

REMUNERATION COMMITTEE ANNUAL REPORT TO THE BOARD OF TRUSTEES
November 2021

1. Background

- 1.1 The Remuneration Committee works to the CUC (Committee of University Chairs) Senior Staff Remuneration Code, which sets out a series of principles relating to the way that Remuneration Committees should function. The Code states that Remuneration Committee should report annually to the Board to *'provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities'*. The Committee also noted the planned revisions to the CUC Code and had regard to embedding those changes in to its business going forward.
- 1.2 Remuneration Committee meets twice a year, in October to consider annual salary movement for those senior staff within its remit, and again in April to consider a range of matters related to remuneration. Remuneration Committee reports to the Board after its meeting each October. The report and the last two ratified sets of minutes can be accessed on the [Remuneration Committee web page](#). The University also publishes a statement on the [pay of the Vice-Chancellor](#).

2. Membership

- 2.1 The Remuneration Committee comprises of external members from a range of backgrounds who are able to provide an independent view on remuneration matters and have the requisite skills in line with the current Higher Education Senior Staff Remuneration Code.
- 2.2 Membership of Remuneration Committee for 2020/21 is as follows: Mohammed Saddiq (Chair of Remuneration Committee and Independent Trustee), Jack Boyer (Chair of the Board of Trustees), Jessica Cecil (Independent Trustee), Andrew Poolman (University Treasurer and Independent Trustee), and Andreas Raffel (Independent Trustee).
- 2.3 No member of University staff is a member of Remuneration Committee. There was no conflict of interest for Remuneration Committee members at the meeting.

3. Approach to Remuneration

- 3.1 The Remuneration Committee met on 6 October 2021 to discuss the performance and determine any salary movement for those staff that fall within its remit. The remit group of Remuneration Committee is as follows: the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, Pro Vice-Chancellors, the Chief Operating Officer, the Registrar and University Secretary, Deans and Senior Professional Services Directors on pay grade M4.
- 3.2 Individuals were not present when their own remuneration or any aspect relating to their overall terms and conditions of employment were being considered.
- 3.3 In determining any individual salary movement for those staff within its remit, Remuneration Committee takes account of the general pay movement on the main grade structure, role-based market rates/benchmark information and individual performance, which is based on a

thorough individual review process that is linked to achievement of the University's Strategic aims and objectives. There are no separate bonus arrangements in operation.

- 3.4 The University's Remuneration Committee determines the salary arrangements for independent Non-Executive Directors and will only consider the remuneration of executive directors if they are an employee of the University of Bristol and their salary/grade puts them into the Remuneration Committee's Remit Group

4. Factors considered when setting / approving remuneration

- 4.1 The University is aware of its responsibilities to demonstrate appropriate use of resources, whilst ensuring that we can attract and retain the best possible staff to maintain our international reputation, add to society, improve the local economy and ensure our students have the best possible experience and outcome. Our staff are our greatest asset and appropriate remuneration and reward are an important part of our relationship.

- 4.2 In setting/ approving the remuneration of the Senior Team of the University several factors are taken into consideration.

- i) The economic environment and the extent of pay restraint nationally
- ii) The role and ability to recruit into that role in the current local/ national/international market
- iii) The skills and experience the individual brings to the role and the wider University
- iv) The performance in the previous 12 months measured through individual and team performance review related to the University's strategic objectives.
- v) The overall pay envelope
- vi) The requirement to support senior staff on NHS pay terms and conditions
- vii) The requirement to reduce the Gender Pay Gap

5. Data used in determining appropriate Remuneration

- 5.1 The University is competing in increasingly competitive national and international markets. To remain competitive the University takes account of national salary information provided by the Universities and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey, the Committee of University Chair's Vice- Chancellor Salary Survey, the Russell Group Senior Salary Survey (Korn Ferry) as well as taking advice from search firms who support some senior appointments. We periodically seek external expert advice from remuneration specialists.

- 5.2 The Committee noted the employers' final proposed offer of 1.5% overall in the 2021 national pay negotiations has been implemented, effective 1 August 2021. They noted that the outcome was 'bottom loaded' to increase the value on the lowest 18 points used at Bristol of the national pay spine to target those on lower pay, ranging from 3.6% to 1.54%, and with 1.5% being applied to the points above (point 22 onwards). This outcome ensures an uplift on all Spine Points above the current rate of inflation as measured by the Consumer Price Index including owner occupiers' housing costs (CPIH, 1.0 percent, March 2021). The trade unions who participate in the national pay negotiations have rejected the pay offer. It has become evident following the dispute resolution process that an agreement on a cost of living pay settlement remains unachievable at this time. We will continue to work locally with union colleagues on matters relating to pay and conditions that are important to us all including gender and ethnicity pay gaps and security of employment.

