BIRKBECK
University of London

MEETING OF THE GOVERNORS

25 November 2021

ANNUAL REPORT OF THE REMUNERATION COMMITTEE 2020-21

1 TERMS OF REFERENCE

1.1 Remuneration Committee’s Terms of Reference are in Appendix A

2 MEMBERSHIP

2.1 The members in 2020-21 were
   • Chair of Governors (Sir Andrew Cahn)
   • Deputy Chair of Governors (Simon Davis)
   • Up to three other independent Governors (Nana Banton, Gillian Broadley, Andreas Utermann)

   The members were appointed by the Nominations Committee

3 MEETINGS

3.1 Three meetings were scheduled in 2020-21
   • 26 November 2020: This meeting did not take place because there was no business
   • 24 March 2021: This meeting was in the form of a briefing for newly appointed members; there was no formal business and no minutes
   • 1 July 2021: attended by Sir Andrew Cahn, Simon Davis, Gillian Broadley and Andreas Utermann. The minutes are in Appendix B.

4 PRINCIPLES OF REMUNERATION

4.1 The principles of remuneration are in line with the Committee of University Chairs (CUC) guidance for Remuneration Committees and the requirements for the Office for Students. The Remuneration Committee has reviewed these documents and considers it is compliant with their requirements.

5 APPROACH TO SETTING REMUNERATION

5.1 This is outlined in the Rem Com Minutes which are in Appendix B.
6      JOB EVALUATION SCHEMES, PAY AWARDS AND PENSION SCHEMES

6.1     Birkbeck uses the Hay job evaluation scheme.

6.2     Birkbeck is one of 169 member organisations, who belong to a nationally negotiated pay awards and pensions schemes, via Universities and Colleges Employers Association (UCEA).

6.3     Birkbeck is also a member of Universities UK (UUK), which represents the collective voice of 140 universities in England, Scotland, Wales and Northern Ireland.

6.4     The pension schemes are Universities Superannuation Scheme (USS) for staff at Grade 7 / Lecturer and above, and Superannuation Arrangements of the University of London (SAUL) for staff at lower grades.

7      POLICY ON PERFORMANCE PAY AND STAFF ELIGIBILITY

7.1     Birkbeck operates appropriate and robust processes for Professors and senior staff in terms of independence, objectivity, and assessment of individual and overall institutional performance.

7.2     The criteria include:
   • Significant contribution to achievement of the College’s strategic objectives.
   • Outstanding innovation in the job leading to improvement in School and/or professional service department processes, resulting in a more effective service to staff and/or students.
   • Quality and achievements in respect of leadership of the function.
   • Exceeding strategic objectives relating to the function.

7.3     When a pay round commences all eligible staff are invited to make an application for consideration and the process for doing so is outlined within the invitation. As part of the process, positive reviews are encouraged. In addition, equality data such as gender, ethnicity, age and disability are reviewed and potential trends identified. These trends are discussed and plausible resolutions considered, which are then translated to our equality action plans, including those related to equal pay and gender pay.

8      BENCHMARKING

8.1     Sector remuneration benchmarking information provided by the CUC, UCEA and other sources for a range of relevant comparator institutions are used.

8.2     The College is not in a HE sector “mission” group and by its nature not a close fit with many others. Instead, a list is chosen from organisations with similarities to Birkbeck who are considered competitors in certain areas. The current list is Brunel, City, East Anglia, East London, Essex, South Bank, Westminster, Goldsmiths’ College, Royal Holloway and SOAS, Queen Mary, Open University, King’s College
London, Imperial College and University College London.

9 INDICATORS USED IN DECISIONS ABOUT REMUNERATION

9.1 Decisions are made in the context of rector remuneration benchmarking information as in 8 above, the outcome of performance appraisal, and the broader context of institutional Key Performance Indicators agreed by the Governors.

9.2 The UCEA Senior Staff Remuneration Survey report is based on confidential information provided by institutions and provides a pay analysis of senior and middle managers in universities and colleges of higher education. Salary tables are provided by responsibility level, function group, institution type, institution size, cost centre/income levels, discipline, region and mission/sector group. It also includes data on demographics, including gender and age pay gap.

