

## Annual Remuneration Report for 2022/2023

### Introduction

- 1 The Remuneration Committee operates under delegated powers of the Council. In terms of the annual senior staff pay review its remit is to consider and approve merit awards and discretionary increases for all staff earning over £100k in the OU group, including the Vice-Chancellor (VC) and the Vice-Chancellor's Executive (VCE).
- 2 The Higher Education Senior Staff Remuneration Code requires a Remuneration Annual Report to be presented to the institution's governing body.

### Terms of reference

- 3 This year the Remuneration Committee has reviewed the terms of reference as published on the University's external website. No adjustments were made.

### Institutional performance & strategic objectives

- 4 The Open University's strategy has a new strategy. 'Learn and Live' is the Open University strategy for 2022 to 2027, which was approved by Council on 23rd November 2021.
- 5 The context for determining senior pay includes references to Institutional performance. The strategy is built on five goals and seven enablers, showing how the Open University will achieve its mission over the next five years. The five goals are as follows:
  - a) Greater reach
  - b) Success for our students
  - c) Societal impact
  - d) Equity
  - e) Sustainability
- 6 These five goals have seven enablers aligned to them; further detail on these enablers can be found in the ['Learn and Live, the Open University's Strategy for 2022-2027'](#) publication.

### Approach to remuneration

#### **Recruitment**

- 7 When considering proposals for senior appointments with a total pay (excluding pension) above £100k, the Committee considers the external market data, internal comparators and a business case before approval is given. This process has been effective throughout the year with no candidates for a senior post withdrawing after they were offered the role.

#### **Senior Reward, Recognition & Retention**

- 8 Due to the financial challenges the Open University faces over the next four years, the Remuneration Committee agreed, following a recommendation from the Vice-Chancellor Executive, to pause the senior pay review scheme, which includes the following reward

elements for the senior population based on the contribution made in the 2022/2023 academic year:

- a) Discretionary Increments
- b) Merit Awards
- c) GEM and Team Awards
- d) Long Service Awards

- 9 Academic Promotions for 2022/2023 were agreed to continue, but the frequency of meetings would be reduced, and a future review of the process is to be undertaken.
- 10 Pay adjustments based on equality for senior individuals were to continue being reviewed and honoured where there is a legitimate case.
- 11 Lastly, it was agreed that the application of the national pay award of 5%, split into two parts, 2% in February and 3% in August, for senior colleagues would go ahead.

### Vice-chancellor’s pay

- 12 The Committee recognises the complexities of benchmarking the OU against external market data. The Committee continued to agree that appropriate benchmark comparators were HE institutions whose turnover was £150m more or less than that of the OU, along with the current benchmarking group (pre-92 institutions with income over £400m).
- 13 To carry out a robust process, the Committee considered the following factors.
  - a) **Pro-Chancellor’s report** – summary of performance against agreed career development and staff appraisal objectives. Pro Chancellor seeks feedback from all Council members.
  - b) **Institutional performance report** - based on KPIs and metrics agreed by the Council
  - c) **Comparative market data** – data based on the sector and includes pay multiples
  - d) **External market conditions** – includes broader factors that may have affected the performance e.g., local employment market.
- 14 The Vice-Chancellor is not contractually eligible for the automatic Cost-of-Living award however is eligible for an annual salary review which is separate to the senior pay review scheme.
- 15 Summary positioning of the VC’s pay details and comparison to external benchmarking data is shown below.

	Professor T Blackman
<b>Annual salary as of 31 July 2023</b>	£285,825
<b>Performance-related pay</b>	Eligible to be considered for discretionary merit award (based on previous year’s performance).
<b>Benefits</b>	£25,700 pension allowance, for the period to 31 March 2023. A pension allowance was offered and accepted by the Vice-Chancellor due to tax charges associated to excess pension lifetime allowances. However, the government announced that from 6 April 2023 the lifetime allowance charge would be removed, allowing individuals to retire

	<p>without tax charges on their overall pension rights.</p> <p>The Vice-Chancellor joined USS in April 2023 and the payment of the pension allowance ceased. From this date, USS employer contributions of 21.6% of pensionable pay were made.</p> <p>£3,200 Life Assurance Premium</p>
<b>Salary Benchmark against UCEA data +£400m revenue higher education provider</b>	Lower Quartile – £288,750
<b>Salary Benchmark against UCEA data £325m-£625m revenue higher education provider</b>	Lower Quartile - £270,063
<b>Salary Benchmark against CUC data +£400m revenue higher education provider</b>	Lower Quartile - £292,321
<b>Salary Benchmark against CUC data £325m-£625m revenue higher education provider</b>	Lower Quartile - £283,888
<b>Context</b>	<p>Start date October 2019</p> <p>Not eligible for national cost of living award however eligible for an annual salary review. It remains the Remuneration Committee's intention to position the Vice-Chancellor closer to the median salary benchmarks over time.</p>

16 The pay multiple calculation is based on the UCEA methodology agreed by the Committee of University Chairs.

Pay Multiple based on median pay in the OU (Based on UCEA methodology)	31 July 2023 multiple £43,155 – 6.62x
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17 The Vice-Chancellor's remuneration is published in the Financial Statements. Also published is the number of other staff falling into bands of £5,000 above the £100k per annum threshold, as required by the Office for Students (OfS).

18 The Committee of University Chairs' guidance requires disclosure of any income received by the Vice-Chancellor for externally paid appointments. The Vice-Chancellor received £0 in the financial year 2022/2023

## Senior staff pay review

19 The Senior Pay Review was paused for the contribution made in 2022/2023 as detailed in paragraph 8.

## Pay Gaps

20 Annually, the Remuneration Committee is presented with a paper to note the Open University's Gender and Ethnicity Pay Gaps. The Committee noted the progress and stated that the primary reason for the decrease in Gender and Ethnicity Pay Gaps was due to the integration of Associate Lecturers actual FTE into our staff data (following implementation of

the AL contract) and the increase in women and their median hourly rate in senior grades, especially in new hires.

## CUC Senior Staff Remuneration Code

- 21 The CUC HE Senior Staff Remuneration Code was last revised in November 2021. The Committee agreed that, in principle, the OU remains compliant with it.

## Expenses

- 22 In line with the University's [Travel and Subsistence policy](#), the Committee received the bi-annual report on the travel and subsistence expenditure of members of the Executive.
- 23 The half-year report was presented in May 2023 and a full year report in October 2023. No concerns or remedial actions were recommended. A summary, by role title, will be published on the University's Freedom of Information website.