

**UNIVERSITY OF LEICESTER  
COUNCIL**

**12 December 2023**

**Remuneration Committee Annual Report 2022/23**

**1. Purpose of this report**

**1.1.** This report outlines the responsibilities of the Remuneration Committee, and its key activities and decisions, during the year to 31 July 2023, and reflects the reporting guidance provided by the Committee of University Chairs (CUC) in the Higher Education Senior Staff Remuneration Code. As a formal sub-committee of the University Council, the Remuneration Committee provides annual reports of its activities and decisions to Council.

**2. University Performance 2022/23**

The Remuneration Committee operates in the context of the University's operating environment and institutional performance.

The academic year 2022-23 was highly successful for the University of Leicester. The University attracted a record number of applications and provided places to more students than ever before, being held in high esteem by prospective students. The University's external reputation remains strong, with it being ranked the 23rd best university in the UK in the latest Times Higher Education World University Rankings.

The University has remained committed to its civic purpose, putting in place ambitious twinning agreements with Kremenchuk and Poltava Agrarian, through which collaborations in research and teaching are being delivered.

**2.1 University Financial Position**

The 2022/23 year provided a challenging financial environment for the University including high inflation on our cost base. The year-end cash position closed with a £22m cash balance with no drawdown of short-term debt from our £40m revolving credit facility (RCF) being utilised. The pre-audited accounts have an operating cash performance of £22.7m (6% of income). From an Income and Expenditure perspective, a surplus of £2.6m is being reported (subject to external audit), excluding USS pension adjustments.

**2.2 Student Education**

In the field of education, significant effort went into making our Teaching Excellence Framework (TEF) submission at the end of January. This entailed data work, evidence gathering and preparation of a detailed institutional statement, as well as supporting the Students' Union to write an independent submission. The provisional outcome received in August, indicated that we have exceeded our aim of achieving Silver in this, with an overall ranking of Silver and a Silver and Gold respectively in the underpinning categories of student experience and student outcomes. Analysis of panel feedback suggested we were close to achieving Gold overall, and we have therefore submitted a representation to ask for our case

to be reviewed.

Other positive developments relate to National Student Survey results, released on 10<sup>th</sup> August which covered the Academic year 2022/23. Significant survey changes took place this year including the removal of the overall satisfaction question. However, performance has improved in all of the key question groupings, and the University of Leicester now performs on or above benchmark in all areas. Performance was particularly strong in the 'Organisation and Management' section (decile 2 in the sector), and 'Student Voice' (decile 3). Improvement of one decile place was achieved in the priority areas of 'Teaching on my Course' and 'Assessment and Feedback', but from a low base.

Work to deliver the research-inspired education strategy continues apace. Our internal student satisfaction survey showed an improvement of around 4% in overall satisfaction levels, albeit with a lower response rate than we would like. Inclusive education continues to be a significant priority, with race inclusion action planning workshops taking place in all schools and some student-facing professional services divisions.

## **2.3 Research Performance**

A year of many highlights has seen record-breaking research award funding, as the University broke through the £100M ceiling to accrue £103M (doubled from last year). This has been a team effort involving colleges, institutes, centres and key funder groups. The University garnered more equipment monies, fellowships (one exemplar being six early career Leverhulme fellowships) and programme funding than previously. On an awards/FTE basis, we estimate this puts us in the top 15 UK institutions. One particularly encouraging facet was an increased engagement in national consortia to maximise large research bid opportunities: 23 partnerships with other UK universities accrued funding from UKRI/major funders (NIHR, ESA, Wellcome Trust, Gates); this represented a 30% increase from last year. This increase is largely due to a major initiative to engage in UKRI-funded partnerships; there was a three-fold increase in collaborative UKRI awards.

