

Remuneration Annual Report 2020

1. Introduction

- 1.1. The IDS Board of Trustees has adopted the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code.
- 1.2. 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.

- 1.3. 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 Remuneration Committee Terms of Reference are set out in 1.5, and cover all grade 9 and 10 employees, plus the Director.
- 1.4. The IDS salary scales are available at:
<https://www.ids.ac.uk/about/governance/organisational-policies/>
- 1.5. IDS endorses the code's three key elements for fair and appropriate remuneration, these being:
 - I. A fair, appropriate and justifiable level of remuneration;
 - II. Procedural fairness; and
 - III. Transparency and accountability.
- 1.6. IDS is also bound by the requirements of the Charity Commission who provide guidance via The Charities 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 £10k 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/>

1.8 Whilst not required to follow the requirements of the Office for Students, IDS is committed to doing so. Further details can be found at:

<https://www.officeforstudents.org.uk/advice-and-guidance/regulation/senior-staff-pay/>

2. The Remuneration Committee Terms of Reference

2.1. Up to January 2019, IDS ran a single Remuneration Committee. From November 2019, IDS has two Remuneration Committees, Committee A and Committee B.

2.2 The current committee makeup of Remuneration Committee A is:

- Chair: Kim Frost
- Members: Prof Deepak Nayyar; Natasha Clayton; Michael Anderson; Carrie Hutchison
- In attendance: Paula Karalus/ Isobel Pearce (Director of Human Resources); Professor Melissa Leach (Director); Tim Catherall (Secretary to the Board); Bella Nolan (minutes).

2.3 This committee is responsible for maintaining an overview of senior staff remuneration; determining the remuneration of the most senior staff, taking account of recommendations from the Director; and offering advice on any other matter of staff reward brought to it by the Director and Company Secretary.

2.4 The current committee makeup of Remuneration Committee B is:

- Chair: Kim Frost
- Members: Prof Deepak Nayyar; Natasha Clayton; Michael Anderson; Carrie Hutchison
- In attendance: Paula Karalus/ Isobel Pearce (Director of Human Resources); Tim Catherall (Secretary to the Board); Bella Nolan (minutes).

2.5 The committee is responsible for the determination of the remuneration of the Director.

2.2 The full terms of reference are available at:

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

2.3 The last meeting of both committees was on 13 November 2019.

2.4 The minutes are available at: <https://www.ids.ac.uk/about/governance/organisational-policies/>

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

Post	Base Salary £	Bonus £	Incentive Payment £	Total £
Fellow	£100,088	n/a	n/a	£100,088
Fellow	£98,126		£12,021	£110,147

3. Approach to Remuneration

3.1 In the 2020-25 IDS Strategy, IDS is committed to:

“Fostering equality, diversity, and inclusion. We will work to eliminate discrimination by implementing and embedding our equality, diversity, and inclusion action plan. We will develop and deliver a reward, pay and benefits system that reflects our values and that enables us to deliver our strategic aims.”

3.2 IDS has historically aligned reward to the Higher Education sector and the University of Sussex. The focus has been on fairness, transparency and internal equity via analytical job evaluation and transparent grade structures. 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 2019/20 was as follows:

- Wages and salaries £9,000,000
- Social security £ 870,000
- Apprentice levy £41,000
- Other pension costs £1,768,000
- Redundancy £52,000
- Total £11,732,000

3.4 The COLA for 2019/20 was 1.8% and for 2020/21, COLA will not be awarded.

3.5 Director’s remuneration

3.6 The role was initially evaluated by HAY (now Korn Ferry) and Capita in 2015, 2017 and by Korn Ferry in 2019. 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.

3.7 The committee commissioned salary benchmark surveys from HAY and Capita in both 2015 and in 2017, and Korn Ferry in 2019 and 2020, to enable a review of the Director’s salary against market rates. This information informed the Director’s current three year pay deal and enables the Committee B to continue to monitor the salary against the market.

3.8 The Director pay is as follows:

Year	Salary	Bonus paid	Employer contribution to Pension Costs
2019/20	£130,511	£9,788	£26,343

3.9 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 University and College Employers Association (UCEA) negotiations and could be higher or lower than 2%. In 2019/20 this was 1.5% and in 2020/21 COLA will not be awarded. This arrangement is as follows:

Year	Salary	Bonus possible
2019/20	£130,511	£9,788
2020/21	£130,511	£9,788
2021/22	£133,121	£9,984

3.10 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. 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 and reflect the IDS strategy. In 2019, £9,788 was awarded. In 2020, no bonus was awarded.

