

7. Sectoral Developments Update

Peter Smith provided two analyses of remuneration in the higher education sector.

The Korn Ferry Hay 2022 Higher Education Pay Survey report for City

KornFerry undertook a pay survey every year, pulling together data, qualitative outcomes and trends. The survey covered most Russell Group universities plus some others, like City, outside this group. The main focus of the survey was on professorial staff, readers or associate professors, and professional services senior managerial roles. In discussion the following points were noted:

- Over the ten years that the survey had been running there had been no real change in the gender pay gap; further analysis could be done to investigate the influence of the senior pay group on gender pay.
- Other corporate organisations had introduced talent streams to address this issue but there was not much evidence of this happening in higher education; the REF cycle also tended to have a negative effect on gender pay as structures and methods still favoured men.
- Outside the professoriat the situation was better. City was looking at how to support women to progress and talent identification. There was strong appetite for change in career structures.
- The report showed that for City the average remuneration at professor and associate professor levels was above that of the Russell Group, mainly caused by the effect of higher remuneration in Bayes. In addition the proportion of staff in higher bands was higher at City than Russell Group peers.
- Current trends were indicating that recruitment was becoming more challenging with lower quality selection groups but City was still performing well in terms of recruiting good quality staff and the Bayes Business School was competitive with other Schools in Tier 2.
- Most international staff came from English-speaking countries such as the United States and Australia. Pension arrangements tended to inhibit recruitment from Europe with the exception of Business Schools where there are often higher proportions of European staff.
- Universities tended not to report staff data on socio-economic background as an EDI measure, although this was possible to do for students. This was because it was challenging to gather such data but it was felt that there was intersectionality of socio-economic background with ethnicity, gender and other diversity metrics.
- There would be further exploration of the low numbers of staff appointed as Band 1 professors at City. The HR team would also investigate sector and market remuneration for the academic disciplines of finance and economics and also look at the distribution of professors across the four Professorial Bands.
- There would also be consideration of academic promotions to ensure that the practitioner pathway and portfolio careers were equally valued. Other initiatives were looking at the role of Head of Department with a tighter definition, support and training to make the role more engaging to a wider range of potential candidates.
- RemCo noted that change could be achieved with positive action to remove inhibitors and thanked Peter Smith for the helpful report.

Gender Pay Gap analysis for the sector

The sector analysis showed some improvement on last year with some outliers such as Loughborough, whose position in the GPG tables was largely attributed to subject mix. City's performance had improved slightly.

8. Equal Pay Audit

RemCo considered a summary of actions directly focussed on remuneration to be taken to address issues raised in the Equal Pay Audit Report. A wider set of actions was being taken to increase the diversity of staff in leadership or management roles through improvements to training, recruitment and promotion processes, all of which were incorporated into Athena SWAN and Race Equality Charter action plans. In discussion the following points were noted:

