1. Introduction

1.1 The Remuneration Committee provides an annual remuneration report to the Board of Governors as part of its remit to provide assurance to the Board on the conditions of service and remuneration of the University’s Senior Postholders and to comply with ‘The Higher Education Senior Staff Remuneration Code June 2018’ published by the Committee of University Chairs (CUC).

1.2 Senior Postholders are defined as those staff who are remunerated outside of the national Framework Agreement and JNCHES process and who have been designated as Senior Postholders by the Board of Governors. In 2018-19, the Vice-Chancellor, the Pro-Vice-Chancellor Assurance and Director of Finance, the Pro-Vice-Chancellor Student Experience and Resources, the Pro-Vice-Chancellor Academic, and the Clerk to the Board of Governors were designated Senior Postholders.

2. Remuneration Committee Terms of Reference and Membership

2.1 The Terms of Reference and the membership for the Remuneration Committee can be found on the University’s website. The Chair of the Committee is Mr David Reid, who is an independent Governor.

3. Meetings

3.1 The Remuneration Committee normally meets twice a year. In 2018/19 the Committee met on 23rd January 2019 and 3rd July 2019. Senior Postholders’ salaries were considered at the January meeting and a range of matters related to remuneration and conditions of service were considered at the July meeting. Minutes from the Remuneration Committee, including attendance details, are submitted to the Board of Governors.

3.2 Any conflicts of interest are noted at meetings, and executive members are not present when their own remuneration or that of any related party individually are considered.

4. Approach to Remuneration

4.1 Leeds Arts University is based in a vibrant, modern and fast-growing city with a number of higher education institutions nearby. This environment is increasingly competitive for employment and the University’s employees are academics as well as practicing professionals working in the creative industries which contributes significantly to the local economy.

4.2 The approach to remuneration is that employees’ contributions are recognised, valued and fairly rewarded. The University is committed to equal pay, as well as to the equitable and
fair treatment of all of our employees, based on job size, contribution, capability and merit. For staff on the New JNCHES payspine this is underpinned by the HERA job evaluation scheme.

5. Factors Considered for the Senior Postholders

5.1 The University recognises the need for highly talented, competent, committed and motivated employees, to lead and deliver its strategic plan; and that employees must be rewarded and recognised competitively, appropriately and fairly.

5.2 The Remuneration Framework is determined by the terms of reference of the Remuneration Committee and the Senior Post Holder Remuneration Procedure, which is approved by the Board of Governors.

5.3 The factors considered in the Remuneration Procedure include: the performance of the University; the context in which the University is operating; the performance of individual Senior Postholders including any changes in responsibilities; internal pay movement of University employees and external benchmarking of compensation.

6. Information used in determining Remuneration for 2018/19

6.1 Performance of the University - Institutional performance against KPIs is reviewed at each Board of Governors meeting and a full annual review takes place against the strategy. It was noted that the financial performance of the University was good, as was progress against the strategic objectives and KPIs in 2017/18.

6.2 The Context in which the University is operating - In the wider economic and political context and in the HE sector, there was a good deal of uncertainty. There had been a general inflation of earnings in the economy and sector of around 3-3½ % over the previous year, about 1% higher than price inflation; unemployment was at a low level and unfilled vacancies high indicating a tightening of the labour market. The Committee was also mindful of externally scrutinised metrics such as the ratio of senior salaries to the median for the institution.

Pension fund deficits in the sector were likely to require significant increases in employer contribution rates and increases in employee contribution rates were likely to add to pressure for higher wage settlements later in 2019. These cost and income pressures were likely to increase competition among universities to ensure that student number projections are met, at a time when demographics point to falling numbers.

6.3 Performance of Senior Postholders - The Senior Postholders who are members of the Senior Management Team (SMT) had effectively managed the University to maintain a sound financial position and good academic reputation with satisfaction and retention rates comparing very well with the sector in 2017/18. This was achieved despite the difficulties of managing a major building project which was subject to contractor over-runs.

The roles and responsibilities of two of the Pro-Vice-Chancellors had changed significantly in 2017/18, when, notwithstanding increasing student numbers, the SMT had been reduced from 5 to 4 employees.

1 ONS Labour Market report published on 11th December 2018
6.4 Internal pay movement of University employees - The Committee noted the outcomes of pay awards for other employees from the national pay negotiations, in which the University participated.

The University’s workforce received the UCEA agreed pay increase which was a 2% uplift on base pay for all the New JNCHES single spine points apart from points 2 to 15 where the New JNCHES single spine points increased by £425, which was effective from 1st August 2018.

In addition, for those staff aligned to the salary scale, incremental progression was available, subject to satisfactory performance and criteria determined in the University’s Staff Pay Increase Policy. 74% of employees at the University received an increment worth around 2.5% in addition to the UCEA agreed pay uplift. The remainder were within probation periods or at the top of their scale with only 1% of staff eligible for incremental progression not receiving this.

