

Meeting of the Remuneration Committee

2.00 pm on Tuesday, 3 November 2020
in MS Teams

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	VC salary and bonus	3 - 4	JC
2.	VC objectives	5 - 14	JC
3.	Executive team bonus	15 - 18	JC
4.	Remuneration Committee Report to Board of Governors	19 - 26	MB

Date of next meeting
2.00 pm on Tuesday, 22 June 2021

Members: Jeremy Parr (Chair), Jerry Cope, Michael Cutbill and Mee Ling Ng

Apologies:

In attendance: Michael Broadway and Marcelle Moncrieffe-Johnson

This page is intentionally left blank

Confidential VC REMUNERATION 2019/20

1. I attach a copy of the VC's appraisal for 2019/20 which includes objectives for 2020/21. It reflects the fact that the LSBU Group has had a good year, in a difficult environment.
2. Based on the analysis in the appraisal I am recommending a personal bonus of 7.5% (last year 8.5%). In addition, the VC will get an Executive team bonus of 6.5% (out of 8% max), the first year that we have operated that scheme at the 8% level, it was 5% maximum last year, with 4.5% achieved. So, in line with the apparent OfS preferred direction of travel, we continue to increase the performance related element of remuneration. However, this year, the secretary of state, as set out in parliament, but not directly to Universities, seems to have said that bonuses should not be paid. I believe that we should honour the terms of our scheme based on actual outcomes, unadjusted for any covid effect.
3. In terms of basic pay I previously reported that against London Moderns our VC was at 86% of the median on base salary, and 97% of the median on total package. Notwithstanding that we are a smaller, but not necessarily less complex, Institution than some, we have a high performing VC, and it continues to be difficult to justify that we are not paying above the median. For reasons set out in para 4 below, we have not formally updated this analysis, but there will have been little change as nearly all VCs pay has simply followed the award for staff, as we did last year (1.8%)
4. This year staff pay is being frozen, because of the financial effects of Covid and the increase in pension costs – there is a real possibility of a national dispute with many, if not all, of the Unions over this approach. Having discussed with Dave, both he and I are of the view that it would not be appropriate to recommend any increase in his VC base pay this year. We will update the comparative position in time for next year's possible award, assuming that there will not be a further freeze in base pay in the Sector generally.
5. In summary, and mindful that the bonus award when published next year could cause some PR comment, as indeed could publication now of last year's bonus, I am recommending no increase in basic pay and a total unconsolidated bonus of 14% (= 6.5% team + 7.5% individual). In terms of PR, it should be noted that the majority of Universities do not include bonuses in their remuneration arrangements.
6. I am also inviting the committee to note the VC's personal objectives for 20/21, and that he would again participate in the executive team bonus for the same year.

Jerry Cope

Chair

This page is intentionally left blank

Vice Chancellor 2020 Appraisal.

Objectives 19/20

Page 5

Core Strategic Leadership objectives for the next year	Measures of Success	Update																		
<p>Enhance institutional Reputation (Bonus; 1.5/4)</p>	<ul style="list-style-type: none"> • LT outcomes showing improvements above the average improvement in the comparator group for Times/Guardian/CUG • Target improvement in NSS +1% overall • Seek to enhance outcomes at Lambeth via improvements in achievement rates • Provide 3 year plans for research centres with institutional summary to FPR and prepare for REF • Improve student achievement rates in MAT 	<p>Partially Met</p> <p><i>LT outcomes not met – CUG fell 2 places Guardian 68 to 93 and times 86 to 123</i></p> <p><i>NSS not met overall fall 2%. Fall not specific to one are but subject specific variations- main issue was fall in health and BEA</i></p> <p><i>Lambeth targets met</i></p> <table border="1" data-bbox="1274 948 2036 1190"> <thead> <tr> <th>CBL</th> <th>Leavers</th> <th>Overall</th> <th>16-19</th> <th>19+</th> <th>NA</th> </tr> </thead> <tbody> <tr> <td>Achievements 2018-19</td> <td>12,837</td> <td>88.6%</td> <td>82.3%</td> <td>90.1%</td> <td>Overall-85.2% 16-18-82.1% 19+-88.3%</td> </tr> <tr> <td>Known Outcomes (83% as of 8 Sep 20)</td> <td>9503</td> <td>87.6%</td> <td>83.0%</td> <td>89.2%</td> <td>Overall-85.2% 16-18-82.1% 19+-88.3%</td> </tr> </tbody> </table> <p><i>REF – met – report to FPR shows REF on track and the number of staff eligible to submit significantly increased. I suspect the evaluations are overly optimistic at this stage but trajectory positive</i></p>	CBL	Leavers	Overall	16-19	19+	NA	Achievements 2018-19	12,837	88.6%	82.3%	90.1%	Overall-85.2% 16-18-82.1% 19+-88.3%	Known Outcomes (83% as of 8 Sep 20)	9503	87.6%	83.0%	89.2%	Overall-85.2% 16-18-82.1% 19+-88.3%
CBL	Leavers	Overall	16-19	19+	NA															
Achievements 2018-19	12,837	88.6%	82.3%	90.1%	Overall-85.2% 16-18-82.1% 19+-88.3%															
Known Outcomes (83% as of 8 Sep 20)	9503	87.6%	83.0%	89.2%	Overall-85.2% 16-18-82.1% 19+-88.3%															

