

Remuneration Annual Report 2019

1. Introduction

- 1.1. The IDS Board of Trustees has adopted the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code.

The Institute has committed to following the Code's guidance as best practice. As all aspects of the Code may not apply to IDS, the Board has committed to the 'apply or explain' concept in the code, which means that IDS will either state that they have complied with the minimum requirements of the code or will provide a meaningful explanation for non-compliance and how alternative arrangements meet its principles.

- 1.2. The intention of the code is to apply to all remuneration decisions affecting the emoluments of the Director and other senior posts as prescribed in constitutional documents or by the governing body as being within the remit of the Remuneration Committee. The terms of reference of the Remuneration Committee are set out in 1.5, and cover all grade nine and ten employees, plus the Director.

- 1.3. The IDS salary scales are available at :

<https://www.ids.ac.uk/about/governance/organisational-policies/>

- 1.4. IDS endorses the code's three key elements for fair and appropriate remuneration, these being:

- A fair, appropriate and justifiable level of remuneration;
- Procedural fairness; and
- Transparency and accountability.

- 1.5. IDS is also bound by the requirements of the Charity Commission who provide guidance via the Statement of Recommended Practice (SORP) which establishes how the Institute must report remuneration in IDS statutory accounts. The SORP requires IDS to publish the pay of all employees earning over £60k in £10 brackets, and sets out that:

All charities must disclose the total amount of any employee benefits received by trustees and its key management personnel for their services to the charity. The trustees of charities, particularly larger charities (charities subject to charity audit), should give consideration to the information needs of their funders and other stakeholders in making their accounting disclosures. For example, it may be helpful to provide details of the employee benefits received by the charity's Chief Executive Officer or highest paid staff member, or alternatively a charity may choose to disclose the amount of employee benefits paid to its key management personnel on an individual basis.

1.7 The IDS statutory accounts can be found at :
<https://www.ids.ac.uk/about/governance/organisational-policies/>

2. The Remuneration Committee Terms of Reference

2.1. This report is provided to the Board on behalf of the IDS Remuneration Committee. The committee is a sub-committee of the Board of Trustees with the following terms of reference:

- A) To determine the remuneration of the Director.
- B) To consider and determine recommendations from the Director for the remuneration of those grade nine and ten staff who report directly to her/him within the agreed parameters of the grading structure and arrangements for assessing individual performance.
- C) To advise the Chair of the Board, who has delegated authority for such decisions, on any cases where it is proposed by the Director that any member of staff's salary should exceed the top of the grade ten scale.
- D) To consider any other relevant matters put forward by the Director and Company Secretary.
- E) In reaching decisions about any aspects of activity under points one to four above, the Committee shall have regard to the overall shape of remuneration for the staff concerned; the Institute's financial context; the agreed grading structure for the staff concerned; the agreed arrangements for assessing individual performance; and external information as appropriate.

2.2 The full terms of reference are available at :
<https://www.ids.ac.uk/about/governance/organisational-policies/>

2.3 The current members of the committee are:

- Kim Frost (Chair). Kim was appointed by the IDS nominations committee. His first meeting was on 28 January 2019.
- Professor Jonathan Kydd (Chair of the Board of Trustees). This is an ex officio position.
- Gareth Davis (Chair of the Resources, Audit and Risk Committee). This is an ex officio position.
- Professor Melissa Leach (Director). This is an ex officio position.
- Michael Anderson (Chair of the Nominations Committee and member of the Board of Trustees) Member of the Board of Trustees.

2.4 The committee is supported by:

- Paula Karalus, Director of Human Resources
- Tim Catherall, Company Secretary and Director of Finance and Operations
- Kiershen Mackenzie (Board and Governance Officer)

2.5 In the last 12 months the committee met twice:

- February 21 2018.
- January 28 2019.

