

# Annual Report from the Remuneration and Human Resources Strategy Committee 2020-21

## Summary

The Remuneration and Human Resources Strategy Committee (R&HRSC) is charged by its terms of reference to provide a regular written report to Council. The report follows the template report in the Committee of University Chairs (CUC) guidance on senior remuneration annual. The Provost's salary reporting, including justification and ratios, will be included in the financial statement.

## 1. Introduction

1.1 This report provides a summary of the Remuneration and Human Resources Strategy Committee (R&HRSC) activity in 2020/21. The report is in accordance with the CUC Senior Staff Remuneration code, by which UCL abides. The Committee met twice during the 2020/21 academic year, on 15 December 2020 and 30 March 2021. The Constitution, Membership and Terms of Reference of the Committee can be found here: <https://www.ucl.ac.uk/governance-compliance/committees/remuneration-and-human-resources-strategy-committee>.

## 2. Approach to Remuneration

- 2.1 UCL is one of the world's leading universities and intends to reflect that standard in the quality of its staff. This requires the ability to recruit and retain capable and excellent people from any appropriate market – not just higher education – and to reward them for the work they do.
- 2.2 UCL also expects to be a fair employer, providing pay which relates to individuals' responsibilities and contribution. UCL aims to be competitive in the market and provide a supportive working environment with access to professional development.
- 2.3 In terms of external market conditions, it is recognised that UCL is a world-leading university with a substantial number of staff and students and a high financial turnover. UCL is operating in a highly competitive global market, particularly in terms of academic talent. UCL's central London base and associated high cost of living is another factor to consider when determining the competitiveness of our reward offer. The Committee aims to strike a balance between recruiting, retaining and rewarding the best staff possible to serve students, while demonstrating effective use of resources.
- 2.4 The institutional policy for setting grade 10 professional salaries is set out here <https://www.ucl.ac.uk/human-resources/senior-professional-staff-pay-policy> and the approach to senior academic (professorial) reward is broadly similar. Due to the situation during the COVID-19 crisis, performance-related pay for senior staff was frozen between August 2020 and July 2021 to protect the financial situation. This was estimated to save circa £1m. During this time, awards to senior staff could only be in respect of significant changes to their roles, or to address acute market related issues.

- 2.5 A core principle is that senior staff within grade 10 do not receive any automatic increments which are available to staff employed in grades 1-9. Salary progression, beyond any national agreed pay award, is related to excellent performance.
- 2.6 Committee members are provided with a range of external market data. Primarily this will focus on other large Russell Group (RG) institutions. Data is received from a variety of sources including Universities & Colleges Employers Association (UCEA), KornFerry and CUC amongst others. This sets out the average salaries paid to the Senior Management Team (SMT) that the Remuneration and Human Resources Strategy Committee considers (Provost, Vice-Provosts and Deans) as well as professorial and other senior staff salaries. Considering UCL's size, academic ranking within the RG, central London location and financial turnover circa £1.65bn, the RG 75<sup>th</sup> percentile is considered an appropriate benchmark to aim for in terms of academic salaries.
- 2.7 Senior professional services roles are unlikely to be covered by the remit of RHRSC as typically below the RHRSC salary threshold of £180,000 and are benchmarked against the specific role type or family across broader sectors (private and public combined).

### **3. SMT salary setting and institutional performance**

- 3.1 Normally, cases for performance-related adjustments will focus on contribution against objectives related to teaching, leadership, external enterprise or partnerships, major projects or income generation as applicable to the specific role. Overall institutional and financial performance is also a factor and the need to conserve cash while the period of uncertainty prevailed was the overriding reason for the pay freeze in the period.
- 3.2 In normal years, consolidated rises may be considered where performance is high and the salary position of an individual is below the relevant benchmark. One-off payments are more regularly used for SMT, as the recurrent cost is less and the payment only rewards the specific high contribution in the particular year. The quantum of award will take account of wider salary movements among UCL staff and the wider economy. Market issues, typically related to recruitment and/or retention issues may also be considered where it is strategically important to UCL.
- 3.3 The Provost's emoluments are set out separately in the annual financial report, along with details of how the salary of Provost may be adjusted as well as the two relevant ratios, one between the Provost's base salary and the base salary of the median paid UCL employee, the other the Provost's total remuneration and the total remuneration of the median paid UCL employee. Performance-related pay for the Provost was not considered in 2020/21 as per the approach to all of SMT.

### **4. External Appointments and Expenses**

- 4.1 The policy for academic staff to engage in external consultancy is here <https://www.ucl.ac.uk/finance/policies-procedures/consultancy>. This sets out the parameters for any such activity. Following the approach in this policy, if the Provost was to seek to retain income from external consultancy the activity would need to be discussed and agreed with the Chair of Council and a record of the rationale would be retained.
- 4.2 The Provost has not retained any sums from external bodies in the previous period.
- 4.3 The policy for expenses is here <https://www.ucl.ac.uk/finance/node/287>. This applies to all staff including SMT who operate inside it.

## **5. Activity within the period- new Vice-Provost and Vice-President roles**

- 5.1 Following Council agreement to revised Vice-Provost portfolios and new Vice-President positions, the Remuneration and Human Resources Strategy Committee considered cases for the salaries of new appointments to Vice-Provost positions and adjustments to salaries where existing roles had changed significantly. Benchmarks and ranges were agreed for any unfilled role. The salaries of existing SMT members whose roles were unchanged were not reviewed given the performance-related pay freeze in effect during the period.
- 5.2 At this same meeting the committee approved a recommended salary for the appointment of the new Director of the IOE. In the year the committee also considered and agreed the salary arrangements for the Dean of the Faculty of Population Health and interim arrangements to cover the post of Vice-Provost International following the departure of the previous incumbent.
- 5.3 The committee also considered and agreed a standardised reward approach to the role of Pro-Provost which leads specific strategic themes across UCL.

## **6. Reward and COVID-19**

- 6.1. At its meeting on the 15 December 2020, the Committee were updated on a series of initiatives that were implemented to preserve cash flow at the start of the COVID-19 crisis. This included a recruitment freeze, a voluntary retirement scheme (with 40 leavers) and a freeze on performance-related pay at grade 10.
- 6.2 It was noted that this was a balanced approach, avoiding some of the more severe options evident elsewhere in the sector. In addition, senior academic promotions continued and the importance of that process to narrowing UCL's gender pay gap was noted.
- 6.3 It was also noted that UCL had taken a progressive approach towards reward during the crisis, for example by increasing London allowance by 2% locally, paying a disturbance allowance to frontline staff required to be onsite during the initial lockdown and finalising the project to harmonise pay and benefits for outsourced workers.

## **7. Self-review of the Remuneration and Human Resources Strategy Committee**

- 7.1 On 15 December 2020, the Committee considered and approved the self-review of the Remuneration and Human Resources Strategy Committee for 2018-19. Members confirmed that they were satisfied that the Committee was operating effectively. Members also received an update on the review of HR Strategy implementation in the period which signalled that progress towards the strategy had continued albeit that significant focus had been diverted to the people implications of the COVID-19 crisis.