

The Context for the Higher Education Senior Staff Remuneration Code

1. Higher Education Institutions (HEIs) have a major impact on the economy of the UK:
 - a) In 2014–15, they directly employed more than 400,000 people. Through the goods that they buy, an additional 430,000 jobs were sustained, and spending by the 437,000 international students who studied in the UK in 2014–15 (and the friends and family who visited them) stimulated another 110,000 jobs. In total, they support 3% of all employment within the UK.
 - b) They generated more than £95 billion of gross output in the UK economy in 2014–15.
2. HEIs make a valuable contribution to the social and cultural life of their communities. For example, more than 100 university museums are open to the public, attracting nearly 4 million public visitors every year. They also hold free public lectures attended by more than 2 million people every year.
3. HEIs inspire more than 2.2 million students every year. By international standards, student satisfaction is high. UK HEIs provide cost-effective, world-renowned research and have many global institutions and companies as partners. They act as vital anchor institutions in their regions, working alongside public sector and commercial organisations in driving productivity and creating a sense of place.
4. Many HEIs are also global businesses. Not only do they recruit international students studying in the UK, some now have group structures with significant parts of their business operated outside of the UK. Others maintain strategic partnerships with global companies, benefitting the UK and the region within which they operate.
5. The QS World University Rankings show that the UK has some of the best universities in the world, with four in the top 10. All HEIs are affected by the global market for talent, particularly since significantly higher levels of remuneration available in the US and Australia make it harder to recruit and retain key staff.
6. UK HEIs are large and complex organisations: the sector is diverse, and there is no such thing as a ‘typical’ HEI. A large university can easily have an annual turnover of more than £600 million, a workforce of more than 7,000 people and a broad community of students numbering some 30,000. A smaller institution is still a sizeable undertaking, with perhaps 6,000 students, 700 staff and a turnover of nearly £60 million.
7. The demands on a Vice-Chancellor within a single day can range from dealing with an individual student complaint, negotiating a multi-million-pound financing scheme, leading discussion on future strategic initiatives, receiving a top-level international delegation, an interview with a national journalist, and so on. All of this is delivered within an increasingly competitive environment both nationally and internationally, where student demand for places both at subject and institutional level is increasingly volatile.
8. HEIs face constant challenges and increasing competition, to which they continue to respond by enhancing their presence and reputation internationally, nationally and locally, while at the same time maintaining and improving the learning and teaching they offer and the research they undertake. With this agenda, it is vital that they should attract, recruit and retain the best possible staff. The risk of not securing the very best academic and professional leadership for institutions is an important consideration for governing bodies.
9. In this context, it is important that any decisions on levels of remuneration must balance the need to demonstrate effective use of stakeholder funds with the need to recruit, retain and fairly reward those staff. Figures provided by the Universities and Colleges Employers Association (UCEA) suggest that UK Vice-Chancellor remuneration levels are below those of post holders in other countries.
10. Although not in the public sector, HEIs receive a significant amount of investment from taxpayers, students and other stakeholders and accordingly need to demonstrate to those that provide financial support that decisions made in respect of remuneration are evidence-based, proportionate and necessary to enable the HEI to continue to deliver effective outcomes in a competitive environment.

Sources of facts can be found at the following locations:

Universities UK (2017), [The Economic Impact of Universities in 2014-15](#).
Universities UK, [Universities support their local area and communities](#).

URLs accessed June 2018.