



# **SENIOR REMUNERATION – ANNUAL STATEMENT BY REMUNERATION COMMITTEE FOR BOARD OF GOVERNORS**

**2020**

**Board - 26<sup>th</sup> NOVEMBER 2020**

**JUSTINE ANDREW – SENIOR INDEPENDENT GOVERNOR AND CHAIR OF  
REMUNERATION COMMITTEE**

# Senior Remuneration at Leeds Trinity University

## Executive Summary

Against a backdrop of greater scrutiny and focus, it is right that we report to the Board Vice-Chancellor remuneration in line with the Higher Education Senior Staff Remuneration Code from the Committee of University Chairs (CUC) published in June 2018. The Code covers 'elements of fair and appropriate remuneration and includes three key elements: – namely that there is:

- i. a fair, appropriate and justifiable level of remuneration;
- ii. procedural fairness; and
- iii. transparency and accountability.

The Code has been developed after wide consultation with CUC members and HE stakeholders and will be reviewed every four years. In adopting the Code fully, LTU's Governing Body has demonstrated leadership and stewardship in relation to remuneration within the institution. In doing so we hope to protect institutional reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society. This Annual Statement by Remuneration Committee for the Board of Governors is part of the minimum requirements under principles outlined in element three – transparency and accountability.

### 1.0 The Basis and scope of this statement

1.1 The University has used as a basis for this statement, the Office for Students Guide, CUC's 'The Higher Education Senior Staff Remuneration Code June 2018' and the suggestion 5 from the Governance Effectiveness Review undertaken in spring 2020.

1.2 The University is reporting on the remuneration decisions of the following senior post holders under the remit of the Remuneration Committee:

Vice-Chancellor	Professor M House
Director Finance and University Secretary	Mr D Butcher
Deputy Vice-Chancellor	Professor R Lloyd
Chief Operating Officer	Mr P Dixon

### 2.0 The Process for setting remuneration

The Remuneration committee is comprised of:

#### Membership Academic Year 2019-20

Ms J Andrew (Chair)	Independent Governor and Senior Independent Governor
Dr J Aldiss	Independent Governor
Ms R Collins	Independent Governor
Ms E Richards	Independent Governor
Mr P Rogerson	Independent Governor and Chair of the Board of Governors

#### In-attendance

Professor M House	Vice-Chancellor
Mr C Williams	Clerk to the Board of Governors and Company Secretary
Mr J Hawsworth	Director of Human Resources

## Membership Academic Year 2020-21

### Membership 2020-21

#### Independent Members

Ms J Andrew (Chair)	Independent Governor and Senior Independent Governor
Dr J Aldiss	Independent Governor
Ms R Collins (Vice-Chair)	Independent Governor
Mr J Hanley	Independent Governor and Chair of the Board of Governors
Ms E Richards	Independent Governor

#### In-attendance

Prof M House / Prof C Egbu	Vice-Chancellor
Mr C Williams	Clerk to the Board of Governors and Company Secretary
Mr J Hawksworth	Director of Human Resources

#### Quorum

Three independent members.

### 3.0 The comparator institutions/organisations

At its meeting on 14 June 2018 the Committee confirmed that its chosen benchmark comparator group was the fifteen post '92 HEIs listed below: namely those 15 institutions with an income comparable on either side of LTU annual income. The commissioned benchmarking work undertaken in 2018 was part of the agreed three-year cycle for a formal benchmark report from external consultants. The group below was arrived at in consultation with the consultants from a range of potential comparator groups and was felt to provide the most representative group.

