

Senior Staff Remuneration: Guidance

Approved by Remuneration Committee (January 2019)

1. Introduction

- 1.1 The University is committed to ensuring the highest standards of accountability and transparency having due regard to its fiduciary responsibility and financial probity within the context of public funds.
- 1.2 The University recognises a fair and appropriate remuneration framework with accompanying guidance is necessary to maintain parity of remuneration decisions affecting the Vice-Chancellor and other senior post holders.
- 1.3 This guidance has been developed to support the Remuneration Committee in determining the remuneration of senior staff.
- 1.4 It is recognised that fair and appropriate remuneration for senior staff needs to be 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 financial resources.
- 1.5 Remuneration is defined as all elements of the reward package for a senior post holder which may vary over time including: salary, allowances (for example acting up allowances), honoraria, benefits, pension related payments/contributions, incentives and any other reward related payments.

2. Scope

- 2.1 This guidance in respect of senior staff remuneration applies to those senior posts within the terms of reference of reference of the Remuneration Committee (as amended from time to time).
- 2.2 This guidance also applies to any severance payments for those posts in 2.1.

3. Principles

- 3.1 In considering the remuneration and reward packages of senior staff, London Metropolitan University (LMU) follows the guidance and principles set out in the “The Higher Education Senior Staff Remuneration Code” which was published by the Committee of University Chairs in June 2018 (see Appendix A), which forms a part of this guidance.

LMU’s three key principles in ensuring fair and appropriate remuneration for senior staff are:

3.1.1 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 then recognises an individual’s contribution

to LMU's success in that role, and 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.

In determining remuneration for senior staff, the Remuneration Committee will consider factors relating to equality and diversity, with a view to ensuring that there are no unlawful biases pertaining to gender or other protected characteristics within the pay structure

The Remuneration Committee will be provided with data in respect of the relationship of the head of Institution's pay to the median LMU workforce pay as well as any approved outcomes of any national pay negotiations affecting pay for staff below senior level.

The Remuneration Committee will be provided with market data including from the Universities and Colleges Employers' Association (UCEA) and any other relevant benchmarking surveys for the consideration of senior pay for example in terms of median pay levels.

3.1.2 Procedural fairness

Procedural fairness requires the remuneration of senior staff to be determined by the Remuneration Committee in accordance with these guidelines including "The Higher Education Senior Staff Remuneration Code" (see Appendix A).

This process is based the Remuneration Committee applying a consistent framework with independent decision making using appropriate evidence and assessing the value of senior roles, the context and individuals' performance in them. In particular, the following guiding principles of the CUC Code should be observed:

- a) No individual can be involved in deciding their own remuneration.
- b) The Vice-Chancellor & Chief Executive must not be a member of the Remuneration Committee.
- c) The Remuneration Committee, when considering the remuneration of the Vice-Chancellor & Chief Executive, must be chaired by a lay governor who is not Chair of LMU's governing body.

Further details in respect of these principles is set out in the Appendix A to the guidelines ("The Higher Education Senior Staff Remuneration Code", CUC).

3.1.3 Transparency and accountability

As set out in the CUC Code, for LMU's senior post holders there must be an institutional level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. This

process for setting remuneration must be open and transparent.

The remuneration of the University's Vice Chancellor & Chief Executive must be separately justified, published and related to the remuneration of all staff within the organisation.

The Remuneration Committee must produce an annual report for LMU's governing body as detailed in the CUC Code¹ (see Appendix A). Elements of this report will be in the public domain as part of the annual financial statement.

The following information will be produced in an annual report to the governing body:

- a) a list of post holders within the remit of the Remuneration Committee;
- b) LMU's policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) the choice of comparator institutions/organisations;
- d) the policy on income derived from external activities;
- e) the pay multiple of the Vice-Chancellor & Chief Executive and the median earnings of LMU's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why; and
- f) an explanation of any significant changes.

4. Remuneration Criteria

4.1 Remuneration is linked to the value delivered by the individual appointed to the senior post. In assessing the value of senior post, the Remuneration Committee may consider a number of components and criteria including:

- complexity (scale and range of decision making, collaboration and contact, time-critical activity);
- impact (on students, research, finances and people, including employees, partners and citizens);
- discretion (level of accountability, degree of autonomy and decision-making authority);
- levels of experience;
- knowledge and skills (including specialist skills) required;

¹ "The Higher Education Senior Staff Remuneration Code", Committee of University Chairs, June 2018

- reputation and academic/professional credibility needed for the post;
- an ability to recruit and retain key staff; and
- external comparisons.

5. Underperformance

- 5.1 The Remuneration Committee also considers the appropriate remuneration in cases where a senior post holder is not reaching the required level of performance and the reasons for the underperformance, for example, long term sickness absence. Consequences for individuals will depend on the reasons for the underperformance, nature of the remuneration package offered, but might mean no uplift of basic pay, no participation in bonus payments, or some form of performance management in accordance with University policy.

6. Severance Payments

- 6.1 The Remuneration Committee will follow the “CUC Guidance on Decisions Taken about Severance Payments in HEIs” (see Appendix B) when determining or approving any severance payments for the Vice-Chancellor and senior staff.

7. Review

- 7.1 This guidance will be reviewed periodically to ensure it remains appropriate in the context of the sector, changes in government policy and related government or regulatory guidance. It will also be updated to reflect changes in good practice concerning senior remuneration and severance arrangements.

