

Office for
Students



Senior staff remuneration

Analysis of the 2017-18 disclosures

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Enquiries to regulation@officeforstudents.org.uk

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Introduction

1. This is the first time the Office for Students (OfS) has published remuneration data together with a covering analysis. We will publish this information annually to ensure transparency.
2. The OfS published its first accounts direction in June 2018 (OfS 2018.26). This direction required higher education providers to make disclosures about senior staff remuneration at their institution. These disclosures were required in the audited financial statements for the year ended 31 July 2018. The Higher Education Funding Council for England (HEFCE) was the primary regulator of these providers for most of this academic year, with the OfS becoming the primary regulator from 1 April 2018.
3. The intention behind the disclosure requirements, which go beyond those previously required by HEFCE, is to ensure transparency. Universities receive significant funding from student loans as well as from public taxation. There needs to be transparency as to how this money is spent, particularly given current constraints on public funding and the impact of tuition fees on students and graduates, as well as the significant public interest in these issues. One of the OfS's duties set out in law is to have regard to the need to promote value for money in the provision of higher education by English higher education providers. Senior remuneration is part of this.
4. In considering the data, it is important to recognise that it is time lagged. The data which underpins this analysis relates to 2017-18, often resulting from decisions taken before that year, and reflecting contractual agreements made prior to providers becoming regulated by the OfS. In addition, the data can be complex, with the individual circumstances of providers (such as changes in the head of provider and pre-existing contractual commitments) impacting on the level of remuneration and the powers available to governing bodies in setting remuneration.
5. The questions that this paper addresses are:
 - a. Are there signs of pay restraint compared with previous years? This includes how the remuneration of heads of providers has changed relative to all staff.
 - b. What benefits do heads of providers receive in addition to their salary?
6. To answer these questions, the OfS has:
 - a. Analysed the data on senior staff remuneration and compensation for loss of office that was submitted by providers in the 2017-18 finance record to the Higher Education Statistics Agency (HESA) in January 2019¹. In the interests of transparency and accessibility², the OfS also published the dataset that informed this analysis (sourced from the HESA finance

¹ The data collected in the HESA finance record from English providers in respect of senior staff remuneration, followed the requirements laid out in the OfS's accounts direction, and is therefore expected to correspond with the information disclosed in providers' audited financial statements. However, for some providers, the OfS has noted differences between the HESA finance record and disclosures in the audited financial statements.

² The accounts direction requires providers to publish their audited financial statements on their websites no later than four months after the year has ended. Publishing the collated remuneration data as an official statistic should help interested parties to analyse the data.

record) as an official statistic accompanying this paper (see www.officeforstudents.org.uk/seniorstaffpay/). Reference should be made to providers' financial statements for further information – these are published on each provider's website. The data is for funded higher education providers only and does not include further education and sixth-form colleges or other providers that are regulated by the OfS.

- b. Reviewed the disclosures made in a sample of audited financial statements (25 per cent of providers).

Are there signs of pay restraint?

7. The OfS has considered whether there are signs of pay restraint. This could be evidenced by:
 - proportionately fewer staff members on basic salaries of £100,000 or more
 - the head of a provider being paid the same or less in the most recent year
 - a new head of provider being paid the same or less than the previous head
 - lower pay ratios, which show that the 'gap' between the head of provider and all other staff has reduced.
8. The OfS notes that, particularly for governing bodies, there may be little opportunity to revisit contractual terms of a head of provider where an individual continues in post from one year to the next. In these circumstances, where there is a desire to show pay restraint, it will largely depend on what scope there is in the contract of employment for the remuneration committee and governing body to minimise remuneration increases.

Proportion of staff paid £100,000 or more

9. Across all providers, the proportion of all staff paid a basic salary of £100,000 or more in 2017-18 was 1.5 per cent (compared with 1.3 per cent in 2016-17). This shows an increase in highly paid staff, but it masks considerable variation. Forty eight providers (36 per cent) report a decrease in the proportion of staff paid a basic salary of £100,000 or more, and a further three (2 per cent) report no change in the proportion. There is no discernible pattern in terms of the type of provider that has reported increases or decreases on this measure and so it simply reflects variation between providers.