Agenda Item 2

<p>Ensure financial sustainability of the organisation and diversity of income streams</p>	<ul style="list-style-type: none"> • Delivery of outturn in line with agreed budget • Seek to reduce Lambeth deficit in line with Plan and grow Adult education (reduced subcontracts) • TNE income and UK/OS/EU recruitment to agreed target 	<p><i>MAT – achievement above NA bar UTC GCSE which shows good progress</i></p> <table border="1"> <thead> <tr> <th>GCSE results</th> <th>Entries</th> <th>Attainment 8</th> <th>Attainment 8 National (2019)</th> <th>Change 2019-20</th> </tr> </thead> <tbody> <tr> <td>UTC</td> <td>35</td> <td>39.2</td> <td>46.5</td> <td>+5.1</td> </tr> <tr> <td>UAE</td> <td>131</td> <td>47.89</td> <td>46.5</td> <td>+6.6</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>A level</th> <th>Entries</th> <th>Overall pass rate</th> <th>NA</th> </tr> </thead> <tbody> <tr> <td>UTC</td> <td>54</td> <td>100%</td> <td>97.5%</td> </tr> <tr> <td>UAE</td> <td>21</td> <td>100%</td> <td>97.5%</td> </tr> <tr> <td>BTEC</td> <td></td> <td></td> <td></td> </tr> <tr> <td>UTC</td> <td>53</td> <td>100%</td> <td>n/a</td> </tr> <tr> <td>UAE</td> <td>14</td> <td>100%</td> <td>n/a</td> </tr> </tbody> </table> <p>MET <i>– surplus at agreed level and income above budget even with covid. RCF in place and negotiation with LBC to provide additional buffer</i></p> <ul style="list-style-type: none"> - <i>Lambeth operating deficit recued in line with CFADS although non-pay items are proving problematic. Adult budget was delivered to target for the first time</i> - <i>O/S targets reduced due to covid but accepts in line with plan and strong pipeline for January</i> - <i>R&E below target post covid. Prior to covid</i> 	GCSE results	Entries	Attainment 8	Attainment 8 National (2019)	Change 2019-20	UTC	35	39.2	46.5	+5.1	UAE	131	47.89	46.5	+6.6	A level	Entries	Overall pass rate	NA	UTC	54	100%	97.5%	UAE	21	100%	97.5%	BTEC				UTC	53	100%	n/a	UAE	14	100%	n/a
GCSE results	Entries	Attainment 8	Attainment 8 National (2019)	Change 2019-20																																					
UTC	35	39.2	46.5	+5.1																																					
UAE	131	47.89	46.5	+6.6																																					
A level	Entries	Overall pass rate	NA																																						
UTC	54	100%	97.5%																																						
UAE	21	100%	97.5%																																						
BTEC																																									
UTC	53	100%	n/a																																						
UAE	14	100%	n/a																																						