- 5.3 It was noted that in addition to the annual pay award, there will be additional costs added to the pay bill through the application of incremental movement within the main grade

structure. This will add between 1.5% and 3% to the pay bill for individual HEI's and at our institution will apply to 61% of academic and professional services staff combined.

- 5.4 In addition, for staff on A-L and up to M3, where market conditions dictate an individual salary outside of the prescribed range there is provision for the payment of a Recruitment and Retention Supplement (job market worth or personal market worth), and is separated out from the core salary.

6. Impact of decisions

- 6.1 For Professorial staff and Senior Professional Services staff on pay grades M1 to M3 there has been the increase arising from the application of the national pay award, effective August 2021. Staff on pay grade M4 and above do not receive the national pay award as a matter of course. Whilst in 2020 there was no pay award due to the impact of the pandemic, the national pay award has fluctuated between 1-2% during previous 5 years as follows:

Aug 2020: No pay award
 Aug 2019: 1.8%
 Aug 2018: 2%
 Aug 2017: 1.7%
 Aug 2016: 1.1%
 Aug 2015: 1%

- 6.2 The costs of the remuneration decisions are shown below.

Table 1

Current pay bill (as at June 2021)	Future pay bill (as at 1 st August 2021)	Percentage increase
£3,293,400	£3,383,598	2.7%

Impact on the Gender Pay Gap (GPG)

- 6.3 The overall population is 19 staff, which stands at 42% female and 58% male (see table 2). Cases have been submitted for 14 staff, with a higher proportion of cases submitted for the male population versus female. Of the overall population, there were cases for 47% of men and 26% of women. The Remuneration Committee approved these recommendations, and additionally increased the salary recommendations for 4 of the staff (not shown), and agreed to increase the salary for one additional member of staff (not shown).

Table 2

Range	Overall population					Cases Submitted						
	Number			% by gender		Number			% by gender		% of overall pop	
	M	F	Total	M	F	M	F	Total	M	F	M	F
M4	9	6	15	60%	40%	8	3	11	89%	50%	53%	20%
M5	1	2	3	33%	67%	1	2	3	100%	100%	33%	67%
M6	1	0	1	100%	0%	0	0	0	0%	n/a	0%	0%
Total	11	8	19	58%	42%	9	5	14	82%	63%	47%	26%

Table 3 current GPG

Range	Current Mean Salaries (+all)				Current Median Salaries (+all)			
	Amount		GPG		Amount		GPG	
	M	F	£	%	M	F	£	%
M4	£154,195	£165,777	-£11,582	-8%	£145,000	£142,500	£2,500	2%

M5	£220,000	£175,991	£44,009	20%	£220,000	£175,991	£44,009	20%
M6	£339,000	n/a	n/a	n/a	£339,000	n/a	n/a	n/a
Totals	£176,978	£168,331	£8,647	5%	£157,232	£152,500	£4,732	3%
	£173,337				£157,232			

6.4 Gender Pay Gap reporting is typically focussed on datasets with more than 10 staff by gender, and table 2 indicates lower figures than 10 by gender and range. With such a small dataset caution must be taken in drawing findings from the current and future GPG figures in tables 3 and 4. In 2019 when GPG data was last provided to the Board, the focus was on base salaries plus any RR2's, and the figures stood at 13% mean and 8% median GPG overall (not shown). In keeping with best practice, the approach has broadened to all other payments including allowances and payment in lieu of pension contributions. For comparison with 2019, the current mean salaries with RR2s GPG stands at 12% mean and 9% median overall (not shown), so a minor change from 2019.

6.5 Table 3 shows the current GPG by range and overall for base pay and all supplements, whereby the overall mean GPG is 5% and the overall median GPG is 3%. By range it is only M4 which deserves some brief consideration due to the extremely low populations on M5 and M6. The current M4 mean GPG is a gap in women's favour of 8% and the median is a gap in men's favour of 2%.

6.6 Taking into account the salary decisions taken by Remuneration Committee Table 4 shows the future GPG by range and overall for base pay and all supplements, whereby the overall mean GPG increases by 2% to 7% and the overall median GPG remains at 3%. By range it is only M4 which deserves some brief consideration again due to population size. The future M4 mean GPG is a lower gap in women's favour of 5% (from 8%), and the median reduces from 2% to 1% men's favour.