2022/23 also saw an increase in PGR numbers to further increase our research capacity; in addition to our F100/F50 cohorts, we continue to develop strategic partnerships. We joined the Chinese Scholarship Council scheme (25 studentships per annum) and accepted our first cohort (5 PGRs) from AIOU (further 40 to be recruited). New practice-based PhD programmes (Archaeology, Criminology) have been established. We currently participate in 8 CDT/DTP partnerships and there were 13 new CDT/DTP applications; the BRC programme encompassed 32 funded PhDs and the GHRC programme 15. Overall recruitment for 2022/23: 361 PGRs compared to 253 in 2021/22.

In addition, we consolidated our interdisciplinary research institutes and research centres - all institutes are now established and the centres launched. We developed a clear strategic plan for increasing enterprise endeavour and funding, built on innovation platforms for Space, Health and Heritage. Investment in our next generation of researchers was evidenced by the launch of a Fellowship Academy.

## **3. Principles and Approach to Senior Remuneration**

**3.1** The University has a salary scale for Grades 1 – 9 and a Grade 10 pay band. The various policies and procedures associated with pay, including, job evaluation, pension schemes and reward and recognition processes are available on the [University webpage](#).

- 3.2** The University participates in the University and Colleges Employers Association (UCEA) national pay bargaining for all grades of staff.
- 3.3** The University's [Performance and Development Discussion process \(PDD\)](#) provides a robust basis for reviewing performance and developing staff.
- 3.4** Individuals identified as having exceeded expectations during the prior year, are eligible to be considered for a financial reward (in addition to any automatic increment and any cost of living increase) depending on the financial status of the University in that particular year. The University's reward and recognition schemes can be [viewed here](#).
- 3.5** The University's Remuneration Committee is responsible for determining pay and reward for senior staff (as per the Terms of Reference in Appendix 1), including adjusting pay for reasons of equity and retention, as well as reward. In addition, the University has three Reward Committees which consider appropriate rewards for all eligible staff as follows:
- 3.5.1 University Senior Staff Pay Committee (staff on Grade 10) - chaired by President and Vice-Chancellor
  - 3.5.2 Academic Promotions Ratification Committee - chaired by President and Vice-Chancellor
  - 3.5.3 University Staff Pay Committee (staff Grades 1-9) - chaired by Deputy Vice-Chancellor (Professional Services).

The Chairs of the Reward Committees co-ordinate their work to ensure that reward arrangements across all three Committees are applied consistently.

#### **4 Remuneration Committee Terms of Reference and Membership**

- 4.1** The Terms of Reference of the Remuneration Committee are reviewed and revised annually in line with Committee of University Chairs [Higher Education Senior Staff Remuneration Code](#).
- 4.2** The annual review of the Terms of Reference was completed at the meeting in October 2022, ahead of the 2022/23 academic year. This review is designed to ensure that they remain appropriate and compliant with relevant legislation and guidelines, and to ensure that the focus of the Committee's work has addressed these priorities.
- 4.3** The full Remuneration Committee Terms of Reference for 2022/23 are attached at Appendix 1. The Remuneration Committee members are appointed by the [University Nominations Committee](#) and are detailed in the Terms of Reference.

#### **5 Principles & Approach to Senior Remuneration**

- 5.1** The University of Leicester recognises the guidance set out in the Committee of University Chairs [Higher Education Senior Staff Remuneration Code](#), and the Remuneration Committee seeks to ensure compliance with this Code. In exceptional circumstances, where compliance cannot be delivered, the Committee commits to providing meaningful explanations for non-compliance, along with details of how any alternative arrangements meet the principles of the Code.

**5.2** The University of Leicester is a large, complex and high-profile institution, requiring high-performing, experienced leaders to continue its success and meet its strategic ambitions. When considering matters of remuneration, the Committee is required to balance many factors, including market rates of compensation, the challenging financial circumstances facing universities, the external perceptions of senior pay and internal equity factors.

**5.3** To assist in delivering this balance, the Committee considers data from a range of sources, including data from relevant HE sector salary surveys (for both senior staff and Vice-Chancellors).

