

**THE BOARD OF THE ARTS UNIVERSITY BOURNEMOUTH HIGHER EDUCATION CORPORATION**

**MINUTES OF THE MEETING OF THE REMUNERATION COMMITTEE HELD ON 27 JUNE 2018**

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**Present:** Angela Neuberger Independent Member (Committee Chair)

Chris Martin Chair of the Board

Mike Gibson Deputy Chair of the Board

Sara Webb Independent Member

Michael Clarke Independent Member

**In Attendance**: Kerry Sheehan Head of Human Resources & Secretary to the Committee

1. **Chair’s Opening Remarks**

1.1 The Chair welcomed all in attendance at the meeting, noting that the Committee was newly re-formed and thus the agenda and arrangements were considered a ‘pilot’. The Chair noted that the Committee was comprised of independent Governors with widely relevant experience and their input would be welcome as the Committee develops. The Chair advised that two additional documents had been circulated prior to the meeting: benchmarking data on the take up of Private Medical Insurance and Payment in Lieu of Pension. Also circulated prior to the meeting were two recently published documents from the Committee of University Chairs (CUC): The Higher Education Senior Staff Remuneration Code (June 2018) and A Possible Outline Structure for a Remuneration Annual Report to the Governing Body. All would be noted alongside the published agenda.

1.2 The Chair advised that the Principal and Vice Chancellor, the Vice Chancellor and the Chief Operating Officer would be joining the Committee at agenda item 8.

1.3 The minutes will be prepared for reporting to align to the requirements of the new The Higher Education Senior Staff Remuneration Code (June 2018).

1. **Apologies for absence**

2.1 There were no apologies for absence.

1. **Minutes**

3.1 The minutes of the meeting on 31 January 2018 were agreed as an accurate record and signed by the Chair after the meeting.

1. **Matters arising not otherwise covered on the agenda**

4.1 The Chair asked whether the Gender Pay Gap Report had been considered at HR Committee and for an update on the status of this. It was confirmed that it had been considered and, furthermore, that there were no significant concerns as AUB benchmarked well against other organisations. The reason for the pay gap had been identified as being due to large numbers of female Student Ambassadors whose lower salaries had an effect on the overall mean and median figures. It was noted that the exercise had established there is a higher proportion of female staff in the higher salary bracket which is pleasing. The Chair was provided with confirmation that AUB’s Gender Pay Gap Report is available on the AUB website. It was agreed that future HR Committee meetings would keep track of trends and developments.

1. **Terms of Reference of the Remuneration Committee**

5.1 The new draft Terms of Reference of the Remuneration Committee were discussed. It was requested that reference to the University Management Team (UMT) within the document should be changed to ‘Senior Postholders’ and it was made clear that this referred to all staff who are not aligned to the 52 point pay spine. It was agreed that this was important in order that the remit of the Remuneration Committee included any staff who were contracted by the AUB on a salary above point 52 of the pay spine. It was noted that the authors of the new Terms of Reference would be the Remuneration Committee.

**6. AUB Remuneration Framework**

6.1 The Chair asked if the Remuneration Framework had been to HR Committee and it was confirmed that it had, with a good level of debate from both management and governors who were present; all comments from the HR Committee were included in the document presented at this meeting. It was noted that reference to the University Management Team (UMT) within the document should be changed to ‘Senior Postholders’ as per the discussion previously held in respect of the new Terms of Reference.

6.2 It was noted that all employees are automatically enrolled into either the Teachers’ Pension Scheme or Local Government Pension Scheme, to fulfil the University’s statutory obligations in respect of pension provision. A discussion was held around AUB’s position on payments in lieu of pension for any individual who had reached their maximum tax efficient pension allowance(s). It was noted that the option of agreeing to such a benefit enabled the University to be competitive. It was further noted that an individual would need to be sure they were making the right decision to opt out of the pension scheme. The Committee was reminded that any agreements to such payments were cost neutral to the AUB and that individuals would be subject to tax and national insurance deductions as the payment was made alongside their salary. The Committee asked the Head of HR to finalise AUB’s policy on payments in lieu of pension for approval by the Committee.