Remuneration for the head of provider

10. Review of the changes to the remuneration for the head of a provider shows that the majority have received an increase in basic salary or total remuneration or both between 2016-17 and 2017-18. However, 13 providers (10 per cent) reported paying a reduced basic salary³ to their head of provider in 2017-18 compared with 2016-17, and a further 18 (14 per cent) paid no increase in basic salary for the same period. For some of these providers, the reduction arises due to changes in the head of provider (see paragraph 13), but for others there are genuine signs of pay restraint.
11. As the picture is complex where there are changes in the head of the provider, this paper first presents the data for providers where the head has not changed. Tables 1 and 2 show the

greatest increases in basic salary³ and total remuneration paid to the head of provider, where this individual was the same in both years. Table 1 shows that, in some cases, the increase in basic salary for the head of provider is significantly greater than for all staff.

Table 1: Greatest increases in basic salary paid to the head of provider in 2017-18 compared with 2016-17, excluding providers that reported a change in the head of provider in either year

	Provider	Basic salary ³ paid to the head (£'000)			Salary paid to all staff
		2017-18	2016-17	Percentage change	Percentage change
1	De Montfort University	350	286	22.4%	3.6%
2	Bishop Grosseteste University	188	158	19.0%	0.8%
3	The University of West London	306	266	15.0%	1.3%
4=	The University of Essex	289	257	12.5%	6.6%
4=	Anglia Ruskin University Higher Education Corporation	289	257	12.5%	5.2%
6	Loughborough University	269	240	12.1%	3.9%
7	Harper Adams University	199	180	10.6%	1.8%
8	AECC University College	132	121	9.1%	9.2%
9	University of Derby	230	215	7.0%	3.9%
10	Nottingham Trent University	302	283	6.7%	2.5%

Table 2: Greatest increases in total remuneration paid to the head of provider in 2017-18 compared with 2016-17, excluding providers that reported a change in the head of provider in either year

	Provider	Total remuneration paid to the head (£'000)		
		2017-18	2016-17	Percentage change
1	London Metropolitan University	550 ⁴	328	67.7%
2	Bishop Grosseteste University	239	202	18.3%
3	Staffordshire University	261	233	12.0%
4	The University of Essex	378	340	11.2%
5	AECC University College	157	142	10.6%

³ Basic salary includes salary paid in lieu of pension contributions, which is received by some heads of providers depending on their personal pension and tax circumstances. Such payments are essentially additional salary but are not accounted for as such.

⁴ The total remuneration paid to the head of London Metropolitan University included £117,000 paid in lieu of notice that related to 2018-19 and retrospective performance-related pay of £48,000 in 2017-18 that related to 2016-17. Adjusting the total remuneration for 2017-18 and 2016-17 to reflect these amounts, the total remuneration paid to the head of provider in relation to 2017-18 was £385,000 compared to £376,000 in 2016-17 – an increase of 2.4 per cent.

	Provider	Total remuneration paid to the head (£'000)		
		2017-18	2016-17	Percentage change
6	De Montfort University	358	331	8.2%
7	The University of Leicester	313	290	7.9%
8	Loughborough University	305	283	7.8%
9	The University of Surrey	419	392	6.9%
10	The University of West London	315	297	6.1%

12. Sixteen providers have reported a change in the head of provider either during 2017-18 or between 2016-17 and 2017-18. These changes have taken place at a diversity of providers and where a range of remuneration packages are in place. When considered on an annualised basis (to take account of the duration of the individual's time in post during the year), the OfS notes that some of these providers have paid less basic salary to the incoming head of provider than to their predecessor. This also indicates some pay restraint in the sector, but it is not universal.
13. The HESA data shows the total amount paid in basic salary and total remuneration to the heads of provider in each year. When reviewing the HESA finance record data published in the official statistic, there are several providers for whom there appears to be a significant increase in the remuneration paid to the head of the provider. This data is more complex as it may include overlapping periods of employment where there may have been a handover from one head to another or total remuneration, including additional payments (such as compensation for loss of office). This means that large headline movements do not necessarily mean significant pay rises for individuals or posts or both.
14. Where there is a change in the head of provider during the year, the annualised basic salary can be estimated⁵ to understand the annual salary where an individual has been in post for part of a year. The largest increases in estimated annualised basic salary and in total remuneration are shown in Tables 3 and 4 below. These are included in this paper to highlight why it is important to understand the details of individual cases to understand true changes in remuneration. These tables include additional information about the 10 largest increases to consider whether these are real increases in remuneration or caused by other factors and, if so, what these factors are.

