

## **REMUNERATION COMMITTEE ANNUAL REPORT 2018**

A paper prepared by the Director of Human Resources

### **INTRODUCTION**

1. The Remuneration Committee met in November 2017 to receive information on the College's remuneration strategy, pay and pension benefits and also to review and approve the salary and emoluments for the President and the staff members of Council.
2. The Committee also reviewed the changing landscape and guidance for the governance of remuneration committees and agreed changes to terms and reference and the approach of the Committee in line with this revised guidance.
3. Details of the main issues that were reviewed by the Committee in 2017 are set out in this paper.

### **LOCAL PAY BARGAINING 2017**

4. On 1 August 2017 the College implemented a pay increase of 2% for salaries up to £67,110 plus 0.5% on the balance above that amount. For the second consecutive year, the College adopted a tapered approach to provide an increased benefit for lower and middle grades. Unlike last year, the recognised joint Trade Unions – UCU, Unite and Unison – accepted the pay offer.
5. The contractor minimum rate for those employed primarily on Imperial College activities was also set at £10.00 per hour, which was 2.56% above the London Living Wage at that point in time.

### **PENSION DEVELOPMENTS**

6. The Committee noted the progress on the valuation of the two funded pension schemes offered by the College – SAUL (for support staff) and USS (for academic, research and senior professional roles). It was noted that SAUL was fully funded but projecting an actuarial strain for future accrual. No major reform was planned for this valuation.

7. The Committee noted that the USS valuation was more complex and the scheme was projecting a substantial deficit which would require additional contributions of c. 11% to maintain the current benefit structure – a hybrid defined benefit/defined contribution scheme. Members noted that the College did not consider an increase in contributions beyond the current employer rate of 18%, to be a sustainable proposition to maintain the existing benefit structure. The Committee was informed that Provost’s Board is advised by a working group of Imperial College academics with relevant expertise. Members of the Remuneration Committee recognised the complexity of the issues and offered support, if needed, as the consultation on technical assumptions and benefit reform progressed.

### **EQUAL PAY**

8. The Committee reviewed equal pay audit information in some detail. Members were comforted to hear that the Vice-President of UCU (a Professorial member of staff) had undertaken some additional analysis on the data and had expressed confidence in the equity of the application of the College’s pay process except for the Business School pay profile where subject disciplines were producing significant variations in pay. Members asked for more detail on the approach taken to review Business School remuneration and supported the ongoing work in this area, noting that this involved Business School staff.

### **GOVERNANCE OF SENIOR PAY**

9. Members of the Remuneration Committee noted the increasing media interest in the governance of Vice-Chancellor and senior staff pay and agreed to review their terms of reference to improve transparency and confidence in the decision making of the Committee.

10. It was noted that the College’s principles for pay and recognition are published on the [College website](#) and apply to all staff from entry level roles to Professor. The College aims to pay mid to upper quartile against appropriate external benchmarks. A pay relativity review is conducted for all staff on an annual basis using consistent criteria to review salary adjustments. These criteria are also used to support the decisions taken by the President, Provost and the Remuneration Committee.

11. A senior staff pay exercise is informed by a review of a full staff list of those earning more than £80,000 across all areas to ensure parity. The benchmark data is informed by the UCEA Senior Staff Remuneration Survey, 185 pages of comparator salaries for Function Heads, Directors and Professors. The College also reviews the Russell Group salary surveys for Non Academic Management, Professors and Readers. The Committee of University Chairs (CUC) survey is used to benchmark the salary of the President.

12. Members of the Committee noted the additional requirements for transparency being proposed, in consultation, through the Office for Students, the Russell Group and CUC. In response to these proposals it was agreed that, in future, the Remuneration Committee would be provided with information on the College's pay ratios against relevant benchmarks, information on the numbers of staff earning more than £100k (with comparison to previous years and how pay growth compares to the average award for all staff) and information on all roles earning more than £150k (with explanation of any growth in pay beyond the average award for all staff, with reference to benchmark data and performance objectives that supported the decision to adjust pay).

