



Remuneration Annual Report 2020

Outcome requested:	Council is asked to consider the Remuneration Annual Report for 2020.
Executive Summary:	The CUC Higher Education Remuneration Code requires universities to publish a Remuneration Annual Report following a standard template.
QMUL Strategy	Effective governance supports the achievement of all strategic aims.
Internal/External regulatory/statutory reference points:	QMUL Ordinances CUC Higher Education Remuneration Code OfS Regulatory Framework for Higher Education
Strategic Risks:	Reputational development.
Equality Impact Assessment:	The Report refers to work undertaken during the year under the university's equality duties.
Subject to prior and onward consideration by:	By Council only.
Confidential paper under FOIA/DPA	No, the Report will be published on the Queen Mary website.
Timing:	The publication of the Remuneration Annual Report is timed to coincide with the publication of the Financial Statements.
Author:	Jonathan Morgan, Chief Governance Officer and University Secretary
Date:	5 November 2020
External sponsor:	Celia Gough, Interim Chair of Remuneration Committee

REMUNERATION ANNUAL REPORT 2020

Introduction

1. This is a report on senior staff remuneration at Queen Mary University of London regarding the performance of senior staff during the academic year 2019–20 and decisions taken regarding their objectives and remuneration in 2020–21. It is written to comply with both the Committee of University Chairs' Higher Education Senior Staff Remuneration Code and the Office for Students' Accounts Direction.
2. The Remuneration Committee is a committee of Council, Queen Mary's governing body. It is responsible for determining and reviewing the salaries, terms and conditions and any severance payments for senior members of staff of the University. Information about Remuneration Committee and its work is published on the Queen Mary website.

www.arcs.qmul.ac.uk/governance/council/committees/remuneration-committee/
3. The full terms of reference of Remuneration Committee are:
 - a) to make recommendations to Council on policies for the remuneration of members of staff where the level of remuneration is greater than £100,000 per year, having particular regard to the University's strategy, market position, equality duties and the need for transparency of process;
 - b) to determine and review at least annually the salaries, terms and conditions, and objectives in relation to the University's strategy, of members of the senior executive, including the President and Principal, and other senior members of staff identified by Council;
 - c) to consider the outcomes of annual reviews of professorial and Grade 8 Professional Services staff in relation to salary profiles, increases and other payments, having particular regard to retention and market factors, and the University's equality duties;
 - d) to consider and approve severance and other payments to members of staff where the level of payment exceeds £100,000 (capped at £125,500);
 - e) to consider recommendations for salaries that result in remuneration exceeding £150,000 per year;
 - f) to publish information about its approach and decisions regarding the remuneration of senior members of staff in accordance with sectoral expectations.
4. Council approved an amendment to the terms of reference in November 2019, raising the threshold for salaries requiring approval by the Committee from £125,000 to £150,000, other than for members of the senior executive team, in line with current practice at other Russell Group universities.

5. Remuneration Committee met on six occasions in 2020. The main topics of discussion were:
- the President and Principal’s performance in the academic year 2019–20 and his remuneration and objectives for the academic year 2020–21;
 - a summary of expenses incurred and hospitality received by the President and Principal in the academic year 2019–20;
 - the performance of other members of the senior executive team in the academic year 2019–20 and their remuneration and areas of focus for the academic year 2020–21;
 - the outcomes of annual reviews of professorial and Grade 8 Professional Services staff;
 - reports and actions plans on gender and ethnic pay gaps;
 - succession planning for the senior executive team;
 - strategic planning in relation to people, culture and inclusion;
 - recommendations for salaries that result in remuneration exceeding £150,000 per year;
 - committee effectiveness and the standardisation of processes and information around senior appointments.
6. The membership of Remuneration Committee in the academic year 2019–20 was as follows.
- Chair*
The Vice-Chair of Council Monica Chadha (until September 2020)
- Ex officio members*
The Chair of Council Lord Clement-Jones
The Treasurer Luke Savage
- Other members nominated by Governance Committee*
One external member of Council Celia Gough (also Interim Chair from September 2020)
One elected academic staff member of Council Professor Mangala Patel
One co-opted external tax and reward specialist Karen Gibson
7. Others attended meetings of Remuneration Committee as follows.
- a) Jonathan Morgan, Chief Governance Officer and University Secretary, attended in his capacity as Secretary to Remuneration Committee. He did not attend when his own performance, areas of focus and remuneration were discussed.
 - b) Dalia Dasgupta, Interim Director of Human Resources, attended one meeting and Louise Lester, Director of Human Resources, attended two meetings.
 - c) Shamima Akter, President of the Students’ Union, attended one meeting at which the President and Principal’s performance, objectives and remuneration were discussed.
 - d) Professor Colin Bailey, President and Principal, attended two meetings to present recommendations on the performance, objectives and remuneration of other members of the senior executive team. He did not attend any meetings at which his own performance, objectives and remuneration were discussed.
 - e) Sheila Gupta, Vice-Principal (People, Culture and Inclusion) attended two meetings to discuss reports and actions plans on gender and ethnic pay gaps, succession planning for the senior executive team and strategic planning in relation to people, culture and inclusion. She did not attend the meeting at which her own performance, areas of focus and remuneration were discussed.

