

ROYAL NORTHERN COLLEGE OF MUSIC

Report of the Remuneration and Strategic Staffing Committee to the Board of Governors For the Year Ended 31 July 2019

Introduction

This report summarises the business of the Remuneration and Strategic Staffing Committee throughout the College's academic year from 1 August 2018 to 31 July 2019 (the 'period') and sets out how the Committee has discharged its responsibilities as set out within the approved terms of reference.

The report is written for the Board of Governors but it is also intended to publish the report on the website as part of our continuing efforts to improve the transparency of governance processes within the College.

Higher Education Senior Staff Remuneration Code

In 2018 the College and Committee adopted the guidance contained within the Higher Education Senior Staff Remuneration Code (the Remuneration Code) to ensure the College retains its ability to attract and retain the best possible staff, to help protect the College's reputation and provide assurance on senior staff remuneration to key stakeholders and partners, including the Office for Students, student community and wider society. Should the Board accept a Committee recommendation that the College will not comply with any particular aspect of the code, a full explanation for the reason will be published.

At its meeting in November 2018, the Committee considered and approved a policy on the retention of external income by senior post holders; which for the 2017-18 year was the only principle in the Remuneration Code not adopted by the College. In 2018-19 the Committee and College therefore adopted all twenty-one principles laid down in the Code.

Structure and Membership of the Committee

The composition of the Committee reflects the guidance published by the Committee of University Chairs and the requirement set out in the Remuneration Code that Remuneration Committees must be independent and competent. The Committee is chaired by an independent governor and the Principal is not a member. The Committee has carefully considered whether the Principal should be in attendance at meetings of the Committee and agreed that this is helpful when discussing business due to the insights she brings on matters relating to the remuneration of senior post holders (excluding herself) and staffing policy.

The Secretary to the Committee is Dr Dawn Edwards, Clerk to the Board.

The members of the Remuneration and Strategic Staffing Committee during the period were:

Felicity Goodey (Chair)
Carolyn Baxendale
Nick Prettejohn (Chair of the Board)
David Roper (Deputy Chair of the Board)

The Chair and members of the Committee are appointed by the Nominations Committee based on their experience and skills in relation to remuneration and senior staffing decisions.

Terms of Reference of the Committee

The terms of reference were reviewed by the Committee at its June 2019 meeting (no meeting was held in February 2019). Changes were made to bring the College more closely and demonstrably in line with the Remuneration Code. The terms of reference for 2018-19 were as follows:

1. To consider and determine on behalf of the Board the remuneration arrangements for the Principal of the College, the Clerk to the Board and other senior post holders of the College¹) in accordance with the HE Remuneration Code.
2. At the Board's request, to consider and determine the remuneration arrangements for senior managers in the College, who are not holders of senior posts.
3. To advise the Board or, on behalf of the Board, the Principal, in relation to the general salary structure, remuneration and terms of employment of the College's senior management.
4. To consider any severance terms for senior post holders on the termination of their employment and make recommendations to the Board.
5. To approve and keep under review on behalf of the Board, the College's Human Resources strategy and staff policies designated as a Regulation of the College.
6. To take account of the College's responsibilities for equality and diversity when considering the remuneration of staff falling within the remit of the Committee and in the consideration of human resources policies designated as a regulation of the College.
7. To provide the Board with an annual report of the business of the Committee which is transparent and meets the requirements of good governance.
8. To consider such strategic staffing issues as may be referred to it by the Board, or by the Executive Committee of the College, and to advise the Board and/or the Executive Committee accordingly.

Dates of Meetings and Attendance

During the period, meetings of the Committee were held on the 26 November 2018 and 12 June 2019. Each meeting was quorate and well-attended. The minutes of both meetings have been received by the Board.

The Principal (Professor Linda Merrick), was in attendance at both meetings in 2018-19, but withdrew from the meeting of 12 June 2019 when her remuneration was discussed and agreed for 2018-19. The Deputy Principal (Operations) (Susan Baines) was in attendance at each meeting and for specific agenda items, the Head of Human Resources (Paul Hynes). The Secretary to the Committee (Dr Dawn Edwards) was in attendance at each meeting, withdrawing from the meeting of 12 June when the Committee considered her remuneration.

Approach to Remuneration

In making decisions about the Principal's and other senior post holder's year (the Clerk to the Board, Deputy Principal (Operations), Deputy Principal (Performance and Programmes) for the 2019-20 academic remuneration, the Committee applied a strong, evidence-based approach to its

¹ Senior post holders are the Principal, Clerk to the Board, Deputy Principal (Performance and Programmes), Deputy Principal (Operations) and the Director Finance.

discussions with a view to retaining the best staff possible in order to deliver the best experience and outcomes for the students and society, while taking into account the College's financial position and the effective use of resources.

When considering the appropriate salary for the Principal, the Committee gave due regard to the size and complexity of the role and benchmark data, including data from Universities and Colleges Employer Association's Senior Staff Remuneration Survey and the remuneration of the Principals of the UK conservatoires. The national pay award and pay increases awarded to other staff in the College was taken into account together with the current value for the College of the pay multiple of the Principal earnings against the median of all staff and data for last five years.

The Committee operated in accordance with best practice as recommended in the Higher Education Code of Governance, the Remuneration Code and other guidance produced by the Committee of University Chairs and the Office for Students.

The Principal's remuneration package

The Principal's salary reflects the scale and complexity of the job, comparisons with benchmarks and her outstanding performance measured against objectives set by the Chair of the Board.

Professor Merrick's remuneration comprises three elements; her salary, benefits and pension. The College does not operate a system of performance-related pay.

Emoluments of Principal	2017-18	2018-19
Salary	£138,823	£141,599
Benefits	£2,091	£1,981
Subtotal	£140,914	£143,580
Pension costs	£22,878	£23,336
Total	£163,792	£166,916

External appointments and expenses

All expenditure for and by the Principal was wholly and exclusively for approved College business with the aim of enhancing the outcomes for students and staff and raising the profile of the College regionally, nationally and internationally. Services were procured in accordance with the College's financial regulations.

	Exec Cars	Air fares	Rail travel	Accommodation
2017-18	£6,893	£2,777	£4,092	£1,089
2018-19		£5,333	£7,976	£2,694

Analysis of Principal's remuneration

	2018*		2019*	
	Median	Pay multiple	Median	Pay multiple
College	£37,706	3.7	£38,460	3.7
Professional services	£25,728	5.4	£26,243	5.9
Academic staff	£41,703	3.3	£42,036	3.7

* Data based on 31 March each year

Other business considered by the Committee

The Committee considered the Human Resources Strategy Annual Report for 2018-19 together with associated performance indicators was considered. Other key areas of business at the two meetings held in 2018-19 were the status of casual workers and data in relation to staff sickness.

Governance

Members are collectively of the opinion that the Remuneration and Strategic Staffing Committee continues to discharge effectively its responsibilities as set out in the agreed terms of reference and in doing so supports the Board to fulfil its obligations under Article 3(2(d)) of the Articles of Governance.

Recommendation

The Remuneration and Strategic Staffing Committee asks the Board to approve its approach to the remuneration of the Principal and other senior post holders. It has endeavoured to achieve a balance between rewarding success, demonstrating good governance and use of resources. The Board is invited to receive the report and endorse the Committee's approach.

Felicity Goodey
Chair of the Remuneration and Strategic Staffing Committee

November 2019