



**Annual Report of the  
Remuneration Committee**  
2018-19

# Annual Report of the Remuneration Committee

## for the year 1 August 2018 to 31 July 2019

### 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 2018 to 31st July 2019 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://intranetsp.bournemouth.ac.uk/Committees/rem/default.aspx> and include:

- To approve matters set out above on behalf of the Board.
- To 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 the comparator group of institutions) and to make recommendations to the Board regarding its approval.
- 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.

An additional item was added to the terms of reference for the Committee this year to reflect current practice (subject to the approval of the University Board when it meets on 22nd November).

- To approve and have oversight of the policies relating to expenses and external work and income for the holders of senior posts.

The Committee's Operating Framework, referred to above, is reviewed regularly and subject to the approval of the University Board. The Committee reports annually to the Board in addition to minutes being provided to the next Board meeting. The Committee is also required by its terms of reference to present an Annual Report to the Audit, Risk and Governance Committee of the Board on Remuneration Committee processes. During the reporting period a slightly revised Operating Framework was approved by the Board which took account of recommendations arising from an internal audit review of Remuneration Committee processes.

### Independent Reviews of the Remuneration Committee and the Committee's approach to Benchmarking

During the reporting period, the Remuneration Committee commissioned two independent reviews. The University's internal auditors (PwC) were commissioned to undertake a review to provide assurance on the Committee's compliance with regulatory guidance. The report of the review together with

an action plan were considered by the Committee at its meeting on 14 February 2019 and then presented to the Audit, Risk & Governance Committee's meeting on 15 March 2019 for information.

The Committee welcomed the overall findings of the internal audit review which were that, 'We found Bournemouth University remuneration policies in alignment with the requirements of the Higher Education Senior Staff Remuneration Code and related guidance.'

The report included 7 good practice recommendations, 2 of which related to specific requirements of the CUC Code with the remainder being voluntary good practice areas of the CUC remuneration guidance. A draft action plan to implement the findings of the report was approved by the Committee and its implementation reviewed at each meeting. Further details on the agreed actions are contained in the published minutes of the Remuneration Committee meeting of 14th February 2019.

To further enhance the assurance process, an independent review of the benchmarking of UET remuneration, including the Vice-Chancellor's, was commissioned from remuneration specialists at PwC. The report of that review was circulated to Members in August 2019 and presented at the 4 October 2019 meeting for discussion. The report provided assurance to the Committee and the Board in that it states, 'Overall we find the current pay benchmarking approach of BU to be well thought through and reasonable for the roles under review.' To provide on-going assurance the Committee agreed that this external review of benchmarking should be repeated every 3 years.

The Remuneration Committee is satisfied that it is compliant with all aspects of current regulatory requirements and specifically the CUC Higher Education Code of Governance (December 2014, revised June 2018), the CUC Higher Education Senior Staff Remuneration Code (June 2018) and the CUC Guidance on Decisions Taken about Severance Payments in HELs.

### 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 Global Engagement (to 31st December 2018)

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://newintranetsp.bournemouth.ac.uk/Committees/rem/default.aspx>

BU complies with the OfS Accounts Direction 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:

<https://www1.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:

<b>Mr David Furniss</b>	Chair of the Committee	Independent Board Member
<b>Prof Richard Conder</b>		Independent Board Member, Chair of the University Board
<b>Mr David Skinner</b>	To 20 March 2019	Independent Board Member
<b>Mrs Deborah Ward</b>	From 1 March 2019	Independent Board Member
<b>Dr Des Pullen</b>	From 1 March 2019	Independent Board Member
<b>Ms Josephine Grunwell</b>		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. The Vice-Chancellor is not invited to the Autumn meeting of the Committee which considers the Vice-Chancellor's remuneration.

### Meetings

The Committee normally meets at least 3 times in each financial year and during the reporting period it met on 22 November 2018, 14 February 2019, 4 October 2019, and 15 November 2019. The quorum for meetings is 3

independent members (which may include the Chair) and all meetings were quorate. 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 and two such reviews were undertaken during the reporting period (see 'Independent Reviews of the Remuneration Committee and the Committee's approach to Benchmarking' above).



## 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 and approved by the Board 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>.

### Assessment of Individual Performance

The Remuneration Committee has approved Procedures, including Performance Definitions, applicable to the Vice-Chancellor and to other members of the University Executive Team. The Clerk to the Board is subject to the same appraisal procedure and performance definitions as all other senior professional services staff at BU.