Table 3: Changes in basic salary³ paid to the head of provider in 2017-18 compared with 2016-17

	Provider	Change in basic salary paid (%)	Note
1	Heythrop College	89.3	The head of provider changed in 2016-17 from an individual with minimal remuneration (estimated annualised salary of £10,000) to a fully remunerated appointment (£159,000). The current head

⁵ Estimated annualised basic salary has been calculated using the number of days of service of the head of provider, and the amount of basic salary paid to them in the year.

	Provider	Change in basic salary paid (%)	Note
			of provider is on secondment from the University of Roehampton and received no increase in pay from 2016-17 to 2017-18.
2	University for the Creative Arts	40.9	The head of provider changed in 2016-17. The salary paid in 2016-17 included a payment to a temporary head of provider with lower remuneration. The change in salary for the permanent head of the provider from 2016-17 to 2017-18 was 11.4% (based on estimated annualised salary). The overall change appears greater due to the impact of the temporary head in 2016-17, which lowered the salary in 2016-17.
3	University of East London	27.6	The head of provider changed in 2017-18. The salary paid in 2017-18 included an overlapping term of seven months with an acting head, followed by a different acting head after the permanent head's departure. The new permanent head took up their post in 2018-19. The acting heads were both on lower annualised salaries than the outgoing permanent head, and so the increase in salary from 2016-17 to 2017-18 is due to the overlapping terms of the outgoing permanent head and the first acting head.
4	University of Cambridge	25.7	The head of provider changed in 2017-18. The current head was paid additional salary in lieu of a pension of £37,000. Including this, the current head had an increase of 26.5% in 2017-18 over the previous head's estimated annualised salary.
5	Kingston University	24.4	The head of provider changed in 2016-17. The current head received a significantly reduced annualised salary in 2016-17 compared with the former head, based on the provider's rules for acting positions. The current head became permanent in 2017-18; their estimated annualised salary is 1.5% higher than the previous head's annualised salary.
6=	The London School of Economics and Political Science	22.4	The head of provider changed in 2016-17 and 2017-18 and there was an interim head between two permanent appointments. The current head of provider's estimated annualised salary is 14.6% higher than their permanent predecessor. The overall change appears greater due to the lower salary of the interim head in the prior year.

	Provider	Change in basic salary paid (%)	Note
6=	De Montfort University	22.4	The head's salary increased from 2016-17 but no non-consolidated bonus was awarded in 2017-18 – when considering the bonus awarded in 2016-17, there was an 8% increase in the combined amount of salary and bonus paid.
8	University of Suffolk	22.2	The head of provider changed in 2017-18. Following a 23.4% increase in estimated annualised salary for the former head from 2016-17 to 2017-18, the current head had a decrease in estimated annualised salary of 5.7% relative to the former head for 2017-18. The overall increase is due to the increase in salary for the former head in 2017-18.
9	Bishop Grosseteste University	19.0	The head's salary increased from 2016-17 to 2017-18.
10	Guildhall School of Music & Drama	18.4	The head of provider changed in 2016-17 with a 77.4% increase in estimated annualised basic salary for the current head (£180,000) compared with the former head (£101,000). The current head's salary in 2017-18 (£167,000) was 7% lower than the estimated annualised salary in 2016-17. The overall increase from 2016-17 to 2017-18 reflects the impact of the former head's lower salary in 2016-17.