2.6 Minutes of these meetings will remain confidential, as the committee was not aware of the pending requirement to publish them. All future meeting minutes will be available at: <https://www.ids.ac.uk/about/governance/organisational-policies/>

2.6 In addition to the Terms of Reference, over the last two years the Committee has had an additional focus on those employees whose total pay (salary, bonus, incentives but not pension) is over £100k. At IDS this would include:

Name	Post	Base Salary £	Bonus £	Incentive Payment £	Total £
Melissa Leach	Director	£125,690	6,285	n/a	131,974
John Gaventa	Director of Research	£102,000 for .75 fte	n/a	n/a	101,079
John Gaventa	Fellow	£98,318 for .25 fte	n/a	0	
Ian Scoones	Fellow	£96,391		14,354	111,345

3 Approach to Remuneration

3.1 In the 2015-20 IDS strategy, IDS articulates its commitment to:

Recognise and reward our staff to enable effective contributions to changing organisational goals and priorities and appropriate support and reward.

3.2 IDS has historically aligned reward to the Higher Education (HE) sector and the University of Sussex. The focus has been on fairness, transparency and internal equity via analytical job evaluation and transparent grade structures. There remains a desire to minimise performance related pay structures, and avoid decentralised reward decision making. As a unionised employer the majority of IDS policies relating to reward are collective agreements. Whilst salaries are benchmarked against the market, the setting of salary levels is driven by long standing grading structure and national Cost of Living Award (COLA) negotiation and not through market indicators.

3.3 The total salary bill for 2017/18 was as follows:

- Wages and salaries £8,344,000
- Social Security (NIC) £890,000
- Apprenticeship levy £42,000
- Other pension costs £1,592,000
- Redundancy costs £272,000

- Total £11,140,000

3.4 The COLA for 2017/18 was approx. £83,000 before on-costs.

3.5 The COLA for 2018/19 was approx. £94,000 before on-costs.

3.6 Director's remuneration

3.6.1 The role was initially evaluated by HAY (now Korn Ferry) and Capita in 2015 and in 2017. The evaluation took into account the details of the role, the size and complexity of the organisation, and the skills required to undertake the role.

3.6.2 The committee commissioned salary benchmark surveys from HAY and Capita in both 2015 and in 2017, to enable a review of the Director's salary against market rates. This information informed the Director's current three year pay deal.

3.6.3 The Director pay is as follows:

Year	Salary	Bonus paid	Employer contribution to Pension Costs
2018	£125,690	£6,284 paid	£22,624

3.6.4 The Director has now transitioned into a three year pay arrangement, with includes an anticipated 2% annual cost of living award (COLA). The actual COLA is subject to national UCEA negotiations and could be higher or lower than 2%. This arrangement is as follows:

Year	Salary	Bonus possible
2019	£130,767	£9,808
2020	£133,383	£10,004
2021	£136,050	£10,204

3.6.5 The committee also considers performance in identifying the level of bonus payable to the director. The Director is entitled to a non-consolidated bonus payment which is a percentage of salary. This was 5% in 2018 and will rise to 7% in 2019. The amount awarded is dependent on the Director's performance against annual objectives. The objectives are set by the Chair of the Board of Trustees in consultation with the Chairs of the Resources, Audit and Risk Committee and the Programme Advisory and Review Committee and the Director and reflect the IDS strategy.

3.7 Grade nine and ten employees

3.7.1 IDS currently structures remuneration of employees on a ten grade scale. Remuneration for the top two grades, grades nine and ten, is within the remit of the Remuneration Committee.

3.7.2 For grades nine and ten, incremental progression is based on performance or equity. The criteria for this is excellence over a twelve month period. The assessment of performance is made by the Director and the Director of Research and made to the Remuneration Committee. The Remuneration Committee's decision is final. Annual appraisals are not linked to this process.

3.7.3 All roles graded nine and ten are evaluated using Higher Education Role Analysis (HERA) methodology. Professional roles are individually HERA evaluated, and fellow grade nine and ten roles and the professorial profiles at grades ten a-c, are generic role profiles.

