

## REMUNERATION ANNUAL REPORT 2021

### Introduction

1. This is a report on senior staff remuneration at Queen Mary University of London in 2021. It is written to comply with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code and the Office for Students' Accounts Direction.
2. Remuneration Committee is a committee of Council, the University's governing body. It is responsible for determining and reviewing the salaries, terms and conditions of appointment and any severance payments for senior members of staff of the University. Information about Remuneration Committee and its work is published on the University website.

[www.arcs.qmul.ac.uk/governance/council/committees/remuneration-committee/](http://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 remuneration before the payment(s) is greater than £100,000 per year or where the level of the payment(s) 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;
  - g) to consider annual reports on gender and ethnicity pay gaps;
  - h) to review the Committee's effectiveness and the suitability of its membership and terms of reference annually.
4. Remuneration Committee met on four occasions in 2021. The main topics of discussion were:



members of the senior executive team. He did not attend the meetings at which his own performance, objectives and remuneration were discussed.

e) Sheila Gupta, Vice-Principal (People, Culture and Inclusion) attended one meeting to discuss reports and actions plans on gender and ethnic pay gaps. She did not attend the meeting at which her own performance, areas of focus and remuneration were discussed.

7. Copies of written reports from Remuneration Committee to Council can be obtained from the Council Secretariat at [www.arcs.qmul.ac.uk/governance/council/](http://www.arcs.qmul.ac.uk/governance/council/).
8. The most recent external review of Remuneration Committee's effectiveness took place in 2018–19. The review concluded that the Committee's approach to senior staff remuneration is clearly compliant with the 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. The next external review of effectiveness will take place in 2021–22, which is the frequency recommended in the Committee of University Chairs' Higher Education Code of Governance.
9. In addition to the external reviews of effectiveness, the Committee undertakes and reports to Council on an annual self-assessment through which it continually reviews and develops its own effectiveness, membership and terms of reference. The self-assessment in 2021 confirmed that recent improvements to the business case template and salary benchmark data for senior staff appointments supported more effective decision-making. The self-assessment also resulted in a few clarifications to the Committee's terms of reference. This year the Committee also reflected on the outcomes of a review by Advance HE of the Higher Education Senior Staff Remuneration Code and, as a result, has included additional information in this report on how it ensures that senior staff pay remains fair when considered in the context of all other members of staff at the University.

### **Approach to remuneration**

10. 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.
11. 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/](http://hr.qmul.ac.uk/procedures/)
12. When recruiting senior members of staff, the following factors are considered:
  - 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 internally and at comparable institutions;
  - f) for senior clinical roles, existing pay and conditions under the NHS, including Clinical Excellence Awards and Additional Programmed Activities.
13. When seeking to retain senior members of staff, the following factors are considered:
- 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 internally and at comparable institutions.
14. The following factors are considered 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;
  - d) benchmark data on salary levels for similar roles internally and at comparable institutions.
15. 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.

## **Institutional performance**

16. 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 2020–21, it had approximately 28,500 students registered on its programmes, more than 4,800 members of staff, research income of £119m and total income of £530m. Queen Mary therefore competes with some of the best universities in the UK and internationally to recruit senior members of staff.
17. Academic year 2020–21 has seen the University respond effectively to the continuation of the Coronavirus pandemic while taking significant steps to implement many elements of the University's Strategy 2030.

[www.qmul.ac.uk/strategy-2030/](http://www.qmul.ac.uk/strategy-2030/)

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

[www.finance.qmul.ac.uk/statements/](http://www.finance.qmul.ac.uk/statements/)

## **Rationale for the total remuneration of the President and Principal**

19. 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 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 the University'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.
20. Professor Colin Bailey has been the University's President and Principal since September 2017. He was appointed following an international search, which was overseen by Council, and in 2021 Council re-appointed him for a further five-year term considering his significant contribution in the role. A dedicated benchmarking exercise was undertaken as part of the initial recruitment process to determine the appropriate level of remuneration. Professor Bailey's total remuneration was set, and remains, close to the median compared to other Russell Group universities.
21. In his first four years as President and Principal, Professor Bailey 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 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 that he should have been awarded pay uplifts of 2.0% in 2018–19 and 1.8% in 2019–20, both matching the national cost of living increases awarded to all members of staff at the time. Given the wider financial situation brought about by the Coronavirus pandemic, the higher education sector did not apply 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 in the first four years of his incumbency, 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