8. Copies of written reports from Remuneration Committee to Council can be obtained from the Council Secretariat at www.arcs.qmul.ac.uk/governance/council/.
9. The most recent external review of Remuneration Committee's effectiveness was undertaken during the academic year 2018–19. The review concluded that the Committee's approach to senior staff remuneration is clearly compliant with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code and that a robust process is being followed against clear criteria. The review also identified a number of areas of good practice, such as the diversity and knowledge of the Committee members, the strategic nature of the discussions, and the transparency with which information and benchmarks from a range of stakeholders and sources are used to add real value and insight. In addition, the Committee undertakes and reports to Council on an annual self-assessment through which it continually reviews and develops its effectiveness, membership and terms of reference.

Approach to remuneration

10. Queen Mary is a member of the Russell Group of 24 leading UK universities, which are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with business and the public sector. The University has five campuses in London and significant operations overseas, notably in China, France and Malta. In the academic year 2019–20, it had approximately 27,000 students registered on its programmes, more than 4,600 members of staff, research income of £112m and total income of £512m. Queen Mary therefore competes with some of the best universities in the UK and internationally to recruit senior members of staff.
11. The terms of reference of Remuneration Committee, which are agreed by Council, set out the fundamental principles that guide remuneration decisions in relation to senior members of staff; namely that they should have particular regard to Queen Mary's strategy, market position, equality duties and the need for transparency of process.
12. Queen Mary publishes policies and procedures on its website on staff recruitment, probation, appraisal, promotion, remuneration and termination of employment. The policies and procedures that guide the review and remuneration of senior members of staff are the executive pay review, the Professorial Review and the Grade 8 Professional Services Review. The University uses the Hay job evaluation scheme across all roles.

hr.qmul.ac.uk/procedures/
13. When recruiting senior members of staff, the following factors are taken into account:
 - a) the ability to attract and appoint candidates at an appropriate level;
 - b) evidence of the candidate's past and current record of achievement in strategically-relevant areas contributing to the success of the University;
 - c) evidence of staff and strategic leadership in relevant areas;
 - d) current earnings;
 - e) benchmark data on salary levels for similar roles;
 - f) for senior clinical roles, existing pay and conditions under the NHS, including Clinical Excellence Awards and Additional Programmed Activities.