### Pay Ratios

In line with guidance from OfS and CUC, pay ratios are 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 2019 (as stipulated by the accounts direction) the pay medians and ratios at BU are as follows (numbers in brackets are from 17/18):

Ratio of Head of Institution (HoI) basic salary to whole established workforce median basic salary = **1:7.6** (1: 7.1)

Ratio of HoI basic salary to Academic median basic salary = **1:5.7** (1:5.4)

Ratio of HoI basic salary to Professorial median basic salary = **1:3.9** (1:3.7)

Ratio of HoI basic salary to Professional & Support median basic salary = **1:9.6** (1:9.2)

#### Total Remuneration Ratios

Assuming full-time equivalent salaries as at 31st July 2019 the total remuneration ratios at BU are as follows:

Ratio of HoI total remuneration to whole established workforce median total remuneration = **1:7.9** (1:7.7)

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

Ratio of HoI total remuneration to Professorial median total remuneration = **1:4** (1:3.9)

Ratio of HoI total remuneration to Professional & Support median total remuneration = **1:10.1** (1:9.9)

The Committee noted that the pay ratios had been impacted by the change in the balance of staff employed in Professional & Support roles and Academic roles as the median salary for Professional & Support staff is lower than that for Academic staff.

### Institutional Context and Performance

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 the previous strategic plan BU2018, during the development of the new strategic plan BU2025 and the first year of its delivery.

The University has made a positive start to its ambitious plan. New portfolio innovations have led to student recruitment performing well despite the external challenges of a demographic dip and increased competition for undergraduate numbers. Strategic Investment Areas have generated increased research activity and income and provided a focus for external and internal investment. The NSS results require improvement and are expected to have an adverse impact on league table performance in year.

Significant progress has been made in organisational design to align to BU2025, to deliver improvements and to build on existing strengths.

### Vice-Chancellor's Emoluments

The emoluments of the Vice-Chancellor for the financial year 2018/19, as published in the Financial Statements, are set out below:

	2018-19 £'000	2017-18 £'000
<b>Emoluments of the Vice-Chancellor:</b>		
Salary	275	260
Performance related pay*	-	6
Benefits	3	3
Subtotal	<u>278</u>	<u>269</u>
Pension	45	44
Total	<u>323</u>	<u>313</u>

\* PRP paid in 2017-18 relates to performance in 2016-17. The PRP scheme is now discontinued.





The remuneration of the other members of the University Executive Team for the financial year 2018/19, as published in the Financial Statements, is set out below:

a) Remuneration of other higher paid staff	2019 Number	2018 Number
£130,000 to £134,999	–	2
£135,000 to £139,999	–	–
£140,000 to £144,999	–	–
£145,000 to £149,999	1	1
£150,000 to £154,999	–	–
£155,000 to £159,999	2	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.

#### Pay Awards and Benefits for 2019/20

The decisions on the pay awards for 2019/20 were taken at the October 2019 Remuneration Committee meetings 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 decisions.

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.

#### Vice-Chancellor

The Vice-Chancellor's pay award for 2019/20 was confirmed as 1.8% which is in line with the cost of living percentage increase paid to other BU staff for 2019/20 and ensured that his salary

remained in line with the comparator 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 1 August 2019 was approved as £280,265.

The Vice-Chancellor's remuneration is aligned to BU's market positioning and the proposal to maintain that market positioning with an increase of 1.8% is a reflection of the importance of retaining the Vice-Chancellor's leadership to the delivery of BU2025. However, in recognition of the challenges facing the University in the 2019/20 academic year the Vice-Chancellor has voluntarily surrendered this pay increase with effect from 1st December 2019.

The Vice-Chancellor is entitled to participate in the Teachers' Pension Scheme (TPS) and employer contributions

are set by the scheme as for all other staff. The Committee noted that changes in employer pension contributions in the TPS would impact on the increase in total emoluments for 2019/20 which would be reported in the 2019/20 financial statements. Employer contributions to pension (TPS) as fixed by the scheme were 16.48% (increasing to 23.68% from 1st September 2019).

The Committee noted that although there had been an increase in the pay ratios from 17/18 to 18/19 they remained lower than the majority of the comparator set and around the mid-point for the sector based on CUC data.

The Vice-Chancellor is entitled to health insurance or the equivalent value payment (2019 value £2,907). 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 2019 (excludes Vice-Chancellor)

Salary Band	Number of Senior Staff
£145,000 to £149,999	1
£150,000 to £154,999	0
£155,000 to £159,999	0
£160,000 to £164,999	0
£165,000 to £169,999	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 (2019 value £2,907). Members of the University Executive Team are not entitled to any further benefits other than those available to all staff at the University.

In recognition of the challenges facing the University in the 2019/20 academic year, the Deputy Vice-Chancellor and the Chief Operating Officer have voluntarily surrendered their pay increases with effect from 1st December 2019.

#### 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://intranetsp.bournemouth.ac.uk/Committees/rem/default.aspx>. The Committee receives an annual report under that Policy and Procedures so that it has full visibility on current approved activity. No requests for approval of

remunerated activity were made under the Policy during the reporting period. None of the current approved external activities by Senior Post-Holders are remunerated and 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 <https://www1.bournemouth.ac.uk/about/governance/transparency>. The Committee reviews the staff expenses policy annually to ensure that it remains appropriate for Senior Post-Holders and receives an annual report on the expenses paid.