – Procedural fairness

*Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence and assessing the value of roles, the context and individuals' performance in them. No individual can be involved in deciding his or her own remuneration.*

#### Principles

- Directorate member remuneration will be determined in the context of the RCM's approach to rewarding all its staff.
- No one will have any part in deciding their own remuneration.
- The Remuneration Committee will be as independent and expert as possible.
- Decisions will be based on robust evidence.
- The Remuneration Committee will justify its decisions or recommendations to Council and other stakeholders.
- The Remuneration Committee is chaired by the Deputy Chairman. The Director is not a member of the Remuneration Committee.

### Element III - Transparency and accountability

*The process for setting remuneration will be transparent. For Directorate members there will be an institutional-level justification for the remuneration of this group that relates it to the competitive environment, the value of the roles and the RCM's performance. The remuneration of the Director will be separately justified, published and related to the remuneration of all staff within the organisation.*

- The approach to remuneration for Directorate members will be publicly explained and remuneration decisions will

be transparent in the annual report of the Remuneration Committee to Council.

- RCM will publish pay multiples and illustrate how these multiples have changed over time in the annual report of the Remuneration Committee to Council. In the event of increases in any multiples, the RCM will publish an explanation supporting any change in this annual report.
- Evidence that affects Directorate member remuneration will be explained in the annual report.

## Remuneration Committee criteria and process for Directorate pay

1. Remuneration of staff whose pay is outside the national pay framework (which in the RCM's case are members of the Directorate) takes account of the global context in which the RCM operates: its standing and market position amongst conservatories, its successes, and the market for senior talent world-wide.
2. Remuneration takes account of internal comparators: the gender pay gap, pay multiples (see below), the approach to pay for other academic and professional services roles at all levels.
3. In its annual report, the Remuneration Committee will publish the multiple of the remuneration of the Director and the median earnings of the RCM's whole workforce and the ratio of the remuneration of the Director and the median academic salary. For the purposes of these multiples, 'earnings' is defined as total taxable employment earnings, including base salary, allowances, and the cash value of benefits-in-kind. The median earnings figure used for the multiple are the median full-time-equivalent annual earnings of all staff employed by the RCM. The RCM will also disclose the previous year's pay multiple and the year-on-year change in the multiple. The Committee will provide an explanation for any changes in the pay multiples, describing what factors have caused movements in both median and top earnings and thus changes in the pay multiple from the previous year.
4. The range of the values of a role is based on a number of components. Criteria for assessing the value of roles will include:
  - complexity (scale and range of decision making, collaboration and contact, time-critical activity);
  - impact (on students, research, finances and people, including employees, partners and community);
  - discretion (level of accountability, degree of autonomy and decision-making authority);
  - knowledge and skills required (including specialist skills);
  - reputation and academic/professional credibility needed for the role;
  - an ability to recruit and retain key staff; and
  - external comparisons.
5. When recruiting Directorate members, the RCM will reflect on its expectations of what a post will contribute, and then determine the appropriate range of the remuneration package before the post is advertised, offered or awarded. The range will not normally be advertised and may be amended in light of applications received.
6. To retain staff, the Remuneration Committee will consider market position, typically by looking at a set of comparators, which will be publicly disclosed. Comparator selection may depend on the type of post being filled. In choosing comparators, the key expectation is that they will help in setting remuneration levels that reflect the value of the relevant post when assessed according to its level of accountability, market position and responsibilities.
7. The RCM does not operate a formal system of performance pay scheme. However, remuneration for Directorate members will take account of a report on individual performance by the Director and, in the case of the Director, by the Chairman.
8. In making decisions, the Remuneration Committee will be informed by the Council's view of the performance of the RCM against its strategic ambitions, its key performance indicators, and by the risk environment. A balance will be

achieved between the achievement of RCM's long and short term objectives.