Appendix A

The Higher Education Senior Staff Remuneration Code, Committee of University Chairs,
June 2018

The Higher Education Senior Staff Remuneration Code

June 2018

Introduction

1. Fair and appropriate remuneration is key to the success and development of the UK's HE sector, operating as it does in an intensively competitive global environment¹. To support members of governing bodies, this Higher Education Senior Staff Remuneration Code (the Remuneration Code) has been developed after wide consultation with CUC members and HE stakeholders. This Code will be reviewed every four years, in consultation with the sector.
2. The different regulatory frameworks of the HE sector within the UK mean that governing bodies will need to decide how best to use the Remuneration Code. Institutions are bound by the relevant accounts direction issued by their regulator. In addition, Welsh institutions have agreed to more extensive senior pay reporting and are working towards developing annual pay policy statements. In Scotland, institutions will use the Scottish Code of Good Higher Education Governance², which indicates how institutions should meet the key principles of good practice in remuneration. They may choose to use the Remuneration Code as an additional source of accepted good practice. In England, in assessing compliance with conditions of registration, the Office for Students (OfS) may consider the provider's information about the pay of senior staff within its audited financial statements and whether the governing body publishes its written commitment to comply with this Code.
3. By visibly adopting the Remuneration Code, governing bodies demonstrate leadership and stewardship in relation to remuneration within their institutions, and in doing so help to protect institutional reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.
4. The use of this Code is voluntary, and it can be used by all HE providers. Some elements may not be appropriate for all providers, for example, those with an owner-manager who may take a dividend from the business. The Remuneration Code is therefore to be used on an 'apply or explain' basis. This means that institutions should either publicly state that they have abided by the minimum requirements of this Code, or should provide meaningful explanations for non-compliance and how their alternative arrangements meet its principles.
5. Throughout this Code the word 'must' identifies the CUC's view of the minimum requirements for an institution wishing to comply with it. Governing bodies are free to meet 'must' statements by the means and mechanisms appropriate to their own context. The Remuneration Code is supported by a set of explanatory notes which are designed to assist governing bodies in developing their own responses. The use of the word 'should' identifies good practice which institutions are encouraged to adopt.
6. The principles outlined in this Code apply to all remuneration decisions affecting the emoluments of the Vice-Chancellor and other senior post holders as prescribed in constitutional documents or by the governing body as being within the remit of the Remuneration Committee. In England, they also apply to senior staff as defined in the OfS accounts direction.

¹ The context the sector operates within is explored in greater detail at www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Context.pdf.

² www.scottishuniversitygovernance.ac.uk

The Remuneration Code

Elements of fair and appropriate remuneration

Fair and appropriate remuneration³ requires three key elements – namely that there is:

- I. a fair, appropriate and justifiable level of remuneration;
- II. procedural fairness; and
- III. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

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 then recognises an individual's contribution to their institution's success in that role, and 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

- a) Remuneration should take account of the context in which the institution operates.
- b) Remuneration must be linked to the value, based on a number of components, delivered by an individual acting within a role.
- c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.
- d) Institutions should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There should be a robust and consistent process for setting objectives and assessing an individual's contribution.
- e) Remuneration can vary according to individual performance.⁴
- f) Awards made in respect of annual bonus arrangements linked to the achievement of specific annual objectives should not be consolidated.
- g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.
- h) Non-achievement of an individual's expected contribution should have consequences.
- i) Any severance payments must be reasonable and justifiable.
- j) There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity.

³ Remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

⁴ The decision to apply performance-related pay is for individual HEIs to make. Nothing in this Code is intended to imply that performance-related pay is a requirement for fair and appropriate remuneration.

The Remuneration Code

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.

Principles

- a) Senior post holder remuneration should be determined in the context of each institution's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.
- b) No individual can be involved in deciding his or her own remuneration.
- c) Remuneration Committees must be independent and competent.
- d) The head of the institution (HoI) must not be a member of the Remuneration Committee.
- e) Remuneration Committees, when considering HoI remuneration, must be chaired by a lay governor who is not Chair of the governing body.

Element III - Transparency and accountability

The process for setting remuneration must be transparent. For senior post holders there must be an institutional-level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. The remuneration of the HoI must be separately justified, published and related to the remuneration of all staff within the organisation.

Principles

Each institution must publish a readily accessible annual statement, based on an annual report to its governing body, containing:

- a) a list of post holders within the remit of Remuneration Committee;
- b) its policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) its choice of comparator institutions/organisations;
- d) its policy on income derived from external activities;
- e) the pay multiple of the HoI and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why; and
- f) an explanation of any significant changes.

Explanatory notes

1. Institutions will be able to apply the above principles in a way that is appropriate to their circumstances. These notes do not expand the Remuneration Code, but are intended to assist institutions' discussions as to their use of it.
2. Remuneration must be linked to the value delivered by an individual acting within a role. The value of a role is based on a number of components and criteria for assessing the value of roles, which could 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 citizens);
 - discretion (level of accountability, degree of autonomy and decision-making authority);
 - levels of experience;
 - knowledge and skills (including specialist skills) required;
 - reputation and academic/professional credibility needed for the role;
 - an ability to recruit and retain key staff; and
 - external comparisons.
3. To retain staff, Remuneration Committees need to consider market position – typically by looking at a set of comparator institutions/organisations. The choice of these comparators will usually be linked to institutional strategy. Comparator selection may depend on the type of post being filled – for example private and public sector comparisons are often used for professional services staff, whereas NHS and international HEI comparisons may be more appropriate for certain academic staff.
4. Institutions also need to reflect on what the consequences will be in instances where individuals do not deliver the expected contribution. Consequences for individuals will depend on the nature of the remuneration package offered, but might mean no uplift of basic pay, no participation in bonus payments⁵, or some form of performance management.
5. For institutions that use metric-driven performance assessments, a balance should be achieved between the achievement of institutions' long and short-term objectives and, for those that use them, the impact of team-based assessments.
6. In making severance payments, institutions must meet their contractual obligations and be able to explain the reasons for any payments made. HEIs will need to carefully consider any advice that is available from regulators, together with detailed CUC advice. Remuneration Committees have specific responsibilities in this area – in particular, ensuring that contracts agreed with senior post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities, for example by being able to explain notice periods of more than six months.
7. It is important for institutions that staff represent them on various bodies and boards and carry out academic and civic responsibilities at other organisations, e.g. non-executive director roles. There should be a clear and published policy on any such activity that generates additional income for the individual from the external body. Hols are generally unlikely to be able retain significant sums, but any income they do retain needs to be disclosed and explained.
8. The approach to expenses can be a sensitive topic, and generally institutions should identify normal business costs separately and adopt a single published scheme that applies to all staff. Remuneration Committees should receive assurance that the scheme is operating effectively.