Table 4: Changes in total remuneration paid to the head of provider in 2017-18 compared with 2016-17

	Provider	Change in total remuneration paid (%)	Note
1	University of East London	101.4	The head of provider changed; see Table 3. £592,000 was paid in total remuneration in 2017-18. This includes £183,000 compensation for loss of office.
2	Heythrop College	87.1	The head of provider changed; see Table 3.
3	The Open University	68.9	The head of provider changed. £718,000 was paid in total remuneration. This includes £255,000 compensation for loss of office.
4	London Metropolitan University	67.7	The head of provider left in 2018-19. £550,000 was paid in total remuneration in 2017-18. This includes £117,000 compensation for loss of office in 2018-19.

	Provider	Change in total remuneration paid (%)	Note
5	The London School of Economics and Political Science	59.2	The head of provider changed; see Table 3.
6	University for the Creative Arts	40.0	The head of provider changed; see Table 3.
7	Kingston University	32.9	The head of provider changed; see Table 3.
8	University of Cambridge	29.8	The head of provider changed; see Table 3. The current head's total remuneration includes various relocation costs that were not applicable to the former head in 2017-18.
9	Guildhall School of Music & Drama	22.4	The head of provider changed; see Table 3.
10	Bishop Grosseteste University	18.3	Remuneration increased from 2016-17 to 2017-18.

15. Considering the highest paid heads of provider during 2017-18 (see Table 5), the highest basic salary has increased by 1.7 per cent from 2016-17 and the provider paying the highest salary has not changed. The highest total remuneration has reduced⁶ (see Table 6), although the highest total remuneration in 2016-17 and 2017-18 was due, at least in part, to compensation payments for loss of office. The data shows that the providers paying the highest basic salary are broadly the same as in the previous year. There is greater change in the providers offering the highest total remuneration. This reflects the inclusion of compensation for loss of office, and also the inclusion this year of non-taxable benefits to give a more complete picture.

Table 5: Providers paying the highest basic salary to the head of provider in 2017-18

Place in 2017-18	Provider	Basic salary ³ (£'000)		Place 2016-17	Note ⁷
		2017-18	2016-17		
1	The University of Bath	470	462	1	Includes £62,000 salary in lieu of pension contributions in 2017-18 (£61,000 in 2016-17).
2	University of Cambridge	431	343	11	Includes £37,000 salary in lieu of pension contributions in 2017-18. The head of provider changed, but there was no overlapping term.
3	University of Southampton	423	423	3	n/a

⁶ Bath Spa University paid £808,000 in 2016-17.

⁷ The figures included are as returned in the HESA finance record.

Place in 2017-18	Provider	Basic salary ³ (£'000)		Place 2016-17	Note ⁷
		2017-18	2016-17		
4	London Business School	422	445	2	The head of provider changed, but there was no overlapping term. Includes £50,000 salary in lieu of pension contributions in 2016-17.
5	University of Birmingham	386	386	4	Includes £45,000 salary in lieu of pension contributions in 2017-18 and 2016-17.
6	Imperial College of Science, Technology and Medicine	373	355	7	Includes £15,000 salary in lieu of pension contributions in 2017-18
7	University College London	368	362	5	n/a
8	University of Surrey	364	359	6	Includes £50,000 salary in lieu of pension contributions in 2017-18 (£49,000 in 2016-17).
9=	The Open University	360	332	15	The head of provider changed, but there was no overlapping term.
9=	University of Oxford	360	354	8	n/a

Table 6: Providers paying the highest total remuneration to heads of provider in 2017-18

Place in 2017-18	Provider	Total remuneration (£'000)		Place 2016-17	Note ⁷
		2017-18	2016-17		
1	The Open University	718	425	13	2017-18 remuneration includes £255,000 compensation for loss of office and £96,000 comprising: acting and accommodation allowance (for the incoming acting head of provider), and accommodation and company car (for the outgoing head of provider).
2	London Business School	596	553	3	Both years include £95,000 non-taxable benefits (accommodation).
3	University of East London	592	294	66	2017-18 remuneration includes an overlapping term of seven months