<p>(Bonus: 2/2)</p>	<ul style="list-style-type: none"> • Enterprise and Research income to target • CPD activity to begin delivery via SBE • Improve retention with a target of 76% • Identify and progress at least one further opportunity for non-organic growth compatible with overall strategy. 	<p><i>research showed strong progress in line with target although enterprise was lagging by c£1M</i></p> <ul style="list-style-type: none"> - <i>CPD built in Tabard street and approach agreed</i> - <i>Retention exceed target to 78-79%</i> - <i>UTC Westminster case is seen as strong and decision imminent, EoI for hotel submitted, acquisition plan put in place for a training agency and discussions underway but may not deliver. Discussions with LSC did not progress nor with a university and a college aquisition</i>
<p>Staff engagement (Bonus 2/2)</p>	<ul style="list-style-type: none"> • Approve new 2020-25 strategy KPIs and develop sub-plans at institutional levels <p>OD development plan in place with early wins achieved</p> <p>Oversee development of senior succession plans to safeguard future leadership capability across the Group</p> <ul style="list-style-type: none"> • Plan for Chapel 	<p>MET</p> <p><i>New strategy in place after significant staff engagement across the group. KPI framework at group level in place and core KPIs at institutional level well underway</i></p> <p><i>New OD team in place and activity in response to BLM been significant. EDI training across Boards and senior team rolled out and engagement scores improved to highest level to date at 73% (up from 66% and above sector ave)</i></p> <p><i>Succession paper for remcom in Nov and gaps have been identified</i></p> <p>MET</p> <ul style="list-style-type: none"> - <i>Chapel plans developed but building on hold due to capital constraints as agreed with</i>

<p>Deliver key projects (Bonus 2/2)</p> <p>(Total Bonus 7.5/10)</p>	<p>development (incremental development StG) approved</p> <ul style="list-style-type: none"> • Deliver London road to plan • Deliver LEAP WP2 and full business case • SBC Estates Plan and funding strategy agreed • Option appraisal for Havering completed and a way forward agreed. 	<p><i>board</i></p> <ul style="list-style-type: none"> - <i>LR continues to plan even with covid – due for deliver July 2019</i> - <i>LEAP – on plan with increased vfm negotiated. CRM purchased and SRS tender process agreed</i> - <i>Estates plan agreed with DfE after ministerial intervention. Contract in place, demolition progressed after intervention by LSBU to resolve party wall issue, build project out to tender and consultant report looking at financial feasibility of later stages commissioned</i> - <i>NHS extended Havering contract. Alternatives will be needed in coming years</i>
---	---	---

This has been a challenging year – in the main due to uncertainty caused by BREXIT and COVID and the impact of these events on operations. LSBU League tables have been disappointing but in line with predication. The main single challenge has been a 2.5% fall in NSS – with the majority of this fall driven by Health (and BEA). All other areas have progressed to plan or exceeded target with very significant improvements at the college and academies.

Progress made on group with new strategy and significant increase in staff engagement scores. New leadership structure at tier 1 and 2 developed. RCF obtained and potential additional support for LBC being considered. New skills center concept developed at Tabard street

- SBC achievement further improved and now strong. Operating deficit decreased although non-pay items still leave an overall deficit of £3.7M
- SBA remains in budget and achievement significantly increased. Secured RSC engagement with a bid for Westminster UTC which was seen as strong

- LSBU recruitment and progression strong and research growth continues – work on outcomes and satisfaction still required. New development at Croydon progressed

PDP –I remain Vice chair of the science museum group and a member of UUK Board and National Center for Universities and Business. The latter two roles end this year. I remain interested in the development of a portfolio career in the medium term and value the Chairs support in terms of advice and flexibility to support this. Currently there has been limited time to develop this thinking.

Academic activity – I completed editing a book on ‘Advances in Medical and Surgical Engineering’ as part of a team and generated a number of outputs. I have now ended collaboration at Kings hence publications will draw to a close in 2021.

TITLE	CITED BY	YEAR
Advances in Medical and Surgical Engineering W Ahmed, CP Charalambous, D Phoenix, M Jackson Academic Press		2020
Biophysical studies on the antimicrobial activity of linearized esculentin 2EM E Malik, DA Phoenix, K Badiani, TJ Snape, F Harris, J Singh, LHG Morton, ... Biochimica et Biophysica Acta (BBA)-Biomembranes 1862 (2), 183141		2020
Taxane anticancer formulations: challenges and achievements AMA Elhissi, R Mahmood, I Parveen, A Vali, M Najlah, DA Phoenix, ... Advances in Medical and Surgical Engineering, 347-358		2020
Dental implants—the preparation of enamel, dentin, and bone by machining MJ Jackson, W Ahmed, H Sein, DA Phoenix, GM Robinson, LJ Hyde, ... Advances in Medical and Surgical Engineering, 369-391		2020
Temporin L and aurein 2.5 have identical conformations but subtly distinct membrane and antibacterial activities G Manzo, PM Ferguson, CK Hind, M Clifford, VB Gustilo, H Ali, SS Bansal, ... Scientific reports 9 (1), 1-13	4	2019

TITLE	CITED BY	YEAR
<p>Liposome mediated-CYP1A1 gene silencing nanomedicine prepared using lipid film-coated proliposomes as a potential treatment strategy of lung cancer</p> <p>M Zhang, Q Wang, KW Wan, W Ahmed, DA Phoenix, Z Zhang, ... International journal of pharmaceutics 566, 185-193</p>	10	2019
<p>Minor sequence modifications in temporin B cause drastic changes in antibacterial potency and selectivity by fundamentally altering membrane activity</p> <p>G Manzo, PM Ferguson, VB Gustilo, CK Hind, M Clifford, TT Bui, AF Drake, ... Scientific reports 9 (1), 1-16</p>	7	2019

Chairs comments:

This has been a tough year to lead and manage a University, with significant financial pressures alongside the hugely disruptive Covid pandemic and confusion over A level and BTEC results.

