

**KING'S COLLEGE LONDON**  
**REMUNERATION POLICY FOR SENIOR POST HOLDERS**  
**September 2018**

## **1.0 Introduction and Scope**

King's College London Council ("the Council") has approved the following Remuneration Policy ("Policy") which will be applied by its Remuneration Committee ("the Committee") in order to determine the pay and conditions of all Senior Post Holders of King's College London ("King's" or "the university"). Senior Post Holder is defined in the Committee's Terms of Reference ("TOR") but will include for these purposes the President and Principal, Senior Vice Presidents/Principals ("SVPs") and Vice Presidents/Vice Principals ("VPs") and any other senior staff that meet the definition. A copy of the TOR is available on the [university website](#) or can be obtained from the College Secretary.

This Policy is intended to cover all Senior Post Holders but recognises there are different types of Senior Posts with very different responsibilities as well as external market conditions. Any difference in the approach taken is clarified where relevant.

The Policy is intended to help the Committee make decisions around remuneration. It does not have contractual status and may be reviewed and amended or withdrawn by the Council, on the recommendation of the Committee at the Council's discretion.

As at the commencement of the financial year 2018/19, King's has adopted the Higher Education Senior Staff Remuneration Code ("the Code") developed by the Committee of University Chairs (CUC) and this Policy has been drafted in accordance with the Code as well as relevant guidance released by the Office for Students ("OfS"). In the event that the university does not apply the guidelines as outlined in the Code or as set out by the OfS, the reasons for this will be explained fully as part of an Annual Remuneration Report to the Council.

## **2.0 Remuneration Principles**

King's is a world-class institution that aspires to the very highest standards of education and research. The university is a member of the Russell Group and is one of the world's leading research-intensive universities with a global reputation for excellence. Its remuneration policy should reflect this.

The Committee is responsible for the development and implementation of the Policy at a senior level. It is guided by the following principles:

Senior Post remuneration and the associated policy at King's should:

- Facilitate the recruitment, motivation and retention of the highest quality of academic and professional service leaders in order to deliver the university's strategy;
- Enable exceptional performance to be recognised;
- Ensure that individuals are paid fairly in a way that reflects their accountabilities, job size and scope, performance, and overall contribution to King's;
- Ensure that there is internal relativity in respect of the size and scope of jobs within the Senior Post Holder group and across the university;
- Represent good value for money for King's and be publicly defensible;
- Enable the Committee to recruit from appropriate global talent pools where necessary; and
- Be cognisant of the wider organisational, economic, political and social context within which decisions are made.

## **3.0 Summary of Remuneration Policy Elements and their Purpose**

**Base Salary:** Provides a core reward for the role which is market related. For academic staff, this would reflect their academic discipline and for professional service staff, their function. Base salary recognises the market value of the role and an individual's skills, contribution, leadership and experience. Base salaries may be reviewed on an annual basis or following a significant change in role or responsibility. Base salary is positioned with reference to an agreed peer group as outlined in 4.3 below. It is paid in cash and is pensionable.

**London Weighting Allowance:** The prevailing pensionable London Weighting Allowance also paid to other employees is paid to this group

**Office Responsibility Allowance:** This is used in addition to base salary where necessary to reflect the additional dimensions and leadership accountabilities. This allowance is temporary in nature and will only be paid to an individual while they are in a Senior Post for which it has been established. It is pensionable and would form part of the calculation for any bonus payment if applicable and is deployed to recognise the leadership dimensions of the role. It is designed to be flexible to ensure that an individual's pay is consistent with others forming part of the senior leader cohort while in that role.

**Fixed Pay:** Base salary plus London Weighting Allowance plus Office Responsibility Allowance (where applicable)

**Pension and Other Benefits:** Senior Post holders are eligible to participate in the Universities Superannuation Scheme (USS) and other benefit plans on the same basis as other King's employees. These ensure both that total remuneration is competitive in the markets in which the university operates and that individuals are supported in the event of defined life events (including retirement).

**Variable pay:** This Policy allows for the use of variable pay where there is clarity on objectives and measurement that allows the Committee to measure performance and determine outcomes in a clear and transparent way. The Committee does not currently intend to operate variable pay but this will be kept under review. In the event that variable pay is to be adopted in any year, the Committee will ensure that clear and measurable performance objectives are developed and agreed at the beginning of the year.

**President & Principal pay:** There is recognition that, especially (though not exclusively) for the President & Principal, King's may need to recruit from a global talent pool for a future President & Principal. The policy recognises that different pay models operate across universities in countries from which King's may seek to recruit. While the core market benchmark is the UK, secondary reference groups are also drawn specifically for the President & Principal in this Policy which the Committee should consider along with the UK benchmarks as appropriate when attracting talent internationally.