6.7 Future pay gap reporting will consider ethnicity and intersectional reporting of gender and ethnicity.

Table 4

Range	Future Mean Salaries (+all)				Future Median Salaries (+all)			
	Amount		GPG		Amount		GPG	
	M	F	£	%	M	F	£	%
M4	£160,995	£168,629	-£7,634	-5%	£147,100	£146,088	£1,013	1%
M5	£226,600	£178,631	£47,969	21%	£226,600	£178,631	£47,969	21%
M6	£339,000	n/a	n/a	n/a	£339,000	n/a	n/a	n/a
Totals	£183,142	£171,130	£12,012	7%	£159,132	£154,788	£4,345	3%
	£178,084				£159,132			

7. Salary recommendations for the Senior Leadership Team (Vice-Chancellor, Provost, Registrar and COO)

7.1 The Vice-Chancellor has indicated that he does not want an increase in salary.

7.2 The salary of the Provost has been recommended to increase by 1.5% to £194,862.

7.3 The salary of the Registrar and University Secretary has been recommended to increase by 1.5% to £162,400.

7.4 The salary of the Chief Operating Officer has been recommended to increase by 3% to £226,600.

8. Median to VC Pay Ratio

8.1 There is ongoing attention given to an expression of head of institution pay as a ratio compared to median staff pay, and from 1 August 2019 there is a standard method for reporting in the sector.

8.2 As confirmed in the Remuneration Committee Report to the Board in June 2019, the University adopted a new pay ratio method as required by the Office for Students (OfS) for institutions' Annual Financial Statements. The requirements are for two pay ratios¹, base pay² and total pay³, using a wider staff base than before, namely the inclusion of casual staff⁴.

8.3 In 2019 as a transitional year, Remuneration Committee were provided with the Pay Ratio using an older method and the new method which followed the guidance available at the time from the OfS, and the same method was also utilised for the University's Annual Financial Statement (31 July 2019). The OfS subsequently published the 'Draft OfS Accounts Direction' (12 August 2019) which amended the definition of staff to be used for the median calculation to those included in RTI reporting to HMRC, and gave providers the option to adopt the new accounts direction, once finalised and published, in whole or in part for their financial statements for periods beginning before 1 August 2019. Consequently, the pay ratio calculation in the 2020 Pay Ratio summary to Remuneration Committee and in the Annual Financial Statement (as at 31 July 2020) fully met the requirement to ensure inclusion of those staff in RTI reporting to HMRC, but this altered the position of the median compared to the

¹ As confirmed in the OfS Accounts Direction from Aug 2019. The pay multiple must be expressed as the full-time equivalent of the head of the provider's remuneration divided by the median pay at the provider.

² As confirmed in the OfS Accounts Direction FAQs, base pay is defined as full-time equivalent basic salary prior to any adjustment for salary sacrifice (where this applies), excludes bonus payments, market supplements, allowances, and clinical excellence awards.

³ As confirmed in the OfS Accounts Direction FAQs, total pay is defined as full-time equivalent total salary including basic salary (prior to any adjustment for salary sacrifice), dividends (including dividends paid in lieu of salary), performance-related pay and other bonuses awarded during the year (including any deferred payment arrangements and any amounts waived), employer pension contributions and payments in lieu of pension contributions, any sums paid under any pension scheme in relation to employment with the provider, other taxable benefits, non-taxable benefits (where these are available only to senior members of staff or are available only to the head of the provider), market supplements, allowances, clinical excellence awards and any other remuneration.

⁴ As confirmed in the OfS Accounts Direction FAQs this included casual staff, which included those employed directly through an external employment agency who set rates independently of the University.

2019 figure (resulting from the inclusion of 12 months' casual staff data instead of a single month's data, as well as the inclusion of Hourly Paid Teachers, and the exclusion of casual staff who were paid via an agency since they are not included in the RTI to HMRC).

8.4 In accordance with the OFS requirements the pay ratio uses the up to date definition of staff, base pay and then total pay.

8.5 **Table 5 – Pay ratios 2020 and 2021**

	As at 31/07/20 (for reference)	As at 31/07/21(to appear in the AFS)	As at 01/08/21
Base pay (to 1 d.p.)	8.7	9.1	9.0
Base pay (rounded)	9	9	9
Total pay (to 1 d.p.)	10.9	10.6	10.4
Total pay (rounded)	11	11	10

8.6 Table 5 shows the 2020 base pay ratio (8.7) and the total pay pay ratio (10.9) for comparative purposes with the pay ratio for 31st July 2021. The 31st July 2021 figures stand at 9.1 (an increase) and 10.6 (a decrease) respectively, subject to final approval by the auditors in relation to the underlying median and head of institution data, before publishing in the University's Annual Financial Statement.

