

NSCD Annual Remuneration Report: 2019-20

1. Introduction: Senior Staff Remuneration Code

Northern School of Contemporary Dance (NSCD) considers that it is important that there is transparency and openness in relation to Designated Senior Post-holder (DSP) pay. This document outlines the mechanism by which NSCD's DSP remuneration is determined. It follows the principles set out in The Higher Education Senior Staff Remuneration Code introduced by Committee of University Chairs. Although use of the Code is voluntary, NSCD has adopted it.

DSPs are the School's most senior and highest paid staff. By adopting the Code, the school seeks to demonstrate a high standard of stewardship of DSP pay. It hopes that stakeholders can have confidence that appropriate oversight of DSP pay takes place, and that public money is being used appropriately.

The Code sets out the following principles:

- I. a fair, appropriate and justifiable level of remuneration;
- II. procedural fairness; and
- III. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

I. A fair, appropriate and justifiable level of remuneration

- a) Remuneration should take account of the context in which the institution operates.
- b) Remuneration must be linked to the value, based on a number of components, delivered by an individual acting within a role.
- c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.
- d) Institutions should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There should be a robust and consistent process for setting objectives and assessing an individual's contribution.
- e) Remuneration can vary according to individual performance.
- f) Awards made in respect of annual bonus arrangements linked to the achievement of specific annual objectives should not be consolidated.
- g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.
- h) Non-achievement of an individual's expected contribution should have consequences.
- i) Any severance payments must be reasonable and justifiable.
- j) There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity.

II. Procedural fairness

- a) Senior post holder remuneration should be determined in the context of each institution's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.
- b) No individual can be involved in deciding his or her own remuneration.
- c) Remuneration Committees must be independent and competent.

- d) The head of the institution (Hol) must not be a member of the Remuneration Committee.
- e) Remuneration Committees, when considering Hol remuneration, must be chaired by a lay governor who is not Chair of the governing body.

III. Transparency and accountability

Each institution must publish a readily accessible annual statement, based on an annual report to its governing body, containing:

- a) list of post holders within the remit of Remuneration Committee;
- b) its policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) its choice of comparator institutions/organisations;
- d) its policy on income derived from external activities;
- e) the pay multiple of the Hol and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why; and
- f) an explanation of any significant changes.

This report is intended to address all of the above, and covers the following topics:

- The responsibilities of the Remuneration Committee.
- Its membership
- The context in which NSCD operates
- An outline of the Designated Senior Post-holders' pay award 2019-20 and the rationale underpinning that decision
- The remuneration of the Principal
- The relationship between the remuneration for highest and lowest paid employees

2. **The Responsibilities of the Remuneration Committee**

The Remuneration Committee is the body that determines the level of Designated Senior Post-holders' pay. The Terms of Reference for the Remuneration Committee, and hence its responsibilities, can be found at Appendix 1.

3. **Membership of the Remuneration Committee**

As at 26 November 2019, the membership of the Committee was:

Mr Brian Brodie – Chair of Governors

Mr Ben Mitchell – Vice Chair of Governors and Chair of Finance Committee

Ms Tamsin Cooper – Governor

The Clerk to the Governors acts as the Clerk to the Remuneration Committee except where their remuneration package is being considered.

4. **Context**

The School has a total income of approximately £3.5M per annum, of that almost £3.0M is generated from undergraduate and postgraduate courses, being mainly from regulated tuition fees and grants for our UK and EU students, with the remainder from international students and independent fee payers. The regulated funding is received from the Office for Students (OfS) via our membership of the Conservatoire of Dance and Drama, which is a

registered Higher Education Institution. We also receive £200K of funding from the Department of Education for our Centre for Advanced Training and have previously received funding from the Education and Skills Funding Agency. In addition, the School receives a core grant from the Arts Council England of £150K per annum as a result of gaining National Portfolio Status for four years from April 2018 to March 2022. Finally, the School receives around £100K from other commercial activities such as theatre box office, studio lettings, weekly classes and short courses.

One of the School's key financial objectives is to increase the overall level of tuition fee income, in expectation that key grant funding from the OfS may be removed or reduced in the near future. This includes significant expansion of the education provision via the introduction of new courses which will increase the number of undergraduate and postgraduate students, as well as continuing with further internationalisation. Consequently, NSCD has to maintain rigorous financial discipline whilst at the same time looking to continue to invest in students, staff and facilities.

NSCD's staff budget for 2019-20 is £2.1M. It employs 86 full and part time staff, of whom 64 receive a monthly salary. The remaining 22 are predominantly guest teaching staff working on short term contracts and paid via submission of monthly pay claims.

All staff are eligible to join one of two occupational pensions. Both are defined benefits scheme, and as such employer contribution rates and benefits are relatively high:

Scheme	Eligible Staff	Employer contribution rate
Local Government Pension Scheme	<ul style="list-style-type: none"> • Business Support 	13.00%
Teachers' Pension Scheme	<ul style="list-style-type: none"> • Teaching Staff 	23.68%

DSPs are members of one or other of the above schemes.

In 2018-19 all staff received a consolidated pay increase of 1.5% effective from 1st September 2018. In 2019-20 all staff will receive a consolidated pay increase of 1.5% effective from 1st September 2019.