For LSBU, this has been a mixed year, largely positive but with disappointing League Table results following a reduction in NSS scores, and the more anticipated downward movement in student outcomes, following a change in measurement methodology. The significant positives include continuing financial stability, significant progress at SBC, keeping major projects on track, very welcome improvement in staff engagement and in progression and in research activity. All this was achieved alongside the further establishment of the LSBU Group and a renewed and exciting Strategy for the Group, endorsed by the Board.

Dave's leadership and drive have been critical in achieving this momentum across so many fronts. There has been a slight but perceptible change in his leadership style with more accountability and visibility for his Executive team. This change is welcome, and indeed essential as the Group structure evolves, albeit we need to find a way of ensuring Dave's relentless drive for success and high standards is embedded more consistently across the Executive team.

Overall LSBU has a high performing and distinctive leader as VC. He sorts out problems, often against significant opposition (eg from DfE), and at the same time develops and progresses our strategic direction. He is tireless in pursuit of LSBU's values, plans and social objectives – taking a rest has been more difficult for him because of Covid, and we both need to keep an eye on this.

I am very supportive of his personal development proposed direction of travel to enhance his portfolio of roles and interests and will try to help facilitate this.

Proposed Objectives 20/21

Core Strategic Leadership objectives for the next year	Measures of Success
<p>Enhance Group Reputation (Bonus 3% max)</p> <p>Ensure financial sustainability of the organisation and diversity of income streams (Bonus 3% max)</p> <p>Staff engagement (Bonus 2% max)</p> <p>Deliver key projects (Bonus 2% max; rule of thumb deduct 0.33% for any project not delivered as specified)</p>	<ul style="list-style-type: none"> • LT outcomes showing improvements above the average improvement in the comparator group for Times/Guardian/CUG; Target improvement in NSS +2% overall • Maintain outcomes at Lambeth above NA and Ofsted good • Maintain student achievement rates in MAT above average and secure Ofsted good • Delivery of outturn in line with agreed budget • Seek to reduce Lambeth operating deficit below CFADS (target<£2M) • Develop TNE income with at least one additional major partnership • Improve retention with a target of 1% above 2020 outturn • Identify and progress at least one further opportunity for non-organic growth compatible with overall strategy. • Develop post Brexit budget • Agree TOM and identify/implement changes • OD development plan in place with early wins achieved • Oversee development of senior succession plans to safeguard future leadership capability across the Group • Deliver London road to plan • Deliver LEAP WP4 • Begin NESC construction and determine approach to block D • Croydon development to plan • Perry library site plans developed. • Oversee Westminster UTC acquisition (IF GIVEN GO-AHEAD) • IT replacement strategy agreed with board and phase 1 implemented

--	--

This page is intentionally left blank

Agenda Item 3

	CONFIDENTIAL - RESTRICTED TO MEETING PARTICIPANTS
Paper title:	Executive Group Bonus Scheme
Board/Committee:	Remuneration Committee
Date of meeting:	3 November 2020
Author(s):	Jerry Cope, Chair of the Board
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	For Approval
Recommendation:	The committee is requested to approve: <ul style="list-style-type: none">• a team bonus award of 6.5%;• a team bonus of up to 8% of salary for 2020/21; and• criteria for team bonus for 2020/21

RemCom agreed an Executive group bonus scheme (19/20) worth up to 8% salary based on the criteria below. An update on delivery is provided which recommends an award of 6.5% given financial performance although the impact of pensions on SBC increased the recorded deficit. This is supported by SBC RemCom.

