

## **ANNUAL REMUNERATION COMMITTEE REPORT, MAY 2025**

### **1. Introduction**

- 1.1 The University acknowledges that the regulatory and policy environment requires transparency around senior staff remuneration. This is achieved in part through the fulfilment of requirements specified in the Office for Students' (OfS) 2017-18 accounts guidance (revised in 2022) and a requirement to publish a pay ratio between the Head of the Institution and median staff pay.
- 1.2 The remuneration code published by the Committee of University Chairs (CUC) supports these requirements, covering remuneration committee policies and processes. The CUC Code was updated by AdvanceHE in 2021 and recognises how the financial environment of higher education has changed; it cites pressures on public finances and identifies issues within HE such as pensions, wage freezes and gender pay gaps.
- 1.3 This report is underpinned by the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code which requires the Remuneration Committee to produce an Annual Report, providing assurance to the Governing Council that the Remuneration Committee has effectively discharged its responsibilities.
- 1.4 This report outlines the background to the Remuneration Committee's work over the last 12 months, its principles and approach and activities undertaken by the Committee.

### **2. Background**

- 2.1 Higher Education Institutions (HEIs) have a major impact on the economy of the UK and make a valuable contribution to the social and cultural life of the country. However, the Higher Education sector faces a complex set of challenges, including financial pressures, changes in student demographics, and a drive for greater collaboration and innovation. HEPI (2025) state that the strategic challenge of managing higher education institutions is the management of tensions between competing imperatives, requiring creative thinking, innovating and finding new markets, and servicing these at new price points, while continuing to meet the social obligations implicit in the mandate of universities.
- 2.2 The University seeks to set pay levels for all staff that are fair, proportionate, reflect the level of responsibility of the role, and enable the RAU to attract and retain staff of the highest calibre. There is a balance to be found between recruiting, retaining

and rewarding staff, in order to deliver the best outcomes for students, society and the economy, while demonstrating effective use of resources and value for money for students in the use of the University's overall resources. Remuneration must be sufficient to motivate staff of appropriate calibre and it needs to take into account the complexity of the operations senior staff manage.

- 2.3 The risk of not securing appropriate academic and professional leadership is an important consideration for the Governing Council. Levels of scrutiny regarding senior pay in higher education have heightened in recent years, bringing considerations of fairness, equality, and alignment with external markets to the forefront.
- 2.4 In this context, it is important that decisions are evidence-based and proportionate to enable the delivery of effective outcomes in a competitive environment.

### 3. Terms of Reference

- 3.1 The Terms of Reference for the Remuneration Committee ([https://www.rau.ac.uk/sites/files/rau/Remuneration%20Committee%20ToR\\_0.pdf](https://www.rau.ac.uk/sites/files/rau/Remuneration%20Committee%20ToR_0.pdf)) are reviewed annually and were last approved at the meeting held on 29 May 2024 as part of the review cycle.

### 4. Principles and Approach to Senior Remuneration

- 4.1 The Remuneration Committee seeks to ensure compliance with the CUC Code through an ongoing self-assessment against its provisions and consideration of the work that needs to be done. It recognises how the financial environment of higher education has changed and it is noted that the Office for Students (2025) reported that financial data from universities in England suggested that the higher education sector is facing considerable financial pressure.
- 4.2 The CUC Code provides an important component to support an open system for remuneration which demonstrates value for money. The Remuneration Committee supports the Code's key elements: a fair, appropriate and justifiable level of remuneration; procedural fairness; and transparency and accountability. It acknowledges that proper remuneration of staff, especially for the Vice-Chancellor and their immediate team, is an important part of ensuring institutional sustainability and protecting the reputation of the institution.
- 4.3 The Committee is responsible for determining the remuneration of the Vice-Chancellor, Professor Peter McCaffery and other members of the Vice-Chancellor's Executive team. As the institution's senior management team, the University

Executive is primarily advisory to the Vice-Chancellor who, as the chief academic, administrative and accounting officer, has been delegated overall responsibility by the Governing Council for the management of the University.

4.4 In the year ending May 2025 members of the Executive team were:

- Chief Operating Officer, Graham Pollard
- Pro Vice-Chancellor Academic Planning & Resources, Professor David Main
- Pro Vice-Chancellor Research and Enterprise, Professor Mark Horton
- Finance Director, Colin Carville
- University Treasurer, Simon Costa
- Transformation Director, Teresa North from August 2024
- Director of Human Resources, Sarah Lower from August 2024

4.4 The Remuneration Committee also has oversight of remuneration for the University Professoriate, and receive information on the salaries of senior professional services staff whose salary exceeds £70,000 per annum. The Committee also receives updates on remuneration-related matters for the wider workforce and people issues at the RAU as appropriate. This enables the Committee to fulfil its responsibility for ensuring that the organisation's overall framework for remuneration is proportionate and appropriate within its context and to ensure the University meets its strategic ambitions.

4.5 The RAU requires high performing, experienced leaders and the Committee is required to balance many factors including market rates of compensation, the challenging financial circumstances facing universities, the external perceptions of senior pay and internal equity factors.

4.6 In order to do so, the Committee may consider information from a wide range of sources including, but not limited to:

- Committee for University Chairs' Vice Chancellor salary and benefits benchmark report
- Benchmark data from comparative universities including GuildHE
- UCEA Senior Staff salary survey
- External reward consultancies
- Data on national pay trends

4.7 The Remuneration Committee ensure decisions on remuneration are taken with regard to the financial position of the Royal Agricultural University, progress towards achieving Key Performance Indicators, value for money issues, the reputation of the University and the wider context in which matters relating to pay in the HE sector are considered.