HEI	Region	Income	Students	Income (% of LTU)	Students (% of LTU)
The Royal Central School of Speech & Drama	London and the South East	19,000,000	1,100	61%	30%
Bishop Grosseteste University	England	20,400,000	2,225	66%	61%
Norwich University of the Arts	England	22,665,000	2,180	73%	60%
Newman University	England	24,000,000	2,830	77%	78%
University of St Mark & St John	England	26,394,000	2,415	85%	67%
Wrexham Glyndŵr University	Wales	35,716,000	6,415	115%	177%
University of Suffolk	England	37,500,000	5,080	121%	140%
Queen Margaret University	Scotland	39,152,000	5,210	126%	144%
Arts University Bournemouth	England	40,500,000	3,315	131%	91%
Harper Adams University	England	42,348,000	5,410	137%	149%
University of Bolton	England	49,049,000	6,425	158%	177%
St Mary's University, Twickenham	London and the South East	51,000,000	5,535	165%	153%
Liverpool Hope University	England	51,307,062	5,240	166%	145%
Falmouth University	England	55,087,000	5,385	178%	149%
University of Chichester	London and the South East	55,956,000	5,540	181%	153%

At its meeting on 20<sup>th</sup> June 2019 the Committee considered the Annual Report on CUC Remuneration Survey Report (paper GR 20/09 - which included information against its chosen benchmark comparator group) and draft high-level objectives for the Executive in 2020-21. The next formal benchmarking exercise is due in 2020-21 and will be report to Remuneration Committee in the summer term 2020-21.

#### **4.0 The policy on remuneration for executive post holders**

The policy on remuneration for executive post holders was revised on 5<sup>th</sup> February 2020 and is outlined in Appendix A to this statement.

The metric-driven performance objectives for Executive staff are considered and approved at the first meeting of Remuneration Committee for the academic year in question. As such the objectives for 2019-20 were considered at the Remuneration Committee meeting on 22<sup>nd</sup> October 2020 and did not involve any performance related bonuses for any member of the Executive team.

#### **5.0 The pay multiple of the Vice-Chancellor**

On page 3 (Executive Summary) of the UCEA and IES report it states:

*“At 5.3:1, the ratio between the pay of the VC and the median pay of staff is below the average ratio for all the comparison groups. This is important given the forthcoming Remuneration Code from the Committee of University Chairs (CUC) which requires publication of this multiple and relevant sector comparisons. The overall ratio for English HEIs is 6.8:1.”*

The pay multiple of the Vice-Chancellor to the median earnings of the whole workforce of the University for the financial year to 31 July 2020 and prior year are:

	<u>2018/19</u>	<u>2019/20</u>
Basic Salary	6.2:1	5.9:1
Total Remuneration (including employer pension contributions)	6.0:1	5.8:1

#### **6.0 Severance Payments**

There were no severance payments made to senior post-holders during the period 1 August 2018 to 31 July 2020.

The notice period for all Executive staff is 6 months.

#### **7.0 Expenses Policy**

The University has a single scheme. The expenses of the Vice-Chancellor are reviewed on a periodic basis by the Chair of the Board with the last such review being in September 2020. The expenses of other senior post-holders are approved by the Vice-Chancellor as per normal line management arrangements.

## **8.0 The policy on income derived from external activities**

It is often helpful to the University for its Staff to hold non-executive director roles. The following Executive staff hold such roles as declared in their respective annual declaration of interest for 2019-20.

Professor M House (Vice-Chancellor) – Board member of Notre Dame sixth Form College, Director of Leeds Learning Alliance and Foundation Director of Bishop Wheeler Catholic Academy Trust.

Mr D Butcher (Director Finance and University Secretary) – Governor at Shipley College and member of Teachers Pension Scheme Board.

Professor R Lloyd (Deputy Vice-Chancellor to 31<sup>st</sup> August 2020) - Member of Collaborative Learning Trust (Prince Henry's), Foundation Director Blessed Christopher Wharton Catholic Academy Trust, Director of BUSS Model Ltd and Trustee of the Zimbabwe Education Trust.

Mr P Dixon (Chief Operating Officer) – is on the Trust Board of Directors for the New Collaborative Learning Trust (NCLT).

Professor Malcolm Todd (Interim Deputy Vice Chancellor from 10 August 2020) - None

None of the declared positions above are remunerated.