14. When seeking to retain senior members of staff, the following factors are taken into account:
 - a) an assessment, supported with evidence, of the impact that would result from the member of staff leaving the University and why it would be difficult to replace them with someone of similar standing and expertise;
 - b) exceptional contributions made by the member of staff in furtherance of the University's strategic aims;
 - c) impact on organisational performance, leadership and external relations;
 - d) evidence from an offer of alternative employment;
 - e) benchmark data on salary levels for similar roles at comparable institutions.
15. The following factors are taken into account in annual pay reviews for senior members of staff:
 - a) delivery of agreed objectives;
 - b) impact on organisational performance, leadership and external relations;
 - c) the contribution made by the member of staff in furtherance of the University's strategic aims.
16. Remuneration Committee draws data from the following sources to support remuneration decisions for senior members of staff:
 - a) the Universities and Colleges Employer Association's Senior Staff Remuneration Survey to benchmark pay with institutions which are similar in terms of their mission, size and location;
 - b) the Korn Ferry Hay salary survey, which compares approximately 700 public and private sector organisations in the UK;
 - c) the Committee of University Chairs' Vice-Chancellor Salary Survey to benchmark pay with institutions which are similar in terms of their mission, size and location;
 - d) internal analysis of salary distributions and equality impact assessments across professorial and Grade 8 Professional Services staff;
 - e) expert searches which may be commissioned to support recruitment to specific roles.
17. Members of the senior executive team have access to the same employer pension schemes as other employees. They do not receive national cost of living increases agreed through the Joint Negotiating Committee for Higher Education Staff and are considered instead by Remuneration Committee for any pay uplifts based on their performance and on benchmark data on salary levels for similar roles at comparable institutions. Members of staff who are on clinical contracts are entitled to receive national cost of living increases agreed through the Doctors and Dentists Review Body. Remuneration Committee takes account of overall pay increases awarded to other groups of staff with the aim of ensuring that its decisions with regard to the senior executive team are proportionate.
18. The following table shows the relationship between the President and Principal's emoluments and the median value for all staff employed by Queen Mary for the past two years.

	2019–20	2018–19
Basic salary (median calculated as full-time equivalent for the salaries of all staff)	8.8	8.0
Total remuneration (median calculated as full-time equivalent for the salaries of all staff)	8.0	7.7

Professor Bailey received the same actual salary in both 2018–19 and 2019–20. In 2018–19 this comprised a basic salary of £275,000 and a market supplement of £25,000, whereas in 2019–20 this comprised a consolidated basic salary of £300,000 without a market supplement.

Institutional performance

19. The academic year 2019–20 has seen significant change, with the first significant steps to implement the University’s Strategy 2030 and the need to respond to the Coronavirus pandemic and the UK’s decision to exit from the EU.

www.qmul.ac.uk/strategy-2030/

20. The Financial Statements contain a review of institutional performance over this period.

www.finance.qmul.ac.uk/statements/

Rationale for the total remuneration of the President and Principal

21. The President and Principal is the chief academic and executive officer of the University and has ultimate responsibility for the development and delivery of the Queen Mary strategy, as well as for ensuring that the University has the financial strength and sustainability to achieve its ambitions. The post-holder is responsible for maintaining and promoting Queen Mary’s values and distinctive identity, for overseeing the achievement of high international standards in education and research across all disciplines, and for protecting and developing the University’s reputation on a regional, national and international level.
22. Professor Colin Bailey has been Queen Mary’s President and Principal since September 2017. He was appointed following an international search, which was overseen by Council. A dedicated benchmarking exercise was undertaken as part of the recruitment process to determine the appropriate level of remuneration for the role. Professor Bailey’s pay was set, and remains, close to the median compared to other Russell Group universities.
23. Queen Mary requires the President and Principal to reside in nearby accommodation, which it provides for the better performance of the duties and for official business. This is consistent with similar arrangements at other universities, especially in London. The University purchased the property outright in 1976 for £55,000. The gross rating value of the property used to calculate the cash equivalent of the accommodation benefit is £400.
24. The Chair of Council is responsible for conducting the President and Principal’s mid- and full-year appraisals. Following the full-year appraisal, the Remuneration Committee held a dedicated meeting, which Professor Bailey did not attend, to review his performance and remuneration. The Committee concluded that Professor Bailey’s achievements were significant in the academic year 2019–20, including his leadership of the University’s response to the Coronavirus pandemic while laying the foundations to deliver the University

Strategy, and his achievement of strategic objectives in relation to student recruitment, generating cash for investment, and building and developing the leadership team.