9.3 The data includes external comparators such as the NHS, Local Government, FTSE 250 and Charities in addition to data on international remuneration to benchmark against, including the USA, Canada, Australia, New Zealand, South Africa and Asia, specifically Hong Kong and India.

10 VICE-CHANCELLOR’S REMUNERATION

<table>
<thead>
<tr>
<th>Year to July</th>
<th>Basic Salary Comparison</th>
<th>Total Salary Comparison</th>
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<tbody>
<tr>
<td>2017</td>
<td>The VC's basic salary is 9.0 times the median pay staff, where the median basic salary is calculated on a full-time equivalent basis for the basic pay of all staff.</td>
<td>The VC's total remuneration is 8.4 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all staff.</td>
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11 PAY MULTIPLE: VC’S EARNINGS AGAINST THE MEDIAN OF ALL STAFF

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12 PAYMENTS TO MEMBERS OF THE GOVERNING BODY
12.1 Members of the Governing body are entitled to reimbursement of travel expenses incurred in attending meetings and events in their official capacity. No claims for reimbursement were made in the 2019-20 financial year.

13 EXPENSES AND INCOME GENERATION

13.1 Senior post holders’ expenses are processed in accordance with the College’s expenses policy. The expenses policy, and policy on income generated from consultancy and other income-generating activities, are part of the Financial Regulations.
APPENDIX A

Birkbeck University of London

Remuneration Committee

Terms of Reference

1. To develop and have oversight of an overall framework to cover the remuneration, benefits and conditions of employment of the staff of the College, ensuring that
   - there are clear and fair processes for setting objectives and assessing contribution;
   - the principles of remuneration are to recruit and retain the best staff possible, to deliver best outcomes for students, society and the economy and to demonstrate best use of resources.
   - the approach to setting remuneration takes economic factors, competition, skills, experience, the diversity of the workforce and individual and institutional performance into account.

2. To review and determine:
   - The remuneration, benefits and conditions of employment of the College Academic Executive Team:
     - Vice-Chancellor
     - Deputy Vice-Chancellor
     - Pro Vice-Chancellors (full time)
     - College Secretary
     - Executive Deans
   - The remuneration, benefits and conditions of employment of other members of staff with senior management roles on salaries of more than £100K (full time equivalent)

3. In making the decisions in 2 above, to take account of affordability, the value of each role, performance in the context of College strategic objectives and relevant performance indicators, the size and complexity of the College, the nature of the employment market and comparative information on the remuneration, benefits and conditions of employment in the Higher Education sector and elsewhere as appropriate.

4. To set the strategy, policy and parameters for the review and determination of the remuneration and benefits of senior officers of the College within the remit of the Professorial and Senior Staff Salaries Committee.

5. To review the decisions and recommendations of the Professorial and
Senior Staff Salaries Committee and to approve its proposals on salaries of more than £100K (full time equivalent), including any discretionary revisions to remuneration made between meetings of the Committee.

6 To approve any severance terms for staff on salaries of £100K (full time equivalent) or more on the termination of their employment and to receive a report on any severance terms agreed for senior officers of the College within the remit of the Professorial and Senior Staff Salaries Committee, and to confirm that approved severance payments are reasonable and justifiable. Severance up to £65k can be agreed by management approval, severance pay over £65k is to be referred to the Chair of Governors for authorisation.

7 To promote the College’s responsibilities for equality and diversity by ensuring that relevant issues are given full consideration in all matters relating to the remuneration of all staff falling within the remit of the Committee and of the Professorial and Senior Staff Salaries Committee, including equal pay and pay gaps.

8 To ensure that the procedures and decisions within the Committee’s remit are consistent with guidance on HE remuneration committee issued by the Committee for University Chairs and other national bodies.

