



**Bournemouth
University**

**Bournemouth University
Higher Education Corporation**

Annual Report of the Remuneration Committee

2022-23

Annual Report of the Remuneration Committee for the year 1 August 2022 to 31 July 2023

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 (November 2021) ("the Code") and the accompanying guidance.

This report covers the financial year 1 August 2022 to 31st July 2023 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 its main responsibilities comprise:

- i. To approve matters set out above on behalf of the Board.
- ii. 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.
- iii. 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.

- iv. To approve annually the remuneration of the Vice-Chancellor and senior post holders in accordance with the process set out in the Operating Framework.
- v. To approve and have oversight of the policies relating to expenses and external work and income for the holders of senior posts.
- vi. To present an Annual Remuneration Report to the Board which will also be published on the University's website.
- vii. To present an Annual Report to the Audit, Risk and Governance Committee of the Board on Remuneration Committee processes.

The Committee's Operating Framework, referred to above, is reviewed regularly and subject to the approval of the University Board. It was most recently reviewed by the Committee in October 2022 and minor amendments to reflect operational updates and clarifications were recommended and subsequently approved by the Board. The Committee reviews its Terms of Reference annually and did so in November 2022 and November 2023 with minor updates recommended and approved by the Board. The Committee reports annually to the Board in addition to minutes being provided to a subsequent 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. This report was duly presented in June 2023.

Independent reviews of the Remuneration Committee and the Committee's approach to benchmarking

Outcomes from independent audit reviews of the Committee and its approach to benchmarking were detailed in the

annual report for 2018/19. All agreed actions arising from that work have been implemented.

To provide on-going assurance the Committee agreed that an external review of benchmarking should be repeated every 3 years and a scope of work, providers to be approached, a budget and timeline for the next review were approved by the Committee in October 2022 with the intention of delivering the final report to the Committee in February 2023. However, due to a restructuring of the University Executive Team (UET), which included the introduction of new roles, the Committee agreed that the benchmarking review should be deferred to enable it to include the new roles. The report was circulated in draft to the Committee out of meeting once completed and formally considered at its meeting in October 2023. The report considered the current approach to pay benchmarking and setting pay ranges based on CUC and UCEA data alongside the external market data (including public sector, not for profit and private sector data) to determine the appropriateness of these pay ranges and recommendations for the UET roles. The review concluded that 'Overall, the current pay benchmarking approach of BU is considered to be well thought through and reasonable for the roles under review'.

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, the CUC Higher Education Senior Staff Remuneration Code 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 UET and the Clerk to the Board. A restructuring of the UET has taken place during the reporting period and the

Committee has been actively engaged in approving remuneration for the newly created Pro Vice-Chancellor roles as well as revised remuneration to reflect changes to existing UET roles.

The members of UET (other than the Vice-Chancellor) in the reporting period were:

- Deputy Vice-Chancellor (to 31 March 2023)
- Chief Operating Officer
- Finance Director
- Pro Vice-Chancellor (Education and Quality)
- Pro Vice-Chancellor (Student Experience)
- Pro Vice-Chancellor (Research and Knowledge Exchange) (role currently vacant, with UET responsibility for RKE with the PVC (Education and Quality) as an interim measure)
- Director of Human Resources (introduced to the UET structure on an interim basis).

The current Clerk to the Board also holds the role of Head of Legal Services and Corporate Governance and is currently 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 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 and up to the date of this report was as follows:

Deborah Ward	Chair of the Committee	Independent Board Member
David Furniss		Independent Board Member and then Chair of the University Board from 11 July 2022
Annette D'Abreo	(To 1 August 2023)	Co-opted Independent Member of the Committee (former Independent Board Member).
David Smith		Independent Board Member of the Committee from 1 December 2022
Deborah Warman	Deputy Chair of the Committee	Independent Board Member of the Committee from 1 August 2022 and Deputy Chair from 24 November 2023
Vacancy	(from 1 August 2023)	Independent Board Member subject to Nominations Committee recommendation and Board approval

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 21 October 2022, 18 November 2022, 9 February 2023, 31 March 2023 (extraordinary meeting), 13 October 2023 and 14 November 2023. 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 previously undertaken as set out in the report for 2018/19. As described above, independent remuneration experts at PwC were commissioned to undertake a review of benchmarking during the reporting period.

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.

The Committee also reviewed the 10 comparator institutions in October 2022 and agreed to recommend them unchanged to the November Board as the strategic plan and the competitor sets used to benchmark remained current.

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 comparator 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://intranetsp.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 UET. 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 Human Resources Reward team 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 31 July 2023 (as stipulated by the accounts direction) the pay medians and ratios at BU are as follows (numbers in brackets are from 2021/22):
Ratio of Head of Institution (HoI) basic salary to whole established workforce median basic salary = 1:7.2 (1:7.6)
Ratio of HoI basic salary to Academic median basic salary = 1:5.4 (1:5.5)
Ratio of HoI basic salary to Professorial median basic salary = 1:3.7 (1:3.8)
Ratio of HoI basic salary to Professional & Support median basic salary = 1:9.0 (1:9.3)

Total remuneration ratios
Assuming full-time equivalent salaries as at 31 July 2023 the total remuneration ratios at BU are as follows:
Ratio of HoI total remuneration to whole established workforce median total remuneration = 1:7.5 (1:7.8)
Ratio of HoI total remuneration to Academic median total remuneration = 1:5.4 (1:5.5)
Ratio of HoI total remuneration to Professorial median total remuneration = 1:3.6 (1:3.9)
Ratio of HoI total remuneration to Professional & Support median total remuneration = 1:9.7 (1:10.2)

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.