6.5 External Benchmarking of compensation - In considering appropriate comparanda for Senior Postholder remuneration, the Committee took note of figures presented to it from the UCEA Senior Staff Remuneration Survey 2017 (published March 2018) and provisional figures for the 2018 Survey and, while noting the figures for institutions with income up to £24million, reaffirmed its belief that GuildHE provided the most relevant comparison as it represents specialist institutions from which replacement for SMT members were most likely to be recruited. The Committee felt it appropriate to locate the institution in the region of the median of this peer group for total salary, though without being constrained to a specific point, bearing in mind that the University pays no bonuses or other benefits apart from paying pension contributions. These are paid at the same contribution rate as other employees dependent on the pension scheme.

7. Performance and Remuneration of the Vice Chancellor

7.1 In assessing the Vice-Chancellor’s performance, the Committee noted the institutional performance, the competitive environment which the University was operating, the Vice Chancellor’s objectives related to the achievement of the University’s Strategic Objectives and KPIs and the remuneration and pay movement of all employees within the University. The Chair of the Board confirmed that there were no issues arising from the Vice Chancellor’s Annual Progress Review that needed to be taken into consideration.

7.2 Taking all factors into account, the Remuneration Committee’s decisions for the Vice-Chancellor’s remuneration, along with comparisons against the previous year, are shown in the table below.

<table>
<thead>
<tr>
<th>Emoluments of the Vice-Chancellor</th>
<th>2018-19</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>£178,700</td>
<td>£170,500</td>
</tr>
<tr>
<td>Performance related pay</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Benefits</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Subtotal</td>
<td>£178,700</td>
<td>£170,500</td>
</tr>
<tr>
<td>Employers Pension contributions</td>
<td>£25,554</td>
<td>£24,381</td>
</tr>
<tr>
<td>Total</td>
<td>£204,054</td>
<td>£194,881</td>
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</tbody>
</table>

8. Pay Multiples

8.1 In the table below are the pay multiples of the Vice Chancellor’s salary against the median salary of staff for 2018/19 and the previous year.
8.2 The first calculation in the table is that defined by the CUC Remuneration Code, which is the University and College Employers Association methodology and this differs from the Office for Students (OfS) Accounts Direction. The CUC Remuneration Code adopted methodology is based on Higher Education Statistics Agency data for non-atypical employees (i.e. those on permanent or long term fixed term contracts and excludes atypical staff which in the case of the University includes a substantial number of student ambassador roles and other staff who are not in regular ongoing employment with the University such as Visiting Lecturers and models).

8.3 The OfS Accounts Direction calculation differs as it requires the inclusion of all atypical and casual staff, which at Leeds Arts University includes the student ambassador roles, models and visiting lecturers excluded from the CUC calculation. It also includes agency staff. The mid-point of the salary ranges is significantly affected by the University employing student ambassadors to assist with activities such as open days, UCAS fairs, progression and other events where it is important that participants are able to hear about experiences direct from existing students. They help provide contextual information, advice and guidance from the perspective of a current student. Student ambassadors are an important part of the University’s work in outreach, recruitment and internationalisation. During the year 559 staff were employed by the University on permanent, casual and atypical contracts, of which 168 were student ambassadors employed on an hourly basis working across various departments on a range of assignments. Student ambassadors represented 30% of the total number of staff employed.

8.4 In order to demonstrate the impact that the inclusion of student ambassadors has on the pay multiple, the OfS ratio is also stated excluding the student ambassadors. This ratio declined in 2018/19 as a result of greater numbers of agency staff used to cover temporary vacancies.

Table of pay multiples based on the CUC Remuneration Code methodology and the OfS methodology.

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay multiple of V-C pay to median salary based on the CUC Remuneration Code methodology.</td>
<td>5.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Pay multiple of V-C pay to median salary based on the OfS methodology including student ambassadors as per the Financial Statements.</td>
<td>8.12</td>
<td>7.9</td>
</tr>
<tr>
<td>Pay multiple of V-C pay to median salary based on the OfS methodology excluding student ambassadors.</td>
<td>5.54</td>
<td>5.77</td>
</tr>
</tbody>
</table>

The CUC noted that the typical range of pay multiples for V-Cs to the median of employees using their methodology ranged between 4.5 and 8.9.

The OfS senior staff remuneration analysis of the 2017-18 disclosures noted that the range of pay ratios for V-Cs salary using their methodology was from 3.0 to 13.4.

A link to the University’s Financial Statements, which show the OfS multiple which includes the student ambassadors as stated above is here: https://www.leeds-art.ac.uk/about-us/governance/charitable-status/
9. **External Appointments and Expenses**

9.1 The University considers it important that employees are represented on various bodies and boards and undertake academic and civic responsibilities.

9.2 Any additional income that could be generated for the individual derived from such positions is expected to be declared and agreed in line with the policy on external income which can be found at [https://www.leeds-art.ac.uk/about-us/governance/charitable-status/](https://www.leeds-art.ac.uk/about-us/governance/charitable-status/). The Vice-Chancellor received no additional income from any external appointments.

9.3 The University has a single scheme for payment of expenses for all employees, including Senior Postholders. The policy and procedures for claiming expenses incurred in the course of University business can be found in the University’s Financial Regulations and Financial Procedures.