

REMUNERATION COMMITTEE ANNUAL REPORT 2019

A paper prepared by the Director of Human Resources & Organisational Change

INTRODUCTION

1. The Remuneration Committee met in July 2018 and November 2018 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 2018 are set out in this paper.
3. The Committee also reviewed and adopted revised terms of reference following new guidance from the Office for Students and the Committee of University Chairs – Higher Education Senior Staff Remuneration Code. In line with the revised terms of reference, this annual report will be published after it has been reviewed by Council.
4. In 2018, 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 Vice-Provost (Education)
 - The Vice-President (Communications and Public Affairs)
 - The Vice-President (Development and Innovation)
 - The Vice-President (Advancement)

- The Vice-President (International) and Associate Provost (Academic Partnerships)
- The Associate Provost (Academic Planning)
- The Chief Financial Officer
- The College Secretary
- The Director of Enterprise
- The Director of HR & Organisational Change

REMUNERATION POLICY

5. The remuneration policy for senior staff is the same policy applied to all College staff. Pay is set at mid to upper quartile against appropriate external benchmarks and only adjusted:

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

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. The policy on income derived from external activities is attached as Appendix 1. 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 seventeen members of staff within the scope of the Remuneration Committee sought approval for retained income. All arrangements were approved as appropriately retained in line with the 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 8.56 on basic salary for the year ending 31 July 2018 (8.86 for the year ending 31 July 2017) and 9.03 based on total remuneration (9.32 for 2017).

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

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 2018 the average increase in basic salary compared to the previous year for those earning over £100k was 3.7% and for all employees was 4.3%.

11. The Committee also reviewed the salary increases for every member of staff earning over £150k and was provided with justification (promotion, change of hours or external benchmark adjustment) for 13 members of staff (out of 88) where the increase for that individual exceeded the average for all employees.

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

12. All members of staff received the College local pay award which was capped at £3,000 for higher earners. The President declined the local pay increase of £3,000 for 2018-19.

13. The Provost reported on his pay and performance review for the staff reporting to him. One member of staff was recommended for an additional pay increase based on contribution and benchmark information. This was approved. The President reported on her pay and performance reviews for the staff reporting to her. No additional salary recommendations were made for her direct reports.

14. The President's objectives from 2017-18 were reviewed and her proposed objectives for 2018-19 discussed. Members welcomed the frank and open discussion with the President on the challenges and opportunities presented through the year and congratulated the President on her achievements.

PAY AND BENEFIT ISSUES REVIEWED BY THE COMMITTEE

15. **Local Pay Bargaining** – The Committee was pleased to note that the 2018-19 local pay award was agreed by all three Trades Unions and implemented on schedule on 1 August 2018. The award was a 3% across the board rise subject to a £1,000 minimum payment that resulted in an increase for lower paid staff of between 4-7.5% and a £3,000 maximum payment that capped the increase for higher paid staff.

16. **Pension Developments** – Members discussed the ongoing issues in resolving the 2017 USS pension valuation and the financial and employee engagement complexities that needed to be managed. This issue had also been reviewed by the Audit and Risk Committee and progress was being monitored and reported to Council.

17. **Pay and Benefit consultation** – Following information provided to the Council Away Day on People, and the issues that arose during the USS dispute early in 2018, the Committee were advised that Provost's Board had agreed to share the demographic, pay and benefits information and a supplementary pack of financial information with the College community. This was a well-received initiative that informed a review of the pay and benefits and, in particular, new salary structures prioritising early-mid career academics and staff on the research grades and a review of external benchmark sources.

18. **Equal pay and Gender Pay Audit** – Members reviewed the individual Faculty Equal Pay Audits and were pleased to hear full details about the scrutiny and action that took place if an equal pay gap was highlighted. The published gender pay gap was reviewed in full including the median and mean gender pay and bonus gaps and the College's profile relative to others within the sector. Members discussed with the President and Provost the actions that were underway to increase the number of women in senior positions. It was proposed that, to have impact, senior staff should be set equality objectives and performance targets to address any underrepresentation in their areas.

19. **Benefits** – Members were pleased to note the new housing support that had been introduced in the form of a rental deposit scheme and the introduction of key worker accommodation. The College was also commended on its range of family friendly initiatives and the award for being a Top 30 employer for working families (the only UK University to receive this placing).

Louise Lindsay
December 2018

Imperial College Policy – Retention of income from external interests

In keeping with its academic aims and purposes, the College encourages the closest liaison between its staff and industry, professional bodies, commerce, charities and Government departments, including via personal directorships, partnerships, consultancies (including private clinical practice), trusteeships, trade engagements, membership of official committees and intellectual property licensing and involvement in spin-out companies. The College also allows staff, subject to prior approval, to be engaged in general paid and unpaid activities.

The review of a request for approval will take into consideration how the interest might impact on the delivery and relativity of that College Member's College duties and how it would serve the College interests as well as the interest of the College Member, prior to any approval being granted.

At all times, the external interest must not compromise the full performance of the duties set by the College. Members of staff are therefore required to disclose the number of days that will be committed to each of their external interests. Senior officers of the College – the President, the Provost, their direct reports and members of the Provost's and President's Boards – are also required to disclose any personal remuneration that will be received from external interests. Retention of the income will be part of the approval process for new interests where this is proportionate, in line with the College's external interest policy and practice applied to all staff.

This policy is effective from 1 August 2018 and will be reviewed annually or as external regulation requires.

Approved by the Remuneration Committee: July 2018