

Remuneration Report

Remuneration policy

The Remuneration Committee is responsible for agreeing the pay and allowances of senior managers, ie directors. The Committee members are listed below:-

Mr E Wallis, Chairman NERC
Mr P Hazell, Council Member
Professor A Halliday, Council Member
Professor A Thorpe, Chief Executive
Mrs J Timberlake, Director, People Skills and Communication who attends in an advisory capacity only

The Remuneration Committee works in accordance with its policy on senior staff pay which is designed to reward senior staff on the basis of individual skills, experience and performance set against the market median for their role. A market related pay point is determined by survey evidence obtained from relevant comparator organisations in the public, higher education and voluntary sectors and is up rated annually.

In accordance with NERC's appraisal system, performance is assessed against pre-set objectives for individual roles with input in the assessment process from individual reviewees, reviewers and the Chief Executive.

From 1 April 2006 all pay movement for senior employees is performance related. Prior to that date the non-consolidated element of senior pay was performance related.

More information about the remuneration committee can be found at the following website:
www.nerc.ac.uk/about/work/boards/intro/#remuneration

Employment contracts

NERC staff are not civil servants but the organisation makes its appointments in accordance with the broad principles set out in the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

All senior officers covered by this report, apart from the Chief Executive, hold appointments, which are open-ended. Senior staff appointed before October 2006 may work until age 65, provided their performance remains satisfactory and there is a continuing need for them; they may also request retention beyond age 65, although there is no entitlement to this. Senior staff appointed after October 2006 have a contractual retirement age of 65, although they may also seek retention beyond that age. All staff may retire after age 50 and draw their pensions on an actuarially reduced basis. Staff appointed before October 2006 may draw full pensions from age 60. Staff who leave during a formal redundancy exercise will be eligible for compulsory early retirement/severance terms, as defined under the rules of the Research Council's Superannuation Scheme. These payments are in line with those due under the Civil Service Compensation Scheme.

The notice period for all senior employees is three months.

Remuneration of the Chief Executive

Professor Thorpe started his tenure on the 1st April 2005. His initial contract was for a period of four years. In April 2009 it was extended for a further four years.

The emoluments of the Chief Executive, including taxable benefits, were £126,838 (2007-08: £114,365). This included basic salary of £119,765 (2007-08: £110,864) and performance related bonus of £7,073 (2007-08: £4,095). A charge of £25,510 (2007-08: £23,487) was also incurred in respect of employer's pension contributions. This was assessed as 21.3% of basic salary (2007-08: 21.3%). The Cash Equivalent Transfer Value for the Chief Executive at the 31 March 2009 was £1,121,745. The real increase in the cash equivalent transfer value for the period was £65,859. The Chief Executive is an ordinary member of the Research Councils' Pension Scheme.

Audited information

Remuneration of senior employees

Other members of the council's senior management team received emoluments during the year, including taxable benefits as below. These individuals are all ordinary members of the Research Councils' Pension Scheme.

Table 1: Remuneration of senior employees (2008-09)

Name	Note Ref	Total ⁵ emoluments 2008-09 £000	Total emoluments 2007-08 £000	Pension increase in real terms £000	Accrued pension at 31/03/09 £000	Lump ⁶ sum at 31/03/09 £000	Cash ⁷ equivalent transfer value as at 1/04/08 £000	Cash ⁸ equivalent transfer value as at 31/03/09 £000	Cash equiv. transfer value increase in real terms £000
Professor A Thorpe		125 - 130	110 - 115	2.5 - 5	5 - 10	-	967	1,122	66
Professor P Nuttall		105 - 110	100 - 105	0 - 2.5	30 - 35	125	785	886	22
Professor A Willmott		80 - 85	75 - 80	0 - 2.5	0 - 5	-	488	563	29
Mr J Hansford	1	5 - 10	85 - 90	-	-	-	-	-	-
Professor A E Hill	2	95 - 100	95 - 100	0 - 2.5	10 - 15	95	469	549	32
Mr D Bloomer		95 - 100	85 - 90	0 - 2.5	5 - 10	-	111	143	19
Mrs J Timberlake	3	75 - 80	85 - 90	0 - 2.5	0 - 5	-	66	85	11
Dr S Wilson		85 - 90	85 - 90	0 - 2.5	10 - 15	46	166	193	7
Professor J Ludden		100 - 105	95 - 100	0 - 2.5	0 - 5	-	47	80	25
Professor N Owens		90 - 95	45 - 50	0 - 2.5	5 - 10	104	655	724	15
Dr P Newton	4	75 - 80	-	0 - 2.5	5 - 10	-	130	158	15

Notes:

1 Mr Hansford retired from full-time employment with NERC from 1 May 2008. He was subsequently re-employed on a fixed term contract on a part-time basis in a role outside the senior management team.

2 Professor Hill is on unpaid leave from NERC on secondment to the University of Southampton who determine his salary.

3 Mrs Timberlake changed from full time to 0.8 full-time equivalent from 1 April 2008.

4 Dr Newton was acting Director of Science Delivery from 1 April 2008 and became substantive director on 1 August 2008.

5 The average annual earnings increase for senior employees (excluding Chief Executive) was 4.1%.

6 Lump sums available for members of the RCPS Classic Scheme only.

7 Cash Equivalent Transfer as at 01/04/08 or date of starting if later. These figures are different from closing figures published last year. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendments) Regulations 2008.