9. The Director's personal objectives will be agreed by the Chairman, in consultation with the Remuneration Committee, before the start of each academic year; these will reflect the strategic objectives of the RCM.
10. In assessing Directorate member performance, the Remuneration Committee will take account not only of factors that are directly under the control of Directorate members, but also of factors outside their control, when those Directorate members can mitigate or influence the impact of those uncontrollable factors.
11. In making severance payments, the RCM must meet their contractual obligations and be able to justify any payments made. Universities and colleges will need to carefully consider any advice that is available from regulators. Remuneration Committees have specific responsibilities in this area – in particular, ensuring that contracts agreed with Directorate members are fair, reasonable and justifiable and do not expose the RCM to significant potential liabilities, for example by having excessive notice periods.
12. It is important that staff represent the RCM on various bodies and boards and carry out academic and civic responsibilities at other organisations, e.g. non-executive director roles. The Remuneration Committee will receive a report by the Director on any significant additional income for individuals from external bodies, which will include a rationale for allowing retention of external income and any limits on the amount of time individuals have been permitted to devote to external income-generating activity. Remuneration Committee will also consider any external earnings of the Director, as disclosed by the post holder to the Chairman, and will determine what can be retained.
13. The RCM has a single published expenses policy as part of its financial regulations, which applies to all staff.
14. The RCM will disclose the remuneration of Directorate members annually as set out in the current accounts direction.
15. In addition to the Remuneration Committee's annual report, the RCM will also publish a remuneration annual statement within the annual report and accounts.

## Evidence to support Directorate salary reviews

**The Head of HR & Organisational Development will produce and collate the following data:**

- Gender pay gap report, with detailed tables beyond the published report showing pay levels at the range of levels of the institutions and different staff categories, academic and professional services
- A report on national pay negotiations/decisions for other staff on the national pay spine, covering likely or agreed cost of living award and value of increments at different grades on the pay spine, including the highest grades, such as of heads of faculty
- multiple of the remuneration of the Director and the median earnings of the RCM's whole workforce, the ratio of Director and the median academic salary and the ratio of the Director and the highest head of faculty salary; previous year's pay multiple and the year-on-year change in the multiple.
- University and Colleges Employer Associations (UCEA) Senior Staff Remuneration Survey, (from 2019).
- Times Higher report of Vice Chancellor salaries
- Review of senior salaries in a range of competitor institutions, using financial statements data,

**The Director will produce a report:**

- on each member of the Directorate setting out current salary, proposed salary increase and a justification in each case based on the performance of the individual within the year and, where related to the post, the success of the College as a whole, any retention factors related to the market for the role, and a cost-of-living increase (which should be no more than the likely or actual such increase for staff on the national pay spine).
- on the success or otherwise of the institution across the year and the longer term, to cover, as appropriate, institutional performance in the context of the size and complexity of the College in:

- o teaching (e.g. TEF, NSS, student feedback, recruitment and admission, student outcomes and employability, teaching awards, programme leadership etc.);
- o research (e.g. publications, impact, research leadership, major initiatives including with external partners etc.);
- o artistic success
- o management and administration (e.g. professional, professorial and academic leadership, service enhancement and delivery, policy development and delivery, income generation, improving performance of school or service etc.);
- o leadership of staff (e.g. development and performance of staff, quality of appointments etc.);
- o partnerships and external relations internationally, nationally and locally (e.g. leadership in external networks and communities); and,
- o major initiatives and projects (e.g. international initiatives, capital projects etc.)

## CONFIDENTIAL - PAY RATIOS (in accordance with the OfS Accounts Direction re: Pay Ratios)

1 August 2021 - 31 July 2022	
Head of Institution (basic salary)	£228,000
Pay in lieu of pension contribution	£34,884
Benefits (Healthcare provision)	£6,572
Employer Pension costs (DIS)	£9,462
<b>Head of Institution (total remuneration)</b>	<b>£278,918</b>
Pay Ratio of the Head of Institution's Basic Salary and the median basic salary of all other staff	6.3:1
Pay Ratio of the Head of Institution's Total Remuneration and the median total remuneration of all other staff	6.6:1

Staff Group	Basic Salary	Pay ratio to Head of Institution: Basic Salary	Total Remuneration	Pay ratio to Head of Institution: Total Remuneration
median workforce	£36,367	6.3:1	£41,957	6.6:1
mean workforce	£38,371	5.9:1	£43,033	6.5:1
median academic (salaried & hourly paid)	£47,459	4.8:1	£58,659	4.8:1
mean academic (salaried & hourly paid)	£48,829	4.7:1	£57,155	4.9:1
median non-academic salary	£31,949	7.1:1	£39,860	7:1
mean non-academic salary	£38,112	6:1	£46,228	6:1
highest Head of Faculty salary	£75,979	3:1	£93,910	3:1
median JD teaching staff	£33,579	6.8:1	£34,586	8.1:1
median casual worker	£36,345	6.3:1	£37,436	7.5:1
lowest point in use on the RCM pay scale	£24,089	9.5:1	£29,292	9.5:1
lowest salary	£19,565	11.7:1	£19,747	13.8:1
standard RCM student worker rate	£19,747	11.5:1	£19,747	14.1:1