9 To make an annual report for Governors and for publication, (see below)

**Membership 2020-21**

1 The membership of the Remuneration Committee is:

- Chair of Governors (Sir Andrew Cahn)
- Deputy Chair of Governors (Simon Davies)
- Up to three other independent Governors (Nana Banton, Gillian Broadley, Andreas Uterman)
- An independent person with expertise in senior staff remuneration, unless one or more of the Governor members has such expertise (to be confirmed)

2 The members of the committee are appointed by Nominations Committee.

3 The Secretary of the committee is the Deputy College Secretary (Governance)

4 The quorum necessary for transaction of business shall be 3.

**Procedures**

1 The Committee will invite the Vice-Chancellor, the College Secretary and the Director of Human Resources to attend part of the Committee’s meetings, in an advisory capacity, as required.

2 No member of staff will be present, except the Director of Human Resources
and others by invitation, when the Committee makes decisions on the reward of members of the Academic Executive Team or other members of staff with senior management roles within its remit.

3 The Committee will normally be chaired by the Chair of Governors, but will be chaired by the Deputy Chair of Governors when the Vice Chancellor’s remuneration and benefits are being discussed and on other occasions as agreed by the Chair and Deputy Chair or Committee.

4 The Committee will determine its own timetable for meetings but normally meet on three occasions each year.
Annual Report

The Committee's annual report will include:

1. Link to Terms of Reference
2. Membership: names of members and how they were appointed
3. Number and dates of meetings, members’ attendance and link to minutes
4. Principles of remuneration
5. Approach to setting remuneration
6. Reference to relevant nationally negotiated job evaluation schemes, pay awards and pension schemes
7. Policy on performance pay and which staff are eligible for it
8. Statement on the approach used for benchmarking, including a list of the institutions used
9. Indicators used in decisions about remuneration
10. Data supporting these indicators, including HESA, UCEA Remuneration Survey, CUC VC Salary Survey, internal analysis of salary distributions, performance and contributions to strategy
11. Summary of how the indicators used in decisions about remuneration have changed over the year
12. Statement on how the indicators were used in assessing
   - The Vice- Chancellor’s performance
   - Senior post holders’ performance
13. Table outlining total remuneration for the Vice-Chancellor and year on year comparison, including salary, performance pay, benefits, pension costs.
14. Current value of the pay multiple of the Vice-Chancellor’s earnings against the median of all staff, plus details of how these indicators have changed over the last five years
15. Payments to members of the governing body
16. Policy on retention of income generated from external bodies
17. Expenses policy and statement on expenses incurred
Minutes of the REMUNERATION COMMITTEE

1 July 2021

Present:
Sir Andrew Cahn (Chair for items 1-4 and 6-8), Simon Davis (Chair for item 5), Gillian Broadley, Andreas Utermann

In attendance:
Keith Harrison, Eileen Harvey, Katharine Bock

By invitation (Minutes to 6-8):
Professor David Latchman

Apologies:
Nana Banton

1 MINUTES

Approved:
1.1 Minutes of the meeting held on 2 July 2020 (REM 2020 01)

2 ACTIONS AND MATTERS ARISING

2.1 The membership of Rem Com had changed following the end of several members’ terms of office as Governors. The meetings of 26 November 2020 and 24 March 2021 had not taken place because there was no formal business. Instead, a briefing for new members took place on 24 March.

3 TERMS OF REFERENCE

Agreed:
3.1 The Terms of Reference of Remuneration Committee (REM 2020 02)
3.2 The Terms of Reference of the Professional and Senior Staff Salaries Committee (REM 2020 03)

4 ANNUAL REPORT TO GOVERNORS 2019-20

Noted:
4.1 The annual report made to Governors for 2019-20 (REM 2020 04)
5 ANNUAL REVIEW OF THE VICE-CHANCELLOR’S REMUNERATION

SD took the chair for this item of business

Considered:

5.1 A note from the College Secretary & Clerk to the Governors) (REM 2020 05) including
• Sector remuneration benchmarking information provided by the CUC and other sources for a range of
• relevant comparator institutions (Annex A)
• Feedback on the V-C’s annual appraisal from the Chair of Governors (Annex B)

Noted:

5.2 Retention and continuity of senior leadership through a period of profound challenge and transformation for the College has been a priority for Birkbeck, thus additional institutions were added to the benchmarking profile to support objective consideration of retention issues.

5.3 The Vice Chancellor’s annual appraisal, conducted by the Chair of Governors, was a formal documented process in which annual objectives were set and performance against those objectives reviewed.

