

Annual Remuneration Report for Council

Background

The first University of Liverpool annual remuneration report (for the academic year 2017/18), based on guidance provided by the Committee of University Chairs, was presented to Remuneration Committee and Council at the commencement of the academic year 2018/19. This is the third annual report which aligns with the CUC guidance.

Recommendation

Members are requested to note the report

Introduction

1. Terms of Reference

The Committee's terms of reference (ToR) for Remuneration Committee are reviewed annually. In the last 12 months the Committee operated on the basis of the attached ToR. The committee has benefited from the additional challenge provided by an independent member (Mr. C. Williams, HR Director of Unilever) and the counsel and support from three lay members Mrs C. Booth, Dr P. Johnson and Mrs H. Miller of Council. The membership of the committee for 2020/21 academic year and beyond will see a major change as The President of Council and Chair of the Committee, The Earl of Derby, came to the end of his term of office. The Chair of the Committee from August 2020 will be Mrs C. Booth, President of Council.

2. Meetings

The dates of the committee meetings and attendees in the previous year's cycle are set out below (Appendix 2). Reports of meetings presented to Council in 2019/20 can be obtained through the Governance Team <https://www.liverpool.ac.uk/corporate-governance-and-support-office/>

Approach to Remuneration

3. Operating Environment

Factors concerning the sustainability and the operations of the University during this period included Brexit negotiations and the challenges facing the sector because of the Covid-19 pandemic and the resulting changed financial circumstances.

4. Guiding Principles Related to Remuneration

The review of the framework for the pay and conditions for senior staff, the Strategic Reward for Senior Staff Policy ¹, was reviewed in November 2019 and expanded to include senior clinical academics where possible and the new NHS Clinical Excellence Framework as well as the changes to USS pension contribution levels.

¹ <https://www.liverpool.ac.uk/intranet/hr/my-hr/information/policies/pay/strategicreward/>

5. The Reward of Senior Staff

Key considerations and outcomes on senior pay this year included:

- A review of the most recent Universities and Colleges Employers Associate (UCEA) Salary Survey and the Russell Group Survey. A comparator group from the Committee of University Chairs (CUC) survey would normally have been consulted; however, this had not been received at the time the report was written/considerations took place.
- The Committee considered a presentation by the President of Council on the VC's performance measured against the 2019-20 objectives. A commentary against the VC's 2019/2020 indicated a successful year and that a recommendation for bonus would be made. However, in the VC's PDR discussion with the President of Council, the VC specifically requested that no bonus payment should be made to her this year due to the current financial circumstances. It was recommended by the Committee and agreed by Council that a bonus payment will be reconsidered at the November 2020 Committee meeting.
- In the light of the current COVID-19 pandemic and the consequent impact on the University's finances, a decision was made by the Senior Leadership Team, and agreed by Council, to cancel this year's Annual Review across all staff groups. It is anticipated that the Annual Review will resume in 2021.

6. Pay Award and Pension

At a series of meetings over the summer of 2020, the Universities and Colleges Employers' Association (UCEA) informed national trade union representatives that the nationally agreed Pay Award which would to be effective from 1 August 2020, and which would ordinarily be implemented across all staff groups, would be 0% owing to the financial challenges facing the sector as a consequence of the Covid-19 pandemic.

The pension arrangement section of the Strategic Reward for Senior Staff policy was expanded to include senior clinical academics to allow consideration of an additional payment in lieu of the employer's pension contributions for clinical academics, on a cost neutral basis to the University, which mirrors the arrangements for non-clinical academics, would require a demonstration of annual/lifetime allowance tax issues, compliance with pension scheme rules and where NHS funding arrangements permit.

The pension arrangements section had also been updated to reflect current pension scheme options and to future-proof (where possible) against forthcoming changes to pension scheme rules.

It should be noted that this Committee does not deal with USS Pension matters which are reported directly into Council.