3.7.4 Promotion can occur for professionals in grade nine and ten roles when a role has grown and is regraded through HERA, or an individual applies for a higher graded role.

3.7.5 Fellows are promoted through grades nine and ten and bands ten a-c, through a promotion application to the Fellow Review and Promotions Board (FRPB).

3.7.6 FRPB assess promotion applications against the criteria for the grade applied for. For grade nine and ten roles, and professorial roles grades ten a-c, the criteria have been established with and evaluated by HERA. A matching process developed with HERA, is used to assess a fellow's performance against three broad categories set out in the job description and profiles. This is carried out by committee including internal and external representatives of the HE sector, and also involves both internal and external assessment of work quality by reviews in the sector.

3.7.7 IDS carried out salary benchmarking with Korn Ferry group in 2013 and 2016. IDS is currently commissioning a further salary benchmark survey in 2019. This data was utilised in the review of grade nine and ten salaries in 2013 and was directly relevant to the setting of incremental points within the salary grades.

3.7.8 IDS awards COLA to all employees annually in August. This is consolidated. This is based on the agreement reached nationally by UCEA with the Higher Education Unions. IDS adopts the outcome of these negotiations and has done so for many years. Each incremental point in the scale is uplifted to reflect this increase.

3.7.9 The following table shows the total awards made to all grade nine and ten employees in 2019.

Grade	Number of Employees	Salary range	Number of Awards	Total Cost
9	13		0	£0
10a	6		2	£3,602
10b	3		0	£0
10c	4		1	£3,814
Point Salary	1	£100,000- £105,000	0	£0
Total	20	£59,000- £97,000	3	£7,416

3.8 Grade one to eight

3.8.1 For grades one to eight, the majority of grades have automatic incremental progression, awarded annually up to the top of the automatic scale.

- 3.8.2 Additional incremental progression can be awarded where a job has grown, short of a regrade, or there is an equity issue.
- 3.8.3 A number of the grades also have discretionary incremental points that can be utilised to recognise excellent performance. The award of additional or discretionary incremental progression is dependent on an application being submitted by the manager indicating the growth in the role, equality concern or level of performance and approved by the Director.
- 3.8.4 In 2017-18 the cost of additional and discretionary incremental progression was £44,476 with 21 employees being given awards. The average award was £2224.
- 3.8.5 Roles are allocated to grades one to eight on the basis on IDS in-house ACAS designed analytical job evaluation system.

4 IDS Policy Framework

- 4.1 IDS has a number of key policies relating to the current IDS reward framework. These describe the framework within which decisions are made. As a unionised employer, a number of these are collective agreements with the two recognised trade unions, UCU and Unison. The following table lists the policies. All policies can be found at : <https://www.ids.ac.uk/about/governance/organisational-policies/>

Policy or Document	Detail
Job Evaluation Committee Policy and Forms	Describes the Job Evaluation process for all roles in grades one to nine, except fellows.
FRPB Guidelines	Details the IDS promotions process for fellows, HERA evaluated job descriptions for grade nine and ten fellows.
IDS Professorial Profiles	Details the HERA evaluated professorial profiles used to match Fellows at grade ten to a professorial grade ten a,b and c.
IDS Salary Scales	The IDS automatic incremental scale, for grades one to ten.
Incremental Progression Policy	The IDS process for automatic incremental progression within grades, up to and including grade eight, process for additional incremental progression for excellent performance for grades including nine and ten.
All staff bonus	Details the bonus arrangements for all employees other than fellows
Fellows Incentive Scheme	Details the incentive payment arrangements for fellows.

5 Bonus and Fellows Incentive Scheme

- 5.1 IDS Offers an Incentive Scheme to fellows to incentivise those who exceed the fundraising target.
- 5.2 Payment only made if fellows exceed the targets.
- 5.3 In 2017/18 IDS paid a total of £102,298 in Fellow Incentive Payments. This was 12 payments ranging from £565 to £16,334. The average payment was £8,524. The median of the payments was £4,104.