The formal policy on income derived from external activities can be found in Appendix B; Leeds Trinity University – Consultancy, External and Civic Work Policy

## **9.0 Audit**

The three medium findings from the 2018-19 internal audit report on Remuneration Governance were followed up by PwC in 2019-20 and all three were reported as being fully implemented in the Internal Auditors Follow-up Review Report and Annual Report to Audit Committee (considered under item 8 and 11 respectively on 30<sup>th</sup> September 2020).

## **Policy on Remuneration for Senior Post Holders**

As a University we recognise that in order to deliver our strategic objectives successfully it is vital that we recruit, retain and reward the very best leaders in a competitive market. Equally we recognise the need for fair, independent and transparent processes to determine appropriate remuneration of the Vice-Chancellor and other Executive post-holders. Our commitment to these principles is evidenced by the fact that we have adopted the CUC Higher Education Senior Staff Remuneration Code in full.

Principles for determining remuneration for senior post holders

1. The Remuneration Committee is responsible for the review and determination of the Vice-Chancellor's, Executive and Clerk's remuneration and terms of employment as outlined in items 1 & 2 of the Committee's Terms of Reference.
2. The remuneration of the Vice-Chancellor and Executive post-holders is reviewed on an annual basis with an in-depth benchmarking exercise conducted on a tri-annual basis.
3. The review process is conducted by the University's Remuneration Committee which is chaired by an independent governor who is not the Chair of the Board.
4. The review process is carried out with reference to benchmark salary data supplied by independent consultants and which comprises a range of institutions broadly similar in type to Leeds Trinity.
5. Remuneration Committee determine the final comparator group to be used from the data provided.
6. Remuneration is benchmarked against the median basic pay element of the comparator group.
7. Remuneration also takes into consideration an annual assessment of Executive performance against objectives and the performance of the institution.
8. Remuneration also considers the annual cost of living recommendations in line with the University staff award
9. Remuneration also considers 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.
10. The Vice-Chancellor can offer observations on the benchmark data as it applies to other senior post holders.
11. The Vice-Chancellor has no involvement in the determination of his/her own salary.
12. The Chair of the Remuneration Committee reports to Board on the determination of remuneration for Vice-Chancellor and other senior post holders for the Board's information only.

## Leeds Trinity University – Consultancy, External and Civic Work Policy

(November 2018)

### 1. Introduction:

- 1.1. Consultancy, external work and approved civic roles are recognised as a valuable and core part of the institution's role as an "anchor institution", contributor to the local economy and as a source of income generation. Moreover, consultancy work helps to deliver wider socio-economic impact and serves as a conduit for the transfer of pedagogic and research expertise from the University to the wider world.
- 1.2. This policy has been established in order to support all staff, both academic and in professional services, to deliver consultancy and realise the full benefits of undertaking such work.

### 2. The Benefits of Undertaking Consultancy:

- 2.1. There are numerous benefits to both the individual and the institution of undertaking consultancy, external and civic work. In summary these include:

#### For the individual:

- Enhanced status, reputation and expertise in the chosen field
- Ability to realise broader career interests and open up new career development opportunities
- Direct financial gain and reward
- Opportunity to develop new and sustained business relationships and engage in new and relevant networks
- Realisation of new and future contract and collaborative research opportunities
- Opportunity to incorporate "real world" examples into teaching and future curriculum development

#### For the institution:

- Direct financial gain and reward
- Direct and immediate contribution to fulfilling institutional strategic objectives and goals around engagement and impact
- Attraction and retention of talented, motivated and committed staff
- Raised and enhanced profile locally, nationally and internationally as well as with business, Government and key funding agencies
- Enhancement of staff expertise and a contribution to ongoing professional development and learning
- Informs and shapes curriculum development and research leading to more applied programmes

- Contributes to the employability agenda by opening up new relationships with companies and organisations.

2.2. Consultancy provides perhaps the most immediate and direct means for staff to apply their knowledge, skills and expertise in ways that will have both an immediate and lasting impact on the client organisation. It further benefits the institution by counting towards a number of key metrics in the annual Higher Education Business and Community Interaction survey (HEBCI) as well as helping to position the University as a “go to” place for knowledge and expertise.