#### **4.0 How the Remuneration Committee Sets Pay**

In setting pay and other aspects of the Policy, the Committee considers the external competitive market, the organisational context, the not-for-profit nature of the College, and the value, complexity and contribution of the individual role, recognising that these factors will not be applied equally for all roles.

The Committee considers relativities within and across the senior post holder population as well as the context of wider pay and conditions across the university, including, for the President & Principal, having regard to the pay ratio between that role and median pay at the university.

The Committee will consider trends in the sector and any updated regulations or official guidance.

#### **4.1 Pay Framework**

The Committee operates a pay framework to ensure that fixed pay is positioned appropriately across roles and by reference to the relevant external market. To aid transparency and decision making we have identified three groups of Senior Post Holders.

Group 1 - President & Principal, SVP Health and SVP Arts & Sciences. These roles will normally receive a market-related base salary. The roles may include a base salary and an Office Responsibility Allowance if the appointee is an academic and it is anticipated that the person would revert to an academic role after their term of office.

Group 2 – currently, VP London, VP Education, VP Research, VP International and VP Service. These roles are usually for a fixed term (5 years with a possible extension of a further 3 years) and as such will receive a base salary plus an Office Responsibility Allowance with a clearly defined range.

Group 3 – currently, SVP Quality & Innovation, SVP Operations and VP Finance. These roles receive base pay based on individual pay ranges drawn from relevant market information.

#### **4.2 Performance Objectives**

All Senior Posts will have specified and documented measurable performance objectives which are collective in nature and reflect the key objectives of the university. Each person will also have specified and documented individual objectives reflecting key initiatives for which they are responsible. The Committee will set the collective objectives for this group and also the individual objectives for the President & Principal. The individual objectives and key performance indicators for the other Senior Post holders will be formulated by the President & Principal and provided to the Committee for information (the Principal will be accountable to the Committee for the successful formulation of Senior Post KPIs as part of his/her performance measurement). The objectives for other Senior Post holders, both collective and individual, will form the basis of the annual performance review for each individual and will be used to inform any decisions on pay. Decisions on pay for the President & Principal are formulated and approved by the Committee. Decisions on pay for other Senior Post Holders are formulated by the President & Principal and approved by the Committee on his/her recommendation.

#### **4.3 Market Comparators**

The Committee considers pay from an internal and external perspective, recognising that the markets for specified academic and professional service roles are different and therefore external data is distinct for these two groups and roles.

##### Groups 1 & 2

The Committee believes that the Higher Education sector is the most appropriate market reference point for the President & Principal and the other specified Academic Roles. This reflects the talent market for these roles from the perspective of both attraction and retention.

Following a comprehensive review of market data undertaken by the Committee during 2018, the Russell Group was identified as the most appropriate primary pay benchmarking peer group for all university Academic Senior Posts and the President & Principal.

In addition, when considering the remuneration of the President & Principal, King's have a supplementary group as follows:

- A subset of Russell Group universities deemed to be key peers based on those closest to the university in terms of income, student numbers and other measures such as research, quality of teaching and overall university ranking. The current list of comparators is attached hereto as Annex 1.

When recruiting for President & Principal, King's have identified a supplementary group as follows:

- International universities that are deemed (and agreed by the Committee) to be potential competitors of the university in the market for talent at VC level, and for whom reliable data is available. These peers are sourced from countries where academic models and talent markets are felt to be most relevant, namely Australia, Canada, Hong Kong, Singapore, New Zealand and the "land grant" universities in the USA. The current list of comparators is also contained in Annex 1.

These supplementary groups will be reviewed periodically by the Committee.

##### Group 3 Roles

The Committee typically utilises both a UK general industry (i.e. private sector) market reference and specific university sector peers, reflecting to the extent possible the comparable size and complexity of the university (including consideration of university income and employee numbers).

All market references set out above are intended to reflect the responsibility and skills required to maintain the reputation of a world-class institution such as King's and the leadership strengths required to guide the university through the many current challenges facing the UK Higher Education sector.

King's peer groups and market comparators are kept under review.

## 5.0 Elements of the Remuneration Package

Outlined below is the approach taken for each element of Senior Post remuneration.

### Benchmark ranges

For the President & Principal, a market range exists based on the refined group of Russell Universities. In addition, dependent on the point of origin of a future recruit, a secondary reference may be used based on an appropriate international set. Positioning within the range will depend on current pay, experience and other factors as part of the recruitment deal. Further benchmarking may be drawn upon taking into account whether an Office Responsibility Allowance would be applicable.