6.3 It was agreed that all benefits within the Remuneration Framework should be identified as cash or non-cash benefits. For senior postholders the breakdown of their total compensation should be set out clearly.

6.4 It was confirmed that the Senior Postholders had all declared if they had received any third-party payments for work they had completed outside of their AUB duties. Two had received such payments and for relatively modest amounts. It was agreed that this would be a factor for the Remuneration Committee to be aware of each year and that it would be useful to consider if the total amount received by any senior postholder from an external body was of significance in terms of their overall remuneration or not. It was noted that often the University benefits from such external work, either reputationally or by the knowledge/experience the individual brings back to the institution. The Committee asked the Head of HR to finalise AUB’s policy on third-party payments for approval by the Committee.

6.5 It was agreed that minutes of Remuneration Committee meetings should meet requirements of the CUC Code, whilst respecting individual and commercial confidentiality.

**7. HAY academic salary benchmarking report**

7.1 A discussion was held around the matter of AUB’s competitiveness of salary. The grade points of the 52-point salary spine were previously reviewed in 2006 when the national pay spine was agreed. The positioning of the grade points for jobs was a local matter for institutions to determine. Individual progression from the starting point of the grade point to the top was subject to the completion of a satisfactory annual appraisal. The Committee were concerned that the University may not be able to demonstrate a competitive remuneration framework if some of the jobs, most notably academic ones, were not benchmarking well against the market.

7.2 The Committee expressed its disappointment regarding the quality of the Korn Ferry Hay Academic Salary Benchmarking Report and asked the Head of Human Resources to provide this feedback to Korn Ferry Hay. The Committee recommended that further remuneration research should be commissioned by AUB and asked the Head of Human Resources to investigate this as a matter of urgency, and present AUB’s recommendations to the Committee for approval.

7.3 Korn Ferry Hay would be asked to include within their costings an annual report regarding the HEI sector’s salary issues and trends. It was noted that UCEA (Universities & Colleges Employers Association) could also provide further support and data in this regard which the Head of HR would investigate and report to the Board at the same time.

**8. National Settlement and Staff Remuneration**

8.1 The Head of HR reported on the latest position on this year’s pay negotiations being conducted by UCEA (Universities & Colleges Employers Association) and with the five trade unions.

8.2 A final offer of 2% had been made to the trade unions with weighting on the lower grade salary points up to 2.8%. It was reported that the unions associated with AUB, namely UCU and Unison, were amongst those who have been seeking their members’ views on the final offer and confirmed that they would do so with a recommendation to reject the offer. Therefore it was anticipated that the matter could become one of strike action as per previous years.

8.3 The national position was noted by the Remuneration Committee for consideration in terms of salaries recommendation for the Senior Postholders.

**9. Salary Recommendations for Senior Postholders**

***At this point the Principal and Vice Chancellor (VC), Deputy Vice Chancellor (DVC) and the Chief Operating Officer (COO) joined the meeting.***

**9.1 Performance and remuneration of the Dean of Faculty of Media and Performance**

In proposing the remuneration recommendation for the Dean of Faculty of Media and Performance the DVC, supported by the VC, noted:

* 1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
	2. Internal compensation equity to other AUB Senior Postholders.
	3. Organisational and individual performance against objectives for the preceding 12 months.

The Committee approved a salary increase equivalent to the annual cost of living salary scale uplift, which is currently being finalised through the 2018-19 New JNCHES negotiation process. Payment of this uplift will be made, backdated to 1 August 2018, when UCEA advise that the negotiations have concluded and/or universities are notified that they are able to apply the cost of living increase to salaries.

**9.2 Performance and remuneration of the Dean of Faculty of Art, Design and Architecture.**

In proposing the remuneration recommendation for the Dean of Faculty of Art, Design and Architecture the DVC, supported by the VC, noted:

1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
2. Internal compensation equity to other AUB Senior Postholders.
3. Organisational and individual performance against objectives for the preceding 12 months.

The Committee approved a salary increase equivalent to the annual cost of living salary scale uplift, which is currently being finalised through the 2018-19 New JNCHES negotiation process. Payment of this uplift will be made, backdated to 1 August 2018, when UCEA advise that the negotiations have concluded and/or universities are notified that they are able to apply the cost of living increase to salaries.