25. Professor Bailey's emoluments in the academic year 2019–20 were as follows.

Basic salary	£300,000
Benefits in kind (taxable)	
Utilities, council tax, service charge, maintenance costs and furniture in provided accommodation	£9,546
Rating value of provided accommodation	£400
Total emoluments before pension contributions	£309,946
Pension contributions	£6,100
Total emoluments including pension contributions	£316,046

26. Since his appointment as President and Principal in September 2017, Professor Bailey has made clear to Remuneration Committee in advance his intention to waive any salary increase or bonus that the Committee may wish to award. Each year the Committee has considered what pay uplift Professor Bailey should have been awarded had he not chosen to waive any such uplift. In light of his significant contribution as President and Principal, the Committee agreed in 2017–18 and 2018–19 that he should have been awarded a pay uplift in line with the national cost of living pay offer (2.0% in 2018–19 and 1.8% in 2019–20). Given the wider financial situation brought about by the Coronavirus pandemic, the higher education sector has not applied a cost of living increase in 2020–21. In consideration of this and Professor Bailey's request not to be awarded a pay uplift, the Committee decided not to award him a pay uplift in 2020–21. The notional effect of the previous increases, had they not been waived by Professor Bailey, would have been as follows.

	2017–18	2018–19	2019–20	2020–21
Actual salary (basic salary plus market supplement)	£300,000	£300,000	£300,000	£300,000
Notional salary (brought forward)		£300,000	£306,000	£311,508
Notional increase	N/A	2.0%	1.8%	0.0%
Notional salary (carried forward)	£300,000	£306,000	£311,508	£311,508

27. Professor Bailey has elected for the enhanced opt-out section of the USS pension scheme by which the University makes contributions at a reduced rate in order for Professor Bailey to retain in-service benefits. From December 2019 the enhanced opt-out contribution rate for employers was reduced from 2.1% to 2.0%, compared to the full contribution rate of 19.5%.

28. Remuneration Committee has approved objectives for Professor Bailey in the academic year 2020–21 that are linked to the University Strategy. The objectives reflect the following strategic priorities:

- leading the University's response through the Coronavirus pandemic;
- achievement of student recruitment targets;
- achievement of cash generation targets for investment;
- building and developing the leadership team to deliver the University Strategy, and embedding an effective distributed leadership model;
- overseeing the implementation of the University Strategy, with appropriate emphasis on the student experience, and people and culture;
- raising the profile of the University locally, nationally and internationally.

President and Principal's external appointments and expenses

29. The President and Principal currently does not retain any external income.
30. The President and Principal held the following external appointments during the academic year 2019–20, none of which were remunerated.

Member of the Board of Trustees, The Royal Academy of Engineering (ended 30 September 2019)

Member of the Nominations Committee, The Royal Academy of Engineering

Trustee and Member of the Board, Universities UK

Director of the Board, The Russell Group of Universities

Director of the Board, UCL Partners

Member of the Independent Expert Advisory Panel on Building Safety, Ministry of Housing, Communities & Local Government

31. Queen Mary has a Travel and Expenses Policy in order to secure a consistent approach to the reimbursement of expenses necessarily incurred by members of staff and members of the governing body in the course of their work. During the academic year 2019–20, the President and Principal incurred £6,939.24 in expenses, including £5,257.59 for international flights. The current Travel and Expenses Policy is published on the Queen Mary website.

www.arcs.qmul.ac.uk/policy/

Remuneration of other members of the senior executive team

32. The senior executive team is responsible for the leadership of the University and takes major decisions on strategy, development and direction.

www.qmul.ac.uk/about/whoswho/

33. The President and Principal manages the senior executive team and is responsible for conducting appraisals for the other team members. Following the appraisals, the Remuneration Committee held a dedicated meeting with Professor Bailey to consider the performance, remuneration and areas of focus of the team. None of the team members under discussion attended this part of the meeting.
34. The Remuneration Committee concluded that the collective achievements of the senior executive team through the Coronavirus pandemic had been significant. As well as approving areas of focus for each member of the team for the coming year, the Committee approved pay uplifts, in aggregate amounting to £20,000, for three members of the team who were being paid below the market median for similar roles at comparable institutions. Given the wider financial situation brought about by the Coronavirus pandemic and the fact that the higher education sector has not applied a cost of living increase in 2020–21, the Committee was not asked to consider for pay uplifts for other members of the senior executive team.

5 November 2020