

Main report - Element 3 of the HE Code of Governance: Remuneration

- 3.13 The proper remuneration of all staff, especially the Vice-Chancellor and his/her immediate team, is an important part of ensuring institutional sustainability and protecting the reputation of the institution. Accordingly governing bodies must establish a Remuneration Committee to consider and determine, as a minimum, the emoluments of the Vice-Chancellor and other senior staff as prescribed in constitutional documents or by the governing body.

Whilst it is not possible for the School to be compliant with 3.13, the Board of Governors has noted that the Remuneration Committee can *“play a most helpful **advisory** role regarding the salaries of senior staff at the School and a mapping of the remuneration/skills etc. required against other parts of the Higher Education Sector. Accordingly following the submission of its considered views to this Board, advice could then be fed into the establishment process within the City Corporation.”*(Agenda item 9, 3 July 2017 Board of Governors)

The Remuneration Committee could usefully consider:

- Review of CoL's Salary Strategy within the context of the Guildhall School
- Salaries and succession planning for the School's senior team

- 3.14 The Remuneration Committee composition must include the Chair of the governing body, be composed of a majority of independent members (who, as with audit, may also be drawn from outside the governing body) and have appropriate experience available to it. The Vice-Chancellor or other senior staff may be members of, or attend, the Remuneration Committee but must not be present for discussions that directly affect them.

The Terms of Reference of this Committee state that the membership should include at least three Members who are non-Common Council Governors and two Common Council Governors. Additionally, the illustrative practice note advises that a member of the Audit Committee is appointed to serve on the Remuneration Committee to provide additional assurance and that the activity of the Remuneration Committee is included in the Audit Plan (paragraphs 42 and 43, Illustrative Practice Note).

- 3.15 The Remuneration Committee must consider comparative information on the emoluments of employees within its remit when determining salaries, benefits and terms and conditions and ensure that all arrangements are unambiguous and diligently recorded. It must report on its decisions and operation at least annually to the governing body; such a report should not normally be withheld from any members of the governing body.

The School's policy and arrangements for determining the pay of senior staff are set by the City of London. However, the Remuneration Committee can play a role in advising the City's Establishment Committee whether it feels that *“such staff are appropriately remunerated in terms of their recruitment, retention and motivation ... Senior staff remuneration, therefore, needs to be optimally aligned to achieve success while ensuring value for money”* (paragraph 7, Illustrative Practice Note).

The range of the Remuneration Committee's interest in terms of level of staff varies across institutions, *"In some institutions the remit covers the head of institution and his/her senior management team, in others deans and directors as well, and in others all professorial and equivalent staff. In practice the Committee is likely to concentrate its deliberations on the head of institution and a small number of senior managers, while at the same time ensuring that appropriate and robust arrangements are in place for determining salaries of other senior staff"* (paragraph 15, Illustrative Practice Note).

In the absence of any other committee looking at comparative pay within the HE sector generally, and the conservatoire sector specifically, a broad interpretation of the Remuneration Committee's remit may be helpful.

Paragraph 27 of Illustrative Practice Note advises that *"The Committee should also have a range of benchmark information allowing it to make comparisons with other institutions in the sector. The main sources of such information are the Committee of University Chairs (CUC) Vice-Chancellors' salaries survey, data provided by the Universities and Colleges Employers' Association (UCEA) and the annual survey undertaken by the Times Higher Education (THE). It should be noted that the CUC survey (which provides to the Chair detailed comparative information) and the UCEA Senior Staff Remuneration Survey (published every February based on salary data as at 1 November the previous year) are current whereas the THE report is based on data from the previous year. The usual caveats apply to the use of benchmark data, namely that benchmark data gives indications and a framework for the exercise of judgement and should not be used in a mechanistic or formulaic manner. It is also important for benchmarks selected to be regularly reviewed by the Remuneration Committee."*

The Remuneration Committee could usefully consider:

- Comparative salaries and comparative terms & conditions at managerial level and above (teaching staff and professional services staff)
- Use of Market Forces Supplements in the School
- Academic progression without change of role - hourly (professorial pay-scales) and establishment staff (no-mechanism)
- Guildhall School staff turnover and exit interviews
- Use of the Higher Education Role Analysis (HERA) in pay and grading decision making

3.16 Remuneration Committee members must consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance to the staff within its remit.

The Remuneration Committee could usefully consider:

- Monitoring of key equality strands (sex, disability, ethnicity) in respect of appointment and progression

Appendix 1: Five year strategic plan and staff and remuneration challenges

Objective 5 - “We will ensure an evolving and sustainable institution through the acquisition and retention of world leading staff ...”

Attracting students from around the world who want to be taught by teachers of world-renown

Recruitment processes need to be flexible and fleet-of-foot (currently it is taking months for job evaluation)

[Note RCM, RAM, RNCM, Rose Bruford, and Trinity Laban are all members of the Education Competencies Consortium Ltd which runs the Higher Education Role Analysis (HERA) scheme.]

Salaries and packages (see below) need to be attractive as well as competitive to bring in the best teachers to work in one of the most expensive cities in the world.

Within mainstream HEPs there will be an academic progression route, recognising the increasing expertise and academic profile of staff over time, allowing for salary progression and recognition without change of role [eg Lecturer A, Lecturer B, Senior Lecturer/Reader, Professor]. At Professor level (large ‘P’), most HEPs operate negotiated salaries for those staff members that are seen as “mission critical” (ie their loss would be a major blow to the institution in terms of research income or student recruitment).

Having a sustainable, professional infrastructure to support teaching

There are notable “single points of failure” within the School where all professional expertise in a particular area rests in one role and, therefore, one individual. With no progression opportunities due to the small size of the School and no equivalent career structure within the rest of the Corporation (to bring people into the School or send them out), the whole package needs to be attractive to encourage staff to stay. This includes holiday entitlement which is notably less than the sector norm.

Annual leave comparisons (excluding bank holidays):

UCL 27 days plus 5 college closure days (32) for all staff

KCL 27 plus 4 college closure days (31) for all staff

RCM Staff on grade 7 and below 30 days per year, staff on grade 8 and above (equivalent to grade E and above) 35 days per year

Guildhall School: For a grade C or below, it would take 10 years of service to meet RCM’s guarantee for all staff. A grade E would never achieve 35 days leave as maximum after 15 years is 33.

On the reverse side, notice periods need to reflect the demands of the academic cycle not City norms, some senior staff are on just two months’ notice.