



Bournemouth
University

Bournemouth University
Higher Education Corporation

**Annual Report of the
Remuneration Committee**
for the year 1 August 2017 to 31 July 2018

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Introduction

This Remuneration Committee Annual Report to the University Board is presented in accordance with the requirements of the Committee of University Chairs' (CUC's) Higher Education Senior Staff Remuneration Code (June 2018) ("the Code") and the accompanying guidance.

This report covers the financial year 1st August 2017 to 31st July 2018 and any significant events up to the date of the circulation of the report to the Board.

The Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible, on behalf of the University Board, for the grading and determination of the pay and conditions of service (and, where appropriate, severance payments) of the holders of senior posts.

Its detailed Terms of Reference as approved by the University Board are published here <https://intranet.bournemouth.ac.uk/Committees/rem/default.aspx> and include:

- To approve matters set out above on behalf of the Board.
- To set and review, at least every three years, the Operating Framework within which the Remuneration Committee carries out its responsibilities and sets out its general approach in relation to the available sources of data (including approval of the comparator group of institutions).
- To provide, annually, to the Vice-Chancellor guidelines in respect of remuneration recommendations for senior post holders in accordance with the process set out in the Operating Framework.

- To approve annually the remuneration of the Vice-Chancellor and senior post holders in accordance with the process set out in the Operating Framework.

The Committee's Operating Framework, referred to above, is reviewed regularly and subject to the approval of the University Board. During the reporting period a revised Framework was approved by the Board which took account of regulatory updates and evolving best practice (particularly the Code and the recommendations arising from HEFCE's review of remuneration at the University of Bath).

The Remuneration Committee is satisfied that the University has complied with the requirements of the Code, the Committee having already previously agreed to implement additional measures such as an annual report to the Board and the publication of UET expenses. The Committee also submitted a report on its processes and regulatory compliance to the Audit, Risk and Governance Committee at its June 2018 meeting and will do so annually at the request of that Committee.

Senior Post-Holders

Senior Post-Holders are defined by the Board as the Vice-Chancellor, members of the University Executive Team (UET) and the Clerk to the Board. The members of UET for the reporting period were:

- Deputy Vice-Chancellor
- Chief Operating Officer
- Finance Director
- Pro Vice-Chancellor Research and Innovation (to 31st July 2018)
- Pro Vice-Chancellor Global Engagement

The current Clerk to the Board also holds the role of Head of Legal Services and Corporate Governance and is on the same national terms and conditions as all professional services staff at the University including the same NSS pay scale.

Transparency

The Committee's Operating Framework is published via the University's website, together with a document setting out the Principles for the remuneration of senior post-holders; a Frequently Asked Questions document about the work of the Committee; and the non-confidential minutes of meetings. These can be viewed at:

<https://newintranet.bournemouth.ac.uk/Committees/rem/default.aspx>

BU complies with the OfS Accounts Direction (OfS 2018.6) regarding the publication of senior staff remuneration. As required by the Accounts Direction details of the Vice-Chancellor's remuneration are published in the Financial Statements and available on the BU website here: www.bournemouth.ac.uk/about/governance/financial-information

For other UET members, salary information is published in bandings in the notes to the annual Financial Statements as required by the Accounts Direction.

Membership of the Committee

The Committee comprises either independent members of the University Board or independent members co-opted to the Committee for their specialist expertise in remuneration. Neither the Vice-Chancellor nor any other senior post-holder is a member of the Committee. Members are appointed by the University Board on the recommendation of its Nominations Committee. All independent

Board Members, and any co-opted independent committee members, are appointed following a process of national advertising, application and interview. In making these appointments the Board is mindful of the need for diversity and an appropriate balance of skills, competencies and experience. In order to ensure good governance and independence, the Chair of the

University Board is a member of the Remuneration Committee but does not chair the Committee. The Committee's terms of reference state that the Chair of the Remuneration Committee must be an independent member of the Board who is not the Chair of the Board.