⁵ If available

9. Remuneration Committees must be comprised of people who are independent of the institution's management – primarily lay members of the governing body⁶. Membership must include the institution's Chair, but not the HoI⁷. Remuneration Committees should be able to engage external independent expertise if required.
10. Institutions must publish the multiple of the remuneration of the HoI and the median earnings of the institution's whole workforce annually. This should be accompanied by sufficient explanation and context to enable useful comparison. They may also wish to publish other multiples, such as the ratio of HoI salary to:
 - a) the median academic salary;
 - b) the median professorial salary; and
 - c) the median professional staff salary.

To assist with consistency and comparison, the definition for the multiple should be based on the methodology used by UCEA which is available from its website. Institutions will adopt a range for their chosen pay multiples that they regard as acceptable. The diversity of the sector means these ranges will differ between institutions. Institutions that position themselves in the highest quintile will need to be prepared to provide additional explanations to stakeholders and their regulators as to why this is desirable.

11. Each year, Remuneration Committees must produce an annual remuneration report to the governing body. That report will need to provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities.
12. The institution must also publish a readily available remuneration annual statement. This may be within the annual report and accounts (as an Annex or separate section), or it may be published as a standalone document. Ideally, the published annual statement will be the same as the annual remuneration report to the governing body. However, modifications may be necessary to preserve commercial confidentiality.

⁶ They may choose to co-opt additional external members with particular expertise.

⁷ The HoI may be invited to attend meetings but must not be present for discussions affecting him or her. Where the Remuneration Committee is responsible for all senior staff pay, including professors, it is very important that the HoI is present at meetings to discuss these staff and ensure that the Committee's decisions are well informed.

Appendix B

Guidance on Decisions Taken about Severance Payments in HEIs, Committee of University Chairs, 2018

Guidance on Decisions Taken about Severance Payments in HEIs

1. There is significant student and public interest in the remuneration of heads of higher education institutions (HEIs) and in the severance payments and packages received by those vacating such positions. Student interest has grown as the funding of higher education (HE) has moved increasingly from government grants to tuition fees. There is also considerable press interest in these matters, with HEIs and other charities being challenged and held to account for the levels of pay for their chief executives. This interest poses questions over the proper use of funds and assets and may impact on the reputation of individual HEIs and the HE sector as a whole.
2. In response, the CUC has published an HE Senior Staff Remuneration Code. This document sets out guidance to support governing bodies in their determination of remuneration and severance payments to heads of institutions (Hols) and staff earning over £100,000.
3. For those HEIs that are also charities, the governors (who are the trustees of the charity) must use charitable funds and assets only to further the charitable purposes of their HEI. This duty applies to trustees' stewardship of all of the charity's funds and assets – not just those that derive from public funds.
4. Appropriate severance payments require three key elements – namely that there is:
 - I. a reasonable, appropriate and justifiable amount;
 - II. procedural fairness; and
 - III. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

Element I – A reasonable, appropriate and justifiable amount

5. In making severance payments, institutions must meet their contractual obligations and be able to explain the reasons for any payments made. HEIs 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 senior post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities. For example, HEIs must be able to explain notice periods of more than six months.
6. Severance payments must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases based on gender, or other protected characteristics with regard to any payments made.
7. An HEI considering severance payments needs to ensure that it is being fair and equitable in its decision making about different groups of staff.
8. Enhancements to severance packages should not as a rule be provided out of public funds. For those HEIs that are charities, governing bodies must be mindful that non-public funds are assets of the charity and should therefore ensure that the use of these assets to make severance payments is in accordance with the use of charitable funds only to further the HEI's charitable purposes.
9. Governing bodies may also wish to consider the outcomes of the government's consultation on reforms to public sector exit payments.¹
10. When a severance arises following poor performance on the part of an individual, payment should be proportionate, and there should be no perception that poor performance is being rewarded. Final-year salaries should not be inflated to boost pension benefits.

¹ HM Treasury (2016) [Reforms to public sector exit payments: response to the consultation](#).

Element II – Procedural fairness

11. Procedural fairness requires severance payments to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence. No individual can be involved in deciding his or her own severance payments.
12. The actions of those taking decisions about severance payments and those potentially in receipt of such payments should be governed by the standards of personal conduct set out by the Committee on Standards in Public Life (the seven Nolan Principles):
 - a) selflessness;
 - b) integrity;
 - c) objectivity;
 - d) accountability;
 - e) openness;
 - f) honesty; and
 - g) leadership.
13. Governing bodies must establish Remuneration Committees; these should be composed primarily of independent members of the governing body (and include the Chair of the governing body) but may co-opt external members to ensure it has the appropriate experience available. The Remuneration Committee must review any severance packages for post holders within its remit and, if needed, seek legal advice before making its recommendation to the governing body or exercising its delegated powers.
14. The Remuneration Committees, if considering HoI severance, must be chaired by a lay governor who is not Chair of the board.
15. Negotiations about severance packages and payments should be informed, on both sides, by appropriate legal advice as necessary.

Element III – Transparency and accountability

16. The process for determining severance payments must be transparent.
17. The decisions about severance payments should be made in such a way as to ensure the accountability of those making the decisions as well as those in receipt of such payments.
18. Severance payments to senior staff should be disclosed in the Annual Remuneration Report to the governing body.
19. Confidentiality clauses can require both sides not to disclose the terms of the agreement or the circumstances leading up to the severance. In the private sector this is thought to be a cost-effective way of resolving disputes to the satisfaction of both sides and allowing the organisation to move on. HEIs and their outgoing staff may also need these protections, but this must be balanced by requirements for accountability and openness.
20. Therefore, compromise agreements for senior staff that include confidentiality clauses are acceptable, but they should be the exception rather than the norm. Any confidentiality clause should not prevent the wider public interest being served, and any undertakings about confidentiality should leave severance transactions open to adequate public scrutiny by the National Audit Office (NAO) and Public Accounts Committee. This means that both sides in a severance agreement should understand that any information covered by a confidentiality clause will need to be disclosed, if required, to the appropriate regulator or the NAO.

