



**Annual Report of the  
Remuneration Committee**  
2019-20

# Annual Report of the Remuneration Committee

## for the year 1 August 2019 to 31 July 2020

### 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 2019 to 31st July 2020 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.
- 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, in particular to cover compliance and any changes to process made in year.

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

Independent audit reviews of the Committee and its approach to benchmarking were conducted last year and are detailed in the previous annual report for 2018/19. All agreed actions arising from that work have now been implemented.

The reporting last year provided assurance to the Committee and the Board in that it stated, '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 and this action is carried forward to future 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 (September 2020), the CUC Higher Education Senior Staff Remuneration Code (June 2018) and the CUC Guidance on Decisions Taken about Severance Payments in HEIs.

### 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 (succeeded by an Interim Director of Finance from 1st January 2020)

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:

[www.bournemouth.ac.uk/about/governance/financial-information](http://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:

<b>Mr David Furniss</b>	Chair of the Committee (to 28 February 2020)	Independent Board Member
<b>Dr Des Pullen</b>	Chair of the Committee (from 29th February 2020)	Independent Board Member
<b>Prof Richard Conder</b>		Independent Board Member, Chair of the University Board
<b>Mrs Deborah Ward</b>	Deputy Chair of the Committee from 29 February 2020	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 4 October 2019, 15 November 2019, 27 February 2020, 2 October 2020 and 13 November 2020. 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 previous reporting period as set out in the report for 2018/19. No consultants were employed to advise the Committee during the current financial year although the Committee will be repeating the independent assessment of benchmarking every three years.

## 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:

- to indicate the most recent trends on both salaries, one-off payments (e.g. bonuses) and other benefits;
- 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;
- 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;
- 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 the University's data assurance process under its Data Quality Policy and additional verification by the University's external auditors for those ratios published in the Financial Statements.

**Basic Salary Ratios**

Assuming full-time equivalent salaries as at 31st July 2020 (as stipulated by the accounts direction) the pay medians and ratios at BU are as follows (numbers in brackets are from 18/19):

Ratio of Head of Institution (HoI) basic salary to whole established workforce median basic salary = <b>1:7.5</b> (1: 7.6)
Ratio of HoI basic salary to Academic median basic salary = <b>1:5.4</b> (1:5.7)
Ratio of HoI basic salary to Professorial median basic salary = <b>1:3.8</b> (1:3.9)
Ratio of HoI basic salary to Professional & Support median basic salary = <b>1:9.2</b> (1:9.6)

**Total Remuneration Ratios**

Assuming full-time equivalent salaries as at 31st July 2020 the total remuneration ratios at BU are as follows:

Ratio of HoI total remuneration to whole established workforce median total remuneration = <b>1:8.0</b> (1:7.9)
Ratio of HoI total remuneration to Academic median total remuneration = <b>1:5.6</b> (1:5.8)
Ratio of HoI total remuneration to Professorial median total remuneration = <b>1:3.9</b> (1:4.0)
Ratio of HoI total remuneration to Professional & Support median total remuneration = <b>1:10.1</b> (1:10.1)

The Committee noted that most ratios had reduced since the last reporting period because the VC's salary had not increased and the staff salaries had, however, the total remuneration ratios that had increased slightly (Professional and Support Staff and whole workforce) were because of the impact of the significant increase made by TPS to mandatory employer contribution rates which applied to all academic staff in that scheme, including the VC, but did not apply to Professional and Support staff who were not eligible for TPS.

