

**UNIVERSITY OF LEICESTER  
COUNCIL – 14 December 2022**

**Remuneration Committee Annual Report 2021/22**

**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 2022, 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. Environment and Performance 2021/22**

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

**2.1. The academic year 2021-22 was highly successful for the University of Leicester.**

In November 2021, the University launched a new strategy setting out its aspirations for the next ten years and celebrated the Centenary of its founding as a living memorial to those who made sacrifices during the First World War. The University has remained true to its founding ethos as a civic anchor institution over the past twelve months; it launched a Civic University Agreement with Loughborough University and De Montfort University, committing to working with local authorities and partners in the region for the benefit of its local communities. As a University of Sanctuary, the University of Leicester has provided scholarships, free language classes, and resources to refugees from around the world and joined a formal consortium to coordinate a strategic response to the conflict in Ukraine, providing dedicated support for those impacted by the war.

In the 2021/22 year, the University was rated consistently as being among the top 30 institutions in the UK and saw significant improvements in its rankings:

- It was ranked 30th by Times Higher Education in its analysis of the Research Excellence Framework 2021 (REF2021) results – a 23 place rise since the previous exercise.
- It was ranked 30th in the Guardian University Guide 2022 – a 47 place rise.
- It was ranked 29th in the Complete University Guide 2022 – an 11 place rise.
- It was ranked 27th in the UK in the Times Higher Education World University Rankings.

**2.2. University Financial Position**

The University performed well in 2021/22. The year-end cash position exceeded budget by £15m, closing with a £35m cash balance. This included £3m of short term debt from our revolving credit facility (RCF). This left a balance of £37m RCF funding available to be drawn. Operating cash generation was also strong at £42m (12% of income). From an Income and Expenditure perspective, a surplus of £10.5m is being reported (subject to external audit), excluding USS pension adjustments.

### 2.3. Student Education

In the field of education, a key priority was ensuring a smooth transition out of the Covid-19 pandemic, with a return in 2021/22 to substantially more in person teaching, on-campus assessments where required for professional accreditation and the return of student fieldtrips. The University worked with students to identify positive aspects of digital delivery to retain, and devised refined education and assessment principles for the 2022/23 academic year, with an emphasis on student engagement and support.

Work to deliver the research-inspired education strategy is well underway, focusing particularly on teaching quality and inclusion. For the first time, the University ran a post-arrivals' survey (November) and a student academic experience survey (March), which provided useful feedback from students across all programmes and all years of study, including PGT.

National Student Survey results were released on 6th July 2022 and the University's Overall Satisfaction score (Q27) remained stable at 75.32%. This represents a slight drop of 0.98% relative to OfS benchmark and a drop in ranking to 74th out of 126 mainstream HEIs. Positive achievements included a significant increase in learning resources (up by 5.72%) and excellent performances of over 90% satisfaction in Physics and Astronomy and Media and Communication. Ensuring high levels of student satisfaction across all areas, remains a priority and robust plans are in place to address this.

With regard to our Access and Participation Plan, the University has continued to make good progress, achieving our access and success targets around mature and minority ethnic students a year ahead of schedule. In the coming year our focus will turn particularly to the experience of Black students across the student lifecycle.

### 2.4. Research Performance

The results of the Research Excellence Framework (REF2021) were an unequivocal highlight of 2021/22, with 89% of our research assessed as world leading or internationally excellent (3\*/4\*). This represented an increase of 23 places in our institutional rank position from REF2014, to 30th place (the largest rise of any research-intensive university); subject highlights included Clinical Medicine, Sports Science and History, which each ranked 2nd in the UK, and Museum Studies which ranked 3rd (Times Higher Education). Research income continued to increase to £64m in 21/22 (from £61.6m in 20-21).

A most notable research award was the NIHR Biomedical Research Centre of £26m (an increase from £11m, with all six submitted themes supported). The University has also strengthened our research environment and architecture through the accreditation of seven (refreshed/new) research institutes and 18 research centres which aim to drive interdisciplinary research excellence.

## 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:
  - Senior Staff Pay Committee (staff on Grade 10)
  - Academic Promotions Committee
  - Citizens Reward Committee (staff Grades 1-9)

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 2021, ahead of the 2021/22 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 2021/22 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;
- Provost & Deputy Vice-Chancellor, Professor Edmund Burke;
- Deputy Vice-Chancellor (Professional Services), Ms Kerry Law (1 June onwards);
- Pro-Vice-Chancellor for Research and Enterprise, Professor Phil Baker;
- Pro-Vice-Chancellor for Education, Professor Graham Wynn (until 1 October 2021); Professor Liz Jones (1 October 2021 onwards);
- Pro-Vice-Chancellors and Heads of College, Professor Tom Robinson, Professor Sarah Davies and Professor Henrietta O'Connor;
- Chief Operating Officer, Mr Martyn Riddleston;
- Registrar and Secretary, Mr Geoff Green;
- Chief Marketing and Engagement Officer, Ms Kerry Law (until 31 May 2022); Ms Danielle Fitzgerald (1 June 2022 onwards).

