Introduction

1. This is a report on senior staff remuneration at Queen Mary University of London in relation to the academic year 2018–19. 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 £125,000 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. Remuneration Committee met on three occasions to consider business in relation to the academic year 2018–19. The main topics of discussion were:

   - the President and Principal’s performance in the academic year 2018–19 and his remuneration and objectives for the academic year 2019–20;
   - a summary of expenses incurred and hospitality received by the President and Principal in the academic year 2018–19;
• the performance of other members of the senior executive team in the academic year 2018–19 and their remuneration and objectives for the academic year 2019–20;
• the outcomes of annual reviews of professorial and Grade 8 Professional Services staff;
• reports and actions plans on gender and ethnicity pay gaps.

5. The membership of Remuneration Committee in the academic year 2018–19 was as follows.

   Chair
   The Vice-Chair of Council Monica Chadha

   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
   One elected academic staff member of Council Professor Mangala Patel
   One co-opted external tax and reward specialist Karen Willcox

6. Others attended meetings of Remuneration Committee as follows.

   a) Jonathan Morgan, Registrar and Secretary, attended two meetings in his capacity as secretary to Remuneration Committee. He did not attend the meeting at which his own performance, objectives and remuneration were discussed. James McSean, Head of the Principal’s Office, acted as secretary to the Committee on that occasion.

   b) Dalia Dasgupta, Interim Head of Human Resources, attended all the meetings of the Remuneration Committee.

   c) Talhah Atcha, 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 one meeting 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) Kim Ansell of Advance HE observed one meeting as part of an external review of governing body effectiveness.

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/.

8. During the academic year 2018–19, Remuneration Committee took part in an external review of governing body effectiveness that was commissioned by Council. 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.
Approach to remuneration

9. 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 2018–19, it had approximately 25,000 students registered on its programmes, 4,300 members of staff, research income of £108m and total income of £484m. Queen Mary therefore competes with some of the best universities in the UK and internationally to recruit senior members of staff.

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/

12. 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.

13. 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.
14. 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.

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, enhanced in the academic year 2018–19 through an external job levelling and pay benchmarking exercise across all Grade 8 Professional Services roles;
   e) expert searches which may be commissioned to support recruitment to specific roles.

16. Members of the senior executive team have access to the same employer pension schemes as other employees. They do not receive the same cost of living increases arising from national pay negotiations, but are considered instead by Remuneration Committee for any pay uplifts or one-off bonuses based on their performance. Remuneration Committee takes account of overall cost of living increases awarded to other groups of staff with the aim of ensuring that its decisions with regard to the senior executive team are proportionate.

17. 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. The median calculations for the academic year 2017–18 have been restated since the last Remuneration Annual Report to take account of the most recent guidance from the Office for Students.

<table>
<thead>
<tr>
<th></th>
<th>2018–19</th>
<th>2017–18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic salary</td>
<td>8.0</td>
<td>8.2</td>
</tr>
<tr>
<td>(median calculated as full-time equivalent for the salaries of all staff)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total remuneration</td>
<td>7.7</td>
<td>7.7</td>
</tr>
<tr>
<td>(median calculated as full-time equivalent for the salaries of all staff)</td>
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</table>

**Institutional performance**

18. The academic year 2018–19 has seen significant change with the approval of a new University Strategy to 2030.
19. The Financial Statements contain a review of institutional performance over the previous strategy period, but the significant context for the Remuneration Committee’s work in the academic year 2018–19 has been the requirements to implement the new Strategy.

Rationale for the total remuneration of the President and Principal

20. 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.

21. 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.

22. 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 estimated gross rating value of the property used to calculate the cash equivalent of the accommodation benefit is £400.

23. 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 2018–19, including the approval of a new University Strategy, the launch of a new brand narrative and initiatives to build Queen Mary’s reputation, as well as work to align the University’s finances and plans to enable strategic investment with the requirements of the Strategy.

24. Professor Bailey’s emoluments in the academic year 2018–19 were as follows.

<table>
<thead>
<tr>
<th>Emolument</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic salary</td>
<td>£275,000</td>
</tr>
<tr>
<td>Market supplement</td>
<td>£25,000</td>
</tr>
<tr>
<td>Benefits in kind (taxable)</td>
<td></td>
</tr>
<tr>
<td>Utilities, service charge and furniture in provided accommodation</td>
<td>£8,249</td>
</tr>
<tr>
<td>Rating value of provided accommodation</td>
<td>£400</td>
</tr>
<tr>
<td><strong>Total emoluments before pension contributions</strong></td>
<td><strong>£308,649</strong></td>
</tr>
<tr>
<td>Pension contributions</td>
<td>£6,300</td>
</tr>
<tr>
<td><strong>Total emoluments including pension contributions</strong></td>
<td><strong>£314,949</strong></td>
</tr>
</tbody>
</table>
25. In each of his two years as President and Principal, 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. 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 in the academic year 2018-19, the Committee has agreed that he should have been awarded a pay uplift of 1.8% in line with the national cost of living pay offer. The Committee adopted a similar approach in the academic year 2017–18, when the national cost of living pay offer was 2.0%. The notional effect of these increases, had they not been waived by Professor Bailey, would have been as follows.

<table>
<thead>
<tr>
<th>Year</th>
<th>2017–18</th>
<th>2018–19</th>
<th>2019–20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual salary</td>
<td>£300,000</td>
<td>£300,000</td>
<td>£300,000</td>
</tr>
<tr>
<td>(basic salary plus market supplement)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notional salary (brought forward)</td>
<td>£300,000</td>
<td>£306,000</td>
<td></td>
</tr>
<tr>
<td>Notional increase</td>
<td>N/A</td>
<td>2.0%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Notional salary (carried forward)</td>
<td>£300,000</td>
<td>£306,000</td>
<td>£311,508</td>
</tr>
</tbody>
</table>

26. Remuneration Committee has approved objectives for Professor Bailey in the academic year 2019–20 that are linked to the new University Strategy and will provide the framework for future appraisals. The objectives reflect the following strategic priorities: student recruitment; the University finances and enabling strategic investment; building the team to deliver the Strategy; overseeing the implementation of the Strategy; and raising Queen Mary’s profile locally, nationally and internationally.

President and Principal’s external appointments and expenses

27. The President and Principal currently does not retain any external income.

28. The President and Principal held the following external appointments during the academic year 2018–19, none of which were remunerated.

- Member of the Board of Trustees, The Royal Academy of Engineering
- 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

29. 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 2018–19, the President and Principal incurred £14,393 in expenses, including £12,659 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

30. 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/
31. 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 objectives of the team. None of the team members under discussion attended the meeting.

32. Remuneration Committee approved pay increases and one-off bonuses amounting to £12,147 to reward the performance of individual members of the senior executive team in the academic year 2018–19. In aggregate, this represents a lower rate of increase compared to the cost of living pay offer for other members of staff at the University.

Registrar and Secretary
13 November 2019