**Institutional Context and Performance**

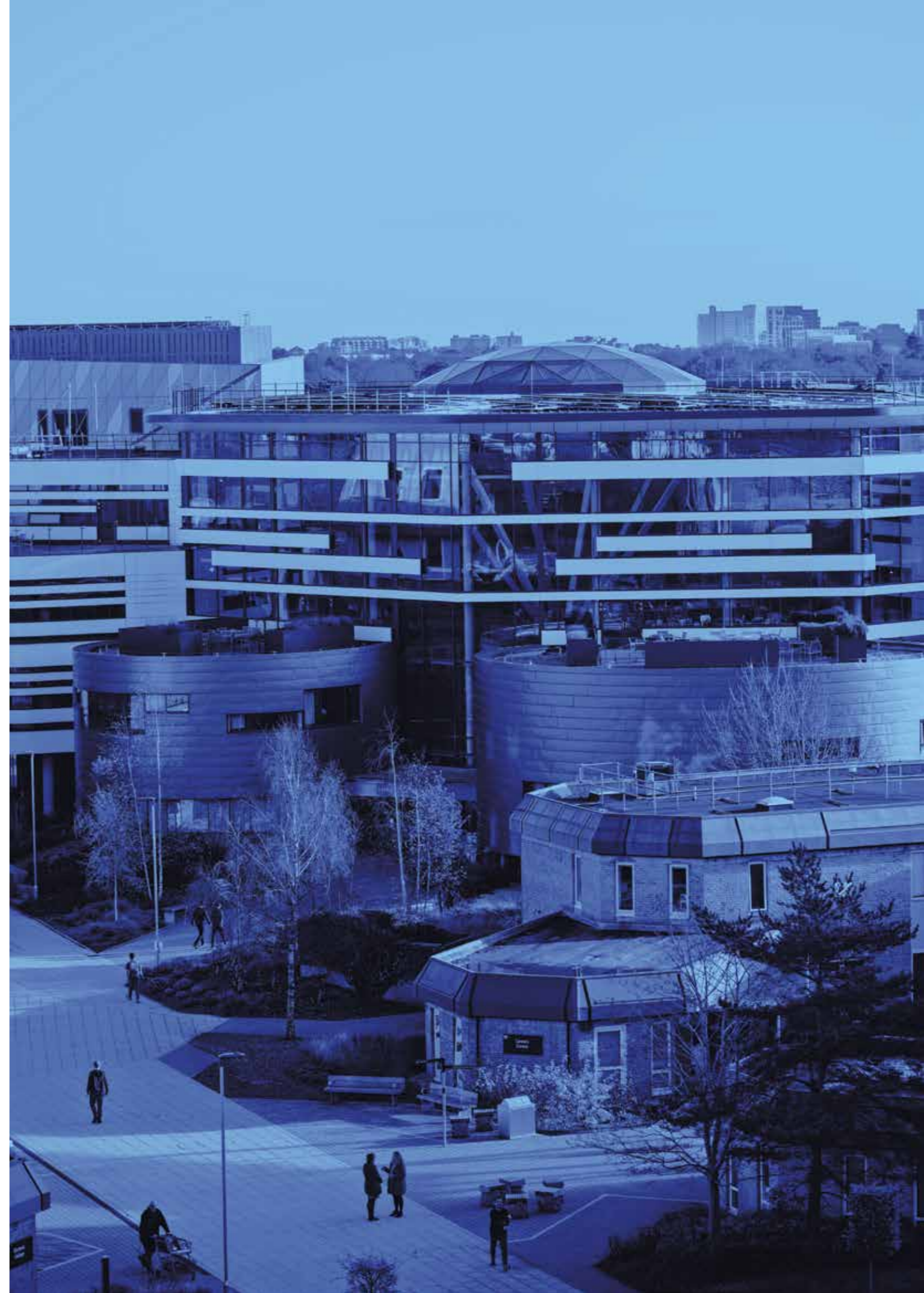
The University operates in a highly competitive national and international market and retention of effective and successful leadership is key to the University's continued success. The University has benefited from the Vice-Chancellor's leadership throughout the delivery of the previous strategic plan BU2018, during the development of the new strategic plan BU2025 and the first two years of its delivery.

Progress has been demonstrated through increases in league table rankings, reflecting strengthened leadership structures and a renewed focus on delivery and cultural change. NSS results were slightly improved on last year's performance but require further improvement. The outcomes for students were evidenced by strong performance in graduate outcomes and salary surveys. Recruitment levels were strong despite the pandemic. BU has continued to invest in improving student experience and was delighted to open the new Bournemouth Gateway Building. The new facilities have a particular focus on supporting Health and Social Sciences and were completed and opened despite the pandemic.

The Committee and Board are acutely aware of the unique challenges that have arisen during the year due to the impact of the Covid-19 pandemic and the closure of the campus for part of the year. The pandemic has placed the HE Sector under greater scrutiny and pressure than ever.

In addition to the need to protect the wellbeing of the University's students and staff during the ongoing pandemic, the potential financial challenges which arose during the reporting period have required a shift in focus to ensure that the University's short-term sustainability is assured, thus providing the basis for the longer-term financial objectives to be realised.

In this context, the Committee recognises and welcomes the decision by all senior post-holders to decline salary increases for 2020/21, despite individual performance levels justifying such increases, which the Committee believes is in keeping with the University's values and shows commitment to leadership in challenging times for the sector.



### Vice-Chancellor's Emoluments

The emoluments of the Vice-Chancellor for the financial year 2019/20, as published in the Financial Statements, are set out below:

	2019-20 £'000	2018-19 £'000
<b>Emoluments of the Vice-Chancellor:</b>		
Salary	277*	275
Performance related pay	-	-
Benefits	3	3
Subtotal	280	278
Pension	64**	45
<b>Total</b>	<b>344</b>	<b>323</b>

\* In recognition of the financial challenges in 2019-20 the Vice-Chancellor voluntarily surrendered his pay increase for 2019-20 with effect from 1st December 2019.

\*\* The increase in pension is as a result of the TPS rate required from employers increasing from 16.48% to 23.68% with effect from 1st September 2019. The rate is determined by TPS not BU and rates apply to all academic staff in the scheme.