### **3. Purpose of this Policy:**

3.1. The purpose of this policy is to provide a clear and unambiguous framework by which staff can engage in remunerated consultancy and external civic work. The framework covers three “routes” through which such work can be conducted:

- **Within Workload**
- **Outside of Workload** but under the auspices of the University
- **Non-expert work for non-academic bodies**

3.2. All routes will be further defined and explored in later sections of this policy.

### **4. Permissions and Fiduciary Duties:**

4.1. The University actively encourages the exchange of knowledge and expertise through consultancy and external work. In so doing this policy requires employees of the University to uphold their fiduciary responsibilities to the University i.e. to only ever act in the institution’s best interests and to never engage in activity that may tarnish the image of the University or bring it into disrepute.

4.2. Furthermore, consultancy and external work is a permission and not a right. Staff wishing to undertake consultancy either outside or within workload must therefore first seek appropriate authorisation (see Section 8) prior to undertaking the work.

4.3. Staff who are wholly or primarily funded through an external funding body should also seek that body’s permission prior to undertaking consultancy and ensure that there are no objections or conflicts of interest in relation to the work.

4.4. University Consultancy should not undercut equivalent private sector provision or in any way distort the market. All consultancy must therefore be charged at the relevant and appropriate market rate current at the time.

4.5. The University’s Contract of Employment specifies explicitly or implicitly exclusivity of service meaning that staff are not entitled to undertake external work for or on behalf of any other organisation without prior permission.

4.6. The University expects all employees and members of staff to comply fully with this policy. Failure to comply with or breaches of this policy may be regarded as a disciplinary matter and may lead to action being taken in accordance with the University's policies and procedures.

## 5. Definitions:

5.1. This policy covers all categories and definitions of Consultancy and External Work and the definitions apply universally to all staff regardless of position within the institution.

5.2. **Consultancy:** means professional work undertaken by a member of staff employing and/or applying their expert skills and knowledge in the service of an external client for which a payment is usually made. University consultancy can be taken either **within** or **outside** of workload.

Excluded from the definition of consultancy are:

- research projects funded by UK Research Councils, charities or through European awarding bodies, where the aim is to conduct innovative and not-for-profit research.
- activities conventionally undertaken by academics as part of their normal work but which are often the subject of a contract, including external examining, quality assurance work for external institutions, and authorship of textbooks commissioned by a publisher.

5.3. **Non-Expert Work for Non-Academic Bodies:** The University is a respected and responsible part of the local and wider community. Staff are encouraged to contribute to the work of other organisations in ways that do not relate directly to their work or expertise at the University, particularly where these contributions make a positive impact on the social and/or economic well-being of the community. Where such contributions may affect a member of staff's attendance and/or performance of their role at the University, they must discuss it in advance with their line manager and seek their permission.

5.4 Staff must also seek their manager's agreement to any work that might conflict, or be seen to conflict, with the interests of the University.

5.5 Staff may keep any payments made to them for non-expert academic bodies, except where a formal secondment from their University role has been agreed by the University.

5.6 **Consultancy day:** a standard consultancy day is defined as 7 hours for the purposes of this policy and subsequent cost/fee calculations.

5.7 **Consultant's fee:** University Consultancy fees will be calculated on a Full Economic Cost (FEC) basis with a revenue margin of up to 50% of costs (i.e. cost + 50%) dependent on current market rates (see above regarding undercutting the private sector).

5.8 **Fee income/reimbursement:** this relates solely to the disbursement of any income arising from University Consultancy and is **net of costs** i.e. the balance of income after all University costs have been recovered. Income will be distributed in line with the model set out in Section 10 of this policy.

5.9 **External or Outside Work:** is defined as any work undertaken by individual staff for reward other than research, teaching, administration, professional or other activity, and including any defined duties and responsibilities, relating to the University post to which the member of staff is appointed. This encompasses the definition of consultancy set out above as well as other activities such as CPD and short course delivery, ownership of a business, directorships, partnerships, services as an expert witness, private professional practice and regular teaching commitments outside of the University.

5.10 **University Business:** as defined by the University's Charter. As such, all consultancy should be conducted in accordance with said Charter.