Place in 2017-18	Provider	Total remuneration (£'000)		Place 2016-17	Note ⁷
		2017-18	2016-17		
					between acting and in-post heads of provider; it also includes £183,000 compensation for loss of office and £37,000 comprising health insurance.
4	Imperial College of Science Technology and Medicine	576	558	2	2017-18 remuneration includes £157,000 comprising: accommodation and associated costs (£139,000 in 2016-17).
5	London Metropolitan University	550	328	39	2017-18 remuneration includes £117,000 compensation for loss of office and £101,000 performance-related pay.
6	The London School of Economics and Political Science	500	314	52	2017-18 remuneration includes £20,000 performance-related pay and £75,000 comprising: accommodation and relocation expenses.
7=	University of Cambridge	492	379	20	2017-18 remuneration includes £49,000 comprising: accommodation and utilities, relocation expenses, private healthcare, tax consultancy services and personal flight travel (£29,000 in 2016-17).
7=	The University of Bath	492	483	5	2017-18 remuneration includes £22,000 (£21,000 in 2016-17) comprising: medical expenses, accommodation, subscriptions and subsidised loan (to be written off as contractually agreed).
9	King's College London	461	465	6	2017-18 remuneration includes £48,000 comprising accommodation and company car (£52,000 in 2016-17).
10	The University of Sheffield	456	448	7	Both years include £18,000 comprising accommodation and private medical insurance.

Pay ratios

16. For the first time, providers were required to report pay ratios to show the relationship between the head of the provider's remuneration (basic salary and total remuneration) and that of all other employees. Tables 7 and 8 show the highest ratios for basic salary and total remuneration, respectively. The OfS notes that half of the providers sampled reported excluding contract and agency staff from the calculation of the pay ratios. For a further 26 per cent it was unclear whether these staff had been included in the multiple calculation. This limits the comparability between providers this year. The reasons given for exclusion were that the data was unreliable or difficult to extract, or that the provider simply did not have the records to include these staff. Given the timing of the publication of the accounts direction in June 2018

relative to providers' financial year ends in July, the OfS issued further guidance in frequently asked questions that allowed contract and agency workers to be excluded from the ratios.

17. The range of pay ratios was from 3.0 to 13.4 for basic salary and from 2.9 to 12.8 for total remuneration. There were few common features of providers at the upper ends of these ranges. However, the providers with the lowest ratios were typically the music conservatoires and performing arts providers. These providers tend to be specialist and smaller than average. They have lower incomes and are arguably less complex businesses. Consequently, they appear to be at the lower end of the remuneration range for the head of provider.
18. In future years, the OfS will compare the ratios between years to understand whether the gap between the head of the provider's remuneration and that of all other staff is changing. Although some providers have disclosed comparative ratios in their audited financial statements, it is possible that these may be self-selecting and therefore may not provide reliable information to understand sector trends. This paper does not therefore consider them.

Table 7: Proportionately highest paid heads of provider based on the 2017-18 basic salary multiple

	Provider	Basic salary multiple ⁸
1	Royal Holloway and Bedford New College	13.4
2	University of Worcester	13.0
3=	The University of Bath	12.2
3=	University of Southampton	12.2
5	University of Cambridge	11.3
6	The University of Birmingham	10.8
7	University of Oxford	10.7
8=	The University of Sheffield	10.6
8=	The University of Leeds	10.6
10	London Business School	10.5

Table 8: Proportionately highest paid heads of provider based on the 2017-18 total remuneration multiple

	Provider	Total remuneration multiple ⁸
1=	University of Oxford	12.8
1=	London Business School	12.8
3	London Metropolitan University	12.7
4	University of Cambridge	12.4
5=	The University of Sheffield	12.3

⁸ The pay multiple may include or exclude agency staff; readers should refer to the note in a provider's audited financial statements for clarification of the method used by the provider.