**6th Meeting of the People and Remuneration Committee
13 September 2022**

Subject: 2021/22 Remuneration Committee Annual Report

From: Chloe Milano, Executive Director of People

1. Introduction

The voluntary Higher Education Senior Staff Remuneration Code¹ advocates the production of a Remuneration Annual Report to the Board of Governors. The code was incorporated into remuneration policy approved by the Remuneration Committee in January 2019.

This is the Remuneration Committee's fourth Annual Report to the Board that follows the outline structure² set out by the CUC for such reports.

1.1. Terms of reference:

The Remuneration Committee is responsible for the remuneration, benefits and terms and conditions of service and performance monitoring of the Vice-Chancellor and other Senior Staff as defined by the Board Regulations.

The current list of Senior Staff, as at August 2022, is:

Name	Role
Lynn Dobbs	Vice-Chancellor
Julie Hall	Deputy Vice-Chancellor
Gary Davies	Deputy Vice-Chancellor
Nicola Le Faou	University Secretary
Zainab Khan	Pro Vice-Chancellor, Learning and Teaching
Don MacRaid	Pro Vice-Chancellor, Research & Knowledge Exchange ³
Eugene Mccrossan	Chief Operating Officer

The full published Committee Terms of Reference are attached as Annex A and are available on the University's website - <https://www.londonmet.ac.uk/about/corporate-governance/board-of-governors/sub-committees-of-the-board/>

1.2. Remuneration Committee membership:

¹ The Higher Education Senior Staff Remuneration Code, CUC, (Revised November 2021)

² A Possible Outline Structure for a Remuneration Annual Report to the Governing Body, CUC June 2018 <https://www.universitychairs.ac.uk/publications/>

³ Currently on a research sabbatical returning March 2023.

The Committee membership includes at least two and up to three Independent Governors appointed by the Board of Governors on the recommendation of the Governance Committee; the Chair of the Board of Governors, the Chair of the Finance and Resources Committee, to serve ex officio and may include an independent co-opted member appointed to the Committee by the Board of Governors on the recommendation of the Governance Committee for their expertise in Human Resources and remuneration.

No member of staff is a member of the Committee. The Vice-Chancellor, the University Secretary, the Executive Director of People and other staff as appropriate may attend meetings of the Committee but shall not be present when their own remuneration or performance is discussed.

The current membership of the Committee, as of 1 August 2022, is:

Name	Position
Usman Khan (Chair)	Independent Governor
Tijs Broeke	Chair of Board of Governors
Urmi Dutta Roy	Chair of Finance & Resources Committee
Linda Patterson	Independent Governor
Rosemary Lemon	Independent Co-opted member

Legal advice was sought for the Committee from Shakespeare Martineau on Chair remuneration. No other consultants or advisers were used by the Committee during its 2021/22 meetings or discussions.

1.3. Remuneration Committee meetings

The Committee held two meetings in 2021/22. Meeting were held as hybrid meetings with a mixture of attendance on campus and remote connectivity.

The Committee met 5 times:

16 September 2021

27 September 2021

26 October 2021

1 November 2021

7 June 2022

The minutes are attached as Annex B.

2. Approach to Senior Staff remuneration

The University is committed to ensuring the highest standards of accountability and transparency having due regard to its fiduciary responsibility and financial probity within the context of public funds.

The University recognises a fair and appropriate remuneration framework with accompanying guidance is necessary to maintain parity of remuneration decisions affecting the Vice-Chancellor and other Senior Staff. In January 2019, the Remuneration Committee approved the Senior Staff Remuneration: Guidance to support the Remuneration Committee in determining the remuneration of senior staff. The guidance follows and incorporates the principles set out in the CUC's Higher Education Senior Staff Remuneration Code⁴.

Three key principles are applied by the Committee to ensure fair and appropriate remuneration for senior staff:

- A fair, appropriate and justifiable level of remuneration
- Procedural fairness
- Transparency and accountability

The guidance sets out the approach to setting the remuneration of the Senior Staff. Remuneration is linked to the value delivered by the individual appointed to the senior post. In assessing the value of senior post, the Remuneration Committee may consider a number of components and criteria including:

- complexity (scale and range of decision making, collaboration and contact, time-critical activity);
- impact (on students, research, finances and people, including employees, partners and citizens);
- discretion (level of accountability, degree of autonomy and decision making authority);
- levels of experience;
- knowledge and skills (including specialist skills) required;
- reputation and academic/professional credibility needed for the post;
- an ability to recruit and retain key staff; and
- external comparisons.

2.1. Annual Senior Staff Pay Review

The Remuneration Committee reviews Senior Staff salaries annually, normally in September.

The factors used in considering reward for senior post holders include:

- Reports of performance against targets for the Senior Staff;
- Sector defined roles and responsibility levels;
- The Senior Staff structure;
- Workforce metrics;
- Our strategic KPIs

Data used to inform decisions on Senior Staff pay is drawn from sources including:

⁴ The Higher Education Senior Staff Remuneration Code, CUC, June 2018
<https://www.universitychairs.ac.uk/publications/>

- Salary benchmark data from the annual Universities and Colleges Employer Association's (UCEA's) Senior Staff Remuneration Survey.
- The Committee of University Chairs' Vice-Chancellor Salary Survey results (available to the Chair of the Board).
- Annual pay gap and pay ratios.
- Our strategic KPIs

3. Approach to other staff remuneration

3.1. Salary grades and Job evaluation

Academic grades are determined by matching the job description to a library of academic role profiles. Professional service grades on the pay spine are determined through evaluation of the job description and person specification using the Higher Education Role Analysis (HERA) system, and senior roles are determined through a mix of HERA and from benchmarking roles against UCEA sector defined roles and responsibility levels.