## 6 Scope of the Policy:

6.1. This policy applies to consultancy work undertaken by staff employed by the University. It therefore applies to all staff, regardless of position or seniority within the organisation, as well as to full time and part time employees. In the case of the latter, all entitlements will be applied on a pro-rata basis.

6.2. The policy should be read and applied in conjunction with other applicable University policies, notably the Intellectual Property Policy, Conflicts of Interest Policy and the University's Code of Ethics/Ethics Policy.

6.3. Staff should follow the authorisation and approvals processes set out within Section 8 of this policy. No consultancy may be undertaken without prior approval having been obtained. To do so may warrant disciplinary action. The University also reserves the right to veto any consultancy where this would impact on the individual's core performance, damage the University's reputation or breach its Code of Ethics.

6.4. All staff (including schools and departments) are required to formally record all instances of University Consultancy and External Work and to submit an annual return to the Knowledge Exchange and Business Development Directorate detailing the nature and gross value of all consultancy work undertaken.

6.5. Staff undertaking consultancy **within workload** will negotiate and agree an allocation with their Head of School at the start of each academic year.

6.6. This policy applies equally to consultancy work undertaken within the UK as well as international consulting opportunities. In the case of the latter, English law will apply and is non-negotiable.

## 7. Warranties, Indemnities and Liabilities in relation to University and Personal Consultancy

### University Consultancy within workload:

7.1. In full compliance with the terms and conditions of this policy and where a member of staff undertakes consultancy **within workload**, the University shall indemnify that

individual against all personal and professional liabilities potentially arising from the work. The University will contract directly with the client and will warranty and guarantee that the work will be undertaken to the relevant and highest professional standards.

- 7.2. The individual undertaking the work will be entitled to use University resources and facilities in connection with the consultancy provided such use does not detract from or detrimentally affect conduct of the University's core business. Prior approval for their use will need to be sought and should be included as part of the original consultancy proposal signed off by the University (see Section 8).
- 7.3. The individual will be entitled to use University stationery and branded materials (including the University's logo) as part of the consultancy provided the applicable branding and marketing guidelines are adhered to.
- 7.4. With regards to intellectual property, the background IP brought to the project by either party will remain the property of those parties. Any foreground IP arising from the project will be the property of the client in so far as there are no outstanding issues of payment or conflicts of interest. The University will negotiate with the client for the exclusive rights to use any new IP arising from the project in perpetuity for educational and teaching purposes provided such does not breach any commercial confidences. Further reference should be made to the University's Intellectual Property Policy

#### Consultancy outside of workload but under the auspices of the University:

- 7.5. Where a member of staff undertakes consultancy **outside of workload**, she/he may do so under the auspices of the University. In such cases, clauses 7.1 to 7.4 will apply equally.
- 7.6. Any member of staff undertaking consultancy on a purely private basis (i.e. outside of workload and not under the auspices of the University) will not be entitled to the privileges and protections outlined above and will be responsible for their own indemnity cover and all financial and legal matters pertaining to the consultancy (e.g. payment of personal taxes)
- 7.7. Any member of staff undertaking private consultancy but found using University resources or facilities may be subject to disciplinary action.

## **8. Approval**

- 8.1. No consultancy work may commence without prior written consent having been received. This applies to Consultancy both within and outside of workload within the auspices of the University.
- 8.2. The University requires the completion of a standard consultancy approval template (see annex 1) that details the following:
  - The Client
  - The nature of the consultancy to be undertaken

- The timeframe over which the consultancy will be conducted, including key milestones
- A breakdown of costs associated with delivery of the consultancy
- Proposed consultancy day rate to be charged to the Client
- The academic/teaching/research benefits arising from the consultancy and/or relationship with the Client.

8.3. This form will be submitted to the appropriate level of authority (see below) for approval prior to the work commencing. Members of staff wishing to undertake private consultancy will be required to present a letter from their Client acknowledging that the University bears no liability for the work to be undertaken.

8.4. Consultancy up to £10,000 in value must be signed off and approved by the Head of School and the Director of Business Development prior to the work commencing.