For the other Senior Posts in Group 1 and 2 King's operates pay ranges (minimum, maximum and mid-point) for fixed pay within which the positioning of a role/individual can be assessed. These are as follows:

- Group 1 Roles: Ranges set by role.
- Group 2 Roles: Guideline range reviewed annually. Should the current base pay of an appointee already exceed the range, then King's reserves the right to appoint on the current salary in addition to the minimum Office Responsibility Allowance.

Ranges are strongly aligned to external benchmarking. It is expected that, normally, fixed pay will sit within this determined range. Where appropriate and on the recommendation of the President & Principal with supporting rationale, fixed pay can be above or below the range.

Group 3 roles will be individually benchmarked against both university and appropriate external comparators.

In considering positioning, the President & Principal and the Committee will also take into account the complexity of the role; its impact; level of autonomy and decision making; and the knowledge and skills required for its fulfilment, as well as the experience and contribution of the individual in the role.

The Office Responsibility Allowance will be removed and not consolidated into fixed pay at the point when an individual is no longer a Senior Post Holder.

### 5.1 Variable Pay (Bonus)

At present, the university does not operate a formal variable pay programme but this will be kept under review. Any variable pay applied will be aligned with the following principles:

- Variable pay must be subject to pre-determined performance criteria, strongly aligned with both personal and university performance.
- Any individual element will be linked to the achievement of robust objectives with specified Key Performance Indicators.
- No variable pay payments can be made to Senior Post Holders without the prior agreement of the Committee at the commencement of the performance period.
- Variable pay will normally not exceed 20% of the base pay for the Senior Post Holder concerned.

The President & Principal will make a recommendation to the Committee informed by documented performance against pre-determined objectives. The Committee will have overall discretion on the payment of the bonus which will be non-contractual and non-pensionable.

Any provision for a variable pay element for the President & Principal will be set in order to deliver appropriate levels of total remuneration to attract and retain critical talent.

### 5.2 Benefits

The university offers accommodation for the President & Principal on the university campus for the better performance of the duties of the office. As well as being a private residence, a number of rooms within the official accommodation may be regularly used to host university events involving staff, students, alumni and supporters.

Other benefits provided to Senior Post Holders are intended to provide market aligned cost-effective benefits that are appropriate to the role. King's offers the following non-pensionable benefits to Senior Post Holders:

- Shared equity scheme for hires who need to relocate – King's can offer to co-purchase property with the individual subject to certain conditions, in order to allow them to acquire more easily appropriately sized living accommodation in proximity to the university; and
- Other relocation support (where applicable and in accordance with approved university relocation policy).

For further details on these benefits, please refer to King's Finance Regulations (a copy can be obtained from the [university's website](#) or from the College Secretary).

Other benefits and allowances may be offered if considered appropriate by the Committee and within the context of the benefits package offered more widely across the university.

### **5.3 Pension**

Senior Post Holders are eligible for membership of the Universities Superannuation Scheme with the employer contribution being determined by the rules of the scheme.

At present, the university does not provide pay in lieu of pension to individuals who are above their Lifetime Allowance, but this approach will be kept under review.

### **5.4 Other Allowances**

The university does not provide any other allowances to Senior Post staff, albeit individuals may be in receipt of allowances as a result of their wider (e.g. clinical, board) responsibilities.

The university does not reimburse individuals for any allowances subsequently withdrawn by other bodies following promotion to a Senior Post, including but not limited to Clinical Excellence Awards.

### **5.5 Expenses**

The Expenses Policy is operated by the Finance department and a copy can be obtained from the university's website or from the College Secretary.

The Committee shall receive written assurance annually from the Director of Finance that the Expenses Policy has been operated efficiently and appropriately for the Senior Post Holders.

## **6.0 General Terms**

### **6.1 Remuneration Committee Discretion**

The Committee will apply discretion, where necessary and by exception, to ensure that there are no unintended consequences from the operation of the Policy, that poor performance is not rewarded and that there are consequences where this is the case. The Committee has a robust set of principles that it applies to ensure that (variable and fixed) pay outcomes are aligned with the performance of the university, and with wider stakeholder interests, and that:

- Outcomes reflect the underlying performance of the university, team or individual;
- Individuals are not rewarded where their actions or behaviours do not align with King's Principles in Action;
- Consideration is given to the wider university context; and
- Any other factor at the Committee's absolute discretion.

Any material exercises of discretion by the Committee will be fully disclosed and explained in the Annual Remuneration Report.

### **6.2 Recruitment Arrangements for Senior Post Holders**

In instances of recruitment, the Committee will determine an appropriate range of the remuneration

package (in consultation with the President & Principal for positions directly reporting to him/her) before the post is offered. When a preferred candidate for a post, other than that of President & Principal, is identified, the President & Principal is authorised to negotiate a contract within the agreed range. Remuneration that will be outside the upper point of the agreed range will require the approval of the Committee.

