



## Remuneration Annual Report to Council 2021/22

### Introduction

1. This report provides a summary of the Committee's work over the year, demonstrating that the University fully meets the requirements of the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration code. The University has followed the regulatory guidance in preparing and publishing financial statements as provided by the Office for Students (OfS) (Regulatory advice 9: Accounts direction, OfS 2019.41) on the disclosure of senior pay in its published accounts.
2. The role and remit of the Remuneration Committee was reviewed during 2021/22 and it was agreed by the Council to close the Remuneration Committee and create two new Committees in its place: The Vice-Chancellor's Remuneration Committee and the Staff Reward Committee. This report covers the University's approach to remuneration and the work of the Remuneration Committee, the Vice-Chancellor's Remuneration Committee and the Staff Reward Committee for the period **1 August 2021 to 31 July 2022** as follows:
  - The responsibilities of the **Remuneration Committee** which operated up to March 2022 when it was then replaced by the Vice-Chancellor's Remuneration Committee and the Staff Reward Committee
  - The responsibilities of the **Vice-Chancellor's Remuneration Committee** which came into effect in March 2022
  - The responsibilities of the **Staff Reward Committee** which came into effect in March 2022
3. The principal matters of business covered by the Committees are:

#### Remuneration Committee

- To consider and determine on behalf of Council, the remuneration arrangements for Senior Employees of the University (including the Vice-Chancellor and Chief Executive Officer)
- To consider policies and procedures on the remuneration of senior employees, and recommend these to Council, and to oversee implementation within the University
- To provide assurance to Council that the University is adhering to guidance on senior pay as directed by the OfS Accounts Direction and advised by the CUC Higher Education Senior Staff Remuneration Code.

#### Vice-Chancellor's Remuneration Committee

- To consider and determine on behalf of Council, the remuneration arrangements for the Vice-Chancellor
- To monitor performance of the Vice-Chancellor against objectives set

- To provide assurance to Council that the University is adhering to guidance on senior pay as directed by the OfS Accounts Direction and advised by the CUC Higher Education Senior Staff Remuneration Code.

#### Staff Reward Committee

- To consider policies and procedures on the remuneration of senior employees, and recommend these to Council, and to oversee implementation within the University;
- To consider proposals from the Vice-Chancellor and determine on behalf of Council, the remuneration arrangements for the senior post holders
- To receive updates from the Vice-Chancellor on the performance of senior post holders against objectives set

### Membership of the Committees

#### 4. Membership of the Committees for 2021/22 were as follows:

##### Remuneration Committee (up to March 2022)

- Irene Kirkman (Deputy Chair of Council), Chair
- Maggie Galliers (Chair of Council)
- Anna Crabtree (Chair of Resources Committee)
- Supriya Sobti (Chair of Audit Committee)
- Karen Satterford (Chair of Student Experience Committee)

In attendance, for some items only:

- University Secretary and Clerk to the Council (Secretary)
- Director of Human Resources (Advisor)
- The Vice-Chancellor and Chief Executive

*Note: Senior Employees in attendance, including the Vice-Chancellor, are not present when discussions take place to determine their salary*

##### Vice-Chancellor Remuneration Committee (from March 2022)

- Irene Kirkman (Deputy Chair of Council), Chair
- Maggie Galliers (Chair of Council)
- Anna Crabtree (Chair of Resources Committee)
- Supriya Sobti (Chair of Audit Committee)
- Karen Satterford (Chair of Student Experience Committee)
- Director of Human Resources (Secretary and Advisor)

##### Staff Reward Committee (from March 2022)

- Irene Kirkman (Deputy Chair of Council), Chair
- Maggie Galliers (Chair of Council)
- Anna Crabtree (Chair of Resources Committee)
- Supriya Sobti (Chair of Audit Committee)
- Karen Satterford (Chair of Student Experience Committee)
- Director of Human Resources (Advisor)
- Ellie Smith (Secretary)

5. The Director of Human Resources is adviser to the Committees and can, if required, call upon external independent advisers as appropriate. No external independent advice was required in 2021/22.
6. The Committees met on three occasions between 1 August 2021 and 31 July 2022:
  - 12 October 2021 (Remuneration Committee)
  - 1 March 2022 (Vice-Chancellor Remuneration Committee / Staff Reward Committee)
  - 11 June 2022 (Vice-Chancellor Remuneration Committee / Staff Reward Committee)
7. All members attended all meetings. Minutes were taken and confirmed and are held by the Secretary and available, upon request, to independent/co-opted members of Council.