8.5. Consultancy over £10,000 in value must be signed off and approved by the Head of School, the Director of Finance and the Director of Business Development prior to the work commencing.

8.6. Consultancy work undertaken by senior post holders (VC and members of the Executive) must be notified to and approved by the Governance & Nominations Committee.

8.7. Failure to seek prior written approval may result in disciplinary action being taken against the individual concerned.

8.8. The University reserves the right to veto any consultancy which it feels does not align with the ethical and moral principles of the institution or which would bring the University into disrepute.

8.9. Approval criteria will include but are not limited to:

- How the consultancy aligns with the University's Knowledge Exchange Strategy and wider KE and Innovation objectives
- Contribution to departmental and school targets and objectives
- Core activity will not be adversely affected by the Consultancy
- How the consultancy fits to the current workload of the individual concerned
- Reputational, ethical and moral considerations.

8.10 Each department/school/professional services directorate will maintain a central registry of consultancy activity and approvals and provide an annual submission to the Director of Business Development detailing the nature and value of consultancy services undertaken.

## **8. Costing & Pricing**

9.1. All consultancy work will be costed using the Full Economic Cost (FEC) model and no project will be approved unless it has been costed on an FEC basis. The University's Finance Directorate will advise on costings.

- 9.2. Consultancy work will be priced in line with prevailing and/or comparable market rates. As a rough guide, projects should be costed in such a way as to cover full economic costs and generate a margin of not less than 50%.
- 9.3. Dependent upon on the nature of the work and the Client in question, the University will consider approving work at cost or on a no fee basis. However, such work will be expected to yield significant intangible or longer term benefits and will be the exception rather than the norm.
- 9.4. All consultancy work is currently subject to VAT and the prevailing rate of VAT will be charged to the Client in addition to the agreed consultancy fee.
- 9.5. University Consultancy will be invoiced for by the University. The Client will pay all fees owing directly to the University in line with the University's standard payment terms and conditions.

## **10. Consultancy Income and Disbursement of Fees**

- 10.1. Forty per cent (**40%**) of income generated from University Consultancy **within workload** will be retained by the University and sixty per cent (**60%**) allocated to the School in which the staff member (consultant) is based. Costs incurred in undertaking the consultancy will be paid from the School allocation.
- 10.2. For University Consultancy undertaken **outside of workload**, fees will be distributed as follows:
- The first **40%** of consultancy income will be retained by the University
- The remaining **60%** will be divided 50:50 between the School and the staff member after the deduction of non-staff related costs e.g. consumables, equipment charges, travel etc.
- 10.3. Staff undertaking consultancy outside of workload may have their share of consultancy fees paid as part of salary through PAYE where it will be subject to deduction of income tax and NI or have it paid into a "discretionary account" held by the University.
- 10.4. Where a member of staff chooses the latter, the use of funds will be directed by the consultant. Typical uses for such funds might include payment of continuing professional development fees, attendance at conferences/events, the purchase of equipment in furtherance of a research project e.g. a laptop/tablet/consumables and other equipment.

## **11. Interpretation and Advice**

- 11.1. This policy is not open to interpretation or negotiation. Clarification on any of the points contained within the policy may be sought from the Director of Business

Development who will work closely with the Directors of Finance and HR to oversee, manage and implement the policy.

- 11.2. Advice relating to the costing of individual consultancy proposals should be sought from the Finance Directorate. Equally, any queries relating to fees and payment thereof should be directed here.
- 11.3. Questions or queries relating to workload and terms and conditions of employment should be directed to the HR Directorate.
- 11.4. Individuals seeking approval for University Consultancy must use the standard documentation appended to this policy. Alternative or modified documentation will not be accepted and may result in approval being withheld.
- 11.5. All general enquiries relating to this policy should be directed to the Director of Business Development.

(Note that this policy has been worked up using an existing policy to meet with the broader needs of external activities - such as scoping in civic roles, and is overseen by the Knowledge Exchange Committee, as such this revised policy is subject to approval by the Academic Board).