22. Professor Bailey's total emoluments in 2020–21 were as follows.

Basic salary	£300,000
Benefits in kind (taxable)	
Utilities, council tax, service charge, maintenance costs and furniture in provided accommodation	£9,952
Rating value of provided accommodation	£400
<b>Total emoluments before pension contributions</b>	<b>£310,352</b>
Pension contributions	£6,000
<b>Total emoluments including pension contributions</b>	<b>£316,352</b>

23. Council 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. In 2017 the University purchased certain items of furniture for the provided accommodation at a total cost of £13,290. The financial benefit of the furniture to Professor Bailey is spread evenly over the five years of his initial term of employment.

24. Professor Bailey has elected for the enhanced opt-out section of the Universities Superannuation Scheme (the same employer pension scheme that is available to other academic and related staff) by which the University makes contributions at a reduced rate for Professor Bailey to retain in-service benefits. The enhanced opt-out contribution rate for employers in 2020–21 was 2.1%, compared to the full contribution rate of 21.1%.

25. In 2021, Council asked Remuneration Committee to review Professor Bailey's remuneration and terms and conditions of employment in the context of its decision to re-appoint him for a further five-year term. The Committee undertook a detailed internal and external benchmarking exercise drawing from the Universities and Colleges Employer Association's Senior Staff Remuneration Survey, the Korn Ferry Hay salary survey and the Committee of University Chairs' Vice-Chancellor Salary Survey, as well as additional research into a group of ten comparator institutions. This highlighted movements over a two-year period in vice-chancellor salaries and how they compared to salaries paid to other staff working in universities. Relevant contextual factors, such as geography and institutional mission, turnover and performance were also considered.

26. On the basis of the benchmarking exercise undertaken by the Remuneration Committee and in light of his significant contribution as President and Principal, Council agreed that, from 2021–22, Professor Bailey's basic salary should be increased to match the notional uplifts awarded in 2018–19 and 2019–20, plus the same 1.5% uplift awarded to other staff in 2021–22. Professor Bailey's basic salary therefore increased from 1 August 2021 to £316,180 after four years in which his actual salary had remained constant. This approach ensured that

Professor Bailey's salary increased at the same rate, or less, compared to the salaries of other staff at the University in a context of financial austerity caused by the Coronavirus pandemic and after a year in which no cost of living increases were awarded across many sectors.

27. The following table shows the relationship, expressed as a multiplier, between the President and Principal's emoluments and the median value for all staff employed by the University for the past two years. The multiplier in 2019–20 (the most recent year for which benchmarking information is available) was below the median for Russell Group universities. As Professor Bailey's salary remained constant between 2019–20 and 2020–21, the reduction in the multiplier between these years is entirely due to an increase in the median salary for all staff employed at the University over the same period. The increase in the median salary in 2020–21 reflects the fact that certain operations at the University, such as catering and in-person events, were temporarily scaled back in that year as a result of the Coronavirus pandemic, while a number of deliberate appointments were made into senior roles to support delivery of the Strategy.

	2020–21	2019–20
Basic salary (median calculated as full-time equivalent for the salaries of all staff)	8.3	8.8
Total remuneration (median calculated as full-time equivalent for the salaries of all staff)	7.3	8.0

