

Senior Staff Pay – Universities in Wales

August 2016



Background

1. HEFCW's 2015-16 Remit Letter requests that HEFCW provide an annual report to Welsh Government on senior pay levels and awards in the HE sector.
2. It should be noted that universities are not public sector organisations. They are autonomous bodies established by either Royal Charter or as Higher Education Corporations under the terms of the 1992 Further and Higher Education Act (the '1992 Act'). HEFCW therefore has no powers under the terms of the 1992 Act to directly influence University employment terms and conditions, including the levels of senior staff salaries.
3. The setting of senior staff salaries falls under the responsibilities of each University's Governing Body. The Committee of University Chairs (CUC) publishes a 'Guide for Members of Higher Education Governing Bodies in the UK'¹, which covers staff remuneration amongst other matters. This CUC document notes that *'The governing body has responsibility for the institution's human resource and employment policy. This includes ensuring that pay and conditions of employment are properly determined and implemented for all categories of employee. The governing body is also responsible for appointing and setting the terms and conditions for the head of the institution and such other senior posts as it may from time to time determine'*.

How universities set senior pay

4. In respect of the mechanism by which Universities set senior staff salaries, the CUC Guide states that *'Governing bodies should establish a remuneration committee to determine and review the salaries, terms and conditions (and, where appropriate, severance payments) of the head of institution and such other members of staff as the governing body deems appropriate'*. The CUC and Leadership Foundation for Higher Education (LFHE) also publish a guide on 'Getting to Grips with Human Resource Management'² which provides more detailed guidance for University Governing Body members on HR matters including Senior Staff remuneration. This provides guidance on the composition and role of University Remuneration Committees.
5. All Universities in Wales use a Remuneration Committee to set their senior staff salaries. In general, senior staff roles are subject to role analysis (e.g. Higher Education Role Analysis - HERA), with market rates used to inform starting salaries. The Universities and Colleges Employers Association (UCEA) has also published information on effective practice in setting senior staff pay and grading structures in higher education³. Drawing on such information, the Remuneration Committee oversees the agreement and review of these senior staff salaries.

¹ www.hefce.ac.uk/media/hefce1/pubs/hefce/2009/0914/09_14.pdf

²

www.lfhe.ac.uk/filemanager/root/site_assets/research_resources/g2g/G2G%20HR%20Management.pdf

³ www.ucea.ac.uk/en/empres/paynegs/randr/index.cfm

Disclosure of senior pay

6. Universities publish information on senior staff salaries in their annual financial statements. The published HEFCW 'Accounts Direction to Higher Education Institutions' informs institutions of HEFCW's requirements relating to their annual financial statements and in particular the disclosure of remuneration and severance payments for higher paid employees (including the head of institution). Under HEFCW's 2014/15 Accounts Direction, universities were required to follow the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the 2007 SORP) when preparing their financial statements. This required universities to disclose the following:

a. The total remuneration of the head of institution disclosing separately:

- Salary;
- performance-related and other bonuses awarded for the financial year, including any deferred payment arrangements and separate disclosure of amounts waived;
- any sums by way of expenses allowances (in so far as those sums are charged to UK income tax);
- the estimated money value of any other taxable benefits received by the head of institution, other than in cash (in particular company cars, subsidised loans including mortgage subsidies, and subsidised accommodation);
- contributions for relocation costs; and
- any sums paid in respect of the head of institution under any pension scheme.

The HEI must show a sub-total excluding pension contributions and a total including them. Salary sacrifice arrangements should be described. Where there is a change of head of institution (including an acting head of institution) either between years or during a year, details are to be shown separately for each person, and relevant start and finish dates given.

b. The remuneration bands of higher paid employees (including the head of institution), giving the number of such employees that fall into each band. The width of each remuneration band should be £10,000 from a starting point of £100,000. Disclosure in the banding is not required for those staff who joined or left part way through a year but who would have received remuneration in the disclosure bands in a full year.

c. The aggregate amount of any compensation paid to any head of institution and higher paid employee for loss of office and the number of employees who have been paid such compensation.

7. The HEFCW Accounts Direction for 2015/16 will change to reflect the requirements of the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 SORP) and revised Financial Reporting Standards (FRS102).

Senior pay in 2014/15

8. For the purposes of this report, senior staff have been defined as all those members of staff at Welsh universities paid over £100,000 per year, as disclosed in the 2014/15 financial statements.