**5.5.** The Senior Staff Pay Committee, which considers remuneration and payment awards (for those at Grade 10 level – Professors and Senior Professional Services Staff), did not take place for the year 2020/2021 (nor the previous year 2019/2020) due to the financial challenges facing the University and HE sector. However, the Remuneration Committee usually 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 2021/22**

**6.1.** During 2021/22, the Committee met three times in order to carry out its responsibilities in a timely manner. All three meetings were diarised in the University Almanac, with two taking place remotely via Microsoft Teams and one as a hybrid meeting, via Teams and in-person.

### **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 new appointments of Executive Board members, including the Pro-Vice-Chancellor (Education); The Deputy Vice-Chancellor (Professional Services); changes to the title and role description for the

Deputy Vice-Chancellor (new title- Provost & Deputy Vice-Chancellor) and the appointment of a replacement Chief Marketing and Engagement Officer. In addition, a two year extension was approved for the Pro-Vice-Chancellor & Head of College of Science and Engineering up until 30 September 2024 (total four year term).

- (c) Approved the new Paid External Activities Policy applicable to all staff from 1 August 2022.
- (d) In addition, it was agreed at the March 2022 meeting that, as the Covid Corporate Financing Facility (CCFF) has been repaid and restrictions removed, that the 1.5% national pay award would be applied to the salaries of Executive Board members in the March 2022 payroll, backdated to 1 August 2021.
- (e) Finally, a review of the University's compliance with the revised Committee of University Chairs (CUC) [Higher Education Senior Staff Remuneration Code](#) (November 2021) was undertaken, and the results considered by the Committee at the May 2022 meeting.

## 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 2021/2022. The nationally agreed percentage pay increase for all University employees in 2021/2022 was paid to Executive Board members. There were no additional performance payments awarded to members of the Executive Board.

**7.2.** However, 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

- **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.
- **Organisational performance** – University performance, as determined against key internal and external indicators, as articulated in the University's strategic KPIs.
- **Relevant market data** – on pay levels in comparable roles within comparable organisations.
- **Affordability** – the budget available for increases, in line with the principles articulated above.
- **Retention issues** – either at an individual role level, or across a particular professional or disciplinary field.

**7.4. Bonuses** – The University does not formally operate a bonus scheme for senior post-holders. 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	
	2021-22	2020-21	2019-20	2019-20	2018-19	2018-19	2017-18
			Nov-Jul	Aug-Oct	Apr-Jul	Aug-Mar	
Salary <sup>1</sup>	254	250	187	57	74	194	285
Employer pension contributions <sup>2</sup>	51	53	39	1	2	4	6
Taxable benefits in kind	-	-	3	-	-	3	4
Performance payments	-	-	-	10	-	-	10
Non-taxable benefits (accommodation)	-	-	-	-	-	2	8
Total remuneration	<b>305</b>	<b>303</b>	<b>229</b>	<b>68</b>	<b>76</b>	<b>203</b>	<b>313</b>
Basic salary pay ratio <sup>3</sup>	6.9	6.7	7.0	6.1	6.4	8.4	8.5
Wesley Group mean <sup>4</sup>	N/A	8.3	8.1	8.1	8.9 <sup>4</sup>	8.9 <sup>4</sup>	8.8
Total remuneration pay ratio <sup>3</sup>	7.0	6.9	7.3	6.2	5.6	7.6	8.1
Wesley Group mean <sup>4</sup>	N/A	7.8	8.1	8.1	9.2 <sup>4</sup>	9.2 <sup>4</sup>	9.9

**A. Salary<sup>1</sup>:** Following consideration of appropriate benchmarking data, the Remuneration Committee agreed the salary of the President and Vice-Chancellor should be increased to £254k per annum to apply the national pay award, this was applied in March 2022 and backdated.

**B. Employer pension contributions<sup>2</sup>:** Contributions were lower for 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. Professor Nishan Canagarajah also opted out of the USS

pension on 1 July 2022 and will only pay contributions 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. 2021/2022 benchmark data will be available in spring 2023, 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 10 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 2021/2022, 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 2022**

**UNIVERSITY OF LEICESTER**  
**REMUNERATION COMMITTEE**  
**Terms of Reference and Membership 2021/22**

**1. Scope of Remuneration Committee**

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. 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
- Chief Operating Officer
- Registrar and Secretary
- Pro-Vice-Chancellor for Research and Enterprise
- Pro-Vice-Chancellor for Education
- 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 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 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 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.

**Annual Remuneration Committee Reporting**

j) 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 Code and the Office for Students.

k) To publish the Annual Remuneration Report on the governance pages of the University's website.

**3. Reports to:**

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

**4. 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, and Ms C Thorogood*)
- 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.

**5. 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.

**6. 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.

**7. Frequency of Meetings:**

The Committee will meet on the following dates during the period in question (subject to final almanac):

- 7 October 2021
- 23 November 2021
- 15 March 2022 (if required)
- 11 May 2022 (if required)
- 7 July 2022 (if required)

**8. Quorum:**

Three members.