Salary ranges for each of our grades are published on our intranet⁵.

Our pay spines range from £25k to £63k encompassing research and academic roles up to the level of Associate Professor, Principal Lecturer and Reader and all our professional services staff. Above this level covering Professors, Senior Professors, professional and senior managers, staff are given a fixed salary point (a spot salary) within a grade range.

Starting salaries within the grade range for both pay spines and spot salaries are determined based on merit relevant to the job description and person specification in accordance with our starting salary policy. Starting salaries are normally within the grade range or exceptionally can go outside the range where needed to address market forces.

3.2. Salary progression within the grade

Staff on our pay spines, according to their contract, will progress one increment up the pay spine each year until they reach the maximum spine point of the grade.

Staff on a spot salary grade do not automatically progress. Staff on spot salaries are contractually entitled to an annual salary review, which is carried out by the Spot Salary Review Panel chaired by the Vice-Chancellor and comprising some or all of the Senior Leadership team. Decisions are informed by salary benchmark data, pay gaps and grade ranges. The data is analysed and presented to the panel as a complete picture to help reduce or eliminate unintended inequities.

Managers are asked to submit any recommendations they may have for increases to the spot salary review panel based on performance or equity criteria.

3.3. Cost of living increases

To help our pay scales and our salaries keep pace with increases in the cost of living, in addition to progression within the grade, we routinely increase our pay spines in line with

⁵ <https://staff.londonmet.ac.uk/employment-support/pensions-and-payroll/pay-grades-and-scales/>

national negotiated cost of living pay increases. All staff on our pay spines automatically receive the cost of living increases as a contractual provision.

The Committee decides separately whether or not to apply the cost of living increase to grades and spot salaries above the pay spine. Normally to preserve pay differentials between the pay spine and the spot salary ranges for posts above the pay spine, the cost of living increase is applied to this group of staff. There is already some historical overlap currently with the spot salary ranges starting at £56k, whereas the pay spine reaches to £63k.

Each year through the JNCHES process, UCEA (the Universities and Colleges Employers Association) seek to negotiate the amount of the annual cost of living increase for staff on the national pay spine. This year (for application from 1 August 2022) negotiations concluded with a final offer of a cost of living increase of a minimum of 3%. UCEA have advised at this stage that whilst the unions have not accepted the offer and no resolution was achieved through the dispute resolution process, the award should be applied. Arrangements have been made to apply the cost of living pay award to the pay spines during October and November, backdated to 1 August.

4. Sector and local pay spines

In 2003 (updated in 2006), the HE sector defined via the JNCHES (Joint Negotiating Committee for Higher Education Staff) process a single national pay spine which employers could use. We did not adopt the single pay spine at the time as we already had pay spines in place for staff grades up to professor / professional manager and as the cost of moving staff to the single pay spine was estimated at that time to be around £3M per annum. We have since maintained our own separate pay spines for academic, research and professional service staff, increasing them in line with national cost of living increases determined through the ongoing JNCHES process.

5. Pension

All staff including the Senior Staff are automatically enrolled into the Local Government Pension Scheme or the Teachers' Pension Scheme unless they are already members of the Universities Superannuation Scheme in which case they can elect to remain a member of that scheme.

6. PRP

No staff are eligible to receive performance related pay. This was last reviewed by the Remuneration Committee in November 2019 and no changes were recommended at that time. The annual spot salary review process is a contractual provision that is not set out to be performance related pay, but performance is normally taken into account when reviewing spot salaries.

7. Benchmarking

We benchmark salaries against the sector in two ways. Firstly by using the most commonly used sector job evaluation tool, the Higher Education Role Analysis tool (HERA) to maintain relative salary positioning within the University's grading structure, and secondly by comparing salaries against annual sector benchmarking data from the UCEA.

8. Senior Staff Performance and targets

Annually the Remuneration Committee receive a report from the Vice-Chancellor on the performance of the Senior Staff to enable a review of Senior Staff performance against targets and the targets for the coming year.

9. The Senior Staff structure

The Articles (2022) define the Senior Staff as being:

- Vice Chancellor,
- Deputy Vice Chancellor(s),
- Secretary,
- Chief Operating Officer,
- Pro Vice-Chancellors
- and the holders of such other posts as the Board may from time to time determine by Regulations.

The current structure of the Senior Staff is as follows.

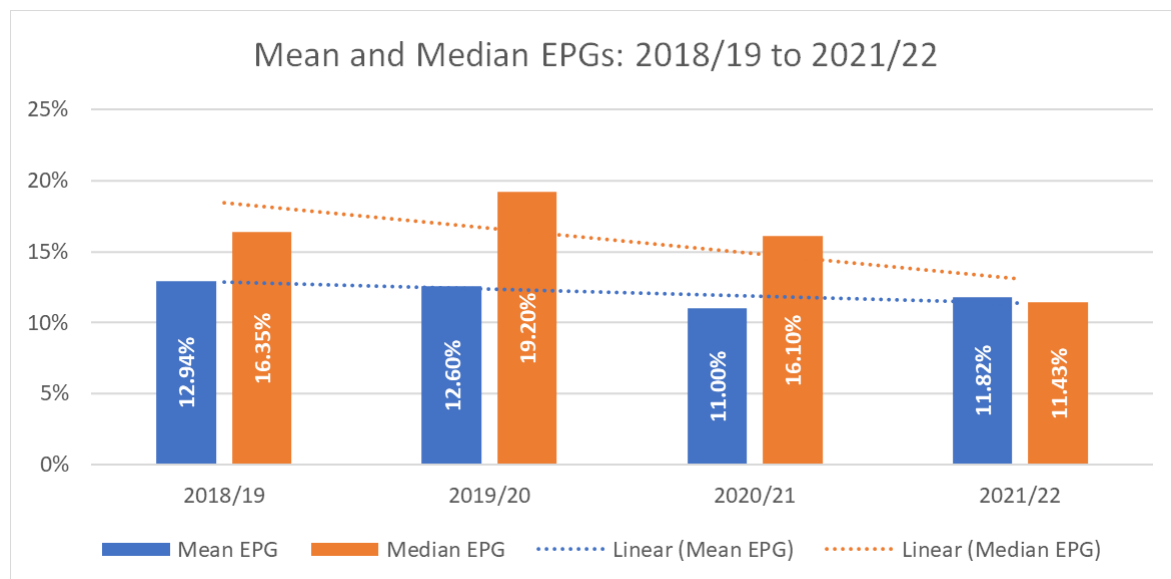
The Senior Leadership Team (SLT), led by the Vice-Chancellor additionally includes Chloe Milano, Executive Director of People.