Head of institution

9. The total emoluments for the Vice-Chancellor of each Welsh university are provided at **Annex A**.
10. A recent University and College Union (UCU) report *Transparency at the top: the second report of senior pay and perks in UK universities*⁴ showed that the average total of emoluments for heads of higher education institutions (including benefits in kind and pension contributions) was £272,432 in 2014/15. Only two Welsh institutions had total Vice-Chancellor emoluments above this average level in 2014/15, Cardiff University (£288,000) and Glyndŵr University (£302,000). It should be noted that the reported total for Glyndŵr University was exceptional, due to a payment in lieu of notice made upon the departure of the previous Vice-Chancellor. Whilst the total emoluments of the Cardiff University Vice-Chancellor were above the UK average, they were significantly below those for the Vice-Chancellors of many other Russell Group universities and the remuneration of the Cardiff University Vice-Chancellor is the lowest by far of the four Universities that form part of the GW4 group (the total Vice-Chancellor's emoluments⁵ for other members being Bath, £406,000; Bristol, £344,000; and Exeter University, £393,000). Glyndŵr University aside, no other Welsh university was in the top 50 for highest-earning heads of institution by total emoluments in 2014/15.
11. In terms of increases in the total emoluments of heads of institution, three Welsh universities were in the top 50 for percentage increases between 2013/14 and 2014/15. The total emoluments to the Vice-Chancellor of Glyndŵr University appeared to increase by 25%. However this increase was entirely attributable to a payment in lieu of notice.
12. Whilst the emoluments of the Vice-Chancellor of the University of South Wales had increased by 8% between 2013/14 and 2014/15, at £222,000 they were still below the UK average and significantly below those for the Vice-Chancellors of many other comparator large post-92 universities (e.g. De Montfort University £311,000; Manchester Metropolitan University £311,000; University of Northumbria £303,000; University of the West of England £302,142). Similarly, although the emoluments of the Vice-Chancellor of the University of Wales Trinity Saint David increased by 5%, at £262,000 they were still below the UK average and below those for the Vice-Chancellors of a number of other similar comparator universities (e.g. Bath Spa University £343,000; Edge Hill University

⁴ www.ucu.org.uk/media/7868/Transparency-at-the-top-Feb-16/pdf/vcpayandparks2016_feb16.pdf

⁵ Total emoluments include pension and other benefits.

£321,000; University of Worcester £301,000). It should also be noted that the emoluments of the Vice-Chancellor of the University of Wales Trinity Saint David also include the emoluments attributable to his role as Vice-Chancellor of the University of Wales which makes a contribution of 20% to the Vice-Chancellor's emoluments.

Senior staff

13. The number of employees at Welsh universities receiving emoluments in excess of £100,000 are also provided at **Annex A**
14. Cardiff University had by far the largest number of staff in Wales that were in receipt of emoluments of over £100,000, in 2014/15, at 136. This represented a slight increase from 129 in 2013/14. Based on the University and College Union (UCU) report *Transparency at the top: the second report of senior pay and perks in UK universities*, Cardiff University would be just outside the top-ten UK universities in terms of the number of senior staff earning over £100,000, with the number being broadly similar to that for several other Russell Group universities with medical schools (e.g. University of Bristol 121 staff, University of Glasgow 155 staff, University of Leeds 129 staff, University of Nottingham 135 staff, Queen Mary University of London 120 staff, University of Southampton 136 staff, University of Warwick 165 staff). No other Welsh university is in the top 20 for the number of senior staff earning over £100,000.
15. The Welsh university with the next highest number of senior staff was Swansea University, with 28 staff earning over the £100,000 per year disclosure threshold. This number is broadly similar to that for other medium sized research-led UK institutions (e.g. University of East Anglia 38 staff, University of Essex 20 staff, University of Lancaster 31 staff, University of Reading 40 staff, University of Sussex 44 staff). Similarly, Bangor University had 17 staff paid over the £100,000 disclosure threshold which was not unusual for a research-led institution of its scale.
16. Of the Post-92 institutions in Wales, only the University of South Wales had numbers of senior staff in double figures (10 staff), with this being relatively typical when compared with other large metropolitan universities (e.g. University of Central Lancashire 12 staff, Coventry University 14 staff, De Montfort University 13 staff, Liverpool John Moores University 12 staff, University of Northumbria 16 staff, Nottingham Trent University 13 staff, University of Portsmouth 5 staff, Sheffield Hallam University 11 staff, Teesside University 6 staff). All other Welsh universities had relatively low numbers of senior staff paid over the £100,000 disclosure threshold.

Conclusion

17. Universities in Wales operate in a UK and international marketplace (e.g. in respect of student recruitment, research and staff recruitment), with UK and international league tables now widely published. Consequently the pay of University Vice-Chancellors, and other senior staff, in Wales needs to be

broadly comparable with that for other UK universities, if Welsh institutions are to be able to attract talented and ambitious individuals to these key roles. The published information would seem to indicate that salaries of senior staff in Wales are broadly comparable, although in some instances Vice-Chancellors' salaries were lower than for UK comparator institutions.