5. Designated Senior Post-holder's Pay Increase: 2019-20

The Remuneration Committee is responsible for advising and seeking the approval of the Governing Body on the remuneration of the Principal and Designated Senior Post-holders (DSPs). At 26 November 2019, the DSPs were:

Janet Smith	Principal
Ruth Manning	Director of Finance and Resources
Darren Carr	Director of Studies
Sarah McKenzie	Clerk to the Governors

At its meeting on 26 November 2019, the Committee deliberated whether to award a pay award to the DSPs. The Committee:

- Received advice from the Chair of the Board of Governors on the achievement of the Principal's annual performance objectives (6.3 of the Terms of Reference),
- Received advice from the Principal summarising the achievement by the DSPs of

their respective performance objectives (5.3).

- Agreed that there were no performance management issues which would potentially preclude any DSPs from receiving a basic pay award.
- Were cognizant of the 1.5% consolidated pay increase to staff backdated to 1st September 2019.

In these circumstances, the Committee decided to recommend to the Board of Governors that the DSPs receive a consolidated pay award of 1.5%, backdated to 1 September 2019.

6. Remuneration of the Principal

The table below sets out the remuneration of the Principal for the past three years. The consolidated pay increases awarded to staff are also included for comparison purposes.

	2017-18*	2018-19*	2019-20**
Salary	£ 68,180	£69,174	£70,211**
Principal: % consolidated pay increase	1%	1.5%	1.5%
Staff: % consolidated pay increase	1%	1.5%	1.5%
Performance Related Pay	N/A	£2,000	£3,000
Benefits	Nil	Nil	Nil
Sub Total	68,180	71,174	73,211**
Pension Costs	11,236	11,400	16,210**
Total	79,416	82,574	89,421**

*Per Annual Accounts

**Based on the current incumbent in post for the full year

The time of the Remuneration Committee meeting, a recruitment exercise had begun to appoint a new Chief Executive and Principal. The Remuneration Committee had considered benchmarking data and agreed that the new post should be advertised with a pay range of £70,000 - £80,000.

7. Pay Multiple: Principal to Median and Lowest Paid Employee

The following table details the pay multiple of the Principal when compared to the median pay of all employees.

	2017-18*	2018-19*
School - Basic Pay of Principal to median Pay	2.03	2.16
School - Total Remuneration of Principal to median Remuneration	2.36	2.32
HE Sector - Basic Pay of Principal to median Pay (published by OfS)	7.34	Not yet published
HE Sector - Total Remuneration of Principal to median Remuneration (published by OfS)	7.71	Not yet published

Northern School of Contemporary Dance
Terms of Reference
THE REMUNERATION COMMITTEE

1.	Membership	1.1	Four Board Members (excluding staff and student members) and the Chair of the Board of Governors.
		1.2	The Committee may, if it considers it necessary or desirable, appoint up to two External Experts.
		1.3	The Chair of Finance Committee should normally be a member.
2.	Quorum	2.1	Three
3.	Frequency of Meetings	3.1	At least once per year.
4.	Attendance at meetings	4.1	The Principal shall normally attend meetings at the invitation of the Committee except where his/her remuneration package is being considered. The Committee shall have the power to invite such other persons, including senior post holders, to attend meetings as may be desirable and necessary.
		4.2	Other Board members shall have the right of attendance, save that the Committee may, when they are satisfied that it is appropriate, meet without staff or student members being in attendance. Such persons shall not have a vote.
5.	Authority	5.1	The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any Board Member, Committee or employee of the School and all Board Members and employees of the School are directed to co-operate with any request made by the Committee.
		5.2	The Committee is authorised by the Board to obtain outside legal or other independent professional advice provided that the Committee may not incur direct expenditure in this respect without prior approval of the Board.
6.	Duties	6.1	Review and determine the Board's policy on remuneration (including senior post-holders) so as to: <ul style="list-style-type: none"> • ensure that staff are fairly rewarded; and • give due regard to the interests of the public and of the financial health of the School.
		6.2	Determine the specific remuneration packages of the Principal and other senior post-holders, and in so doing shall consider the following component elements: <ul style="list-style-type: none"> • basic salary • benefits in kind • annual bonus/performance related elements • pension provisions • the main terms and conditions in each senior post-holder's service agreement, with particular reference to the notice provisions.

		6.3	Evaluate annually the specific remuneration packages of the Principal and other senior post-holders against: <ul style="list-style-type: none"> • Performance goals and objectives. • An appropriate peer group.
		6.4	Determine any compensation (including the augmentation of pension benefits) which may be payable in the event of the early termination of the employment of the principal or any other senior post-holder with the broad aim of: <ul style="list-style-type: none"> • avoiding rewarding poor performance. • dealing fairly with cases where early termination is not due to poor performance.
		6.6	Review the Board's policies in relation to all aspects relating to the remuneration and employment of the Principal and other senior post-holders.
		6.7	Advise the Board regarding annual pay awards for all staff (other than Senior Post Holders).
		6.8	Consider those risks allocated to the Committee for oversight.
		6.9	Consider and approve the following policies: <ul style="list-style-type: none"> • Remuneration and Reward.
		6.10	To comply with the CUC HE Remuneration Code, produce and publish a readily accessible annual statement, based on an annual report.
7.	Performance Monitoring	7.1	The Committee will consider its own performance against agreed performance indicators and report on this to the Board of Governors annually.
8.	Chair	8.1	The Chair of the Committee will be appointed by the Board of Governors.
9.	Committee Servicing	9.1	The Committee shall be serviced by the Clerk to the Governors, except where his/her remuneration package is being considered.
10.	Reporting Procedures	10.1	Decisions will be presented to the next available Board Meeting.
11.	Appointing Authority	11.1	Members shall be appointed by the Board of Governors.
12.	Approval and Reviews	12.1	These Terms of Reference will be reviewed and approved by the Board of Governors biennially. Date approved: February 2020 Review due: February 2022