



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

DATE: 22 NOVEMBER 2023

### ANNUAL REMUNERATION REPORT 2022/2023

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#### 1. Introduction

- 1.1 The Remuneration Committee (RemCom) provides an annual remuneration report to the Board of Governors as part of its remit to provide assurance to the Board on the conditions of service and remuneration of the University's senior postholders<sup>1</sup> and spot salary staff<sup>2</sup>.
- 1.2 Senior postholders are defined as members of the Vice-Chancellor's Executive (VCE) + the University Secretary.
- 1.3 Spot salary staff are those staff who are remunerated outside of the National Framework Agreement and new JNCHES process.
- 1.4 This annual remuneration report complies with the requirements of the Committee of University Chairs' (CUC) Higher Education Senior Staff Remuneration Code.

#### 2. Remuneration Committee Terms of Reference

- 2.1 The Terms of Reference for AUB's RemCom are located on the University's [intranet](#) and [website](#).
- 2.2 The following served on RemCom for 2022-23:

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<sup>1</sup> AUB's Senior Postholders in 2022-23: Principal and Vice-Chancellor, Executive Director Operations and Planning, Executive Director Academic Innovation and University Secretary

<sup>2</sup> Spot salary staff are those staff who are remunerated outside of the National Framework Agreement and new JNCHES process

- Dr Gerard Moran (Chair of the RemCom, Vice-Chair of the Board of Governors)
- Dorothy MacKenzie (Chair of the Board of Governors)
- Prue Keely-Davies (Independent Governor and Chair of the Human Resources Committee)
- Kevin Purcell (Independent Governor)
- Rob McClatchey (Independent Governor and Chair of the Audit & Risk Committee), replaced by Stephen Hocking (Independent Governor)

### **3 The Business of the Remuneration Committee**

- 3.1 The RemCom usually meets once a year at the end of the summer term. Other meetings can be arranged as deemed necessary by the Chair of the RemCom.
- 3.2 Salaries of senior postholders and spot salary staff are approved at the summer term RemCom meeting. In considering recommendations for salary increases for senior postholders and spot salary staff, the RemCom takes into account line manager reports and individual performance against objectives for the review period, changes in job responsibilities, internal equity and external benchmarking.
- 3.3 The dates of the RemCom meetings, records of attendance and minutes are located on the University's [website](#).
- 3.4 The University's Remuneration Framework is located on the University's [intranet](#) and [website](#).

### **4 Guiding Principles of Remuneration at AUB**

- 4.1 AUB recognises the need for highly talented, competent, committed and motivated employees, to deliver its strategic plan for the benefit of students, staff, the community and the economy at large. AUB must reward and recognise employees competitively, appropriately and fairly.
- 4.2 Remuneration:
- must be competitive and take account of the commercial pressures of the HE marketplace through relevant benchmarking, where required. Benchmarking against the HE sector will take into account the performance of the University within its peer group, which we define as Post-92 Institutions with a comparative turnover.
  - will be determined fairly and objectively with due consideration of remuneration throughout the University the wider higher education sector.
  - will be linked to the imperatives of the Strategic Plan and viewed as a total remunerations package comprising pay and non-pay benefits.

- decisions for senior postholders and spot salary staff are approved by the University's RemCom and will match the individual's role and level of performance as delivered against their individual annual objectives.

4.3 The salary and benefits of senior postholders and spot salary staff are determined by taking into account the line manager reports on individual performance against objectives for the relevant review year, any changes in job responsibilities, internal equity and external benchmarking of compensation. Benchmarking information for comparable roles both within and outside the higher education sector will be considered as deemed appropriate by the Director of People and Chair of the RemCom.

4.4 Other benchmarking data for comparable roles outside the higher education sector may be considered if relevant. The information provided to the RemCom on an annual basis makes clear, for each senior postholder and spot salary staff, what the current salary against benchmark is and the reasons for any difference in the benchmarking.

## **5 Remuneration Approach for other AUB Staff**

5.1 The University and Colleges Employers' Association (UCEA) works with the sector trade unions as part of the Joint Negotiating Committee for Higher Education Staff (JNCHES), which negotiates the annual cost of living, increase applicable to the salary points within the Framework Agreement.

5.2 As part of the JNCHES process, the salary points for the following year are decided in the form of an annual cost of living increase. If applicable, a new salary scale takes effect on 1 August each year.

5.3 In addition, for those staff aligned to the salary scale, incremental progression is available which is subject to satisfactory performance as evaluated by the line manager. Incremental progression to the top of the individual's job grade point is applicable once a year and effective from 1 August.

5.4 The University utilises the Hay Guide Chart - Profile Method job evaluation scheme, a widely used and recognised job evaluation framework that assesses job roles against a points-based range of criteria, to ensure job descriptions are remunerated fairly and equally. This method provides an evaluated way of aligning jobs to the University's salary scale.

## **6. Pensions**

6.1 AUB has a statutory duty to enrol all staff into a pension scheme automatically. The Teachers' Pension Scheme applies to academic staff and the Local Government Pension Scheme applies to professional services staff.