The remuneration of the other members of the University Executive Team for the financial year 2019/20 as published in the Financial Statements is set out below:

<b>a) Remuneration of other higher paid staff</b>	2020 Number	2019 Number
£135,000 to £139,999	1	-
£140,000 to £144,999	1	-
£145,000 to £149,999	-	1
£150,000 to £154,999	-	-
£155,000 to £159,999	-	2
£160,000 to £164,999	2	-

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.

### Severance

Following due consideration of the CUC guidance on severance payments, the Committee approved a recommendation that a severance payment of £100 (one hundred pounds) be paid to a former member of the University Executive Team in addition to their contractual notice.

### Pay Awards and Benefits for 2020/21

The decisions on the pay awards for 2020/21 were taken at the October 2020 Remuneration Committee meetings to ensure that the Committee had access to both the detailed CUC data on Vice-Chancellors' pay and the verified BU 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

Last year, the Committee awarded the VC a basic salary of £280,265 from 1 August 2019. However, the VC, along with 2 members of UET, voluntarily surrendered this increase from 1 December 2019 to 31 July 2020 and his salary reverted to £275,309. The salary was due to revert to £280,265 from 1 August 2020 and this would be the basis of any further decision by the Committee.

The Chair of the Board recommended that the Vice-Chancellor's annual basic salary remained £280,265 from 1 August 2020 to 31 July 2021. This remained in line with BU's market positioning, 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.

However, in recognition of the on-going financial challenges facing the University due to the Covid-19 pandemic, the Vice-Chancellor offered to continue to surrender the previous increase and remain on **£275,309** until 31 July 2021. The Committee approved this position.

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 the mandatory employer pension contributions in the TPS, as fixed by the Scheme, increased from 16.48% to 23.68% from 1st September 2019, creating a discontinuity in the data and impacting on the total emoluments figure for the VC and therefore some of the related total remuneration ratios where staff were not in the TPS (e.g. Professional and Support Staff).

The Committee noted that there had been a decrease in all pay ratios except those total remuneration ratios impacted by the TPS set contribution rise. Ratios remained lower than the majority of the comparator set and around the mid-point for the sector based on data compiled by UCEA.

The Vice-Chancellor is entitled to health insurance or the equivalent value payment (2020 value £3,010). 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 is entitled to incremental pay progression in accordance with the terms of the Senior Staff Appraisal scheme applicable to all senior professional services staff. The Clerk to the Board requested that she was not awarded an increment this year in light of the current exceptional financial uncertainty as a result of the pandemic. The Committee approved this salary

position and noted that whilst cost of living would continue to apply to the NSS pay-scale if awarded to all staff UCEA's final offer was no cost of living award for this year. The Committee approved the Chair's recommendation that the post-holder be offered the private medical cover offered to other senior post holders.

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 further 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 1 August 2020 (excludes Vice-Chancellor)

Salary Band	Number of Senior Staff
£155,000 to £159,999	2*
£160,000 to £164,999	0
£165,000 to £169,999	
£170,000 to £174,999	
£175,000 to £179,999	
£180,000 to £184,999	1

\* Salaries to be paid after voluntary surrender

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 (2020 value £3,010). Members of the University Executive Team are not entitled to any further benefits other than those available to all staff at the University.

Last year, in recognition of the challenges facing the University, the Deputy Vice-Chancellor and the Chief Operating Officer voluntarily surrendered their pay increases with effect from 1st December 2019. In light of the continuing financial challenges arising from the Covid-19 pandemic, both proposed to continue their voluntary salary surrender for the whole of 2020-21 resulting in actual salaries to be paid at 2018-19 levels to 31st July 2021. The Committee approved this position.

The Interim Director of Finance is on different terms of appointment as approved by the Committee on a fixed term interim basis. The post-holder is entitled to a payment in lieu of pension contributions and where travel to/attendance on campus is required to an expenses day rate of £150 per day. It should be noted, however, that the post-holder has worked remotely for the majority of the time that Covid restrictions have been in place and this daily rate has not, therefore, been claimed. In approving this position, the Committee took account of the market position for interims and the critical nature of the role in the current financial circumstances. The Committee agreed that there was a clear need to ensure continuity and robust financial leadership during the Covid pandemic. It was also recognised that the post-holder had previously successfully covered the role at the University and therefore had a proven track record at BU.



#### Health Assessments

In February 2020, the Committee received and considered a report on occupational health arrangements. On the basis that annual health checks were relatively inexpensive and represented good value to the institution, it was agreed that all Senior Post holders would be proactively offered an annual health assessment and encouraged to take up the offer (but it would remain voluntary).

#### 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 [www.bournemouth.ac.uk/about/governance/transparency](http://www.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 to all Senior Post-Holders.