### Role, Remit and Operation

8. The role and remit of the Committees is detailed above (see para 3).
9. During 2021/22 the Committees have received, reviewed and/or approved information relating to:

#### Remuneration Committee

- Proposal to amend the Terms of Reference
- Update on VC remuneration and pension provision
- The note for the Financial Statement (2020/21) regarding disclosures on staff pay
- HR Director's update on remuneration matters
- Proposal to pause discussion of a Defined Contribution Scheme
- A proposal for Staff Reward
- The Annual Remuneration Report to Council and Web statement (2020/21)
- UET succession planning

#### Vice-Chancellor Remuneration Committee

- Committee Terms of Reference and Business Cycle
- Vice-Chancellor pay benchmarks and salary review
- Vice-Chancellor and Chief Executive performance and salary

#### Staff Reward Committee

- Committee Terms of Reference and Business Cycle
- University Chancellor remuneration
- Reports from the Director of Human Resources on:
  - National pay trends including pensions
  - Proposals relating to London allowance payments
  - Details of the University's gender and ethnicity pay gap reports
- Proposal relating to the harmonising of senior employee salary review with non-JNCHES employees
- Performance report and recommendations for base pay increases and remuneration decisions for Senior Employees
- Succession planning for senior employees

## Key Decisions and approaches to remuneration in 2021/22

10. The Committees (Vice-Chancellor's Remuneration and Staff Reward Committee) recognises that the University operates in a complex, competitive and evolving legal, regulatory, industrial relations and market environment. The University's desire to attract the best staff poses a significant challenge in light of the increased financial, political and sector uncertainties, such as increasing competition and implications for growing core student numbers.
11. The scale of the financial challenge and associated impact of Brexit and the COVID-19 pandemic continues to affect universities. Many universities continue to face shortfalls in income however BNU has demonstrated a strong performance in 2021/22 with a income of circa £88.7m (NET) / £169m (GROSS), a surplus of circa £7.6m and a cash balance at year end of cica £54.8m.
12. The context in which the University operates was taken into consideration when approving the revised Remuneration and Severance Policy for Senior Employees. The policy takes into consideration:
  - the need to balance the challenging financial climate, the external perception of senior salaries and the University's ability to attract talent
  - the ability to recognise the contribution and performance of Senior Employees to retain its best staff
  - the need to demonstrate leadership and stewardship in relation to remuneration for Senior Employees and, in so doing, protect the University's reputation.
13. The Committees (Vice-Chancellor's Remuneration and Staff Reward Committee) consider both institutional outcomes and personal performance in making decisions on remuneration.
14. Currently pay is not linked to performance with the exception of the Vice-Chancellor.

## Remuneration for Senior Employees 2021/22

15. The Vice-Chancellor Remuneration Committee is directly responsible for setting the remuneration of the Vice-Chancellor.
16. The Staff Reward Committee is directly responsible for setting remuneration for Senior Employees in the University, and these are usually members of the University's Executive team as follows:
  - Deputy Vice-Chancellor (vacant from April 2022)
  - Senior Pro Vice-Chancellor, Education & Digital
  - Pro-Vice Chancellor, Student Experience
  - Chief Finance Officer
  - Commercial and Business Director
  - University Secretary and Clerk to the Council
17. Elements of remuneration for Senior Employees, the reason for inclusion and the way they operate, covering the remuneration element, the policy, application and performance considerations are outlined below:

- a. **Basic Pay:** supports the recruitment and retention of Senior Employees with the skills and experience to deliver the University's strategic plan, goals and objectives. Salary increases (which can be either consolidated or non-consolidated), provide an opportunity to recognise exceptional individual contributions
- i. Increases to the Vice-Chancellor and Chief Executive salary, are determined and approved by the Vice-Chancellor's Remuneration Committee. Base salary increases for other Senior Employees, reporting into the Vice-Chancellor, are proposed by the Vice-Chancellor and approved by the Staff Reward Committee
  - ii. Increases to base salary are determined annually and the Vice-Chancellor's Remuneration Committee and/or the Staff Reward Committee takes into account: individual performance; the scope of the role; salary levels in comparable organisations; base salary increases for the staff of the University generally; the financial performance of the University and the available budget for increases; and any retention issues.
  - iii. In benchmarking base salaries, the Committees (Vice-Chancellor's Remuneration and Staff Reward Committee) consider three comparator points which are: independent analysis of UCEA market data, to arrive an appropriate level of remuneration for the size of the role compared to institutions with similar income; individual skills; experience in the role. Base salary increases can be either consolidated (a permanent increase to base salary which is pensionable) or non-consolidated.
- b. **Pension:** supports the recruitment and retention of Senior Employees, in line with the market, in particular the HEI sector. The University has three main defined benefit arrangements, applicable to Senior Employees, and employer contribution rates are:
- Universities Superannuation Scheme (USS) - 21.4%
  - Teachers' Pension Scheme (TPS) - 23.68%
  - Local Government Pension Scheme (LGPS) - 17.30%
- c. **Benefits:** to attract and retain Senior Employees by providing benefits in line with market practice in the University sector. A range of benefits are available, including an employee assistance programme. In addition the University's sick pay is six months full pay and six months half pay. The booklet can be found [here](#). The University bears the cost of providing benefits.

