

News story: Universities Minister calls for stronger oversight of senior pay

More robust leadership is needed to address senior pay, the Universities Minister Jo Johnson told representatives from the country's leading higher education institutions at a meeting today (Wednesday 13 November).

The Minister called on universities to deliver greater transparency and independence of remuneration committees, stricter oversight of severance pay, and the publication of the pay ratio of top to median salaries of all staff.

Minister Johnson addressed representatives from Universities UK, the Russell Group and the Committee of University Chairs (CUC) about the need for stronger public accountability, ensuring public confidence in the way universities are run. He also set out that university governance arrangements must be up-to-date and fit for purpose. The Minister welcomed UUK, CUC and Russell Group's willingness to work together to tackle this issue at pace.

Universities Minister Jo Johnson said:

It is vital that pay arrangements command public confidence and deliver value for money for students and taxpayers.

We need to see restraint that ends the upwards ratchet in pay and the use of benchmarks that are appropriate for a system in receipt of significant public funding.

The new Office for Students (OfS) will use its powers to ensure full transparency and accountability with respect to senior pay.

In January, the CUC will be publishing a new and robust Fair Remuneration Code, which Minister Johnson called for at the [Universities UK conference](#) in September 2017.

The Minister expects the following requirements to be included:

- The procedure for developing senior staff remuneration should be fully transparent.
- Vice Chancellors must not be a member of the remuneration committee that decides their own pay.
- Remuneration committees should be constituted of members who are independent of the provider.
- All providers should publish a clear and accurate pay ratio i.e. top (vice chancellor or equivalent) to median of all staff (including Academic staff, Professional Services staff and Professors).
- There should be full disclosure of all senior staff benefits, including

subsidised housing, expenses and any other non-taxable benefit.

The Minister believes that universities should start adhering to these principles of fair remuneration immediately.

From next year the new regulator, the OfS, will go further to ensure transparency and accountability from our universities, with justifications required for exceptional levels of pay above £150,000.

The Minister will be asking the OfS to write to all higher education providers to remind them of their responsibilities regarding good governance and public accountability.