6.2 A non-consolidated cash payment, equivalent to the level of pension contribution that would otherwise be made, adjusted to ensure cost neutrality for the University, may be paid in the event that an employee has accrued the maximum level of tax-efficient pension savings. Such payment, which would be subject to tax and national insurance deductions, would be subject to the individual taking professional advice, proof of pension savings, and AUB receiving confirmation by an Independent Financial Adviser that withdrawing from the relevant pension scheme is appropriate.

## 7 Pay Ratio

7.1 AUB is required to provide two pay ratios of the Principal and Vice-Chancellor's (VC) salary against the median salary of all staff, in accordance with the requirements of the Office for Students.

7.2 The first pay ratio is a basic salary ratio, which is based on the VC's salary as a ratio of the median basic salary of all staff, expressed as a full time equivalent. The second pay ratio is a total remuneration ratio, which is based on the VC's total remuneration as a ratio of the median total remuneration of all staff, expressed as a full time equivalent. At AUB, because there are no dividends, performance related pay, bonus payments or market supplements this ratio includes employer pension contributions and payments in lieu of pension contributions as well as private medical insurance.

7.3 The following table sets out the pay ratios over a three-year period:

Year	Basic Pay Ratio	Total Remuneration Ratio
2022-23	6.94	7.15
2021-22	7.16	7.29
2020-21	7.06	7.23

## 8 Institutional Performance 2022-23

8.1 Institutional performance over the past year is summarised as follows:

- Appointment to the new post of Executive Director for Academic Innovation and the achievements through the postholder in terms of the new products within AUB's undergraduate and postgraduate portfolio
- Initiation of AUB's first trans-national education offer with British University Vietnam.
- Serious shortfall in undergraduate students for October 2023 commencement
- Disappointing results from the 2023 National Student Survey

- Underperformance of AUB's commercial enterprises
- Lack of development of a comprehensive plan for Civic Engagement and a clear long-term plan for PCT

## **9 Special Payments**

9.1 The University does not operate a performance pay scheme; however, its Remuneration Framework does have a provision for special payments, which sometimes may be required to reflect an employee's outstanding performance or significant additional responsibility. This would be recognised in the following ways:

- 9.1.1 Non-consolidated bonus. Outstanding performance may be rewarded by the award of a one-off payment. Where it is used, the payment will be directly linked to outstanding performance in the achievement of strategic, financial and non-financial objectives which are linked to the achievement of the Strategic Plan, and which is outside of the normal day-to-day responsibilities of the individual.
- 9.1.2 Temporary Responsibility Allowance. A payment for additional responsibilities paid as an honorarium where the additional responsibility is being undertaken for a period of no less than three months.

9.2 The University did not award any special payments to AUB staff for the 2022-23 period.

## **10. Performance and remuneration of the Principal and Vice Chancellor**

10.1 In deciding the remuneration recommendation for the VC, the Remuneration Committee considered:

- a. Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within post-92 institutions with income of £40 million - £100 million.
- b. Comparative data of equivalent role from the CUC annual survey of the remuneration of Vice-Chancellors/Principals.
- c. Internal compensation equity to other AUB Senior Postholders.
- d. Organisational and individual performance against objectives for the preceding 12 months as provided by the Chair of the Board.
- e. The elevated nature of the VC's starting salary on his appointment to AUB

10.2 Taking all factors into account, the Committee decided on a 0% salary increase, therefore salary will remain as £228,000.00. In making this decision the Committee recognised the Principal and Vice-Chancellor's commitment, immense hard work and contributions to the

sector but agreed that as the leader of the institution, the Principal and Vice-Chancellor is ultimately responsible for AUB's performance, which from a key performance indicators perspective, had not delivered as expected.

10.3 A pay in lieu of pension payment would continue to be applied, equal to the Teachers' Pension Scheme employer's contribution of 20.81%. Additionally, the Principal and Vice-Chancellor would continue to receive joint private health cover at an annual cost of £3,875.00.

10.4 The following table sets out the remuneration of AUB's VC over the past three years:

<b>Remuneration of the Principal and Vice-Chancellor</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
Salary	£228,000.00	£225,000.00	£225,000.00
One off Payment	N/A	£2,250.00	N/A
Pay in Lieu of Pension	£47,443.00	£46,819.00	£46,818.90
<b>Total</b>	<b>£275,443.00</b>	<b>£274,069.00</b>	<b>£271,819.00</b>

## **11 AUB Staff Remunerated at £100,000 and above**

11.1 The following table shows the number of staff, per salary banding, earning the relevant salary in the reporting period:

<b>Salary Band</b>	<b>Number of Staff</b>
£101,000 – 110,000	0
£111,000 - 120,000	0
£121,000 – 130,000	0
£131,000 - 140,000	0

## **12. External Appointments and Expenses**

12.1 Staff may represent the University on various bodies and boards and carry out academic, professional and civic responsibilities at other organisations. Where such appointments occur the University requires that the employee follows University Policy, in the first instance obtaining authorisation from the line manager for the activity.

- 12.2 The University's Principal and Vice-Chancellor is not expected to retain benefits and/or payments for such activities and did not receive any such payment in 2022-23.
- 12.3 All staff are required to adhere to the University's policy<sup>3</sup> in respect of the receipt of payment for expenses incurred in the course of University business.

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<sup>3</sup> AUB's Travel, Subsistence and Entertaining Policy is located on the [University's Intranet](#)