**5.4** The Remuneration Committee has direct responsibility for determining remuneration-related matters for both the President and Vice-Chancellor, Executive Board Members and for senior post holders (over £150k) at the University of Leicester. For the period of this report, the posts comprising the University Executive Board which report directly to either the Chair of Council, President & Vice-Chancellor, or the Deputy Vice-Chancellor, consisted of the following individuals:

- President and Vice-Chancellor, Professor Nishan Canagarajah;
- Deputy Vice-Chancellor (Professional Services), Ms Kerry Law;
- Pro-Vice-Chancellor for Research and Enterprise, Professor Phil Baker;
- Pro-Vice-Chancellor for Education, Professor Liz Jones;
- Pro-Vice-Chancellors and Heads of College, Professor Tom Robinson, Professor Sarah Davies and Professor Henrietta O'Connor;
- Registrar and Secretary, Mr Geoff Green;
- Chief Financial Officer, Mr Paul Gowdridge from 29 October 2022;
- Chief Marketing and Engagement Officer, Danielle Fitzgerald until 4 January 2023 and Ms Angelina Bingley from 21 February 2023;
- Provost & Deputy Vice-Chancellor, Professor Edmund Burke until 1 September 2022;
- Chief Operating Officer, Mr Martyn Riddleston until 28 October 2022.

**5.5** The University Senior Staff Pay Committee (SSPC), which considers remuneration and payment awards (for those at Grade 10 level – Professors and Senior Professional Services Staff), took place in September 2022 and considered achievements in the 2021 calendar year. The Remuneration Committee also receives updates on remuneration-related matters affecting senior members of staff, and other groups of staff at the University of Leicester, as appropriate. This enables the Committee to fulfil its responsibility for ensuring that the organisation's overall framework for remuneration is proportionate, appropriate, and enables the attraction and retention of the talented individuals necessary to ensure the University meets its strategic ambitions.

## **6 Report on meetings held in 2022/23**

**6.1** During 2022/23, the Committee met twice, in October and December 2022, in order to carry out its responsibilities in a timely manner. Both meetings were diarised in the University Almanac, with one taking place remotely via Microsoft Teams and one as a hybrid meeting, via Teams and in-person. Items were also circulated via email for virtual consideration by members, in lieu of the March and May 2023 meetings.

### **6.2 Agenda Items**

The Committee addressed a number of agenda items, as follows:

- (a) Reviewed and noted the data on performance and remuneration for Executive Board members including the President & Vice- Chancellor.
- (b) The Committee discussed and approved a number of changes to Executive Board appointments, including:
  - i. Extensions to the terms of office of the Pro-Vice-Chancellor (Education) and the Pro-Vice-Chancellor & Head of College (CSSAH);
  - ii. Changes to the title and role description of the Director of Finance (new title- Chief Financial Officer) including a place on the Executive Board;
  - iii. The recruitment of a replacement Chief Marketing and Engagement Officer;
  - iv. The recruitment of a replacement Provost and Deputy Vice-Chancellor;
  - v. The recruitment plans for the role of interim Pro-Vice-Chancellor & Head of College (CSSAH).
- (c) Received the annual £100k and over report, incorporating EDI data, trend data and external benchmarking data in relation to staff earning over £100k per annum during the 2021/22 academic year.

