

Remuneration Committee Annual Report

Introduction

1. The Remuneration Committee met in July 2023 and November 2023 to receive information on the University's remuneration strategy, pay and benefits. The Committee also reviewed and approved the salaries for members of the University Management Board (UMB).
2. Details of the main issues that were reviewed by the Remuneration Committee in 2023 are set out in this paper.
3. In 2023, the roles within the scope of the Remuneration Committee were:
 - The President
 - The Provost
 - The Dean, Faculty of Natural Sciences
 - The Interim Dean, Faculty of Medicine
 - The Dean, Faculty of Engineering
 - The Interim Dean, Business School
 - The Vice-Provost (Research and Enterprise)
 - The Vice-Provost (Education and Student Experience)
 - The Vice-President (Advancement)
 - The Vice-President (International) and Associate Provost (Academic Partnerships)
 - The Chief Financial Officer
 - The Chief Operating Officer
 - The College Secretary and General Counsel
 - The Director of HR
 - The Director of Academic Services
 - The Director of Communications
 - The Director of Public Affairs and Chief of Staff to the President

Remuneration policy

4. The remuneration policy for senior staff is the same policy that is applied to all Imperial staff. Pay is set at median to upper quartile against appropriate external benchmarks and is only adjusted when one of the below criteria is met:

For equity pay review awards:

- a. To address a significant misalignment of a member of staff's salary when compared to others within the organisation who have a similar role size and profile.
- b. To address equal pay differentials.

For pay review achievement awards:

- c. To recognise substantial and sustained exceptional ongoing individual achievement beyond the expectations of the role.
- d. To recognise substantial and exceptional one-off individual achievement beyond the expectations of the role.

Comparator benchmark institutions

5. 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 of University Chairs' Vice-Chancellors' remuneration benchmark report.
 - b. The Korn Ferry Russell Group salary survey.
 - c. UCEA Senior Staff salary survey.
6. All staff within the remit of the Committee are required to disclose any income generated from an external activity and retained by the individual. Five of the sixteen staff members within the Remuneration Committee scope sought approval for retained income.
7. All arrangements were approved as being appropriately retained in line with the University 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 8.6 on basic salary for the year ending 31 July 2023 and 9.2 based on total remuneration.
9. 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.

10. For 2023, the average increase in total salary compared to the previous year for those earning over £100k was 5.5%, and for all employees, it was 9.6%.
11. The Committee also reviewed the salary increases for every member of staff earning over £150k (259 in total, including 95 clinical academic staff, whose pay is funded by both the College and the NHS). Of these, the Committee was provided with justification (promotion, additional responsibility, change of hours or external benchmark adjustment) for 39 members of staff, where the increase for that individual exceeded the average for all employees.
12. The thirty-nine members of staff consisted of:
 - Fourteen academic members of the Business School, two academic members from the Faculty of Engineering, three academic members from the Faculty of Natural Sciences, and four academic members from the Faculty of Medicine.
 - Thirteen clinical academics in the Faculty of Medicine
 - Three senior staff members are in professional services (including two from the business school).

Pay and benefits issues reviewed by the Committee

13. **Local Pay Bargaining** – The 2023-24 award was a £2,500 uplift to base pay pro-rated from 1 May 2023 until 31 July 2023 (£2,550 for spine point 1), with the remainder of the 2023/24 award (where applicable) being paid from 1 August 2023. The remainder of the 1 August pay award was a 5.5% increase across the board, subject to a £2,500 minimum payment and a £5,000 maximum payment.
14. **Pension Developments** – Members were updated on the cessation of the Pay in lieu of Pension arrangement for new individuals to reflect the April 2023 Government change to the pension tax treatment. The USS 2023 valuation concluded with a change to future benefits, including a reduction in both employer and employee contributions. The earnings threshold where the scheme transitions from Defined Benefit (DB) to Defined Contribution (DC) increased from £41,004 to £70,308, and the rate at which pension builds up has increased from 1/85th of salary up to the threshold to 1/75th. For SAUL, the new Defined Contribution (DC) feeder scheme called SAUL Start was introduced for all new entrants from 1 April 2023. Existing members remained in the Defined Benefit (DB) section, with no changes to existing terms. The NHS 2020 scheme valuation has been completed, and the employer contribution will increase by an additional 0.46% from April 2024. The additional funding that Medical Schools receive from DHSC to reduce the full employer rate of 23.78% will continue until at least 2025. Member contribution changes were implemented in October 2022, and the second phase of the review is due to be implemented in April 2024. This will consolidate the eleven current tiers into five.
15. **Benchmarking** – The refreshed booklet would be presented at the UMB meeting in December 2023 for review before publication on the College's webpages. An Attraction

and Retention strategy is also currently being developed and expected to be reviewed at the same time as the Benchmarking Booklet by UMB. It will be shared with Remuneration Committee members in July 2024.

16. **Gender and Ethnicity Pay Gaps** – Members discussed, with the President, Provost, Deans of faculties and Chief Operating Officer, the University's individual faculty and Chief Operating Officer area gender and ethnicity pay gaps. This included an overall decrease in the mean and median gender pay gaps and an overall increase in both the mean and median ethnicity pay gaps (across Imperial as a whole). The challenges to reducing the gaps were discussed.
17. **Electric Vehicle Scheme** - On 1 April 2023, Imperial introduced a salary sacrifice electric car scheme for employees offered by Tusker. The scheme allows eligible employees, with at least six months' service, to lease an electric car and benefit from savings in tax and primary National Insurance (NIC). The scheme offers a complete motoring package included in the one monthly payment for the length of the lease, including all servicing, MOT, maintenance, and fully comprehensive car insurance.

Pay and performance reviews for those within the remit of the Committee

18. All members of staff whose pay is considered by the Remuneration Committee received the College 2023 local pay award.
19. The Provost reported on his achievement, contribution and equity review for the staff reporting to him. Six members of staff were recommended for pay increases, one based on equity. These were approved.
20. The President reported on his achievement, contribution and equity review for the staff reporting to him. Seven members of staff were recommended for pay increases based on achievement. These were approved.

Approved by Council
10 May 2024