BOURNEMOUTH UNIVERSITY

UNIVERSITY BOARD

REMUNERATION COMMITTEE

THE OPERATING FRAMEWORK OF THE REMUNERATION COMMITTEE

This paper sets out the operating framework within which the Remuneration Committee carries out its responsibilities; it also sets out its general approach in relation to the available sources of data. This operating framework will be reviewed on a three yearly basis unless otherwise determined by the University Board.

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1. Introduction

The University aims to ensure that all its policies and procedures accord with the applicable regulatory guidance and good practice particularly in the higher education sector. The University is a charity and all remuneration decisions taken must be in the best interests of the charity.

The Remuneration Committee regularly assesses its effectiveness and maps practice at the University against applicable published guidance. The Remuneration Committee reports annually to the Audit, Risk and Governance Committee of the Board on its compliance with regulatory requirements and any process changes. The Remuneration Committee also seeks independent external scrutiny of its benchmarking approach every three years.

2. General background

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

This forms the general background to what follows.

3. Membership and terms of reference of the Remuneration Committee

Accompanying this paper are the membership and terms of reference of the Remuneration Committee. They are consistent with all guidance published by the Committee of University Chairs. The membership and the terms of reference will be reviewed periodically by the University.

4. Operating framework of the Committee and the processes used

4.1 The Remuneration Committee operates to ensure compliance with all regulatory guidance applicable to the University, including regulatory guidance issued by OfS as principal regulator and the Committee of University Chairs in relation to remuneration and severance (as updated from time to time). The Remuneration Committee upholds the principles of equality and diversity and the University's value of inclusivity by ensuring that there is due consideration of equality, diversity and inclusion bias in performance appraisal, recruitment and severance in relation to staff within its terms of reference.

4.2 Subject to periodic review and approval as appropriate by the University Board, and having taken careful account of the comparability of data analysis, the Remuneration Committee will take the following factors into account when determining and reviewing the remuneration of all designated holders of Senior Posts (currently defined as the members of the University Executive Team (UET) and the Clerk to the University Board):

- 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 and stakeholder confidence.

The factors listed above are those currently identified as being key but additional factors may be taken into account at the discretion of the Committee and subject to being reported to the next meeting of the University Board.

4.3 The Remuneration Committee will normally meet at least three times in each financial year: in February for a general review meeting, in October to take decisions on the remuneration of UET members and the Clerk to the University Board (backdated to have effect from 1 August in that year) and in November to review the previous year and to approve its annual report to the Board. The February meeting will be used to examine general trends in the light of the publication of the CUC annual survey of vice-chancellors' remuneration (see below) and to determine what data and information it will require for its decision-making meeting in October. (Decisions on the remuneration of new appointees and/or termination packages for departing holders of Senior Posts may require appropriate ad hoc arrangements to be made if they cannot be considered in February, October or November).

4.4 In the period leading to October a one-to-one meeting may take place to enable the postholder to make observations about remuneration to his/her line manager and exceptionally there is the possibility of such a meeting with the Chair of the Remuneration Committee. All observations made will be reported to the Remuneration Committee. (In this respect the Chair of the University Board is deemed to be the Vice-Chancellor's line manager.)

4.5 Data about Vice-Chancellor's remuneration and proposals about the remuneration of other UET members and the Clerk, with appropriate justification, including the outcome of appraisals, and with recent remuneration history will be circulated to members of the Remuneration Committee in advance of the October meeting. The Vice-Chancellor will make recommendations in respect of other UET members. The Chair of the University Board will make recommendations in relation to the Vice Chancellor and the Clerk. In parallel, the UET member responsible for HR will prepare a report relating to the Vice-Chancellor's remuneration which will include the data and information requested at the February meeting. Where appropriate, the data and information produced by the UET member responsible for HR may be the subject of discussion between the Chair of the University Board and the Vice-Chancellor.

4.6 The Remuneration Committee approves from time to time and publishes the Principles for Remuneration of Senior Post-holders which should be read in conjunction with this Operating Framework and the Terms of Reference for the Committee and provides more detail on the process adopted in setting pay.

4.7 Bournemouth University does **not** provide housing, house-hold staff or costs, loans or motor vehicles, club memberships or travel enhancements to Senior Post-holders.

4.8 Proposals and papers considered by the Remuneration Committee should distinguish between the different elements of any projected increase (for example, cost of living increase - being aware of relevant information relating to national negotiations/'agreements' for other staff groups; a significant change in responsibilities; quality of performance and benchmarking against comparable institutions in relation to retention arguments). Where appropriate, the proposals may include adoption of a performance related bonus scheme. The proposals may also include recommendations for one-off honoraria to reflect outstanding individual performance in the previous year or periods of acting-up during which a post-holder takes on additional responsibilities caused by a vacant post.

4.9 Members of staff who are in attendance at the Remuneration Committee will leave the meeting when their own position is under consideration. The Vice-Chancellor is not a member of Remuneration Committee and does not attend the October meeting where their remuneration is considered.

4.10 Minutes of the Remuneration Committee are routinely provided to the Board (with some individual personal data redacted if appropriate). The Remuneration Committee will also make an annual report to the Board. The Report will provide sufficient detail to give members of the Board an adequate understanding of the process by which particular decisions are reached and will be in accordance with regulatory guidance published from time to time. The Report will be published on the University's website once approved by the Board.

5. Information and data sources

5.1 Determination of salaries is a matter of judgement for the Committee which takes into account both institutional and individual factors, but comparative information from other universities is helpful in relation to general trends and market forces. The Committee may also wish to take account of any relevant comparative data, including international data where available. The two principal sources of comparative information are the annual survey of vice-chancellors' remuneration prepared by the Committee of University Chairs (CUC) and the University and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey (a survey of heads of institutions, senior and middle staff).

5.2 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). It has been agreed that the 10 comparator institutions for Bournemouth, which are linked to BU's strategy, should be: The University of Westminster; De Montfort University; Kingston University; Leeds Beckett University; The University of West London; The University of Brighton; Teesside University; University of Derby; Middlesex University; University of Staffordshire.. The Remuneration Committee may review this list from time to time.

5.3 The Committee proposes to draw on these sources as follows:

In relation to the Vice-Chancellor the CUC data will be 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 will be provided for the Vice-Chancellor.

In relation to other UET staff, and the Clerk to the University Board, the UCEA data will be 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.

5.4 Other information or data will be taken into account as determined at the February meeting of the Committee.