

# Annual Report from the Remuneration Committee to Council for 2021-22

## Description of Paper

The Remuneration Committee (RC) is charged by its terms of reference to provide a regular written report to Council. The Committee's latest report to Council, for 2021-22, is set out below. The report follows the template report in the Committee of University Chairs (CUC) guidance on senior remuneration.

## 1. Introduction

- 1.1 This report provides a summary of the Remuneration Committee (RC) activity in 2021/22. The report is in accordance with the CUC Senior Staff Remuneration code, by which UCL abides. The Committee met four times during the 2021/22 academic year, on 7th October 2021, 4th November 2021, 5<sup>th</sup> May 2022 and 14<sup>th</sup> July 2022. 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>. The Provost is not a member of the Remuneration 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. The year long performance related pay freeze for senior staff relative to the COVID-19 crisis came to an end on 1<sup>st</sup> August 2021.
- 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 contribution.

- 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), Korn Ferry and CUC amongst others. This sets out the average salaries paid to the University Management Committee (UMC) that the Remuneration and Human Resources Strategy Committee considers (Provost, Vice-Provosts, Vice Presidents 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 Aside from Vice Presidents, senior professional services roles are unlikely to be covered by the remit of RHRSC as the salaries for the majority are below the RHRSC salary threshold of £180,000. These roles are benchmarked against the specific role type or family across broader sectors (private and public combined) in London and the Southeast. UCL aims to pay at the median against these benchmarks.

### 3. UMC 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.
- 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 UMC, 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. This ratio is shown below:

Annual	Base	Total
Median- all staff	<b>44,069</b>	<b>52,071</b>
Provost	<b>370,677</b>	<b>495,449</b>
<b>Ratio 2021-22</b>	<b>8.4</b>	<b>9.5</b>
<b>Ratio 2020-21</b>	<b>8.4</b>	<b>9.9</b>

It is worth noting that, in previous years, the published list of the top ten universities with the highest ratios have always been above 10:1.

#### 4. **Activity in the period**

4.1 The main activity in the period is outlined below.

##### **UMC appointments**

4.2 The following key appointments were made and the Remuneration Committee considered salary proposals related to all the positions- as they fall within its remit:

- Dean, Faculty of Laws
- Dean, Faculty of Social Historical Sciences
- Dean (interim), Faculty Life Sciences
- Vice Provost (Education and Student Experience)
- Vice Provost (Research, Innovation and Global Engagement)
- Vice President (External Engagement)
- Vice President (Strategy)
- Vice President (Advancement)

Alongside these proposals the Committee heard additional individual cases for a small number of staff whose pay was over the £180,000 threshold, in all cases the Committee considered the business case and relevant market data before taking a decision.

##### **Pay review for senior staff members**

4.3 In its October meeting Remuneration Committee received the outcome of performance reviews for UMC members and proposals to make a small number of salary adjustments, following the pay freeze in the previous year. It was noted that a similar performance review process would occur early in the 2022/23 academic year for Provost. Alongside the proposals the Committee receive benchmarking from the Russell Group covering similar senior roles externally. The Committee also noted average salary increases for the rest of UCL staff. A small number of awards were made to a minority of UMC members. The median level of award amongst those who received an increase was 1.5% and no one- off lump sum payments were made.

##### **Gender and ethnicity pay gap reporting**

4.4 In the period the Committee considered UCL's 21/22 gender and ethnicity pay report. UCL has gaps caused by the distribution of staff between the grades. Essentially as grade becomes more senior the proportion of white and male staff increases. The Committee were reassured that within individual grades there were no significant equal pay gaps. The Committee noted that, on gender, UCL's gaps continue to be amongst the lowest in the Russell Group and lower than averages across all sectors, however more would need to be done to lower the gaps (both gender and ethnicity). They noted that external comparisons on the ethnicity gap were more difficult, as organisations were not required to report their ethnicity gaps as UCL has done. The Committee raised the issue of the large number of staff with 'unknown' ethnicity and the problem this caused with reporting the pay gap. They welcomed the work that would be undertaken to reduce the proportion of staff with unknown ethnicity. The Committee supported the fact that UCL would report on their

disability gap in their next report. The Committee noted that senior promotions had again had a positive effect on diversity (gender and ethnicity) at senior levels.

### **Report on staff earning over £100,000**

- 4.5 The Committee requested and received a report examining the number of UCL staff who were paid over £100,000. This followed an increase in the number of staff paid over £100,000 from 643 to 717 between 2020 and 2021. The report outlined that much of this increase could be explained by a similar increase in overall staff numbers between the periods- as the overall number of staff had increased from 15,861 to 16,738 in the same time period. This meant that the proportion of UCL staff paid over £100,000 had increased marginally from 4.1% in 2020 to 4.3% in 2021. The report outlined that 6% of staff paid over £100,000 were professional services, 31% clinical and 63% academics. The report noted that there was a London effect to the proportion when looking at external comparisons and this broadly correlated to London salary averages vs overall UK salary averages. The Committee also noted that the proportion would likely increase on an ongoing basis as salary levels rise. There was no single trend amongst a specific staff group that had caused the increase from 4.1% to 4.3%, but the Committee requested that this statistic be monitored in future reports.

## **5. External Appointments and Expenses**

- 5.1 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.
- 5.2 The Provost has not retained any sums from external bodies in the previous period.
- 5.3 The policy for expenses is here <https://www.ucl.ac.uk/finance/node/287>. This applies to all staff including UMC who operate inside it.

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

- 6.1 On 07 October 2021, the Committee considered and approved the self-review of the Remuneration and Human Resources Strategy Committee for 2019-2020. Members confirmed that they were satisfied that the Committee was operating effectively. Members did note that the new Vice President roles should fall under the remit of the Committee and be treated equally to Vice Provost roles in that respect. Terms of reference were subsequently changed to make this clear.