13. In line with the recommendations from the various advisory groups and Government, the Committee considered updating its terms of reference with more detail on the process that underpinned the work of the Committee. The scope of the decision making remit of the Remuneration Committee has been expanded as part of this review to include the Provost and President, their senior reports and all other senior members of President's and Provost's Board. Council is invited to consider, and if it sees fit, approve the revised terms of reference, which are set out in Appendix A.

#### **REVIEW OF REMUNERATION 2017 – STAFF MEMBERS OF COUNCIL**

14. The Committee reviewed the salary information for the members of Council reporting to the Provost and President. Staff members of Council had received the 2017 pay award applied to all staff so the review was to consider whether any further adjustment to pay was appropriate.

15. There was one recommendation for a further adjustment to pay for a staff member of Council based on the exceptional contribution of the individual and the external market benchmark. Members of the Remuneration Committee approved the increase.

#### **REVIEW OF REMUNERATION 2017 – PRESIDENT**

16. The Chair and members discussed the review of the President's performance against her objectives for 2016-17 and those proposed for the coming academic year. Members endorsed the positive performance and the progress being made.

17. Members noted the decision taken in July 2017 to apply the standard across the board increase to the President's salary. The tapered approach to the local pay award result in a 0.79% pay increase to increase the salary to £357,610. After a review of the external

benchmark information, members expressed confidence that the President's salary was appropriate given the size, profile and impact of the work of the College and the President's contribution.

Louise Lindsay  
February 2018

## **Appendix A - Remuneration Committee**

### **Chair**

Sir Philip Dilley (external)

### **Membership**

Mr Chris Brinsmead (external)

Mr John Cullen (external)

Dr Mahnaz Safa (external)

### **Secretary**

Mrs Louise Lindsay, Director of Human Resources and Organisational Change

### **In attendance**

The Provost and the President are invited to participate in discussions on specified agenda items and to present recommendations for adjustments to the pay of their direct reports.

The Provost and the President are not present for the full meeting. No one participates in a discussion about their own salary.

### **Terms of reference**

1. To review and approve the application of the College's pay relativity criteria for the President and the Provost, their senior staff direct reports and members of the Provost's and President's Boards.

**Pay Relativity Criteria:** Pay is set at mid to upper quartile against appropriate external benchmarks and only adjusted:

- To address a significant misalignment of a member of staff's salary when compared to others who have a similar size role and profile
- To aid retention of staff, based on external benchmark data
- To address equal pay differentials
- To recognise substantial and sustained exceptional ongoing individual contribution beyond the expectations of excellent performance in the role
- To recognise substantial and exceptional one-off individual contribution beyond the expectations of excellent performance in the role

2. To agree, in advance, remuneration packages outside the norm and to consider and decide any severance payments proposed for the staff specified above.
3. To review the application of the College's reward strategy on an annual basis to ensure that remuneration practices are being managed in a fair and equitable way. This review to be informed by the following supporting data:
  - Details of the across the board local pay award and any variation to benefits for all staff
  - Summary information on the application of discretionary pay adjustments for all staff
  - The annual equal pay audit
  - The annual gender pay audit (and other specific protected pay audits as published)
  - Pay ratios and relevant comparator information
  - Information on numbers of staff earning a total salary of more than £100,000, with trend data on average increases for the previous five years compared to average increases for all staff over five years
  - Detail of the individuals earning over £150,000 and the justification for any variation to pay (above the College across the board increase) reported on an individual basis and with reference to the College's pay relativity criteria applied to all staff.

### **Meetings and reporting**

4. The Committee will usually meet at least twice per annum
5. The Committee will make an annual report on remuneration to the Council. This report will be made available on the College's webpages after the Council meeting.

### **Quorum**

6. The Quorum shall be the Chair and one other member