Membership for the reporting year was as follows:

Mr David Furniss	Chair of the Committee (from 1st July 2018) Deputy Chair of the Committee (to 30th June 2018)	Independent Board Member
Prof Tim Irish	Chair of the Committee (to 30th June 2018)	Independent Board Member
Prof Richard Conder		Independent Board Member, Chair of the University Board
Mr David Skinner		Independent Board Member
Ms Josephine Grunwell	(from 1st March 2018)	Co-opted Independent Member of the Committee

If a holder of a senior post is in attendance at the Committee to provide information, they are excluded from the meeting when their own pay or conditions of service are being discussed and approved and the terms of reference prevent them from advising on their own remuneration.

Meetings

The Committee normally meets at least 3 times each academic year and during the reporting period it met on 23rd November 2017, 8th December 2017, 8th February 2018, 5th July 2018 and 5th October 2018. The quorum for meetings is 3 independent members (which may include the Chair). All meetings were quorate with

the exception of the one on 8th February 2018. In that instance, the meeting proceeded as scheduled with only 2 members present but all decisions were subject to approval via a formal written resolution circulated to all members following the meeting and no decisions on pay awards were made at that time. Minutes of the Remuneration Committee are routinely provided to the Board (with some individual personal data redacted if appropriate) and non-confidential minutes are published on the University's website (see above link).

The Use of Consultants

The Committee periodically commissions independent expert consultants to advise on particular topics, such as the implications of changes to pension regulations. No consultants were employed to advise the Committee during the reporting year. The Committee has agreed that an independent review of the Remuneration Committee's operation and compliance with the relevant guidance should be undertaken by the University's internal auditors in 2018/19, along with a separate independent external review of the benchmarking of roles. This will be undertaken by an appropriate independent consultant appointed in line with procurement best practice.



Approach to Remuneration

Fundamental Principles

The Committee's Operating Framework states that, "The University is a charity and all remuneration decisions taken must be in the best interests of the charity...Staff costs are the largest item of expenditure for all universities and institutional success is dependent on the staff they employ. The increasing competition between institutions, together with the expectation of more transparency and better accountability, make it even more important to ensure good decision making about pay at all levels. Robust governance processes for setting senior staff remuneration are necessary to:

- ensure stakeholder confidence
- sustain good employee relations and staff morale
- ensure value for money and enhanced performance
- ensure that the principles of equality and diversity are upheld
- avoid the loss of key staff to other institutions or employers
- avoid adverse publicity.

The Remuneration Committee takes the following factors into account when determining and reviewing the remuneration of all designated holders of Senior Posts:

- objective determination of 'job size' through job evaluation;
- individual and team performance against the objectives set out in the University's Strategic Plan as assessed through the approved appraisal procedure and any additional evidence through other appropriate sources;
- recruitment, retention and market forces issues taking account of reliable comparative data;
- total remuneration including pension contributions and other benefits such as private health insurance etc;
- wider implications including affordability, employee relations, stakeholder confidence etc.

Additional factors may be taken into account at the discretion of the Committee and subject to being reported to the University Board.

Pension arrangements, travel and subsistence, expenses, annual leave and sickness entitlements, as well as the potential for honoraria, are the same as those for all other staff at BU.

BU does **not** provide housing, house-hold staff or costs, loans or motor vehicles, club memberships or travel enhancements to the Vice-Chancellor or any holders of senior posts.

The use of Comparative Information

The Operating Framework also sets out the comparative information and data sources which will be used by the Committee to inform its decisions as follows:

The two principal sources of comparative information are the annual survey of vice-chancellors' remuneration prepared by the CUC and the UCEA annual remuneration survey of heads of institutions, senior and middle staff.

The CUC survey provides data about vice-chancellors' remuneration in all participating universities, in addition, Chairs participating in the CUC survey may seek detailed information on other universities (covering such matters as benefits in kind, any payments additional to base salary and pension arrangements).

The 10 comparator institutions for Bournemouth, which are linked to BU's strategy and approved by the Board, are:

Brunel; Cardiff; City; Essex; Keele; Leicester; Oxford Brookes; Northumbria; Portsmouth; West of England.

The Remuneration Committee may review this list from time to time and did so in 2018, when it was updated to better align with the range of key competitor sets used to benchmark achievement in the University's new strategic plan.