The Committee will endeavour to ensure that the university pays no more than is necessary to attract and retain candidates of the appropriate calibre and experience needed for the role and should consider the benchmark range in this context.

King's does not normally offer "sign on" awards or any "buy-out" of an existing package for any potential new recruits. Any relocation benefit or participation in the shared equity scheme may be considered by the Committee and a copy of these policies is available from the College Secretary.

### ***6.3 Recruitment Arrangements for the President & Principal***

In instances of recruitment of a future President & Principal, the Committee will determine an appropriate range of the remuneration package before the post is offered, drawing from the benchmark groups outlined above. When a preferred candidate is identified, the Chair of Council will, in discussion with the Chair of the Remuneration Committee, be authorised to negotiate a contract within these ranges and an appropriate amount of variable pay as set within this policy.

### ***6.4 Service Contracts and Termination Arrangements for Senior Post Holders***

When the university is entering into employment contracts with Senior Post Holders, the Committee will ensure that any severance terms therein are fair, reasonable and justifiable and do not expose the university to significant potential liabilities, including notice periods which are currently specified as three months.

In the event of termination for reasons other than resignation or dismissal with cause, Senior Post Holders' contractual entitlements will be honoured, but the Committee should be assured that poor performance is not rewarded and that costs are minimised. The Committee will seek legal advice and will consider any other available guidance from external bodies as it deems necessary.

### ***6.5 Remuneration Policy for Members of the Council or its Standing Committees***

Membership of the Council or its committees is an unpaid role. Members will be reimbursed for reasonable expenses incurred in the course of carrying out their responsibilities in accordance with the university's policy on expenses.

### ***6.6 External Appointments***

Senior Post Holders may, (with the consent of the Chair of the Council for President & Principal, and the President & Principal for other Senior Post Holders), serve as Committee members, Trustees, or Non-Executive Directors of an external body, where this is considered important for self-development and/or in the interests of representing the university. Any such external membership must be reported to the Committee with assurance that there are no conflicts of interest or issues with confidentiality and that the membership will not unduly detract from their university role. A Senior Post Holder must disclose all income retained from any external bodies and this income should not be excessive.

### ***6.7 Equality and Diversity***

The approach to Senior Post Holders' remuneration is considered in the context of the university's wider strategic aims for diversity and inclusion (ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure) and any concerns shall be addressed by the Committee and relevant actions outlined.

### ***6.8 Employment Conditions elsewhere in the Organisation***

The Committee shall be provided annually by the HR Director and/or College Secretary with a summary report on the pay and conditions applying generally across the organisation, including any significant changes that are proposed to employment conditions. This should include the base pay review budget and any changes to the National Living Wage and the National Minimum Wage.

Under normal circumstances it would not be expected that Senior Post Holder pay would increase at a faster rate than the average of all university staff. However, the Committee is permitted to approve a higher rate of increase, such as recognising exceptional performance by an individual or growth in contribution or to address market inequities (for further details, please see Annex 2).

The ratio of the earnings of the President & Principal to the median earnings of the university's whole workforce will be kept under review from year to year. For the purposes of this calculation, the multiple is based on the methodology as required by either the OfS or the Code.

### **6.9 Wider Stakeholder Views**

The Committee at their sole discretion may seek the views of staff and employees of the university on specific issues it deems relevant.

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## **Annex 1 – Current supplementary peer groups (President & Principal only) as at Summer 2018**

### Russell Group Subset

- University of Bristol
- University of Cambridge
- University College London
- Edinburgh University
- Imperial College London
- University of Glasgow
- University of Manchester
- University of Warwick

International Peer Group. These represent a set of external references that is not intended to be a perfect peer group. For specific recruitment needs, a more specific benchmark may be required based on the country of origin (or where the incumbent is working).

### Australia – Group of Eight

- Australian National University
- University of Adelaide
- University of Melbourne
- Monash University
- University of New South Wales
- University of Queensland
- University of Sydney
- University of Western Australia

### Hong Kong – Main Universities

- Chinese University of Hong Kong
- University of Hong Kong

### Canada – Sample of Province Universities who are part of the U15

- University of Alberta
- University of British Columbia
- University of Toronto
- University of Western Ontario

### New Zealand – Sample of larger universities

- University of Auckland
- University of Otago

### Singapore – Main Universities

- Nanyang Technological University
- National University of Singapore

### United States – Sample of Land Grant Universities

- Arizona State University
- Michigan State University
- New York University
- University of California
- University of Illinois at Urbana-Champaign
- University of Massachusetts Amherst
- University of Virginia
- University of Washington
- University of Wisconsin Madison