

Remuneration Annual Report

Institute of Development Studies December 2021

1. Introduction

- 1.1. The IDS Board of Trustees has adopted the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code. The code was revised in 2021.
- 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 it has 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 terms of reference of the Remuneration Committee can be found at <https://www.ids.ac.uk/about/governance>
- 1.4. The IDS salary scales are available at: <https://www.ids.ac.uk/about/governance/organisational-policies/>
- 1.5. IDS endorse 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. Further IDS aware of the Office for Students (OfS) accounts direction Regulatory Advice note 9) which states:

“A justification for the total remuneration package for the head of the provider. The justification must include reference to the context in which the provider operates, and be linked to the value and performance delivered by the head of the provider. It should contain an explanation of the process adopted for judging their performance. The justification should explain both the processes and oversight arrangements involved in making remuneration decisions and why the level of remuneration awarded to the head of provider is justified.”

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. 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; Carrie Hutchison, Melissa Leach, Awo Ablo, Esther McIntosh
- 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; Carrie Hutchison, Awo Ablo, Esther McIntosh
- 2.5. The committee is responsible for the determination of the remuneration of the Director.
- 2.6. The full terms of reference are available at:
<https://www.ids.ac.uk/about/governance/organisational-policies/>
- 2.7. The last substantive meeting of both committees was the 1 of December 2021.

- 2.8. Committee A has an additional focus on those employees whose total pay (salary, bonus, incentives but not pension) is over £100k. At IDS, except for the Director, this would include two posts for the financial year 2021/22.

Post	Base Salary £	Bonus £	Incentive Payment £	Total £
Fellow	100,098		12,021	112,119
Fellow	89,747		12,084	101,831

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 is currently undertaking a Reward Review, with comprehensive staff and union consultation. The review is set to report in 2022.
- 3.3. 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. 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.
- 3.4. The total salary bill for 2020/21 was as follows:
- Wages and salaries £9,574,000
 - Social security £924,000
 - Apprenticeship Levy £13,000
 - Other pension costs £1,839,000
 - Redundancy costs £0
 - Total £12,350,000
- 3.5. In 2021/22 the COLA was 1.5%.
- 3.6. **Director's Remuneration**
- 3.7. The role has been evaluated 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.

3.8. The committee commissions salary benchmark surveys from Korn Ferry regularly (2017, 2019, 2021) to enable a review of the Director’s salary against market comparators including the HE sector, the Russel Group, and the public and not for profit sectors. The committee also considered the Universities and Colleges Employee’s Association (UCEA) senior pay survey results. This information informed the Director’s current salary package and enables the Committee B to continue to monitor the salary against the market.

3.9. The Director pay is as follows:

Year	Salary	Bonus paid	Employer contribution to Pension Costs
2020/21	£130,511	£0	£26,343

3.10. The committee also considers performance in identifying the level of discretionary increase and bonus payable to the director. The objectives are set by the Chair of the Board of Trustees and reflect the IDS strategy.

3.11. The Director’s performance is assessed by the Chair of the Board of Trustees, through a self-assessment by the Director and through a 360-degree feedback process.

3.12. **Grade 9 and 10 Employees**

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

3.1 For grades 9 and 10, incremental progression is based on performance or equity. The criteria for this is exceptional performance over a twelve month period. The assessment of performance is made by the Director and the Director of Research, with contributions from both individuals and line managers, and made to the Remuneration Committee A. The Remuneration Committees decision is final. Annual appraisals are not linked to this process.

3.14. At the December 2021 meeting, 13 awards were made totalling £26,627. These will be paid in January 2022.

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

3.16. 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.

- 3.17. Fellows are promoted through grades 9 and 10 and bands 10a-c, though a promotion application to the Fellow Review and Promotions Board (FRPB).
- 3.18. 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 HE sector, and also involves both internal and external assessment of work quality by reviews in the sector.
- 3.19. IDS has carried out salary benchmarking with Korn Ferry group in 2019.
- 3.20. **Grade 1-8**
- 3.21. For grades 1-8, the majority of grades have automatic incremental progression, awarded annually up to the top of the automatic scale.
- 3.22. Additional incremental progression can be awarded where a job has grown, short of a regrade, or there is an equity issue.
- 3.23. A number of the grades also have discretionary incremental points that can be utilised to recognise exceptional 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.
- 3.24. In 2021 no awards were given due to the impact of the Covid-19 pandemic and reductions in funding by the FCDO. Awards will be considered in the usual way in 2022.
- 3.25. Roles are allocated to grades 1-8 on the basis on IDS in-house Acas designed analytical job evaluation system.

4. IDS Policy Framework

- 4.1. IDS currently 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, University and College Union (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.
Fellow Review and Promotions Board Guidelines (FRPB)	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

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 2021 IDS paid a total of £142,896 in Fellow Incentive Payments. These were 18 payments ranging between: £1,610 to £18,709. The average payment was £7,051. The median of the payments was £6,394.
- 5.4. The payments were made to 12 women and 6 men. The average payment to women was £6,460 and the median was £5,320. The average payment to men was £8,241 and the median was £9,150.
- 5.5. The all staff bonus was paid in 2021/22. Each eligible employee received £400.

6. Equal Pay Review

- 6.1. In 2019, IDS have carried out equal pay survey and a salary benchmark survey covering all our employees.

7. Pensions

- 7.1. 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 the National Employment Saving Trust (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"> Defined contribution (DC) and Defined benefit (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.

8. Pay Multiples at IDS

- 8.1. The median pay at IDS in 2020/21 is £39,528.
- 8.2. The Director's salary including bonus paid, is £130,511.
- 8.3. The pay multiple is 3.30.
- 8.4. The OfS collects and publishes information on pay multiples annually. There are 25 providers with a pay multiple below 4, which is considered low and positive from an

equity and fairness point of view. The majority of providers, 60%, have pay multiples in the range of 6-8.

9. External appointments and expenses

- 9.1. 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.
- 9.2. In the last 12 months the Director received less than £300 in external earnings.
- 9.3. Expenses are only paid on receipt and the IDS expenses policy can be found at: <https://www.ids.ac.uk/about/governance/organisational-policies/>

IDS Remuneration Committee, December 2021

Version History

Date	Owner	Approved by
January 2022	Paula Karalus	IDS Board of Trustees