#### Justification for the Vice-Chancellor and Chief Executive's remuneration

18. The Chair of Council undertakes the Vice-Chancellor and Chief Executive Officer's annual Performance and Development Review (PDR) against an agreed set of objectives, both institutional and personal, which were reviewed periodically during the year. The overall conclusion from the review for 2021/22 was that the Vice-Chancellor's performance was excellent during a another challenging year.
19. The Vice-Chancellor's remuneration has been benchmarked and found to be appreciably below what would be expected for an institution of comparable income. Because of this, and

the their sustained and exceptional performance, the Vice-Chancellor’s Remuneration Committee decided to increase the base pay for the Vice-Chancellor to the benchmark in 2020, however the Vice-Chancellor chose not to take an increase in remuneration in 2020/21. The VC had an increase in 21/22 which still puts their salary appreciably below those paid at the benchmark.

20. The Vice-Chancellor’s Remuneration Committee has agreed that the shortfall will be made up over four years, and the accumulated difference between their remuneration and the benchmark remuneration will be paid at the end of that period subject to continued satisfactory performance thus bringing the Vice-Chancellor’s remuneration in line with the market for future years. Subject to satisfactory performance a salary increase will be payable annually from 1 August 2022.
21. The Vice-Chancellor’s remuneration is published in the Financial Statements. KCG, the University’s Internal Auditors, confirmed the accuracy of Note 7 in the 2019/20 and 2020/21 Financial Statements. Note 6 in the 2021/22 Financial Statements has been prepared on the same basis.

### Institutional performance

22. Total remuneration of the Vice-Chancellor:

<b>Emoluments of the Vice-Chancellor</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Salary</b>	£208,654	£198,510	£198,510
<b>Performance related pay</b>	N/A	N/A	N/A
<b>Benefits</b>	N/A	N/A	N/A
<b>Subtotal</b>		£198,510	£198,510
<b>Pension costs</b>	£45,043	£41,949	£41,588
<b>Total</b>	£253,697	£240,459	£240,098

23. The Vice-Chancellor’s remuneration did not include performance-related payments.

### Remuneration for other employees 2021/22

24. All employees of the University receive a base salary, benefits consistent with those available to Senior Employees, and are eligible to participate in the University’s pension arrangements.
25. Employees on the JNCHES pay grades B to I, usually receive an annual cost of living award and are eligible for incremental progression. The University also uses contribution points to recognise exceptional performance. In addition they may be nominated for the University’s monthly recognition awards or the Vice-Chancellor’s annual recognition awards (Impact Awards).

26. The University uses the Higher Education Role Evaluation [HERA] model to evaluate roles in grades B to I. This translates into a 51 point pay spine with identified grade boundaries, defining the minimum and maximum salary and incremental progression points.
27. The University monitors any increase in the national living wage, proposed by the Living Wage Foundation, and will adjust relevant pay points on this 51 point pay spine to meet the minimum national living wage.

### Pay ratios/Pay multiples

28. The ratio/multiple between the Vice-Chancellor’s remuneration and the median salary for all staff is set out in the table below. The ratio remains appreciably below the sector average.
29. The UCEA report pay ratio/multiple between the head of provider’s remuneration and the median salary for staff for 2021/22 remains at 5.9. This is based on information provided by the Universities & Colleges Employers Association (UCEA) which uses HESA data (academic staff only). The pay ratio/multiple including all staff as calculated using the University’s Payroll data is 6.1.

Year	Head of Institution’s salary	Median salary of all staff	Pay Multiple (BNU)	HE Sector (England)
2021-22	£208,654	£34,304	5.9	6.8
2020-21	£198,510	£33,797	5.9	7.0
2019-20	£198,510	£33,797	5.9	7.0
2018-19	£195,000	£33,621	5.8	7.0
2017-18	£205,638	£34,273	6.0	7.0
2016-17	£202,200	£34,862	5.8	6.9

### Policy on severance and termination payments

30. The Committees (Vice-Chancellor’s Remuneration and Staff Reward Committee) have specific responsibilities for decisions relating to severance pay for Senior Employees, and discharges these through explicit delegated responsibility from Council.
31. In making severance payments for Senior Employees, the University will outline the rationale for any payments made, in the context of meeting its contractual obligations and in line with the CUC Higher Education Senior Staff Remuneration code.
32. No severance payment decisions were taken in 2020/21 for Senior Employees. In 2021/22 a severance payment was made for one Senior Employee (£91,050 Pay in Lieu of Notice and £58,940 for loss of employment). The cost of total severance payments for other employees in 2021/22 was £148,723.86, relating to 7 employees.

### External appointments and expenses

33. The University’s revised Senior Staff Remuneration and Severance Policy was approved in July 2020. This policy along with the University’s Consultancy Policy sets out a statement about:
  - the expenses policy and the extent of expenses incurred

- retention of income from external bodies

### Priorities for Staff Reward Committee for 2022/23

34. The priority for 2022/23 is to review of all staff benefits in response to the cost of living crisis?

Drafted by University Secretary (Ellie Smith): 13 October 2022

Amendments proposed by HRD (Rachel Cornwall): 17 October 2022

Report amended following comments from the Staff Reward Committee: 7 November 2022 / 21 November 2022

Report presented to Council: 29 November 2022