**9.3 Performance and remuneration of the University Secretary and Registrar**

In proposing the remuneration recommendation for the University Secretary and Registrar the COO, supported by the VC, noted:

1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
2. Internal compensation equity to other AUB Senior Postholders.
3. Organisational and individual performance against objectives for the preceding 12 months.

As the current salary for this position fell above the comparative data the VC recommended that no salary increase should be awarded.

**9.4 Performance and remuneration of the Director of Finance**

In proposing the remuneration recommendation for the Director of Finance the COO, supported by the VC, noted:

1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
2. Internal compensation equity to other AUB Senior Postholders.
3. Organisational and individual performance against objectives for the preceding 12 months.

As the current salary for this position fell above the comparative data the VC recommended that no salary increase should be awarded. This recommendation was approved by the Committee.

***At this point the Deputy Vice Chancellor and COO left the meeting.***

**9.5 Performance and remuneration of the Chief Operating Officer**

In proposing the remuneration recommendation for the Chief Operating Officer, the VC noted:

1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
2. Internal compensation equity to other AUB Senior Postholders.
3. Organisational and individual performance against objectives for the preceding 12 months.

The Committee approved the proposal for no salary increase given the COO’s relatively short period in the post.

**9.6 Performance and remuneration of the Deputy Vice Chancellor**

In proposing the remuneration recommendation for the Deputy Vice Chancellor, the VC noted:

1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
2. Internal compensation equity to other AUB Senior Postholders.
3. Organisational and individual performance against objectives for the preceding 12 months.

The Committee approved a salary increase equivalent to the annual cost of living salary scale uplift, which is currently being finalised through the 2018-19 New JNCHES negotiation process. Payment of this uplift will be made, backdated to 1 August 2018, when UCEA advise that the negotiations have concluded and/or universities are notified that they are able to apply the cost of living increase to salaries.

***At this point the Principal and Vice Chancellor left the meeting.***

**9.7 Performance and remuneration of the Clerk & Secretary to the Board**

The duties of the Clerk and Secretary to the Board are provided by the University Secretary and Registrar. A verbal report on individual performance against objectives for the preceding 12 months was provided by the Chair of the Board.

The Committee approved the recommendation at 9.3.

**9.8 Performance and remuneration of the Principal and Vice Chancellor**

The Chair of the Board provided a summary of the year’s achievements prepared by the Principal and Vice Chancellor. Points of particular note were:

* Exceptional retention performance at c98%.
* Achievement of operational efficiencies, critically, improving marginal income where the institution exploits existing fixed assets and resources.
* A sound 2017-18 financial position with both surplus and cash inflows exceeding the initial budget forecast. The budget surplus this year will exceed £3.5million.
* The acquisition of the adjacent site. Successful oversight of the design and development of construction of phase 1 together with the raising of the loan to support the construction of strategically important student accommodation.
* TEF Gold and Outstanding OFSTED awards.

In deciding the remuneration recommendation for the Principal and Vice Chancellor, the Committee considered:

1. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within Post 92 institutions with income of £24-£70 million.
2. Internal compensation equity to other AUB Senior Postholders.
3. Organisational and individual performance against objectives for the preceding 12 months as provided by the Chair of the Board.

Taking all factors into account, the Committee decided on a salary increase equivalent to the annual cost of living salary scale uplift, which is currently being finalised through the 2018-19 New JNCHES negotiation process. Payment of this uplift will be made, backdated to 1 August 2018, when UCEA advise that the negotiations have concluded and/or universities are notified that they are able to apply the cost of living increase to salaries.

The Chair of the Board confirmed that the VC’s objectives for 2018-19 had been agreed in principle, with more detailed metrics to be added for the beginning of the academic year.

**10** **Remuneration Report 2018**

The Head of HR agreed to prepare a draft Remuneration Report for the Committee’s approval.

**11** **Any other business**

None.

**12 Date of next meeting.**

To confirm the date for the next regular meeting as Wednesday, 19 June 2019. Further ad hoc meetings will be arranged if required.

Signed: …………………………………………….

(Chair of the Remuneration Committee)

Date: ………………………….