In relation to the Vice-Chancellor the CUC data is used:

- (i) to indicate the most recent trends on both salaries, one-off payments (e.g. bonuses) and other benefits;
- (ii) to distinguish between the increases to vice-chancellors who automatically receive national salary awards for academic and related staff and those, as in the case of Bournemouth, who do not;
- (iii) to understand the nature of total remuneration packages; in the pre-92 institutions particularly, benefits in kind can play a significant part in overall remuneration and this has to be taken into account in making comparisons;
- (iv) to test trends in a chosen peer group by using the data from the 10 reference HEIs and to take account of how long the vice-chancellors have been in post, and other special factors.

In addition, UCEA data is provided for the Vice-Chancellor.

In relation to other UET staff, and the Clerk to the University Board, the UCEA data is used to confirm national trends and, as far as it is possible to do so, salary rates for comparable jobs, specifically drawing on the quartile breakdown.

The detailed process by which the Committee reaches its decisions on senior remuneration and the information that it considers is set out in the Principles for the remuneration of senior post-holders published here:

<https://intranet.sp.bournemouth.ac.uk/Committees/rem/default.aspx>

Pay Ratios

In line with guidance from OfS and CUC, pay ratios are now provided to the Committee to inform its decisions. These ratios have been produced by the Finance and Human Resources teams to ensure that the methodology complies with the accounts direction from OfS and have been subject to verification by the University's external auditors.

Basic Salary Ratios

Assuming full-time equivalent salaries as at 31st July 2018 (as stipulated by the accounts direction) the pay medians and ratios at BU are as follows:

Ratio of Head of Institution (HoI) basic salary to whole established workforce median basic salary = **1: 7.1**

Ratio of HoI basic salary to Academic median basic salary = **1: 5.4**

Ratio of HoI basic salary to Professorial median basic salary = **1: 3.7**

Ratio of HoI basic salary to Professional & Support median basic salary = **1: 9.2**

Total Remuneration Ratios

Assuming full-time equivalent salaries as at 31st July 2018 the total remuneration medians and ratios at BU are as follows:

Ratio of HoI total remuneration to whole established workforce median total remuneration = **1: 7.7**

Ratio of HoI total remuneration to Academic median total remuneration = **1: 5.8**

Ratio of HoI total remuneration to Professorial median total remuneration = **1: 3.9**

Ratio of HoI total remuneration to Professional & Support median total remuneration = **1: 9.9**

Institutional Performance

The strategic plan for BU (2012-18) delivered strong growth in academic strength, turnover, student numbers, new estates developments, research and knowledge exchange funding and international league table performance.

Under the Vice-Chancellor's leadership a new strategic plan has been developed during 2017/18 that builds on the successful outcomes of BU2018. This plan sets out an ambitious programme of strategic development for BU through to 2025.

The University operates in a highly competitive national and international market and retention of effective and successful leadership is key to the University's continued success. The University has benefited from the Vice-Chancellor's leadership throughout the delivery of BU2018 and the development of BU2025.

The emoluments of the Vice-Chancellor for the financial year 2017/18, as published in the Financial Statements, are set out below:

	2017-18 £'000	2016-17 £'000
Emoluments of the Vice-Chancellor:		
Salary	260	249
Performance related pay*	6	9
Benefits	3	3
Subtotal	<u>269</u>	<u>261</u>
Pension	44	43
Total	<u>313</u>	<u>304</u>

* PRP paid in 2016-17 relates to performance in 2015-16 and PRP paid in 2017-18 relates to performance in 2016-17.





The remuneration of the other members of the University Executive Team for the financial year 2017/18, as published in the Financial Statements, is set out below:

a) Remuneration of other higher paid staff	2018 Number	2017 Number
£130,000 to £134,999	2	2
£135,000 to £139,999	–	1
£140,000 to £144,999	–	–
£145,000 to £149,999	1	–
£150,000 to £154,999	–	2
£155,000 to £159,999	1	–
£160,000 to £164,999	1	–

Remuneration of other higher paid staff includes basic salary, performance bonuses and all taxable benefits in kind but excludes employer's national insurance and employer's pension costs.

