

Annual Remuneration Report for Council 2022/23

Introduction

1. Terms of Reference

The Terms of Reference (ToR) for the Remuneration Committee are reviewed annually. A copy of the ToR, Constitution and Membership of the Committee 2022/23 is attached as Appendix 1. A suitable individual to fill the vacancy for an independent member has not yet been identified, but efforts continue in this regard.

2. Meetings

The Committee met on two occasions during the academic year; 10 November 2022 and 21 June 2023 and a list of attendees are set out in Appendix 2. Reports of meetings presented to Council can be obtained through the Governance Team. <https://www.liverpool.ac.uk/governance/>.

Approach to Remuneration

3. Operating Environment

There have been many external factors that have adversely impacted the University's longer-term sustainability and its operations over the course of the last 12 months.

The impact of the war in Ukraine continues to have an adverse effect on the UK economy and has been a major factor in the continuing rising cost of living. It is noted that the HE sector pay award for 2023/24 is below the rate of inflation, though the forecast is for it to reduce into the latter part of 2023 and into 2024. The likelihood of industrial action by all three campus trade unions continues to be high.

Reforms to the USS pension scheme were also a matter of national dispute however recent developments in the autumn of 2023 indicate the probability of there being a much lower potential for industrial action again in 2023/24.

The Government announced in its budget in 2023 that the lifetime allowance (LTA) was to be abolished with effect from 6 April 2023. However, how long this change may be in place is debatable with a general election due in 2024. If this proves to be a long-term change in Government policy this may have implications for the University's policy to agree to pay cost neutral allowances in lieu of pension contributions provided certain conditions are satisfied. The University continues to monitor the situation.

The UK employment market continues to be very competitive, particularly in respect of Professional Services roles, though it does show signs of cooling since its peak early in 2023. The University has used its existing policies on retention measures (e.g. Market Rate Supplements), where appropriate.

Institutions also continue to face both external and internal scrutiny about levels of senior pay from national and local media.

4. Guiding Principles Related to Remuneration

The University of Liverpool’s Remuneration Committee has agreed, and reviews on an annual basis, its Strategic Reward for Senior Staff Policy ¹ which is the framework for managing senior staff remuneration and conditions (including non-pay benefits) at the University. The Committee does this to enable appropriate governance of the remuneration, promotion and reward for positions on Grade 10 and above, Professorial and equivalent Professional Services Staff and members of the Senior Leadership Team.

5. The Reward of Senior Staff

Key considerations and outcomes on senior pay this year included:

- On 31 December 2022, Professor Dame Janet Beer retired from her position as Vice-Chancellor of the University and her successor, Professor Tim Jones commenced his employment on 1 January 2023.
- There were no increases to the remuneration of the former Vice-Chancellor in 2022/23 in respect of a performance award. In respect of base salary, this was increased by 3% in line with pay negotiations undertaken through the Joint Negotiating Committee for Higher Education Staff (JNCHEs) which applied to all staff effective from 1 August 2022. With effect from November 2022, the allowance in lieu of pension contributions increased in line with revised national insurance contributions.
- The Committee received a summary of the recommendations for annual review awards for Professors and Professional Services senior staff made by the Vice-Chancellor and her team. Cases which demonstrated furtherance of the best interest of the University were supported.
- The Committee received and considered 3 out of 9 (Male 4 Female 5) recommendations for members of the **Senior Leadership Team** (not VC) under the 2022 Senior Management Salary Review and a summary of the Committee’s decisions are set out below:

Submissions received for a Percentage Increase of between 1 – 3%				
3 cases received for a % increase		Total	M	F
	3% Increase	2	1	1
	2% Increase	1	0	1
Male 1 Female 2	Not Agreed	0	0	0

- The Committee received a summary of the annual review awards for Non-clinical Professors and equivalent Professional Services senior staff made by the Vice-Chancellor and her team.

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

Non-Clinical Professorial Staff:

The Vice-Chancellor and her team considered submissions made by 86 (Male 63 Female 23) out of 420 (Male 284 Female 136) Non-clinical Professorial staff and a summary of their decisions are set out below:

Submissions received for a Percentage Increase of between 1 – 3%				
37 cases received for a % increase Male 31 Female 6		Total	M	F
	% Increase	23	19	4
	Not Agreed	14	13	1

Submissions received for an Increase in Professorial Level				
48 cases received for an increase in Professorial Level Male 31 Female 17		Total	M	F
	Increase in Professorial Level	37	26	11
	% Increase	2	1	1
	£1,500 one-off payment	2	2	0
	Not Agreed	7	2	5

Submissions received for a one-off non-consolidated payment of £1,500				
1 case received for a one-off payment Male 1 Female 0		Total	M	F
	£1,500 one-off payment	0	0	0
	Not Agreed	1	1	0

Senior Management Staff:

The Vice-Chancellor and her team considered submissions made by 7 out of 34 (Male 21 Female 13) Senior Management staff (not SLT) and a summary of the outcomes are set out below:

Submissions received for a Percentage Increase of between 1 – 3%				
7 cases received for a % increase Male 3 Female 4		Total	M	F
	% Increase	5	2	3
	Not Agreed	2	1	1

- The Senior Leadership Team agreed that the Annual Promotion and Reward processes (Annual Review) round, across all staff groups, should run for the academic year ending in July 2023. The results of this review will be considered by the Remuneration Committee at its meeting in the next reporting period.
- The incoming Vice-Chancellor's base salary and allowance in lieu of employer's pension contributions were increased in line with the pay award as set out in para 6 below.