## 7 Remuneration & Salaries

- 7.1** Following input from the Chair of Council (for the President and Vice-Chancellor) and the President and Vice-Chancellor (for Executive Board members), the Committee considered the performance of all Executive Board members for the academic year 2022/23. The nationally agreed percentage pay increase in 2022/23 was paid to Executive Board members at 3%. The 2023/24 national pay award provided an increase of 5% for Senior Staff. To support the rise in cost of living, an interim uplift of 2% was paid from 1 February 2023, with the remaining proportion to be paid from 1 August 2023.
- 7.2** When reviewing salary levels for both the President and Vice-Chancellor, and senior post-holders, the Committee will be particularly mindful of the salary review principles being applied across the rest of the institution. This will include consideration of the anticipated level of the nationally negotiated cost of living award and the average percentage increase for incremental progression across university pay scales.
- 7.3** Salary determination at individual level will take account of
  - 7.3.1 Individual performance** – in the case of senior post-holders, as determined by the President and Vice-Chancellor against individually agreed personal objectives; in the case of the President and Vice-Chancellor, as determined by the Chair of Council in consultation with members of Council, including members of the Remuneration Committee.
  - 7.3.2 Organisational performance** – University performance, as determined against key internal and external indicators, as articulated in the University’s strategic KPIs.
  - 7.3.3 Relevant market data** – on pay levels in comparable roles within comparable organisations.

**7.3.4 Affordability** – the budget available for increases, in line with the principles articulated above.

**7.3.5 Retention issues** – either at an individual role level, or across a particular professional or disciplinary field.

**7.4 Bonuses** – In line with the approach taken with the wider University staff population, exceptional performance may result in the payment of a non-consolidated, non-pensionable payment.

**7.5 Pensions** – Senior post-holders are eligible to participate in a pension fund under the same conditions that apply to all University staff.

**7.6 Benefits** – The University does not offer additional benefits such as private health cover, nor car payments, as a standard part of the remuneration offer. On rare occasions, decisions relating to the need to offer any such benefits are considered on an individual case basis at the time of appointment, and are only made if it is considered necessary to secure the appointment of the University's preferred candidate. Examples may include a contribution towards the cost of rented accommodation during a period of transition to the University.

**7.7 Consultancy and External Income** – The University operates a [Consultancy Policy](#) which applies equally to all staff. In addition from the 1 August 2022 the University introduced a [Paid External Activities Policy](#). All senior post-holders are obliged to declare any such income, and the Remuneration Committee will review any payments made, and ensure compliance with the Consultancy Policy going forward.

**7.8 Expenses** – Senior post-holders are required to comply with the University's [Expenses Policy](#).

## 8 Remuneration Matters Relating to the President and Vice-Chancellor

The table below outlines five years of remuneration data (figures rounded) for the President and Vice-Chancellor of the University of Leicester.

	Prof Nishan Canagarajah				Prof Edmund Burke		Prof Paul Boyle
	2022-23	2021-22	2020-21	2019-20	2019-20	2018-19	2018-19
				Nov-Jul	Aug-Oct	Apr-Jul	Aug-Mar
<b>Salary<sup>1</sup></b>	288	254	250	187	57	74	194
<b>Employer pension contributions<sup>2</sup></b>	18	51	53	39	1	2	4
<b>Taxable benefits in kind</b>	-	-	-	3	-	-	3
<b>Performance payments</b>	5	-	-	-	10	-	-
<b>Non-taxable benefits (accommodation)</b>	-	-	-	-	-	-	2
<b>Total remuneration</b>	<b>311</b>	<b>305</b>	<b>303</b>	<b>229</b>	<b>68</b>	<b>76</b>	<b>203</b>
<b>Basic salary pay ratio<sup>3</sup></b>	7.7	6.9	6.7	7.0	6.1	6.4	8.4
<b>Wesley Group mean<sup>4</sup></b>	N/A	8.9	8.3	8.1	8.1	8.9 <sup>4</sup>	8.9 <sup>4</sup>
<b>Total remuneration pay ratio<sup>3</sup></b>	7.1	7.1	6.9	7.3	6.2	5.6	7.6