28. The Chair of Council is responsible for conducting the President and Principal's appraisals. In 2021, Council also commissioned a detailed assessment of Professor Bailey's performance since starting in the role to inform its decision about whether to re-appoint him for a further term, the outcome of which was to re-appoint for a further five years. Following the full-year appraisal, the Remuneration Committee held a dedicated meeting, which Professor Bailey did not attend, to review his performance. The Committee concluded that Professor Bailey's contribution in 2020–21 had continued to be significant and that he had performed consistently well against the objectives set by the Committee. His handling of the Coronavirus pandemic had been highly effective. In the context of these external challenges, the financial position of the University was consistently improving and the institutional KPIs were mostly moving in the right direction.
29. Remuneration Committee has approved objectives for Professor Bailey for 2021–22 that are linked to the University Strategy. The objectives reflect the following priorities:
- to oversee and accelerate the delivery of the Strategy across education and research, while leading the University effectively through the repercussions of the Coronavirus pandemic and any other significant external events;
  - to ensure that student recruitment targets are met and that there is adequate financial management and resilience against external risks to deliver the Strategy;
  - to continue building the senior leadership of the University to deliver the Strategy;
  - to undertake activities to raise the profile of the University locally, nationally and internationally.

### **President and Principal's external appointments and expenses**

30. The President and Principal currently does not retain any external income.
31. The President and Principal held the following external appointments in 2020–21, none of which were remunerated.

- a) Trustee and Member of the Board, Universities UK (UUK).
  - b) Trustee, Member of the Board and Member of the Audit Committee, Universities and Colleges Admissions Service (UCAS).
  - c) Trustee, Member of the Board and Member of the Honorary Degrees and Fellowships Committee, University of London.
  - d) Member of the Nominations Committee, The Royal Academy of Engineering.
  - e) Non-Executive Director and Member of the Board, The Russell Group of Universities.
  - f) Non-Executive Director, Member of the Board and Member of the Remuneration Committee, UCL Partners.
  - g) Member of the UPP Foundation Student Futures Commission.
  - h) Member of the Independent Expert Advisory Panel on Building Safety, Ministry of Housing, Communities & Local Government.
32. Queen Mary has a Travel and Expenses Policy 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. The current Travel and Expenses Policy is published on the Queen Mary website. In 2020–21, the President and Principal incurred £270.52 in expenses. This was a significantly lower figure compared to previous years, reflecting the impact of the Coronavirus pandemic on international travel and the move to online events and meetings.

[www.arcs.qmul.ac.uk/policy/](http://www.arcs.qmul.ac.uk/policy/)

### **Remuneration of other members of the senior executive team**

33. The senior executive team is responsible for the leadership of the University and takes major decisions on strategy, development and direction. The President and Principal manages the senior executive team and is responsible for conducting appraisals for the other team members.
- [www.qmul.ac.uk/about/whoswho/](http://www.qmul.ac.uk/about/whoswho/)
34. Members of the senior executive team have access to the same employer pension schemes as other employees. By contrast, 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 internally and 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.
35. The combined emoluments of the senior executive team in 2019–20 and 2020–21, including the President and Principal, were as follows. The increase in 2020–21 was primarily due to the creation of a new role to lead a key area of the University Strategy.

	2020–21	2019–20
Salary	£2,116,174	£1,984,133
Benefits in kind	£10,352	£9,351
Severance	£0	£0
<b>Total remuneration before pension contributions</b>	<b>£2,126,526</b>	<b>£1,993,484</b>
Pension Contributions to USS	£231,437	£209,780
<b>Total remuneration including pension contributions</b>	<b>£2,357,963</b>	<b>£2,203,264</b>

36. Following the President and Principal's appraisal meetings with the other members of the senior executive team, 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 the meeting. Remuneration Committee approved pay increases amounting to £33,578, taking effect in 2021–22, to reward the performance of individual members of the senior executive team, including £20,000 to align pay with market rates based on benchmark data. This compares to pay increases awarded by the Committee in previous years as follows. The Committee also approved areas of focus in 2021–22 aligned to the Strategy KPIs and enabling plans for each member of the senior executive team.

	2019–20	2020–21	2021–22
Performance-related increases	£12,147	£0*	£13,578
Increases to align pay with market rates	£0	£20,000	£20,000
<b>Total pay increases</b>	<b>£12,147</b>	<b>£20,000</b>	<b>£33,578</b>

\* Given the wider financial situation brought about by the Coronavirus pandemic and the fact that the higher education sector did not apply a cost of living increase in 2020–21, Remuneration Committee was not asked to consider performance-related pay uplifts for members of the senior executive team that year.

Approved by Council on 18 November 2021