3.11 **Grade 9 and 10 employees**

3.12 IDS currently structures remuneration of employees on a ten-grade scale, and the top two grades, 9 and 10, are within the remit of the Remuneration Committee.

3.13 For grades 9 and 10, 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 Remuneration Committee A. The Remuneration Committee's decision is final. Annual appraisals are not linked to this process.

3.14 All roles of grade 9 and 10 are evaluated using Higher Education Role Analysis (HERA) methodology. Professional roles are individually HERA evaluated, and Fellow grade 9 and 10 roles and the professorial profiles at grades 10a-c, are generic role profiles.

3.15 Promotion can occur for professionals in grade 9 and 10 roles when a role has grown and is regraded through HERA, or an individual applies for a higher graded role.

3.16 Fellows are promoted through grades 9 and 10 and bands 10a-c, though a promotion application to the Fellow Review and Promotions Board (FRPB).

3.17 FRPB assess promotion applications against the criteria for the grade applied for. For grade 9 and 10 roles, and Professorial roles grades 10a-10c, 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 Higher Education sector, and also involves both internal and external assessment of work quality by reviews in the sector.

3.18 IDS has carried out salary benchmarking with Korn Ferry in 2013, 2016 and 2019. This data was utilised in the review of grade 9 and 10 salaries in 2013 and was directly relevant to the setting of incremental points within the salary grades.

3.19 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.

3.20 No awards were given in 2020.

3.21 **Grade 1-8 employees**

3.22 For grades 1-8, the majority of grades have incremental progression, awarded annually up to the top of the automatic scale.

3.23 Additional incremental progression can be awarded where a job had grown, short of a regrade, or there is an equity issue.

3.24 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.

3.25 In 2019/20 the cost of additional and discretionary incremental progression was £30,930 with 13 employees being given awards.

3.26 Roles are allocated to grades 1-8 on the basis on IDS in-house Advisory, Conciliation and Arbitration Service (ACAS) designed analytical job evaluation system.

3.27 **IDS Policy Framework**

3.28 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 1-9, except Fellows.
FRPB guidelines	Details the IDS promotions process for Fellows, HERA evaluated job descriptions for grade 9 and 10 Fellows.
IDS Professorial Profiles	Details the HERA evaluated professorial profiles used to match Fellows at grade 10 to a professorial grade 10a,b and c.
IDS Salary Scales	The IDS automatic incremental scale, for grades 1-10.
Incremental progression policy	The IDS process for automatic incremental progression within grades, up to and including grade 8, process for additional incremental progression for excellent performance for grades including 9 and 10.
All staff bonus	Details the bonus arrangements for all employees other than Fellows
Fellows Incentive Scheme	Details the incentive payment arrangements for Fellows

4. Bonus and Fellows Incentive Scheme

- 4.1. IDS offers an Incentive Scheme to Fellows who exceed the funding target. Where a surplus above the individual target is generated in the financial year, 30% of that surplus shall be rewarded to the Fellow. Payment is only made if a Fellow exceeds their target.
- 4.2. In 2020, IDS paid a total of £117,405 in Fellow Incentive Scheme payments. This was 17 payments ranging between £1,610 and £18,709. The average payment was £6,910. The median payment was £6,279.
- 4.3. There were 11 women and 6 men. The average payment to women was £6,184 and the median was £5,320. The average payment to men was £8,241 and the median was £9,150.
- 4.4. The All Staff Bonus was paid in 2020/21. Each eligible employee received £400.

5. Equal Pay Review

- 5.1. In 2016 and 2019, IDS carried out an equal pay survey and a salary benchmark survey covering all our employees.

6. Pensions

- 6.1. 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 1-10 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"> DC and DB elements 21.1% employer contribution. 9.6% employee contribution. Death in service benefits. Ill health retirement benefits.
IDS PPS	<ul style="list-style-type: none"> All professional employees with continuous service from 1 September 2018. 	<ul style="list-style-type: none"> DC 10% or 12% employer contributions. 3,4,5, or 6+% employee contributions. Life assurance of 5x 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.

7. Pay Multiples at IDS

7.1. The median pay at IDS in 2019/20 was £39,528.

7.2. The Director's salary including bonus paid was £139,530.

7.3. The pay multiple was 3.53.

7.4. The Office for Students Pay shows that nationally pay multiples in Higher Education ranged from 3.0 to 13.4. The median across all providers was 7.2.

8. External appointments and expenses

8.1. IDS has a contractual term that sets out full time employees cannot earn more than £1500 for a specific piece of external work, without the express agreement of the Director.

8.2. In the last 12 months the Director received £300 in external earning.

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

Version history

Date	Owner	Approved by
December 2020	Paula Karalus	IDS Board of Trustees