7. Performance Related Pay Payments

Payments made for performance in the academic year 2019/20 were as follows:

| Position | Details/Conditions of Bonus | |
|---|---|-------------------------|
| * Director of CSD | Performance bonus of up to 10% of baseline salary following PDR - determined by the Director of People & Services | Paid in full £11,796 |
| * Director of Student Recruitment, Admissions & Widening Participation (ERMC) | Performance bonus of up to 5% following PDR - determined by Director of ERMC & authorised by the Director of People & Services. | Paid in full £4,488 |
| * Director of External Relations, Marketing & Communications | Performance bonus of up to 5% following PDR - determined by the Director of People & Services | Paid in full £5,355 |
| Director of Development & Alumni Relations (ERMC) | Performance bonus of up to 10% following PDR - determined by Director of ERMC & the Director of People & Services. | Not Paid |

* The role holders indicated by an asterisk (*) were appointed on terms that provided for a performance bonus with the intention of keeping the base salary level down. The absence of clearly defined objective measures at the time of appointment has led to bonuses having been paid in line with the contract each year, on all but one occasion, and has given rise to concerns about fairness and equity. The Vice-Chancellor has therefore agreed that the contractual bonus element should be individually negotiated out, based on the average bonus payment paid over the last 3 years and baseline salaries revised accordingly.

8. Benchmarking

The normal approach for the University in benchmarking jobs is to use the salary survey data available from UCEA (for similar sized/type) and the Russell Group.

REMUNERATION COMMITTEE

Minute Secretary: Mrs Debbie Grainger, Extension 43635

Terms of Reference

<https://www.liverpool.ac.uk/governance/university-committees/remuneration-committee/>

- a) To be responsible, on behalf of the Council, for setting the policy for and agreeing remuneration and reward for members of the senior management team.
- b) To consider and determine the emoluments of the Vice-Chancellor. The Vice-President of Council (or another Lay Member of the Committee) to Chair the Committee when considerations are taking place regarding the Vice-Chancellor.
- c) To receive reports concerning non-clinical professorial and equivalent professional services senior management staff (Grade 10) remuneration and reward.
- d) To approve proposals for voluntary severance or the early retirement of senior staff. (The determination of such matters with regard to the Vice-Chancellor shall be restricted to the lay members of the Committee.)
- e) To approve policy on the outside earnings of senior staff (professorial and Grade 10).
- f) To receive reports on actions taken by the Vice-Chancellor to approve retention awards for senior staff.
- g) To review and note remuneration trends across the University, including reports on the relationship between graded structure and senior staff, equality and risk assessment issues.
- h) To have oversight of the University's remuneration, reward and promotion (RRP) processes and, subject to any conditions set by Council, establish the conditions for the RRP Review in any one year and to receive a report on the outcome of the RRP Review, including appeals.
- i) To make recommendations to Planning and Resources Committee on the affordability and acceptability of national pay agreements.
- j) To report to the Senate on academic promotions and to the Council on all matters.
- k) To ensure compliance with the CUC Higher Education Senior Staff Remuneration Code.

Constitution and Membership for Session 2019/20

(Where a title is given, this indicates that the appointment is ex officio.)

The President of the Council (Chair)

The Earl of Derby DL

The Vice-President of Council
Two lay members of Council

Mrs C Booth
Dr P Johnson (2017-20)
Mrs H Miller (2019-21)

Independent Member

Mr C Williams

In Attendance

The Vice-Chancellor
The Director of People and Services
The Director of Human Resources

Professor Dame J Beer
Dr C Costello
Mr K Watkinson (Secretary)

Reporting Relationship

Remuneration Committee reports directly to the Council.

Frequency of Meetings

The Remuneration Committee usually meets on two occasions during the academic year.

Quorum

The quorum for meetings of the Remuneration Committee shall be three of its members which must include the Vice-Chancellor except when discussions relate to the Vice-Chancellor him/herself.

Appendix 2

Remuneration Committee Meetings 2019/2020

Dates of Meetings and Attendance Record

Register of Attendance at Remuneration Committee Meetings 2019/2020

| | 7 November 2019 | 20 May 2020 via ZOOM |
|---|-----------------|-------------------------|
| Full members: | | |
| President of Council (Chair) The Earl of Derby | ✓ | ✓ |
| Vice-President of Council Mrs Carmel Booth | ✓ | ✓ |
| Lay Member of Council Dr Paul Johnson | ✓ | ✓ |
| Lay Member of Council Mrs Helen Miller | ✓ | ✓ |
| Independent Member Mr Chris Williams | Apologies | ✓ |
| In attendance: | | |
| Vice-Chancellor Professor Dame Janet Beer | ✓ | ✓ |
| Director of People & Services Dr Carol Costello | ✓ | ✓ |
| Director of Human Resources (Secretary) Mr Keith Watkinson | ✓ | ✓ |
| Committee Minute Secretary Mrs Debbie Grainger | ✓ | ✓ |