

REMUNERATION COMMITTEE ANNUAL REPORT 2021

A paper by the Director of HR

INTRODUCTION

1. The Remuneration Committee met in July 2020 and November 2020 to receive information on the College's remuneration strategy and pay and benefits. The Committee also reviewed and approved the salary and emoluments for members of the President's and Provost's Boards.

2. Details of the main issues that were reviewed by the Remuneration Committee in 2020 are set out in this paper.

3. In 2020, the roles within the scope of the Remuneration Committee were:

- The President
- The Provost
- The Dean, Faculty of Natural Sciences
- The Dean, Faculty of Medicine
- The Dean, Faculty of Engineering
- The Dean, Business School
- The Vice-Provost (Research and Enterprise)
- The Interim Vice-Provost (Education and Student Experience)
- The Vice-President (Advancement)
- The Vice-President (International) and Associate Provost (Academic Partnerships)
- The Associate Provost (Academic Planning)
- The Chief Financial Officer
- The Chief Information Officer
- The College Secretary
- The Director of Enterprise
- The Director of HR
- The Director of Finance
- The Director of Campus Services
- The Director of Estates Operations

An increase has been made to the number of staff covered by the Remuneration Committee remit; this now includes the Chief Financial Officer's direct reports.

REMUNERATION POLICY

4. The remuneration policy for senior staff is the same policy that is applied to all College staff. Pay is set at mid to upper quartile against appropriate external benchmarks and only adjusted:
 - a. To aid retention of staff, based on external benchmark data
 - b. To address equal pay differentials
 - c. To recognise substantial and sustained exceptional ongoing individual achievement beyond the expectations of excellent performance in the role
 - d. To recognise substantial and exceptional one-off individual achievement beyond the expectations of excellent performance in the role
5. An exceptional change was made to College policy for 2020, to cover one-off COVID-19 payments.

COMPARATOR BENCHMARK INSTITUTIONS

6. The Remuneration Committee's review of salaries was informed by benchmarking information from a review of senior staff salaries that are not within the remit of the Remuneration Committee, plus the following external benchmark information sources:
 - a. Committee for University Chairs' Vice Chancellor salary and benefits benchmark report
 - b. The Russell Group salary survey
 - c. Xpert HR salary survey
 - d. UCEA Senior Staff salary survey

7. All staff within the remit of the Committee were required to disclose any income generated from an external activity and retained by the individual. Nine of the nineteen members of staff within the scope of the Remuneration Committee sought approval for retained income. All arrangements were approved as being appropriately retained in line with the College policy.

PAY RATIOS AND COMPARATOR INCREASES

8. The President's remuneration, as a multiple of the median pay for all other employees (on an FTE basis), was 8.52 on basic salary for the year ending 31 July 2020 (9.41 for the year ending 31 July 2019) and 9.09 based on total remuneration excluding non-taxable benefits (10.34 for 2019).

9. The Remuneration Committee reviewed comparator Russell Group information on pay ratios and the relationship between income and the pay ratio. The Committee was satisfied that Imperial College's position was in line with the Mission Group.

10. The Committee reviewed information on the average increase in basic salary for each of the last five years for those earning over £100k per annum and compared this to the average increase of all employees. For 2020 the average increase in basic salary compared to the previous year for those earning over £100k was 2.4% and for all employees it was 3.2%.

11. The Committee also reviewed the salary increases for every member of staff earning over £150k (184 in total, including 79 clinical academic staff, whose pay is funded by both the College and the NHS). Of these, the Committee was provided with justification (promotion, change of hours or external benchmark adjustment) for 25 members of staff, where the increase for that individual exceeded the average for all employees. The 25 members of staff consisted of 10 academic members of the Business School, 11 clinical and non-clinical academics in the Faculty of Medicine, and four senior members of staff in other faculties and support services.

PAY AND BENEFIT ISSUES REVIEWED BY THE COMMITTEE

12. **Local Pay Bargaining** – The Committee noted the 2020-21 local pay award was agreed by all three Trades Unions and would be implemented in December with pay backdated to 1 August 2020. The award was a 1.6 percent across the board increase and three additional College closure days in 2020 in recognition of increased workload due to COVID-19.

13. **Pension Developments** – Members were updated on the USS and SAUL valuations, and the April change in the Pension Tax.

14. **Benchmarking** – The Committee noted that an analysis of academic pay and employment terms against US and European comparator institutions has been completed. Work on how to use and communicate these benchmarks had been delayed due to COVID-19 and will be carried out in 2021.

15. **Gender and Ethnicity Pay Gaps** – Members discussed, with the President, Provost and Deans of Faculty, the College and individual faculty gender and ethnicity pay gaps and the approach to close these. Work undertaken this year by the College and faculties to do so included a review of recruitment and promotions practices, an actioned commitment to hiring more women at senior academic levels, and a move towards setting like for like salaries at current appointments (where appropriate). There was also a commitment made to publishing future ethnicity pay gap data.

16. **Benefits** – Members were pleased to note that the College introduced the Cycle to Work Scheme as a new benefit in September 2020, coinciding with the relaunch of Active Travel.

17. **Voluntary Salary Reduction** – The Committee noted that the President’s and Provost’s Board members, along with other senior members of College staff, voluntarily reduced their salaries by 10 to 20 percent from 1 May 2020 until 31 October 2020. The money generated from this was allocated to the College Staff and Student Hardship Scheme for staff and students experiencing financial hardship, as a result of the COVID-19 pandemic.

18. **Review of President’s and Provost’s accommodation** – Members discussed the change to the classification of the President’s and Provost’s accommodation by HMRC and agreed for work to be undertaken with KPMG to better understand the change.

19. **Total Remuneration Package (TRP)** – Members were updated on the new approach to communicating pay, benefits, pensions and affordability to staff.

PAY AND PERFORMANCE REVIEWS FOR THOSE WITHIN THE REMIT OF THE COMMITTEE

20. All members of staff whose pay is considered by the Remuneration Committee declined the College 2020 local pay award of a 1.6% increase.

21. One member of staff within the remit of the committee received a severance payment in 2020.

22. The Provost reported on his pay and performance review for the staff reporting to him. Two members of staff were recommended for pay increases based on contribution and benchmark information. These were approved. The President reported on her pay and performance reviews for the staff reporting to her. Two members of staff were recommended for one-off payments based on contribution. These were approved. One member of staff rejected receipt of their approved one-off payment.

23. The President’s objectives from 2019-20 were reviewed and her proposed objectives for 2020-21 were discussed.

24. Council is asked to note this report.