

Dear Colleagues

Today we publish the final version of the Committee of University Chairs' Higher Education Senior Staff Remuneration Code (The Remuneration Code).

Vice-Chancellors and their senior staff lead some of the most complex organisations in the UK. Their leadership has helped the UK higher education system become one of the best in the world in terms of teaching and research. Our universities are multi-million-pound businesses and make a significant contribution to the UK economy and to the social and cultural life of their communities. To sustain the success of the higher education system, it is vital that we recruit, retain and reward the very best leaders in a competitive market.

This new Remuneration Code provides universities with guidance on how to determine fair and appropriate remuneration for Vice-Chancellors and other senior university staff. Its purpose is to help create a more transparent and open system and improve the public's understanding of and confidence in how the salaries of Vice-Chancellors are determined.

The code sets out three principles for Vice-Chancellor pay: fairness, independence and transparency.

- **Fairness:** The code sets out what university remuneration committees should consider when deciding the pay of Vice-Chancellors. Factors include external comparisons, levels of experience and the complexity of the position.
- **Transparency:** The code also stipulates that every institution must publish an annual report in which it sets out clearly the salary of its Vice-Chancellor and the pay multiple showing how their remuneration compares with the median earnings of the institution's whole workforce. If the multiple is significantly above average – which will be published every year – it must explain why.
- **Independence:** The code states unequivocally that no Vice-Chancellor should be permitted to be a member of its university's remuneration committee. While they may be invited to attend meetings, they cannot be present during discussions about their own pay.

I am grateful to all those members of CUC and other stakeholders that have contributed their time and expertise to the development of this Remuneration Code. I also appreciate the help and support we have received from our colleagues in the Office for Students. This is not, however, the end of our engagement with the issue of Vice-Chancellor pay. Institutions must publish the multiple of the remuneration of the HoI and the median earnings of the institution's whole workforce annually. This should be accompanied by sufficient explanation and context to enable useful comparison. Institutions that position themselves in the highest quintile will need to be prepared to provide additional explanations to stakeholders and their regulators as to why this is desirable. To support these explanations, CUC will publish annually sector level information on Vice-Chancellor pay, including the level of the average and the highest quintile (currently 6.4 and 8 respectively).



Committee of University Chairs

The CUC will also commission an independent review of how the Code has been implemented after the guidance has been in place for a full 12 months.

The publication of this Remuneration Code is a major step in tackling the issue of Vice-Chancellor pay – it provides a strong basis for the sector to demonstrate its commitment to transparency, and I urge all institutions to adopt it and apply it.

Yours

Chris Sayers