- Starting salaries continued to be a factor leading to unequal pay for men and women, as did salary negotiation at the stage of appointment. This was often perpetuated by the salary progression on promotion or progression. Existing systemic inequalities tended to be amplified through both processes.
- A study by KornFerry showed that in the sector women tended to delay applications for academic promotion on average 4.5 years longer than men. This could perhaps be addressed if organisations rather than individuals were responsible for identifying those ready for promotion.
- At City there would be further encouragement to women to apply for academic promotion at an earlier stage, and increasingly managers, particularly Heads of Department, were expected to have EDI objectives if they wished to be considered for promotion.
- Internal academic promotions tended to lead to lower starting salaries for staff than for those joining City from outside so there would be further investigation of this. This too could lead to unequal pay for men and women. A review of City's academic promotions process was already underway, including the feasibility of moving to a manager led review process, to replace the current traditional application process, which disadvantages some groups. Provisions for pay progression on promotion would form part of the review.
- The allocation and scale of responsibility allowances tended to be higher in the Business School with the majority of payments received by men. Reform here could help lessen pay inequality.
- City was also looking at progression and other opportunities which could lead to change.
- SLT was currently debating whether this year to move away from annual reviews of salary for professional and professorial staff, in order to commence a review of all staff remuneration, directly informed by the Equal Pay Audit data for the School/Professional Service.
- Spine point increments continued to be a frustration for staff in the sector and at City currently around 60% of staff were at the top of their salary band so would receive the JNCHES negotiated increase in base pay, with little room for flexibility. The alternative approach would be to move to spot salaries, rather than have an incremental pay spine, but it was recognised there could be risks associated with this approach in relation to equal pay.
- City now had a Senior Leadership Team with a higher than average percentage of women which was to be celebrated. All members of the Senior Leadership Team had also been allocated EDI objectives.
- RemCo suggested that if there were obvious and possibly unjustified cases of inequality for individuals highlighted by the Audit these should be addressed. The HR Director would take this forward, and any cases for staff with remuneration over £100k would come to RemCo for approval. **[Action]**
- RemCo suggested that the further investigation consider how long academic staff stayed in grade; this exercise had been undertaken for the initial institutional Athena SWAN application so could be repeated. **[Action]**
- RemCo noted that its own composition was all female. CGNC had discussed whether it should only appoint a male to the committee vacancy for gender balance but had opted to choose the person with the best skills for the committee, as a diversity of skills was equally important. There was another opportunity to

revisit the committee composition as the Terms of Reference allowed for up to five members plus a co-opted member.

Decision

RemCo **endorsed** the Equal Pay Audit action plan.

9. Bayes Remuneration Matters

The Dean of Bayes Business School joined the meeting for this item.

9(i) RemCo received a presentation from the Dean of Bayes Business School providing an overview of remuneration at Bayes, including an update on the review and reduction in overtime payments, the approach taken in relation to responsibility allowances and a comparison with competitor Business Schools. The School's current academic staffing costs totalled £25M, with overtime payments being just below £1M and responsibility allowances £1.3M. Overtime payments, paused during 2020/21 but then resumed this year, would be discontinued for 2022/23 and the impact of this decision had been modelled. There had also been some intervention on responsibility allowances with a reduction in spend of approximately 20%. The School's Remuneration Framework introduced in 2018/19, had introduced zones for subject areas at Reader and Professor levels and this was thought to be working effectively but the framework did not cover lecturer and senior lecturer posts. Other remuneration issues highlighted were; the impact of the suspension of the annual pay review, the lack of mechanisms to increase pay based on strong performance, gaps in pay banding for lecturers and senior lecturers, and the need to maintain competitive remuneration in relation to other Tier 2 business schools. In discussion the following points were made:

- The President highlighted the importance of standardisation of responsibility allowances across the institution and the principle that overtime payments were not appropriate, however, there might need to be a transitional period while reforms were phased in; and a review of total remuneration for some individuals in the School might be required.
- Removing overtime payments had led to issues with teaching allocation and increased the School's spend on additional full-time staff and Visiting Lecturers to cover tasks formerly performed by permanent staff. There was also anecdotal evidence that some staff were 'moonlighting' by teaching at other institutions.
- The retention of high quality staff was important but managing workload via overtime was not sustainable. The removal of overtime payments could, however, cause issues in the shorter term as it was a big cultural change.
- The President had managed a transition away from overtime payments at a former institution. He believed that the aim should be to assimilate overtime payments into base pay and have managerial discussions around reasonable workload for each member of staff to maintain City's competitive edge but remove the overly transactional culture currently evidenced.
- The School had developed a new points system for workload: most members of staff were undertaking 80-90 hours in class plus support around this, which was in line with other business schools in the Russell Group.
- There was clearly a case, however, that workload allocation should also be consistent across City; and for workload norms to be adjusted so that Visiting Lecturers would no longer automatically be the principal means to cover teaching and other work previously defined as overtime.
- The action taken to date on responsibility allowances had had some negative effects and the School felt that the standardisation of responsibility allowances and workload allocation across City would exacerbate this issue. While the acquisition of Finsbury Square had been welcomed by staff in Bayes there was a perception amongst staff in the School of workplace benefits being taken away over the last few years.
- The Dean of Bayes would be leading on staff experience at City for SLT as part of his wider role of Executive Dean.