6. Pay Award

Pay negotiations undertaken through the Joint Negotiating Committee for Higher Education Staff (JNCHES) led to an overall award of 5.0% (2% effective from 1

February 2023 and 3% effective from 1 August 2023) which was implemented across all staff groups. Tapered arrangements provided for a higher percentage for lower remunerated positions.

7. Performance Related Pay Payments

Performance related pay (PRP) payments are determined following an individual's Professional Development and Review (PDR) and are paid in addition to the normal annual system of rewarding exceptional contribution through the Professorial/Senior Management Review and will continue subject to continued high performance.

Following a rationalisation and removal of individual contractual entitlements to a performance bonus in 2020, only one position continues to attract a bonus. The role attracts an additional payment of up to 10% of annual salary. A bonus of 8% was awarded for 2022/23.

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/Korn Ferry.

9. Median Salary

Pay multiple of Vice-Chancellor pay to median salaries based on the CUC Remuneration Code methodology.

Year End	Median Salary	VC's Base Salary	Pay Multiple
31/07/2022	£37,500	£309,500	8.3
31/07/2021	£36,900	£300,500	8.1
31/07/2020	£36,500	£300,500	8.2

Appendix 1

REMUNERATION COMMITTEE

Minute Secretary: Emma Leonard – Head of Governance and Deputy Secretary, Legal and Governance (e.leonard@liverpool.ac.uk)

Terms of Reference

- a) To approve and annually review the Strategic Reward for Senior Staff Policy (SRSS) which is the policy framework for managing senior staff remuneration and conditions (including non-pay benefits) at the University.
- b) To be responsible, on behalf of the Council, for setting the policy for and agreeing remuneration and reward for members of the Senior Leadership Team (SLT) in accordance with the SRSS policy.
- c) To consider and determine the overall remuneration and objectives of the Vice-Chancellor. The Chair of Council will:
 - i) report on their assessment of the VC's performance against the Professional Development Review (PDR) objectives that were agreed.
 - ii) propose to the Committee any increase in remuneration in accordance with the SRSS policy.
 - iii) propose to the Committee PDR objectives for the coming year.

The Committee's recommendations to then be presented to Council for consideration.

- d) To receive reports on the remuneration of staff above Grade 9 who are not members of SLT in accordance with the SRSS policy.
- e) To consider and determine upon proposals for voluntary severance or the early retirement of members of the SLT. (The determination of such matters with regard to the Vice-Chancellor shall be restricted to the lay members of the Committee.)
- f) To approve policy on the outside earnings of members of the SLT.
- g) To review and note remuneration trends across the University sector using benchmarking data.
- h) To agree the policy for claims for expenses from the Vice-Chancellor and receive regular reports on expense payments made.
- i) To provide an annual remuneration report to Council on the business of the Committee that shall be produced in accordance with the CUC Higher Education Senior Staff Remuneration Code/Office for Students guidance.
- j) To ensure compliance with the CUC Higher Education Senior Staff Remuneration Code/Office for Students guidance in all relevant matters before the Committee.

Constitution and Membership for Session 2022/23

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

The Vice-President of Council (Chair)	Dr Paul Johnson
The President of Council	Carmel Booth
Two lay members of Council	Helen Miller (2021-24) Dr Roger Platt (2020-23)
Independent Member	To be appointed

In Attendance

The Vice-Chancellor	Professor Dame Janet Beer (until 31/12/22) Professor Tim Jones (from 1/1/23)
The University Secretary & General Counsel	Kevan Ryan
The Director of Human Resources	Keith Watkinson (Secretary)
The HR Management Services Coordinator	Deborah Grainger

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.

Meeting Dates

- 10 November 2022
- 21 June 2023

Appendix 2

Dates of Meetings & Register of Attendance 2022/2023

	10/11/2022	21/06/2023
<i>Full members:</i>		
President of Council Carmel Booth	✓	✓
Vice-President of Council (Chair) Dr Paul Johnson	✓	✓
Lay Member of Council Helen Miller	✓	✓
Lay Member of Council Dr Roger Platt	✓	✓
Independent Member To be appointed		
<i>In attendance:</i>		
Vice-Chancellor Professor Dame Janet Beer	X	
Vice-Chancellor Professor Tim Jones		✓
University Secretary & General Counsel Kevan Ryan	✓	✓
Director of Human Resources (Secretary) Keith Watkinson	✓	✓
HR Management Services Co-ordinator Debbie Grainger	✓	✓
Head of Governance & Deputy Secretary (Minute Secretary) Emma Leonard	✓	✓