4.8 All staff within the remit of the Committee are required to disclose any income generated from an external activity in accordance with the University's Policy on External Activities and Income Retention Policy (<https://intranet.rau.ac.uk/DepartmentsSchools/HumanResources/Documents/External%20Activities%20and%20Income%20Retention%20Policy.pdf>)

## 5 Salaries

5.4 The Remuneration Code was prepared by the CUC to provide a strong basis for the sector to demonstrate its commitment to transparency and to ensure that decision making is effective. It provides universities with guidance on how to determine fair and appropriate remuneration to help create a clear and open system and improve the public's understanding of and confidence in how the salaries of Vice-Chancellors and other senior staff are determined.

5.5 Any additional awards made for exceptional performance are carefully considered. Salary determination at individual level will take account of: individual performance; organisational performance; relevant market data; affordability; and retention issues.

5.6 There have been no additional awards for performance made between June 2024 and May 2025.

## 6 Remuneration Committee Meetings

6.1 The Committee typically meets at least once per year with additional meetings arranged as necessary. Over the last 12 months the Committee met on 17 October 2024 on 28 May 2025.

6.2 The Committee have reviewed senior staff salaries, which included salaries for the University Professoriate. They have also reviewed the Remuneration Committee Terms of Reference, the 2024 Gender Pay Gap Report and the 2024 Equal Pay Audit and the Committee was updated on the 2024/2025 UCEA national pay award negotiations and the 2024 Staff Survey.

## 7 Membership

7.1 Membership of the Committee comprises at least three Independent Governors and there may also be a co-opted member. The Chair of the Governing Council is normally a member and included in the three members referred to above.

7.2 The Remuneration Committee Membership for 2024 to 2025 is outlined below:

| Committee Member  | Role   |
|---|--|
| <b>Kim Frost</b><br>September 2021 onwards<br>April 2020 onwards<br>October 2018 – March 2020 | Chair of the Remuneration Committee<br>Independent Governor<br>Co-opted Member |
| <b>Fiona Reynolds</b><br>September 2021 onwards   | Ex Officio Member and Chair of the Governing Council                           |
| <b>Jason Makepeace</b><br>February 2023 onwards   | Independent Governor   |
| <b>Neil Scott</b><br>March 2021 to September 2024   | Independent Governor   |

## 8. Vice-Chancellor's Remuneration

8.1 Details of the Vice-Chancellor's remuneration are detailed below:

| Emoluments of the Vice-Chancellor             | 2023-24       | 2024-25       |
|---|---------------|---------------|
| <b>Salary</b>                                 | 214,137.00    | 214,137.00    |
| <b>Performance Related Pay</b>                | N/A           | N/A           |
| <b>Benefits<br/>(accommodation allowance)</b> | Not specified | Not specified |
| <b>Compensation for loss of office</b>        |               |               |
| <b>Subtotal</b>                               | 214,137.00    | 214,137.00    |
| <b>Pension costs</b>                          |               |               |
| <b>Total</b>                                  | 214,137.00    | 214,137.00    |

8.2 The Vice-Chancellor benefits from on-site accommodation at the RAU on a part-time basis, and this is provided free of charge. A notional charge will be calculated for accounting purposes and a PIID will be produced, with the RAU meeting the liability for tax.

8.3 Pay ratios provide a measure of the internal pay equity and can give a basic measure of pay fairness within an organisation. The CUC Code requires that HE providers publish the pay multiple of the head of institution and the median earnings of the institution's whole workforce. This can assist institutions to explain how the senior staff and heads of institution salary increases have remained broadly in line with

average staff salary increases, and UCEA (2025) report that at sector level this has been the case for well over a decade.

- 8.4 Figures published by UCEA (2025) show that the median total remuneration ratio is 7.3 for English HEIs for the 2022-23 academic year, when calculated using the OfS methodology. This means, a Vice-Chancellor's total remuneration is on average equivalent to 7.3 times their median staff's total remuneration. The median for basic remuneration is 6.9. Within the OfS guidance on the basic pay ratio and the total remuneration ratio, the term 'all other employees' is defined as including atypical staff and those on agency contracts.
- 8.5 The current ratio at the RAU is 6.3 times the median pay of RAU staff and all other employees, for both total remuneration and basic remuneration. It therefore compares favourably to the median for the HE sector and is unchanged from the 2024 figure reported at the RAU.

## 9 Severance Arrangements

- 9.1 There were no severance payments agreed for a senior postholder during the period of this report.

## 10 All Staff at the Royal Agricultural University

- 10.1 Staff at the RAU have their annual pay uplift determined through the national New JNCNES Negotiating Committee as part of the sector increase; five recognised trade unions within the Higher Education sector negotiate with the Universities and Colleges Employers Association (UCEA), who represent the Universities as employers.
- 10.2 Negotiations for the 2024-2025 New JNCNES pay round determined a phased uplift of between 2.5% to 5.7% for staff paid on the single pay spine, weighted to support staff towards the lower end of the pay spine. UCEA recognised that this offer was at the limit of the HE sector's affordability and was made subject to the condition that institutions had the option to defer, as in previous years, by up to 11 months from 1 August 2024 to 1 July 2025. At the RAU, the decision was to defer implementation of the uplift, which will be applied 1 July 2025.
- 10.3 However, staff on the single pay spine continued to benefit from incremental progression in 2024-2025. One increment (roughly 3%) is awarded for each full year of service within the relevant grade until the maximum of the grade is reached, subject to satisfactory performance within the role. In 2024-2025, approximately 45% of staff benefitted from incremental progression.
- 10.4 Negotiations for the 2025-2026 New JNCNES pay round are currently ongoing.