- The School five-year plan was based on Bayes retaining its position as a Tier 2 Business School, which would ensure it maintained its contribution levels. To that end, Bayes needed to be world class in some disciplines; and this was reflected in the salaries offered to key staff and was a core part of the cultural identity of City.
- In return for an increase in total spend on staffing a productivity gain should be expected, and the effect of any increase in staffing costs on Bayes contribution level should be modelled. If the business plan achieved growth then the School could afford to increase staffing costs as the two issues were interlinked.
- Simplifying structures, making responsibility allowances consistent across the university, and removing overtime payments should help productivity, together with driving culture change. The strategic direction should be consistent with these principles assuming that City's remuneration levels were in line with the broader pay market.
- A fresh pay benchmarking exercise could be undertaken to confirm whether remuneration levels at Bayes were in line with the current pay market for comparator Business School and whether changes were required to the Bayes remuneration framework. **[Action]**
- RemCo would hear a further update on Bayes Remuneration issues in a few months. **[Action]**

9(ii) RemCo noted the Strategic Retention list of staff for Bayes.

10. Draft Annual Remuneration Report

RemCo considered a second draft of the Remuneration Report to be included in the Annual Report and Accounts 2021/22. The report would include reporting on the President's income from other sources and would no longer provide alternative data for pay ratios as the OfS ratios were considered sufficient. In discussion the following points were made:

- RemCo suggested that the details of small sums of external earnings by the President should be noted as a total; income from more substantive roles would be detailed.
- Remuneration agreed as a result of the Pension Protocol that this could be reported as a separate component of total remuneration which would be in line with others in the sector. The College Secretary would consider whether this approach would be appropriate. **[Action]**

Decision

Remco endorsed the draft Annual Remuneration Report.

Part Three – Higher Paid and Senior Staff – issues requiring attendance of President

11. Update on Recruitment to the new Senior Team

11.1 Update on appointments to the Senior Leadership Team

RemCo received a summary of roles in the Senior Leadership Team (SLT) noting in particular the key responsibilities of the Deputy President and Vice-President. Responsibilities had now been mapped for all team members, following the appointments of the Deputy President and two new Deans of School. All Deans had been allocated tasks in line with their enhanced role of Executive Dean. Many SLT members had also recently been appointed to EDI Ambassador roles for City. The search had commenced for a Chief Information Officer and a Deputy Chief Operating Officer; neither post would be part of SLT. As a result the SLT was now complete. In discussion the following points were made:

- SLT Leads had been appointed for the eight Strategy Implementation Workstreams.

- Clearer lines of engagement for the Vice-Presidents with Associate Deans in Schools would be developed to help with the implementation of the Strategy. Professor Quinsee was exploring this in parallel with an ongoing review of the role of the Head of Department.
- The President would consider further whether objectives for senior leaders should be more focussed on outcomes flowing from the Strategy, but noted that the current 'to-do list' format was his preferred methodology. The team was still new so this year was a transition. Next year would be the opportunity to consider more outcome-oriented objectives.
- It might be helpful, however, perhaps at the point of mid-year review discussions of objectives; to pause and consider mapping the 'golden thread' linking what senior leaders were tasked with doing to City's organisational goals. The President would therefore consider how to capture this and make sure it was mapped when discussing objectives. **[Action]**

This item is continued in Section B of the minutes, Closed Business.

- 11.2** RemCo considered a business case for the substantive appointment of the Chief Financial Officer. Whilst the role was being undertaken on an interim basis the opportunity had been taken to re-evaluate the position to combine some of the tasks formerly undertaken by the Finance Director with financial elements of the former CFO role, removing responsibility for P&F, IT and Business Continuity which was now led by the COO. This evaluation resulted in a Hay level of 22.

In discussion it was noted that the Finance Director had taken on the role of Interim Chief Financial Officer successfully. Subject to RemCo's approval of the business case there would be a confirmatory discussion with the postholder to ascertain developmental opportunities and whether any further support was required.