Performance Related Pay and Bonuses

There is currently no performance related pay or bonus scheme for the holders of senior posts. There was a team based performance scheme for members of UET but this ended in 2016/17 and the last payments under this scheme were made in the financial year 2017/18, based on 2016/17 performance. This additional performance element of pay and benefits was paid if agreed Key Performance Indicators (KPIs) (determined by the Remuneration Committee) were exceeded and is no longer applicable.

Pay Awards and Benefits for 2018/19

The decisions on the pay awards for 2018/19 were taken at the July 2018 Remuneration Committee in respect of UET and the Clerk to the Board. The Vice-Chancellor's pay award decision was made at the October 2018 meeting to ensure that the Committee had access to both the detailed CUC data on Vice-Chancellors' pay and the verified pay ratios when making its decision.

In accordance with the approved Principles, the Committee received reports of individual performance from the Vice-Chancellor in respect of UET and from the Chair of the Board in respect of the Clerk and the Vice-Chancellor prior to considering pay awards. Detailed benchmarking data was also considered in line with the Operating Framework.

External Appointments and Expenses

The Remuneration Committee has approved a policy on the retention of income from external appointments by holders of senior posts. This is published on the University's website at: <https://intranet.sp.bournemouth.ac.uk/Committees/rem/default.aspx>. No fees have been retained by senior post

holders from external work activities in the reporting period. Retention would be exceptional and would require the approval of Remuneration Committee.

Senior Post-Holders are subject to the same expenses policy and levels as all other staff at BU. This policy restricts the use of business class travel and sets

subsistence rates at an appropriate level for a charity. UET expenses are published quarterly on the BU website here: www.bournemouth.ac.uk/about/governance/transparency

Vice-Chancellor

The Vice-Chancellor's pay award for 2018/19 was confirmed as 2% which is in line with other staff for 2018/19 and ensured that his salary remained in line with the competitor set and in the range agreed by the Committee as applicable based on the UCEA all institutions data, his long experience and high performance. The Vice-Chancellor's salary with effect from 1st August 2018 was approved as £275,309. The Committee noted that this would appear as an increase of nearer 3.5% in remuneration in the 2018/19 Financial Statements as a result of the Vice-Chancellor's voluntary reduction in salary for 2017/18.

The Committee also considered the pay ratio data for 2017/18 and the limited sector information that was available when making its decision on the Vice-

Chancellor's pay award. The Committee was satisfied that a position where the pay ratio range was above average (6.4 on CUC data, 6.8 on UCEA) but below the highest quintile (8 on CUC data) for all staff was acceptable at this point in the University's development given the long experience and high performance of the Vice-Chancellor compared to the workforce plan at the beginning of the BU2025 plan period.

The Vice-Chancellor is entitled to participate in the Teachers' Pension Scheme and employer contributions are set by the scheme as for all other staff. The Vice-Chancellor is entitled to health insurance or the equivalent value payment (2018 value £2,850). The Vice-Chancellor receives no further benefits other than those available to all staff at the University.

Clerk to the Board

The Clerk to the Board was entitled to one increment under the Senior Staff Appraisal scheme applicable to all senior professional services staff and therefore received one increment on the NSS pay scale that is applicable to all professional services staff at the University. The Clerk is entitled to participate in the Local Government Pension Scheme (LGPS) Dorset County Council Pension Fund and employer contributions are set by the scheme as for all other staff. The Clerk to the Board receives no other benefits other than those available to all staff at the University.

Members of the University Executive Team (excluding the Vice-Chancellor)

Numbers of senior staff by salary band

With effect from 1st August 2018 (excludes Vice-Chancellor)

Salary Band	Number of Senior Staff
£125,000 to £129,999	1
£130,000 to £134,999	0
£135,000 to £139,999	0
£140,000 to £144,999	0
£145,000 to £149,999	1
£150,000 to £154,999	0
£155,000 to £160,000	2

Members of the University Executive Team are entitled to participate in either the Local Government Pension Scheme (LGPS) Dorset County Council Pension Fund or the Teachers' Pension Scheme according to role and the employers' contributions are set by the scheme as for all other staff. Members of the University Executive Team are entitled to health insurance or the equivalent value payment (2018 value £2,850). Members of the University Executive Team are not entitled to any further benefits other than those available to all staff at the University.