<b>Wesley Group mean<sup>4</sup></b>	N/A	8.6	7.8	8.1	8.1	9.2 <sup>4</sup>	9.2 <sup>4</sup>
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- A. Salary<sup>1</sup>:** Following consideration of appropriate benchmarking data, in October 2022, the Remuneration Committee agreed the salary of the President and Vice-Chancellor be increased, to £285k backdated to August 2022 (discretionary increment), reaching £291k per annum following the national pay award (Part 1) in February 2023.
- B. Employer pension contributions<sup>2</sup>:** Contributions were lower for Professor Nishan Canagarajah in 2022/2023, Professor Edmund Burke and Professor Paul Boyle and, as they elected to opt out of the USS pension, contributions were only made for the incapacity and death in service benefits offered by the scheme.
- C. Pay ratios<sup>3</sup>:** The Office for Students requires universities to publish two key ratios to show the relationship of the remuneration of the President and Vice-Chancellor to that of staff within the institution. The President and Vice-Chancellor’s basic and total remuneration is compared to the median figures for the staff population, where the median pay is calculated on a full-time equivalent basis for the salaries and other remuneration provided by the University to its staff. The President and Vice-Chancellor’s ratios are closely monitored against benchmark data.
- D. Benchmark pay ratios<sup>4</sup>:** Scottish universities are required to report the total remuneration ratio only. Not all Wesley Group\* members disclosed ratios in financial year 2016-2017. Where more than one individual has held the Vice-Chancellor post in year, the ratio for the individual in post at 31 July has been used. 2022/23 benchmark data will be available in spring 2024, once all providers have published their audited financial statements. The benchmark data demonstrates a downward trend since the reporting requirements were introduced by the Office for Students.
- (The Wesley Group\* are a group of 11 similar sized Universities many of whom were in the old 1994 Group that was disbanded).
- E. External Income:** The President and Vice-Chancellor held external appointments, and declared these in line with the University’s Register of Interests Policy. In 2022/23, the President and Vice-Chancellor did not receive remuneration for the appointments declared.
- F. Expenses:** The President and Vice-Chancellor complied with the University’s Expenses Policy.

## 9 Action required

- 9.1** Council is asked to **note** the contents of this report, and to **approve** it for publication on the University’s website.

**Gary Dixon, Chair of Council and Remuneration Committee**  
**Emma Stevens, Director of Human Resources**  
**November 2023**

## UNIVERSITY OF LEICESTER REMUNERATION COMMITTEE

### Terms of Reference and Membership 2022/23

#### 1. Scope of Remuneration Committee

- a) The University Remuneration Committee operates in line with the CUC Higher Education Senior Staff Remuneration Code, November 2021, and compliance is checked by Governance and reported to the Remuneration Committee.
- b) Senior post holders at Leicester University who fall under the remit of the Remuneration Committee are:
  - The President and Vice-Chancellor (VC)
  - Executive Board members
  - Staff earning a full time equivalent salary of (or more than) £150k (The £150k salary level is defined as the basic contractual salary without any temporary allowances and/or externally funded payments e.g. Head of Department allowances, Clinical Excellence Awards)
  - Severance packages for staff earning a full time equivalent salary of (or more than) £100k per annum
  - Any other staff who the governing body has deemed to be within the remit of the Remuneration Committee.

In addition, information regarding other senior staff paid more than £100,000 per annum would be presented to Remuneration Committee, on an annual basis, for information only.

#### 2. Salary Definition

For the purposes of the terms of reference and undertaking the Remuneration Committee's responsibilities, where salary is referenced, this is defined as the basic contractual salary without any temporary allowances and/or externally-funded payments e.g. Head of Department allowances, Clinical Excellence Awards, and on a full-time equivalent basis.

#### 3. Role & Responsibilities:

##### Executive Board

- a) To discuss, determine and review the remuneration, benefits and conditions of employment for members of the Executive Board (EB):
  - President and Vice-Chancellor
  - Deputy Vice-Chancellor (Professional Services)



- Chief Financial Officer
- Registrar and Secretary
- Pro-Vice-Chancellor for Research and Enterprise
- Pro-Vice-Chancellor for Education
- 3 Pro-Vice-Chancellors and Heads of College
- Chief Marketing and Engagement Officer

Taking account of affordability, comparative information on the remuneration, benefits and conditions of employment in the University sector and elsewhere as appropriate.