Decision

RemCo **approved** the business case for the substantive appointment of Chief Financial Officer.

This item is continued in Section B of the minutes, Closed Business.

The HR Director left the meeting for the following item.

12. Senior Staff Reporting to the President

12.1 Achievement of Objectives

RemCo received a verbal report from the President on each member of staff's achievement of objectives and objectives set for 2022/23 for members of the Senior Leadership Team (SLT) reporting to the President and for two members of senior staff reporting to the Chief Operating Officer (COO). In discussion the following points were noted:

- This was the first year of the new team with some members arriving mid-year; the President highlighted achievements of individuals and roles where some change may be needed going forward.
- All members of the SLT had statements of their objectives, including those for development and EDI.
- The President had helpfully explained to RemCo the rationale for his overall assessment of the individual performance of each of SLT members reporting to him.
- RemCo requested a final analysis of the total staffing costs of the Senior Leadership Team now that all posts had been filled. **[Action]**

12.2 Base Pay Review for Members of Senior Staff

RemCo noted that the President would not make any recommendations for increases to base pay for 2022/23 for Senior Staff reporting to the President or the COO.

13. Recognition Award Scheme

RemCo **agreed** that the President and the Chair of Council could bring forward nominations for a recognition award, to be considered at the November meeting in relation to the previous academic year.

The President left the meeting at this point and was not present for discussion of the following items.

Part Five – Higher Paid and Senior Staff – issues not requiring attendance of President

14. Senior Staff Reporting to the Chair of Council

The College Secretary left the meeting for the following item.

14.1 Achievement of Objectives

RemCo noted reports of the achievement of objectives and objectives set for 2022/23 for the President, the College Secretary and the Director of Internal Audit.

This item is continued in Section B of the minutes, Closed Business.

14.2 Head of Institution Remuneration

RemCo noted the report on the President's remuneration in the context of recent CUC data on Head of Institutions' remuneration.

14.3 Base Pay Review for members of Senior Staff

RemCo noted that the Chair of Council would not make any recommendations for increases to base pay for 2022/23 for Senior Staff reporting to her.

This item is continued in Section B of the minutes, Closed Business.

15. Higher Paid Staff ie staff earning more than £100k per annum

15.1 Appointments and Departures

RemCo noted no new appointments of staff within its remit, and the departure of one individual from Bayes.

This item is continued in Section B of the minutes, Closed Business.

15.2 Approvals by Circulation

RemCo noted its approvals by circulation for the period between 15th March and 7th June for six members of staff.

This item is continued in Section B of the minutes, Closed Business.

15.3 Recommendation for Approval

RemCo considered a business case for a proposed salary range for the proposed role of Deputy Chief Operating Officer which was evaluated as Hay Level 21. In discussion the following point was made:

- The postholder would report to the COO and would not be a member of SLT.
- There would be dotted line reporting from the School COOs to the new post with solid line reporting to the Deans of School.

Decisions

RemCo **approved** the recommendations for a salary range for the proposed role of Deputy Chief Operating Officer.

This item is continued in Section B of the minutes, Closed Business.

15.4 Exceptional Requests

RemCo noted that two cases for retention payments for members of staff in Bayes may come for approval before the next meeting in November. Both individuals are included on the Strategic Retention list provided by the Dean of Bayes.

The committee requested an analysis of business cases presented to RemCo by the number of times the individual is considered, also by gender and ethnicity. **[Action]**

Part Five – Items for Information

16. Ethnicity Pay Gap Report 2021

Remco noted for information the draft Ethnicity Pay Gap Report which would be further refined following discussion at SLT and other executive committees prior to discussion at the November RemCo.

17. AOB and Date of Next Meeting

The Chair of RemCo would write to the President with regard to the role of Senior Executive Dean **[Action]**; a business case may come to the committee for decision by circulation.

The next meeting would take place on 2nd November 2022 at 9 am.

Jen Tippin
Remuneration Committee Chair
June 2022