	Provider	Total remuneration multiple⁸
5=	The University of Essex	12.3
7=	The University of Bath	11.9
7=	The University of Birmingham	11.9
9	University of Worcester	11.4
10=	University of Southampton	10.9
10=	University of York	10.9

Components of remuneration

19. A head of provider's total remuneration comprises several elements. A provider's remuneration committee and governing body can agree these elements separately. These may include a performance-related element that could relate to annual bonuses or targets spread over many years. How a governing body chooses to remunerate the head of provider will depend on the provider's own context, and the governing body's expectations of the head of provider in the period covered by the remuneration arrangements.
20. The elements of remuneration are disclosed in the published audited financial statements and in the official statistic published alongside this paper. The focus of the next two sections is on taxable and non-taxable benefits as these can be key elements of remuneration of a head of provider that may not be available to all staff. Transparency about how public funding and students' tuitions fees are used to provide benefits to heads of providers is important in ensuring staff and students can challenge high levels of remuneration, where it is out of step with their expectations.

Taxable benefits

21. The most common taxable benefits disclosed in the audited financial statements for heads of providers were bonuses, pension contributions, payments in lieu of pension contributions, subsidised accommodation, company cars, and private healthcare. Other less frequently disclosed benefits included the use of a car, life assurance or death-in-service benefit, subscriptions, relocation expenses and consultancy services (including legal advice).
22. The OfS notes that 59 providers (44 per cent) made a nil return to HESA for the value of taxable benefits (excluding performance-related pay and other bonuses, pension contributions and payments in lieu of pension contributions), and that the value of the reported benefits is relatively low for most providers (see Table 9). So these benefits are a relatively small proportion of the remuneration of the heads of providers. The OfS notes also that this number is more than double that in the sample of audited financial statements reviewed, where only 20 per cent of those sampled reported no taxable benefits beyond pension contributions and performance-related pay. Although this could be chance since analysis for this paper included the review of 25 per cent of providers' audited financial statements, it suggests that providers may have disclosed more information in their audited financial statements than in the HESA finance record.

Table 9: Highest paid taxable benefits (excluding performance-related pay and other bonuses, pension contributions, and payments in lieu of pension contributions) by value in 2017-18

	Provider	Taxable benefits 2017-18 (£'000)
1	The Royal Veterinary College	46
2	University of East London	37
3	The University of Essex	33
4	The University of Kent	22
5=	The London School of Economics and Political Science	18
5=	The Royal Agricultural University	18
7	University of Cambridge	16
8=	The Open University	15
8=	The University of Reading	15
10=	Royal Holloway and Bedford New College	14
10=	Imperial College of Science, Technology and Medicine	14

Non-taxable benefits

23. For the first time, the OfS required providers to disclose non-taxable benefits provided to the head of the provider. The disclosure applied to benefits available to senior staff that were not available to all staff. The most common non-taxable benefits disclosed in the audited financial statements were subsidised accommodation and relocation costs. Other less frequently disclosed benefits included membership of a club and personal flights that were paid for the head of provider or close members of their family. It is for the provider's governing body, rather than the OfS, to determine the appropriateness of those benefits – the OfS's interest is in ensuring transparency.

24. The OfS notes that 90 providers (68 per cent) made a nil return to HESA for the value of non-taxable benefits, and that the value of the reported benefits are relatively low for most providers (see Table 10). As with taxable benefits, the proportion of providers sampled that reported no non-taxable benefits in their audited financial statements was lower than in the HESA finance record.

Table 10: Highest paid non-taxable benefits by value in 2017-18

	Provider	Non-taxable benefits 2017-18 (£'000)
1	Imperial College of Science, Technology and Medicine	143
2	London Business School	95
3	The London School of Economics and Political Science	57

	Provider	Non-taxable benefits 2017-18 (£'000)
4	The School of Oriental and African Studies	54
5	Queen Mary University of London	45
6	King's College London	40
7	City, University of London	39
8	The Open University	38
9	University of Bristol	34
10=	University of Cambridge	33
10=	The University of East Anglia	33

Summary and conclusion

25. There is evidence that at least some providers are showing pay restraint. Publishing information about remuneration and compensation for loss of office ensures this information is in the public domain. Where this is a matter of public interest, transparency will help providers' remuneration committees and governing bodies to benchmark more effectively. It will also help staff and students push for changes in a provider's approach to remuneration where it is out of step with stakeholders' expectations.



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