10. Pay Gaps

The Committee receives information on pay gaps and executive pay ratios annually for monitoring and to inform decision making on pay reviews.

10.1. Ethnic Pay Gap

Our mean Ethnic Pay Gap (EPG) was 11.8% in 2021/22 (down from 12.6% in 2020/21 and 12.9% in 2019/20).



The main reasons for our EPG is higher representation of ethnic minority staff in our lower quartile (which includes our student MetTemp employees) and lower representation in our upper quartiles.

It is voluntary for employees to disclose their ethnicity to their employers. Our Ethnic Pay Gap calculations are completed from the same data as our Gender Pay Gap calculations, following prescribed government methodology which includes only Full-Pay Relevant employees January to March of each reporting year⁶. These two conditions result in our Ethnic Pay Gap calculations being drawn from a closed group which is smaller than our overall staff population. Sample group declaration rates, compared to declaration rates of our overall staff population by year are:

		2018/19	2019/20	2020/21	2021/22
EPG Sample Group	Ethnicity Declared (<i>n</i>)	1156	1436	1551	1322
	Ethnicity Not Declared (<i>n</i>)	103	115	99	147
	<i>Declaration Rate (%)</i>	91.82%	92.59%	94.00%	89.99%
London Met Total Staff Population	Ethnicity Declared (<i>n</i>)	1889	1855	1758	1839
	Ethnicity Not Declared (<i>n</i>)	331	363	288	249
	<i>Declaration Rate (%)</i>	85.09%	83.63%	85.92%	88.07%

As ethnicity declaration rates in our sample groups (2018/19 to 2021/22) are higher than declaration rates in our total staff population, we can be confident that our Ethnic Pay Gap calculations provide an accurate reflection of our overall workforce.

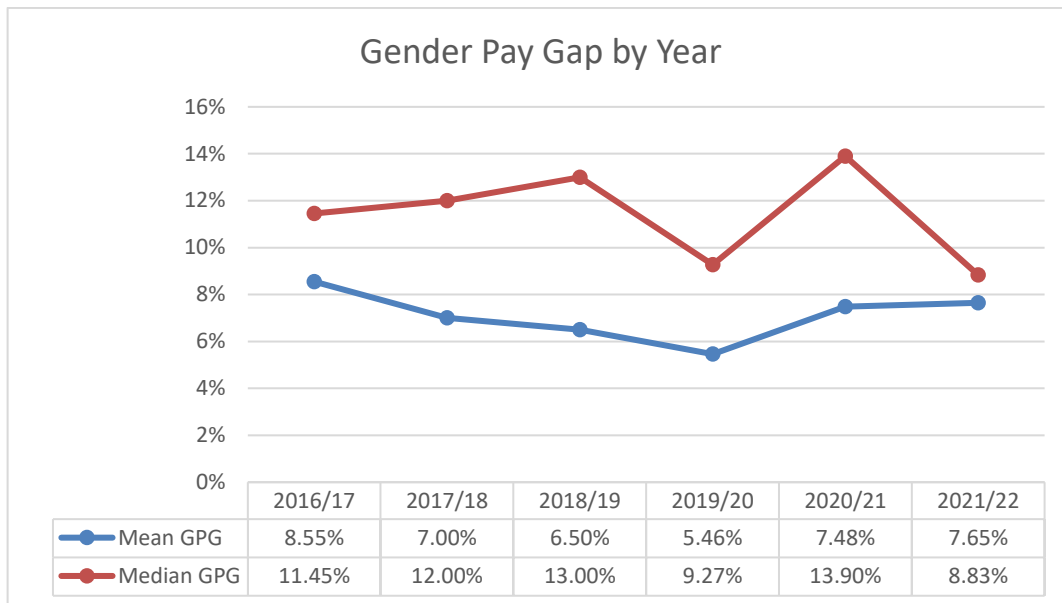
10.2. Gender Pay Gap

Our latest calculated mean Gender Pay Gap (2021/22) is 7.65% (last year it was 7.48%) and our median is 8.83 % (last year 13.9%). The Committee received a detailed Gender pay gap report in June 2022.

The Committee received a report on our Gender Pay Gap in June 2022 and noted that this year's mean pay gap showed a small increase, whilst our median pay gap was the lowest (best) since reporting started. The main reason for our Gender Pay Gap is that we have larger proportions of women in our lower quartile pay groups and smaller proportions of women in our upper quartile.

Overall, the trend shows we have made progress to close our mean Gender Pay Gap since we started publishing this data.

⁶ <https://www.gov.uk/government/collections/gender-pay-gap-reporting>



The volume of students we employ each year significantly impacts our pay gap. We recruit representative numbers of male and female students through our MetTemps internal staff agency which contributes more women to our lower quartile as we have more women than men in our student population. As an unintended consequence of this highly positive activity, the more MetTemps we employ, the greater our pay gap.

London Met is an accredited London Living Wage (LLW) employer. As such, the LLW is the lowest rate of pay we offer. Analysing our Gender Pay Gap data (2021/22), excluding 171 MetTemp appointments which are paid at the [LLW of £11:05 per hour](#), helps us understand the impact of our MetTemps program on our reported Gender Pay Gap. Excluding MetTemps paid the LLW, our mean GPG reduces from 7.65% to 5.92% whilst our median GPG reduces from 8.83% to 6.45%.