During 2022/23 the VC has continued to lead the delivery of the BU2025 strategic plan and delivered organisational design to align to the strategy, including embedding the new Executive and leadership teams. The focus on student experience continues to be a key theme and BU's NSS scores have gone up overall in 2023. Notable successes have also been achieved in three public university rankings as well as the Teaching Excellence Framework (Silver award) and the Race Equality Charter (bronze award). Building financial sustainability has also continued to be a key deliverable.

Vice-Chancellor's emoluments

The emoluments of the Vice-Chancellor for the financial year 2022/23, as published in the Financial Statements, are set out below:		
	2022-23	2021-22
Emoluments of the Vice-Chancellor:	£'000	£'000
Salary	293	285
Performance Related Pay	–	–
Benefits in kind	4	3
Subtotal	297	288
Pension	–	45
Payments in lieu of pension contributions	57	19*
Total	354	352

*21-22 figure is part year.

The remuneration of the other members of the UET (excluding the VC) for the financial year 2022/23 as published in the Financial Statements is set out below:		
	2022/23	2021/22
	Number	Number
£100,000 to £104,999	1	–
£120,000 to £124,999	1	1
£135,000 to £139,999	–	–
£150,000 to £154,999	1	–
£160,000 to £164,999	–	–
£170,000 to £174,999	2	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. No performance bonuses were paid in the financial year.

Performance-related pay and bonuses

There is currently no performance-related pay or bonus scheme for the holders of senior posts.

Severance

In accordance with the CUC's Guidance on, 'Decisions taken about Severance Payments in HEI's,' the Committee approved a severance payment. In considering the recommendation, the Committee were satisfied that the process aligned to usual practice across BU and that the key elements outlined in the guidance were considered, specifically, that the amount was reasonable, appropriate and justifiable, procedurally fair and that there was transparency and accountability.

Pay awards and benefits for 2023/24

The decisions on the pay awards for 2023/24 were taken at the October 2023 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.

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

Numbers of senior staff (UET) by salary band

With effect from 1 August 2023 (excludes Vice-Chancellor)

Salary Band	No. of UET members
£125,000 to £129,999	2
£135,000 to £139,999	1
£165,000 to £169,999	1
£200,000 to £204,999	1

Vice-Chancellor

Last year the Committee awarded the VC a basic salary of £293,002 with effect from 1 August 2022.

The Chair of the Board recommended that the Vice-Chancellor's annual basic salary should increase by 5% to £307,650 with effect from 1 August 2023. This recommendation addressed the requirements of the CUC Code and included comparative data from both the CUC survey of VC's pay and the UCEA remuneration report and the Committee approved this recommendation. In making this decision the Committee also had due regard to the pay ratio information and the cost of living award to all other staff (being 5.0%).

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. In March 2022, the Vice-Chancellor opted out of the TPS and the Remuneration Committee approved a non-consolidated payment in line with the contribution BU would have paid to the pension scheme, minus national insurance. This arrangement is available to all BU staff who exceed their lifetime allowance and the Remuneration Committee approved its application to the Vice-Chancellor. Total remuneration for the Vice-Chancellor is not increased by the payment in lieu of pension.

The Vice-Chancellor is entitled to health insurance or the equivalent value payment (value at time of approval £3,852). All senior post-holders are also entitled to an optional annual health assessment. 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 applicable to all senior professional services staff. The postholder is also appraised in accordance with the Senior Staff Appraisal Scheme. The Committee has previously approved the Chair's recommendation that the post-holder be offered the private medical cover offered to other senior post holders (but not an equivalent value payment). All senior post-holders are also entitled to an optional annual health assessment. The Committee approved the recommendation that the Clerk to the Board would receive the cost of living award applicable to all other staff (5.0% - with 2% effective from 1 February 2023 and the remaining 3% effective 1st August 2023).

The Clerk is entitled to participate in the Local Government Pension Scheme (LGPS) Dorset County 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 UET are entitled to participate in either the Local Government Pension Scheme (LGPS) Dorset County 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 UET are entitled to health insurance or the equivalent value payment (value at time of approval £3,852). All senior post-holders are also entitled to an optional annual health assessment. Members of the UET are not entitled to any further benefits other than those available to all staff at the University.

The Committee approved pay increases of 5% for the COO and FD with 2% effective from 1st February 2023 and 3% from 1st August 2023. In addition, temporary allowances were approved for the COO and Director of HR roles during the reporting period to reflect the additional interim responsibilities being undertaken following the UET restructuring. These allowances were approved to be increased by 5% with effect from 1st August 2023. The FD also received a consolidated increase to reflect the expansion of the role and responsibilities into her pay, effective 1st April 2023. The Committee took all decisions having considered the detailed comparative data, the performance of individuals (in line with the performance definitions approved by the Committee) and the cost of living award for other staff (5.0% - 2% in February 2023 and the remaining 3% in August 2023). The figures in the table above **include** all approved increases and the two temporary allowances.

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.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. 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.