5.4 The Committee also took into account the broader context provided by institutional performance information and institutional KPIs agreed and reviewed annually by Governors.

5.5 The Vice Chancellor last received an increase in base salary, over and above the level of the national pay award, in 2012. He last received a bonus payment in 2016/17.

5.6 The Vice-Chancellor had not made an application for any increase in remuneration in respect of the academic year 2020/21 and his salary was not subject to increase in relation to the national pay award.

Agreed:

5.7 The Vice Chancellor’s current salary reflected sustained quality and continuity of leadership over an 18-year period which has had transformational impact.

5.8 During this time the College had met, managed and overcome major strategic threats - the loss of 40% of core teaching funding due to government policy change in 2007 and the fundamental 60% decline in traditional part-time study post 2012.

5.9 The College’s distinct mission stands out in the sector: widening access, opportunity and flexibility for students in an environment informed by the best research. Birkbeck is one of only twenty UK institutions that rate highly in both REF and TEF.

5.10 Delivering successfully on its mission in this environment has required the College to restructure, reposition, re-invent and innovate. The Vice-Chancellor’s role in delivering this change, operating in a long-standing, collegial environment and building
the widest base of support amongst students, staff, stakeholders and funders, has been vital to the viability and success of the College.

6 BONUS PROCESS FOR SENIOR STAFF

Noted:

6.1 A summary of the current bonus process for professorial and senior professional services staff. (REM 2020 06)

6.2 Rem Com sets the framework for the determination of the remuneration and benefits of senior staff (Professors, Directors of Professional Services and other Grade 10 staff within the remit of the Professorial and Senior Staff Salaries Committee (PSSSC) which is chaired by the Vice Chancellor.

6.3 It had been agreed that for 2020-21, there would not be a pay review process to consider any additional remuneration for the Academic Executive Team (Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice Chancellors (full time), College Secretary and Executive Deans). This was also the unanimous view of the staff concerned themselves. The Committee recognised the ongoing contribution from the senior management team but equally viewed it as important that there was visible leadership in terms of pay restraint from the College’s senior management in the current climate.

6.4 It had also been agreed that for the other professorial and Grade 10 staff a pay review process be run but limited to the consideration of bonus payments rather than substantive ongoing pay awards, with the award of any bonuses focusing particularly on exceptional performance in terms of leadership, co-ordination and delivery of the College’s Covid 19 response.

Agreed:

6.5 A framework of bonus awards for the PSSSC to operate, including provision to recognise in particular those individuals whose contribution had been sustained, fundamental and exceptional to the institution during this period.

6.6 Rem Com also asked PSSSC to take into account the financial position of the College, the need to promote pay equality and the broader guidance from the Office for Students on pay restraint for senior staff.

Note:
PSSSC considered 19 applications for bonuses from senior staff taking Rem Com’s guidance into account, 16 of which were successful. 10 applications were from School based staff and 9 from central Professional Services. 9 were from women and 10 from men. The total cost was £64,500.

7 NEWLY PROMOTED PROFESSORS

Considered:

7.1 A proposal relating to the reward of newly promoted Professors (REM 2020 07)

Noted:
7.2 The proposal was made in response to the current situation in which promotion to Professor does not automatically lead to a salary increase. The proposal was made in order to support progression and retention at Professorial level with more certainty on pay progression and guided performance management.

Agreed:

7.3 The proposed process, in which newly promoted professors would be invited to apply for a 1% pay increase in each of the first and second year after promotion, linked to the Annual Review academic staff appraisal cycle.

Note: Following this agreement, 17 newly promoted professors received a pay rise, with a total cost of £24,000.

8 SENIOR STAFF REMUNERATION 2022

Noted:

8.1 There had not been a senior staff pay round in the previous two years. This was becoming a retention risk. Rem Com was asked to confirm expectations for the coming year.

Agreed:

8.2 There would be a senior staff pay round in 2022, to be applied in a rigorous and limited manner, and aligned to voluntary severance and workload model considerations. The pay round will apply to AET, and to Professorial and Grade 10 staff. Rem Com will set parameters and scrutinize recommendations.