Mean GPG Excluding MetTemps paid at £11:05 p/h

Gender	Average HRoP	Head Count	
Female	£22.98	692	B
Male	£24.43	606	A
Total	£23.66	1298	

Mean Gender Pay Gap	$(A-B)/A*100$
Mean Gender Pay Gap	5.92%

Median GPG Excluding MetTemps paid at £11:05 p/h

Gender	Average HRoP	Head Count	
Female	£20.93	692	B
Male	£22.37	606	A
Total	£20.93	1298	

Median Gender Pay Gap	$(A-B)/A*100$
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Median Gender Pay Gap	6.45%

11. Chief Executive Pay Ratio

To inform decisions on senior pay, the [CUC Higher Education Senior Staff Remuneration Code](#) sets out that we should publish the remuneration of the head of the institution as a multiple of the median earnings of our staff. We report this here and in our annual accounts, for both basic pay and total pay; total pay being pay plus all other employer payments which for us means adding in employer pension contributions.

This year, the figure was 6.8 for basic pay and 7.3 for total pay, meaning we paid our vice chancellor 7.3 times the pay of a member of staff at the median of our range of total pay. This is similar to others in the sector.

From last year additionally to further inform pay decisions, we have calculated and reported the 25th and 75th percentile ratios, following CUC and UCEA advice.

London Met Basic Pay ratio 2019/20 to 2021/22

	Basic Salary Pay Ratios		
	2019/20	2020/21	2021/22
25th Percentile	10.0 : 1	8.2 : 1	8.3 : 1
Median	7.7 : 1	6.6 : 1	6.8 : 1
75th Percentile	4.8 : 1	4.7 : 1	5.0 : 1

London Met Total Pay ratio 2019/20 to 2021/22

	Total Reward Pay Ratios		
	2019/20	2020/21	2021/22
25th Percentile	10.6 : 1	8.9 : 1	8.8 : 1
Median	8.2 : 1	7.3 : 1	7.3 : 1
75th Percentile	4.9 : 1	4.8 : 1	5.1 : 1

UCEA examine data institutions submit annually as part of the staff HESA return and compile comparative data for the prior year. For last year the sector comparisons indicate our Vice Chancellor pay, expressed as a multiple of median staff pay was similar to pay across the sector.

London Met Basic Pay ratio compared to the sector in 2020/21

Group	LQ	Median	UQ	UQn	Median income (£m)	HEIs
London Metropolitan University		6.6			110.9	1
Post-92 institutions	5.8	6.6	7.5	7.7	135.1	78
England	6.1	7.0	8.1	8.4	172.2	130
London and the South East	5.9	6.8	7.8	8.1	153.7	52
£100m to £150m	6.0	6.6	7.4	7.4	129.2	24
MillionPlus	5.7	6.0	7.2	7.8	132.8	20
All institutions	6.0	6.8	8.0	8.3	165.4	158

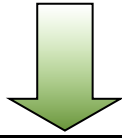
London Met Total Pay ratio compared to the sector in 2020/21

Group	LQ	Median	UQ	UQn	Median income (£m)	HEIs
London Metropolitan University		7.3			110.9	1
Post-92 institutions	6.0	7.0	8.0	9.2	135.1	78
England	6.3	7.2	8.8	10.0	172.2	130
London and the South East	5.8	7.0	8.3	9.3	153.7	52
£100m to £150m	6.2	7.3	8.0	8.7	129.2	24
MillionPlus	5.8	6.5	7.3	8.0	132.8	20
All institutions	6.1	7.2	8.5	9.1	165.4	158

12. EDI KPIs

Our Strategic Plan 2020 – 2025 incorporates a set of Key Performance Indicators. These inform the annual senior leadership team work plan and the individual targets that are set for the Senior Staff.

The People and Remuneration Committee received a report on progress against staff equality KPIs at its meeting in May 2022 which in summary showed all four areas are on target for the end of 2021/22 and are in a good position going into 2022 /23.



A. KPI	End 21/22	End 22/23	End 23/24	End 24/25
1. Athena SWAN	Bronze (√)			Silver
2. Race Equality Charter	Register (√)		Bronze	
3. Stonewall	Top 50% Index (√)			Top 25% index
4. Disability confident	Disability confident employer (√)			Disability confident leader

13. External Appointments

The same provisions apply to the Senior Staff as other University staff. External work and commitments which are supportive of professional responsibilities are encouraged, provided they do not interfere with the performance of professional responsibilities or compete or conflict with the interests of the University.

The University's Staff Handbooks and Terms and Conditions of Employment for staff cover exclusivity of appointment and the process for taking on any external work, or income generated due to being a member of an external body, and how this will be managed.

To help us manage this, staff are required to seek prior approval before undertaking external work (which could be paid or unpaid work or related commitments). Approval will not unreasonably be withheld and will normally be granted as a matter of routine for activities such as external examining, acting as a referee of an academic paper and acting as a moderator of a University course or programme.

A register of approved external work is held in Human Resources and is populated via the online [Register of external work form⁷](#).

All Senior Staff are additionally required to complete an annual return as part of the University's Register of Interests.

⁷Register of external work form link: <https://docs.google.com/forms/d/e/1FAIpQLSdiG-ggIHkWRQ9GcseatX7nrZpmDZAQVcFQUYC7x145H8fgPg/viewform?c=0&w=1&pli=1>

The Vice-Chancellor holds no external appointments that lead to remuneration being paid to her or the institution as confirmed in the 2021/22 Register of Interests return.

14. Expenses

Our travel and expenses policy is designed to ensure that expenditure for travel, subsistence and hospitality is properly controlled and processed in the most cost effective way to obtain the best value for money for the University and to ensure proper use of public funds. [The travel and expenses policy \(February 2022\)](#)⁸ is published on our staff intranet.