- b) To receive and discuss an annual report relating to the performance for members of the Executive Board in order to consider and approve any salary increases and/or unconsolidated additional annual payments.

**Staff earning a full time equivalent salary of (or more than) £150k**

- c) To consider and approve recommendations for salaries that result in remuneration that exceeds £150k per annum (based on 1.0 FTE).

**Severance Payments**

- d) To approve any severance or other payments made to members of EB and staff where salaries are in excess of £100k, taking into account both the [CUC Higher Education Senior Staff Remuneration Code November 2021](#) and the [CUC Guidance on Decisions Taken about Severance Payments in HEIs](#).

**Senior Staff earning a full time equivalent salary of (or more than) £100k**

- e) To receive an annual report, for information, with the number of staff in receipt of salaries in excess of £100k per annum (based on 1.0 FTE) during the previous 12 months.

**Senior Staff Pay Committee**

- f) To review the decisions of the Senior Staff Pay Committee and to approve any discretionary revisions made to the levels of remuneration as a result of retention issues that result in salary levels in excess of £150k, having particular regard to the University strategy, market position, equality duties and the need for transparency of process.

**Retention of Income/External Activity Policy**

- g) To approve and review the Retention of Income Policy for External Activity for staff within the scope of the Remuneration Committee. To receive an annual report of activity, time and income retained.

**Specific Considerations**

- h) To review the policy and parameters for the determination of the remuneration and benefits of senior officers of the University who fall within the remit of the Senior Staff Pay Committee, having given due regard to the University strategy, market position, equality duties and the need for transparency of process.

- i) To promote the University's responsibilities for equality and diversity by ensuring that relevant issues are given full consideration in all matters relating to the remuneration of all staff falling within the remit of the Remuneration and Senior Staff Pay Committees.
- j) To take account of the context in which the University operates, including any consideration of the relevance of fair pay for all. Fair and appropriate remuneration requires three key elements that include:
  - A fair, appropriate and justifiable level of remuneration;
  - Procedural fairness; and
  - Transparency and accountability.

#### **Annual Remuneration Committee Reporting**

- k) To agree an annual framework of work and to review and report on progress through an Annual Remuneration Report and Statement for Council (and the University's Financial Statements) which is transparent and produced in accordance with the requirements of the **CUC Higher Education Senior Staff Remuneration Code (November 2021)** and the Office for Students.
- l) To publish the Annual Remuneration Report on the governance pages of the University's website.

#### **4. Reports to:**

Council – with full delegated powers to determine salary increases, bonuses and severance payments without reference to Council, unless it thinks fit.

#### **5. Constitution & Membership:**

- a) The Chair of Council (Chair) (*Mr G Dixon*)
- b) The Treasurer (*Mr I Johnson*)
- c) Three lay members of Council, appointed by the Nominations Committee (*Dr S Dale-Black, Dr V Sharma*)
- d) When the President and Vice-Chancellor's salary is being considered, the role of Chair of the Remuneration Committee will transfer to the Treasurer for this item only. In the absence of the Treasurer, the role of Chair will pass to another member of the Committee for this item only.

#### **6. Duration of Appointment:**

a) and b) are ex-officio. Members appointed under c) shall serve for three years, renewable, but maximum length of service is normally six years.

#### **7. Procedures**

a) The Committee will invite the President and Vice-Chancellor and Director of Human Resources to attend part of the Committee's meetings, as required, to consider the University's Reward Strategy and practices and to provide information and answer any questions from the Committee.

b) The University's Director of Human Resources will act as secretary to the Committee.

**8. Frequency of Meetings:**

The Committee will meet, as required, on the following dates during the period in question:

- Friday 28 October 2022
- Tuesday 13 December 2022
- Wednesday 8 March 2023
- Wednesday 10 May 2023
- Wednesday 5 July 2023

**9. Quorum:**

Three members.

**September 2022**