

Performance Related Remuneration Scheme 2018/19

Background

In 2012 Remuneration Committee agreed that a pilot for the Senior Staff Performance Related Remuneration Scheme should be introduced for the President. The pilot provided for eligibility to receive additional non-consolidated and non-pensionable remuneration, subject to performance against an agreed set of measures and assessment at the discretion of the Chair of Council. The measures were a sub-set of the Performance Indicator milestones in the Strategic Plan, as determined by Remuneration Committee on the recommendation of the Chair of Council.

The Remuneration Committee at its November 2014 meeting agreed that the Scheme would cease to be a pilot and would be extended to all members of the Senior Staff group. Remuneration Committee determined that the President and Senior Staff Scheme would provide for a maximum payment of 10% of base salary. At the Remuneration Committee in June 2016 it was agreed the scope of the Scheme should be extended to all members of the Executive Committee (this added seven Professional Services Directors) and the Executive Officer to the President. As a consequence of the wider scope of the eligible staff group the Scheme was renamed the Performance Related Remuneration Scheme.

In June 2017 Remuneration Committee agreed clarifications on the operation of the Scheme, These were: considerations of Circumstances of Institutional Failure and clarification around (non)inclusion of sums paid to staff under City's Pension Protocol.

Scope

The postholders eligible to receive payments under the Scheme are the President and the Senior Staff, as defined by the Remuneration Committee Ordinance. These are:

Deputy President & Provost;

Vice-Presidents (three roles);

Deans of Schools

Dean of the City Graduate School;

Chief Financial Officer;

Director of Human Resources;

College Secretary;

Director of Internal Audit;

Additional postholders eligible to receive payments under the Scheme are:

Professional Services Directors who are members of the Executive Committee (Director of Property & Facilities; Director of Marketing & External Relations; Director of Student & Academic Services; Director of IT; Director of Research & Enterprise; and the Director of Strategy, Planning & Performance).

Executive Officer to the President

Characteristics

The characteristics of the Scheme are:

- Based upon agreed measures determined by the line manager (Chair of Council, President, Deputy President & Provost or College Secretary, respectively), in discussion with the member of staff through the annual appraisal process;
- Value up to 10% of base salary;
- Discretionary and non-contractual;
- Non-consolidated;
- Non-pensionable;
- Paid annually;
- Recommendations from the President and from the Chair of Council for payments under the Scheme are submitted to Remuneration Committee, generally at the October/November meeting, for approval;
- Base salary is defined as basic pay plus personal element (where applicable). It does not include other pay elements such as Responsibility Allowances or payments made under the Pension Protocol.

Performance Milestones

To reflect the collective leadership responsibilities of members of staff, the performance measures will be aligned to the City's Academic Output Key Performance Indicators/Performance Indicators as defined in City's *Vision and Strategy 2026 (VS2026)*. A selection of KPIs/PIs determined by Remuneration Committee determine the Scheme outcomes. The current set of Indicators and relevant staging points (previously agreed by Council) are detailed in the Appendix below.

Discretionary Element

The Scheme is a balance of formulaic and evaluative approach; it is just as important to recognise not only the results of the measures, but also the way in which they were achieved. The line manager will use his/her discretion to recommend an award based on the agreed matrix.

Eligibility to Receive a Payment

Payment of any performance related remuneration is conditional upon the employee remaining in employment and not being subject to notice of termination of employment (whether given by the University or the employee) at the date when the performance related remuneration is due to be received.

Institutional Failure

In the event of an institutional failure it is not anticipated that the President or Chair of Council would bring forward recommendations for payment under the Scheme. Examples of institutional failure might include breaches of Health and Safety legislation resulting in an enforcement notice or financial failure leading to a breach of the institution's borrowing covenant.

Basis for Determining Payments under the Scheme

The determination of payment made under the Scheme is subject to the formula/matrix set out in the illustration below:

Scorecard for the 2018/2019 Performance Related Remuneration Scheme

Please note that scorecard results below are, for 6 of the 7 measures, illustrative only; and intended simply to demonstrate the operation of the Performance Related Remuneration Scheme for 2018/2019.

2018/2019 Measures	Milestones 2018/19	Achievement	Result and comment (maximum awarded = 50% out of 10% of base pay)
National Student Survey	Above decile 2 (81.8 -83.5%)	-	Not Met*
Undergraduate Progression	88%	-	Met*
Employability	<20 TGUG	-	Not Met*
% staff with 3*/4* outputs	55%	-	Met*
Retained Operating Surplus	2-3%	-	Met*
Proportion of Professorial & Grade 9 staff that are female	27% (Prof)	-	Not Met*
	45% (GR9)	-	
Staff Engagement Index	61% or above	58%	Not met

***Note:** The results recorded for these measures are illustrative only; actual results will become known only later in the reporting year.

Appraisal ratings

Appraisal report - overall rating of performance	(Maximum awarded = 50% out of 10% base pay)
Exceeded expectations	100%
Met expectations	75%
Partially met expectations	0%
Has not met expectations	0%

Therefore as an illustration, an employee with a £100,000 base pay salary (maximum award of 10% of base pay = £10,000), with City meeting 4 milestones (out of seven) and the individual having 'exceeded expectations' in their overall appraisal rating would receive the following one-off award:

Milestones (maximum awarded £5,000): $4/7 \times £5,000 = £2,857$

Appraisal (maximum awarded £5,000): $100 \times £5,000 = £5,000$

In this scenario, the employee would receive a total one-off award of £7,857 (i.e. £2,857 + £5,000)

Current PRRS Scorecard

Academic Output KPI	2016/17 Milestone	2017/18 Milestone	2018/19 Milestone	2021 Staging Point
Student employability	Top 20 in the <i>Times</i> and <i>Sunday Times</i> ¹ University League Table			
Student progression	86%	87%	88%	90% average across all undergraduate programmes
Student experience	Consistently best NSS in London (universities, average Qs 1-25)			
	Above Decile 2 (81.8% - 83.5%)	Above Decile 2 (81.8% - 83.5%)	Above Decile 2 (81.8% - 83.5%)	Top 20% in UK
Research	45%	50%	55%	At least 60% of total academic staff producing 3*4* research
Institutional PI	2016/17 Milestone	2017/18 Milestone	2018/19 Milestone	2021 Staging Point
Representation of women in senior roles				
• Professional	24%	26%	27%	30%
• Grade 9 Professional Services	38%	42%	45%	50%
Staff engagement	48.5% ¹	> 61%	> 61%	> 61%
Liquidity (underpinning senior remuneration)	> 45 days cash throughout the period			NA
Retained Operating Surplus	NA			2-3%

¹ Based on incremental improvement required to reach 2021 Staging Point on the basis of biennial Staff surveys (actual 2016/17 score: 51%) and biennial Pulse Surveys in alternating years