Aberystwyth University

1. Emoluments of Vice-Chancellor

	2014/15 £000	2013/14 £000
Salary	223	219
Pension contributions	24	24
Benefits in kind	0	0
Total	247	243

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,000-£109,999	0	0
£110,000-£119,999	1	2
£120,000-£129,999	2	0
£130,000-£139,999	0	0
£140,000-£149,999	0	0
£210,000-£219,999	0	1
£220,000-£229,999	1	0
Total numbers	4	3

3. Remuneration Committee

Yes.

Bangor University**1. Emoluments of Vice-Chancellor**

	2014/15 £000	2013/14 £000
Salary	228	223
Pension contributions	0	0
Benefits in kind	0	0
Total	228	223

In addition to salary, the Vice-Chancellor is provided with a University residence.

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,001-£110,000	3	6
£110,001-£120,000	3	3
£120,001-£130,000	4	3
£130,001-£140,000	2	0
£140,001-£150,000	1	1
£150,001-£160,000	2	2
£160,001-£170,000	1	1
£220,001-£230,000	1	1
Total numbers	17	17

3. Remuneration Committee

Yes.

Cardiff University**1. Emoluments of Vice-Chancellor**

	2014/15 £000	2013/14 £000
Salary	248	238
Pension contributions	39	31
Benefits in kind	1	2
Total	288	271

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,000-£109,999	57	56
£110,000-£119,999	36	30
£120,000-£129,999	14	16
£130,000-£139,999	8	11
£140,000-£149,999	6	7
£150,000-£159,999	3	3
£160,000-£169,999	5	2
£170,000-£179,999	2	1
£180,000-£189,999	3	2
£190,000-£199,999	1	0
£230,000-£239,999	0	1
£240,000-£249,999	1	0
Total numbers	136	129

3. Remuneration Committee

Yes.

Cardiff Metropolitan University

1. Emoluments of Vice-Chancellor

	2014/15 £000	2013/14 £000
Salary	199	190
Benefits in kind in lieu of pension contributions	25	25
Benefits in kind other	16	14
Total	240	229

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,001-£110,000	2	1
£110,001-£120,000	0	3
£120,001-£130,000	1	2
£130,001-£140,000	2	1
£140,001-£150,000	2	0
£150,001-£160,000	1	0
£160,001-£170,000	1	0
£170,001-£180,000	0	0
£220,001-£230,000	0	1
£230,001-£240,000	1	0
Total numbers	9	7

3. Remuneration Committee

Yes.

Glyndŵr University

1. Emoluments of Vice-Chancellor

	2014/15 £000	2013/14 £000
Salary	137	208
Payment in lieu of notice	156	-
Pension contributions	0	0
Benefits in kind	9	19
Total	302	227

NOTE – the above relates only to Professor M Scott – subsequent payments to Professor Upton totalling £189,435 were made via an agency and were included in other operating costs (per note to the accounts).

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,001-£110,000	1	1
£220,001-£230,000	0	1
£300,001-£310,000	1	0
Total numbers	2	2

3. Remuneration Committee

Yes.

Swansea University**1. Emoluments of Vice-Chancellor**

	2014/15 £000	2013/14 £000
Salary	242	238
Pension contributions	0	0
Benefits in kind	5	6
Total	247	244

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,000-£109,999	9	10
£110,000-£119,999	8	4
£120,000-£129,999	0	3
£130,000-£139,999	3	5
£140,000-£149,999	1	1
£150,000-£159,999	3	3
£160,000-£169,999	2	1
£170,000-£179,999	1	1
£230,000-£239,999	0	1
£240,000-£249,999	1	0
Total numbers	28	29

3. Remuneration Committee

Yes.

University of South Wales

1. Emoluments of vice chancellor

	2014/15 £000	2013/14 £000
Salary	222	191
Pension contributions	0	14
Benefits in kind	0	0
Total	222	205

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£100,000-£109,999	4	4
£110,000-£119,999	0	3
£120,000-£129,999	1	0
£130,000-£139,999	1	2
£140,000-£149,999	2	0
£150,000-£159,999	1	0
£200,000-£209,999	0	1
£220,000-£229,999	1	0
Total numbers	10	10

3. Remuneration Committee

Yes.

University of Wales Trinity Saint David

1. Emoluments of Vice-Chancellor

	2014/15 £000	2013/14 £000
Salary	212	204
Pension contributions	36	33
Benefits in kind	14	14
Total	262	251

The Vice-Chancellor is also Vice-Chancellor of the University of Wales who make a 20% contribution to the above costs which are stated gross

2. Analysis of Employees' Emoluments (excluding employers' pension contributions)

	2014/15 Number	2013/14 Number
£120,000-£129,999	0	2
£130,000-£139,999	3	1
£160,000-£169,999	0	1
£210,000-£219,999	0	1
£220,000-£229,999	1	0
Total numbers	4	5

3. Remuneration Committee

Yes.