8.7 Factors affecting the annual pay ratio include the impact of numerous staff changes to the median figure, and the value of the Vice-Chancellor's salary over the 12 month period. In the period 20-21 the median (not shown) decreased compared to 19-20 and the Vice-Chancellor's salary saw a small increase relating to the end of the agreed salary reduction (reductions were applied over both years), resulting in a widening of the **base** pay ratio from 8.7 to 9.1 as at 31st July 2021. When considering the **total** pay ratio as at 31st July 2021, the median (not shown) increased compared to 19/20 and the Vice-Chancellor was paid a lower PILOP payment compared to the previous year, thereby resulting in a lower total pay ratio. Overall when the figures are rounded they remain at 1:9 and 1:11.

8.8 The pay ratio figures have been modelled (as at 1st August 2021, see final column, table 5) to include the impact of the 1.5% staff pay award on the median, but without an increase to the Vice-Chancellor's pay, in line with the recommendation for no pay increase. The higher median results in a slight reduction in the pay ratios, which when rounded reduces the total pay ratio to 1:10. Changes to the salaries of senior staff below the Vice-Chancellor would have a minor impact on the median.

8.9 Further to a request in 2020 by us to UCEA, new HEI comparator group tables (received July 2021⁵) have been developed by UCEA (Table 6) enabling comparison against our **2020 base and total pay ratios** (8.7 and 10.9). Of particular interest is the Russell Group and £400M+ income bracket datasets, shown in quartiles and the upper quintile, whereby our income is £706.6M (not shown).

⁵ UCEA update: 21:038 Pay Ratio Benchmarking Tool

Table 6**Basic pay ratio by comparator group**

Group	LQ	Median	UQ	UQn	Median income (£m)	HEIs
Pre-92 institutions	7.0	8.0	9.1	9.6	303.9	67
Rest of England	6.6	7.5	8.4	8.7	187.1	76
Russell Group	8.4	9.2	10.1	10.3	698.4	24
Over £400m	8.3	9.0	10.1	10.2	706.6	23
All institutions	6.0	7.0	8.2	8.5	173.9	154

Total remuneration ratio by comparator group

Group	LQ	Median	UQ	UQn	Median income (£m)	HEIs
Pre-92 institutions	7.0	8.0	10.0	11.2	303.9	67
Rest of England	6.7	8.0	9.4	11.0	187.1	76
Russell Group	8.5	9.8	11.1	11.7	698.4	24
Over £400m	8.8	9.7	11.0	11.8	706.6	23
All institutions	6.2	7.2	8.7	9.0	173.9	154

LQ, lower quartile; UQ, upper quartile; UQn, upper quintile

- 8.10 Since full adherence to the OfS Accounts Direction was required from 1 August 2019, all HE pay ratios 19-20 have been calculated using the same methodology, hence the relevance of the comparative data shown in Table 6.
- 8.11 Our **base pay ratio** (8.7) for 2020 is positioned between the Russell Group lower quartile (8.4) and the median (9.2). Compared to the £400M+ income institutions dataset for 2020, our figure is also located between the lower quartile and median. Also notable is that our income (£706.6M, not shown) is the same size as the sector median for the 23 institutions included in the £400M+ income bracket group.
- 8.12 Compared to the **total remuneration pay ratio** by comparator group for 2020 we are between the median and the upper quartile (our figure is 10.9), and for the £400M+ income group we are just below the upper quartile.
- 8.13 Our 2020 pay ratio position compared to the Russell Group and the £400M+ income group institutions do not indicate we do not have a high pay ratio relative to these comparator groups, bearing in mind the public interest in pay ratios and the likely focus on those HEI's at upper quartile and upper quintile. It is noted that the Office for Students publish detailed statistics about senior staff pay at higher education providers due to the value for money consideration, however at the time of writing their latest publication of HE pay ratio data is from 2017-186.

⁶ [Senior staff pay - Office for Students](#)

8.14 Our 31st July 2021 **base pay ratio** position (table 5, 9.1) would move our base pay ratio closer to the 2020 Russell Group median. The 31st July 2021 **total pay ratio** figure (10.6, which is lower than in 2020) would continue to position our pay ratio between the 2020 median and the upper quartile. Until all 2021 pay ratios are published which won't be until 2022, it is not possible to identify our 2021 position using sector data.