Details of travel, accommodation, hospitality and conference expenses incurred by the Vice-Chancellor in carrying out her role for the University totalling £11,548 this year are summarised below.

Financial Year 2021/22					
	Q1 Aug - Nov 2021	Q2 Nov 2021-Jan 2022	Q3 Feb-Apr 2022	Q4 May-Jul 2022	
Accommodation and subsistence	£1,075.39	£0.00	£0.00	£1,419.95	
Travel (flights, trains, taxis)	£591.20	£229.29	£494.68	£5,549.42	
Hospitality	£275.82	£243.83	£0.00	£0.00	
Conference attendance fees	£0.00	£0.00	£0.00	£0.00	
Other	£0.00	£35.00	£0.00	£94.00	
Total	£1,942.41	£508.12	£494.68	£7,063.37	£10,008.58

These expenses are published on the [University website](#).

Annex A: Remuneration Committee Terms of Reference⁹

⁸ Travel and Expenses policy link: <https://www.londonmet.ac.uk/media/london-metropolitan-university/london-met-documents/professional-service-departments/policies/Travel-and-Expenses-Policy.pdf>

⁹ From <https://www.londonmet.ac.uk/about/corporate-governance/board-of-governors/sub-committees-of-the-board/> (August 2022)

Board of Governors – People and Remuneration Committee

The Remuneration Committee follows the guidance as set out in the [CUC Higher Education Senior Staff Remuneration Code \(June 2018\)](#).

Terms of Reference

The duties of the People and Remuneration Committee are:

1. Remuneration and Senior Staff

1.1. To approve:

- a. The remuneration benefits and terms and conditions of the Vice-Chancellor and other senior staff as defined by the Board Regulations. When discharging this responsibility, the Committee will have regard to pay and employment conditions across the University, especially when determining annual salary increases and within an overall budget to be approved by Finance and Resources Committee (in accordance with 2.2, below). In determining remuneration, the Committee will take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the CUC Remuneration Code, Office for Students requirements, best practice and have regard to public funds. No individual shall be involved in any decisions as to their own remuneration.
- b. The performance and personal development objectives of the Vice Chancellor and the Senior Staff;
- c. Any severance package to any to senior staff, having regard to the CUC Higher Education Senior Staff Remuneration Code.
- d. Any return relating to Senior Staff remuneration required by the Office for Students or other regulatory bodies;

1.2. To monitor and review:

- a. The performance against agreed objectives of the Vice-Chancellor and the Senior Staff, ensuring that the Committee's remuneration decisions are informed by its assessment of performance;
- b. The expenses and taxable benefits of the Vice-Chancellor and the Senior Staff.
- c. Succession planning arrangements for the Vice Chancellor and Senior staff.

2. Pay and conditions of employment

2.1. To approve:

- a. the issuing of any notice required under section 188 of the Trade Unions and Labour Relations Act 1992 (as modified or re-enacted from time to time); and
- b. major agreements entered into with Trades' Unions.
- c. The University's continued accreditation as a London Living Wage employer.

2.2. To advise and make recommendations to the Board on pay and conditions, within an overall budget to be approved by Finance and Resources Committee

3. People Strategy and policies

3.1. To recommend and advise the Board of Governors on matters relating to the University's people strategy and policies, specifically relating to:

- Development and succession planning for key roles
- University's strategy relating to people and workforce including training and development
- Employment and people related policies
- Equity, Diversity and inclusion

- Culture and values
- Adherence to the requirements of the public sector equality duty
- the health and wellbeing of our staff

4. Mode of Operation

4.1 Meetings shall normally be held three times each academic year.

4.2 A report of each meeting of the People and Remuneration Committee shall be submitted to the Board of Governors.

4.3 The Committee must produce an annual report to Board of Governors, this report will need to provide sufficient assurance that the Committee has effectively discharged its responsibilities in accordance with the provisions of the Remuneration Code.

4.4 The University Secretary or their nominee will be the clerk to the People and Remuneration Committee. The University Secretary will withdraw when their own remuneration and objectives are discussed. Where the Clerk has withdrawn the Committee shall appoint one of their number to act as Clerk in their absence.

4.5 When considering Remuneration and Senior staff Matters under section 1 above, attendance will be restricted to Independent Governors and the independent co-opted committee member. The Vice Chancellor and University Secretary will be in attendance, but will withdraw when their own remuneration and objectives are discussed.

5. Membership

5.1 The Chair of the Committee shall be appointed from amongst its members by the Board of Governors, co-opted members are not eligible to be appointed Chair.

5.2 The quorum for the Committee shall be three members, at least two of whom must be Independent Governors.

5.3 The Committee shall include:

- i. At least two and up to three Independent Governors appointed by the Board of Governors on the recommendation of the Governance Committee;
- ii. The Chair of the Board of Governors, the Chair of the Finance and Resources Committee, to serve ex officio;
- iii. The Committee may include an independent co-opted member appointed to the Committee by the Board of Governors on the recommendation of the Governance Committee for their expertise in Human Resources and remuneration.

5.4 The Chair of the Board of Governors shall be a member of the Committee but shall not act as chair.

5.5 Non-committee members may attend meetings of the Committee at the invitation of the Committee Chair, who will have regard to potential conflicts of interest when making invitations. The invitation to attend Committee meetings may be a standing invitation. Attendees, Shall not be present when a matter could affect their position or where they have a personal interest in the matter (e.g. when their own remuneration or performance is discussed).

Membership (as at June 2022)

Rolande Anderson (Chair)	Independent Governor
Shefaly Yogendra	Interim Chair of the Board of Governors
Renarta Guy	Independent Governor
Timothy Cochrane	Chair of the Finance and Resources Committee
Frances Trought	Independent Governor
Rosemary Lemon	Independent Co-opted Member

Version control information:

Last reviewed by PRC: September 2021

Next review: September 2022

Approved by Board of Governors: November 2021