5.4 Of the 12 payment, there were 8 female and 4 male recipients. The average payment to women was £6,625 and the median was £4,552. The average payment to men was £8,586 and the median was £13,656.

5.5 The all staff bonus was not paid in 2017/18 nor 2018/19. This decision was based on the current overall financial performance of the Institute.

6 IDS Pay Gap

6.1 In 2018 IDS published the first gender pay gap report based on 2016-17 data. IDS did not have 250 employees on the census date and were therefore not required to publish the data. However, IDS chose to do so as a sign of commitment to reducing the pay gap. The gender pay gap assessment shows the mean gender pay gap in hourly pay (this is the mean gap between the hourly pay of all females and all males at IDS) is 19.69%. The median gender pay gap in hourly pay is 18.37%.

6.2 The figures for 2017-18 will be published in April 2019. The base figures show an improvement on 2016-17. Mean gender pay gap in hourly pay is 16.71%. Median gender pay gap in hourly pay is 18.74%.

6.3 An action plan for addressing the gap is being developed and will accompany the publication of the 2017/18 report.

6.4 The full pay gap report for 2018 can be found : <https://www.ids.ac.uk/about/governance/organisational-policies/>

7 Equal Pay Review

7.1 In 2016, IDS carried out an equal pay survey and a salary benchmark survey covering all our employees and based on data from 2015-16 and will do so again in 2019.

8 Pensions

8.1 IDS offers four pension schemes: Universities Superannuation Scheme (USS); IDS Pension and Savings Scheme (IDS PPS); University of Sussex Pension Scheme (USPAS) (now closed to new members); and NEST. The following table provides details of eligibility and benefits of each scheme:

Scheme	Eligibility	Benefits
USS	<ul style="list-style-type: none"> All employees grade one to ten with continuous service prior to 1 September 2018. All academic and related employees who are subject to promotion through FRPB. 	<ul style="list-style-type: none"> Defined contribution (DC) and defined benefit (DB) elements 18% employer contribution due to rise in April 2019. 8% employee contribution due to rise in April 2019. Death in service benefits. Ill Health retirement benefits.
IDS PPS	<ul style="list-style-type: none"> All professional employees with 	<ul style="list-style-type: none"> DC 10% or 12% employer contributions.

	continuous service from 1 September 2018.	<ul style="list-style-type: none"> • 3,4,5, or 6+% employee contributions. • Life assurance of 5 x salary. • Critical Illness cover of 50% of salary at the end of occupational sick pay period (after 12 months).
USPAS	<ul style="list-style-type: none"> • Small number of professional employees • Closed to new members since 2009 • Multi-employer scheme with University of Sussex, agreement in place to mitigate against possible section 75 event. 	<ul style="list-style-type: none"> • DB • Final salary benefits.
NEST	<ul style="list-style-type: none"> • Government Scheme 	<ul style="list-style-type: none"> • Used for auto enrolment of casual workers.

9 Pay multiples at IDS

9.1 The median pay on 14 February 2019 at IDS is £38,829.

9.2 The Director's salary on the same date, including bonus paid, is £131,974.

9.3 The pay multiple is 3.39.

9.4 This is significantly below the average pay multiples in the HE sector, which are around 6.8. This is a function of flat salary curve that IDS displays, with salaries at grade six above the market 50th percentile and the Director's salary being below the market median at the start of this three year package.

10 External appointments and expenses

10.1.1 IDS has a contractual term that sets out full-time employees cannot earn more than £750 for a specific piece of external work, without the express agreement of the Director.

10.1.2 In the last 12 months the Director received £1000 in external earning which she gave to IDS.

10.1.3 Expenses are only paid on receipt and the IDS expenses policy can be found at: <https://www.ids.ac.uk/about/governance/organisational-policies/>

10.1.4 Amount of expenses incurred in 2017-18 was £87,693 and the largest claim was £14,245.