

Annual Report from the Remuneration Committee 2022/23

1. Introduction

1.1 This report provides a summary of the Remuneration Committee activity in 2022/2023. The report is in accordance with the CUC Senior Staff Remuneration code, by which UCL abides. The Committee met four times during the 2022/23 academic year- on 4 November 2022, 15 December 2022, 17 March 2023 and 28 June 2023. The Constitution, Membership and Terms of Reference of the Committee can be found here: <https://www.ucl.ac.uk/governance-compliance/committees/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 In relation to the above, this year the overall reward strategy affecting pay rates of the university below senior level, were considered and adjusted. This was against a context of a rise in staff turnover, high inflation and an acknowledgement that at certain grades salaries were below our preferred benchmark position. In particular, when comparing our salaries to external benchmarks, salaries were lower in UCL grades 8 and 9 and to a lesser extent grade 7. This applied to both academic roles (when benchmarked against the Russell Group) and the professional services roles (when benchmarked against median professional services salaries in London and the Southeast). A series of initiatives were considered, agreed and are in the process of being implemented to help address these issues. In particular UCL will increase London allowance to £5,000 for median/lower earners from 1st December 2023 and will also raise the minimum and maximum of its grading structure over the next 3 years to be more competitive.

2.5 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. A core principle remains 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 This process is currently being updated in light of the reward strategy changes. This will harmonise timescales of pay reviews, ensure the level of reward available is adequate and that an appropriate proportion of high performing staff receive awards. This is against the context of PS G10 staff having the highest levels of turnover across the organisation, professorial starting salaries being lower than some local competitors (Imperial and the LSE in particular) and average pay progression for senior staff being significantly below staff below in G1-9 in recent history. Progression at senior level will remain contribution related rather than automatic.
- 2.7 When taking decision about staff within its remit, 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, Willis Towers Watson (WTW) and CUC amongst others. This sets out the average salaries paid to the University Management Team (UMC) that the Remuneration 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 £1.8bn, the RG 75th percentile is considered an appropriate benchmark to aim for in terms of academic salaries.
- 2.8 Aside from Vice President positions which falls within Remuneration Committee's remit, other senior professional services roles are unlikely to be covered by the remit of Remuneration Committee as typically below the salary threshold of £180,000. Professional services roles are benchmarked against the specific role type or family across broader sectors (private and public combined).

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 This year Remuneration Committee received the outcome of performance reviews for UMC members and associated proposals for a limited number of salary adjustments. Alongside the proposals the committee receive benchmarking from the Russell Group (Korn Ferry) covering similar senior roles externally and benchmarking for Vice President roles (Willis Towers Watson) across all sectors. The committee also noted average salary increases for the rest of UCL staff (circa 5% including national pay award and incremental progression)- which was an important metric, particularly given the current inflationary environment. Awards were made to a minority of UMC members. The median level of award among those UMC members within Remuneration Committee’s remit who received an increase was 3%, with some being applied as ongoing awards and others lump sum payments. This followed a consideration of salary positioning relative to benchmarks and any other relevant factors.

Salary of the Provost

3.4 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. It can be noted, as in previous years, that there is a high percentage differential between the Provost’s base and total salary than there is for the median earner at UCL. This is because the Provost is a USS member, where employer contributions (**£82,187**) are included within the total salary. This is comparable to other staff who are pensions members, but he also receives the a taxable benefit of accommodation (**£47,166**) in order to best support the performance of his duties. Again, that is included within the total salary. This is set out in more detail within the published annual financial statement.

3.5 Contribution-related pay for the Provost was considered by the committee in its December meeting and an award of 3% was made- the same as the national pay award applied to all other staff but not to the Provost. This means that the Provost’s salary increased by 3% in total- lower than the median pay progression across UCL for 2021/2022 which was circa 5% (including the national pay award and incremental progression that staff received). The net effect of that is that both the base salary and total salary (including employer pension contributions) ratio between Provost and the median UCL employee reduced materially from the previous year. This comparison is shown below:

2022-23	Base	Total
Median Base	46,755	56,854
Provost	380,496	509,849
Ratio 2022-23	8.1	9.0
Ratio 2021-22	8.4	9.5
Ratio 2020-21	8.4	9.9

Salary proposals for other staff

- 3.6 The committee also received, considered and agreed a small number (two) of other salary proposals for staff which falls within their remit within the period- fewer than cases put forward in previous years.

Success rate of remuneration proposals agreed by Remuneration Committee.

- 3.7 At its December 2022 meeting Remuneration Committee received a report outlining the outcomes of any salary proposal agreed for senior staff in the preceding year. The results of decisions taken in 2021/2022 were that 7 out of the 8 salary proposals agreed had the desired effect- either securing appointment or retaining staff at UCL. This report will become an annual item.

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 is to retain income from external consultancy the activity is discussed and agreed with the Chair of Council, with a record retained. In 2022-2023 the Provost received the sum of £9,180, for being on the board of the Office for Students.
- 4.2 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.