8 Cash Equivalent Transfer as at 31/03/09 or date of leaving if earlier.

Total emoluments

Total emoluments include gross salaries and performance related bonuses. From 1 April 2004 basic pay rates for senior staff incorporate all existing allowances including a supervisory and responsibility allowance and any contribution awards.

Pension benefits

All senior employees are ordinary members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme funded from annual Grant-in-Aid on a pay-as-you-go basis.

Further details about the RCPS can be found in Note 4(d) of the Annual Accounts.

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Research Councils' pension arrangements and for which a transfer payment commensurate with the additional pension liabilities being assumed has been received. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration of Council Members

Members of Council receive an Honorarium of £6,740 per annum to cover all work for the Council including membership of Council's Boards. The Chairman of Council, Mr Wallis, receives a salary of £16,180 per annum. These rates are effective from 1 October 2008 and are formulated by the Department of Universities, Skills and Innovation.

Council members are normally employed on fixed term contracts not exceeding 4 years.

Honoraria are not payable to members who are:

- Civil servants
- Employees of NERC
- Full time employees of organisations whose funds are derived from Votes of Parliament (eg Government Departments, UK Atomic Energy Authority, British Broadcasting Corporation and other Research Councils)

Members of Council may not receive fees in addition to honoraria. University academic staff and retired Civil Servants are eligible to receive honoraria or fees.

Table 2: Membership of the NERC Council (2008-09)

Name	Affiliation	Period of Appointment	Total Emoluments £'000		Note Ref
			2008-09	2007-08	
Mr E Wallis	Chairman	01 Jan 2007 - 31 Dec 2010	15 - 20	15 - 20	
Professor A Thorpe	Chief Executive and Deputy Chairman	01 Apr 2005 - 31 Mar 2013	0	0	1
Professor H Davies	Institute of Atmospheric & Climate Science, ETH Zürich	01 Aug 2005 - 31 Jul 2011	5 - 10	5 - 10	
Professor T Davies	School of Environmental Sciences, University of East Anglia	01 Nov 2001 - 31 Jul 2008	0 - 5	5 - 10	2
Professor A Fitter	Department of Biology, University of York	01 Aug 2005 - 31 Jul 2011	5 - 10	5 - 10	
Professor A Glover	Chief Scientific Advisor for Scotland	01 Aug 2007 - 31 Jul 2010	0	5 - 10	1
Professor A Halliday	Department of Earth Sciences, University of Oxford	22 Nov 2004 - 31 Jul 2011	5 - 10	5 - 10	
Mr P Hazell	Chairman of the Argent Group, Non-executive Director of UK Coal Plc, BRIT Insurance Holdings Plc, and Smith & Williamson, Member of the Competition Commission and Chair of NERC Council Audit Committee	22 Nov 2004 - 31 Jul 2011	5 - 10	10 - 15	
Mr E Jenner	Technology and business consultant, formerly of AstraZeneca Plc	01 Apr 2002 - 31 Jul 2008	0 - 5	5 - 10	2
Mrs K Morgan	Vice Chairman of the Royal Agricultural College, Pro Chancellor of the University of West of England, Deputy Chairman of WaterAid	01 Aug 2002 - 31 Jul 2008	0 - 5	5 - 10	2
Mrs S Parkin	Programme Director at Forum for the Future	01 Aug 2006 - 31 Jul 2009	5 - 10	5 - 10	
Professor P Curran	Vice Chancellor and Professor of Physical Geography, Bournemouth University	08 Aug 2006 - 31 Jul 2010	5 - 10	5 - 10	
Professor J Mitchell	Chief Scientist, Met Office	10 Oct 2006 - 30 April 2009	0	0	1
Professor M Lockwood	Professor of Space Plasma Physics, and Energy and the Environment, University of Southampton, Chief Scientist at the Rutherford Appleton Laboratory's Space Science Department	01 Mar 2007 - 31 Jul 2010	5 - 10	5 - 10	
Professor M Wilson	Professor at the Institute of Geophysics, School of Earth and Environment, Pro-Dean for Research in the Faculty of Environment, University of Leeds	01 Mar 2007 - 31 Jul 2010	5 - 10	5 - 10	
Professor T Meagher	Professor and Chair of Plant Biology at the University of St Andrews	01 Aug 2007 - 31 Jul 2010	5 - 10	0 - 5	
Professor R Watson	Chief Scientific Advisor to DEFRA	01 Dec 2007 - 30 Nov 2011	0	0	1
Mr R Douglas	Managing Director, Willis analytics for Willis Re	01 Aug 2008 - 31-Jul-2012	0 - 5	0	
Professor C Godfray	Professor of Zoology, University of Oxford	01 Aug 2008 - 31-Jul-2012	0 - 5	0	
Professor A Watson	Professor at the School of Environmental Sciences, University of East Anglia	01 Aug 2008 - 31-Jul-2012	0 - 5	0	

Notes

- 1 Honoraria are not payable to members who are civil servants, employees of NERC or full time employees of organisations whose funds are derived from Votes of Parliament.
 2 Professor Davies, Mr Jenner and Mrs Morgan left on 31 July 2008.

Professor Alan J Thorpe

Chief Executive & Accounting Officer

Date: 24 June 2009