Target	Maximum bonus	Outcome
Financial performance 1.5%	Income target for 19/20 (LSBU and SBC combined) £176.6m 0.5%	Met: Draft figures subject to audit: Income for LSBU £157.1M and SBC £23.9M giving total £181.0M
	Consolidated income c2% over budget (£180M) 0.5%	Met – see above - £181.0M allowing for post Covid losses of £4M+ which is a significant achievement
	SBC better than Budget (ie CFADs) > -£2.7M 0.5%	CFADS deficit -£2.785M and draft operating deficit - £2.8M pre pension cost adjustment of -£1m moving the reported position to -£3.8
		Sub Total 1.5%
Student Achievement 4%	LSBU – Retention: Indicative measure year 1 progression 74% +0.5% 75% +0.5% 76% +1.0%	Met: PrYr1 progression at LSBU is currently 78.1% and likely to increase
	SBC – 16-19 and 19+ achievement at national average or better. (0.5%)	Met: current outcome 3-5% improvement YoY All ages 88.6% (85.9%) 16-19 83.7% (82.8%) 19+ 90.3% (89.1%) Apps Overall 74.3% (66.7%) Apps timely 61.19% (59.9%)
	SBA – Achievement 8 data for the two schools = 0 or better (i.e. at or above national average for student cohorts of similar entry characteristics) (0.5%)	Met: Significant improvement GCSE progress estimate UAE with GCSE attainment moving from 41.3 to 47.9%. and UTC +0.5 estimate with attainment moving from 34 to 39%. A level pass rate at both schools 100%
		Sub Total 4%
Reputation 1.5%	Guardian LT Baseline 68 67 -65 0.5% 64-61 0.5% >=60 0.5%	Not met outcome was 93 impacted by change of publication date NSS and GO
		Sub Total 0%
Staff Engagement 1.0%	Staff Engagement score for Group baseline is 66% Temperature test 2020 +2% (68%)	Met: 73% - 7% increase to highest to date
		Sub Total 1%
Total	Max 8%	Recommended award 6.5%

RemCom is asked to consider if it wishes to allocate an Executive group bonus for 20/21. This can be up to 10%. An award of up to 8% is recommended set against the criteria below. These criteria are supported by SBC RemCom. There was a query as to whether there should be some more qualitative measure of the group executives effectiveness – for example an assessment by the group Chairs of up to 1%.

Target	Maximum bonus	Outcome
Financial performance 1%	Income target for 20/21 (LSBU and SBC combined) £180m 0.5%	
	Consolidated income +2% over budget (£183.6M) 0.5%	
Student Achievement 3%	LSBU – Retention: Indicative measure year 1 progression 78% +0.5% 79% +0.5% 80% +1.0%	
	SBC – 16-19 and 19+ achievement at national average or better. (0.5%)	
	SBA – Achievement 8 data for the two schools = 0 or better (i.e. at or above national average for student cohorts of similar entry characteristics) (0.5%)	
Reputation 3%	Guardian LT Baseline 93 92-87 0.5% 86-80 0.5% SBC Ofsted good OR top 1/3 by achievement 1% SBA Ofsted good OR top 50% by achievement 1%	
Staff Engagement 1%	Staff engagement score 70%	
Total	Max 8%	Recommended award

This page is intentionally left blank

	CONFIDENTIAL
Paper title:	Draft Annual Remuneration Report
Board/Committee:	Remuneration Committee
Date of meeting:	03 November 2020
Author(s):	Michael Broadway, Deputy university Secretary
Sponsor(s):	Jeremy Parr, Chair of the committee
Purpose:	For Approval
Recommendation:	The committee is asked to approve the draft annual remuneration report.

Executive Summary

As part of 'The Higher Education Senior Staff Remuneration Code' by the CUC, the Remuneration Committee must produce an annual remuneration report to the Board. The University must also publish a remuneration annual statement, which ideally will be the same as the report provided to the Board, either within the annual reports and accounts or as standalone document.

As agreed at the Remuneration Committee meeting of 12 July 2018, the remuneration report will form part of the annual report and accounts.

The attached draft report has been drafted based on the template provided by the CUC.

Areas that need to be completed (highlighted in the draft) following separate discussions and approvals at this meeting are:

- Summary of Vice Chancellor's performance for 2019/20;
- Level of Vice Chancellor bonus and pay award;
- Total amount of bonuses to be paid to Senior Executives; and
- Level of team bonus.

The Committee is requested to approve the draft report for inclusion in the annual report and accounts.

Annual Remuneration Report, 2019/20

Introduction

This remuneration report sets out the University's approach to determining senior pay and outlines performance and reward during the year.

The Remuneration Committee is responsible for determining the remuneration of the Vice Chancellor and Senior Executives covered by the Senior Remuneration Policy as approved by the Board. Senior Executives are the senior leaders of LSBU who report directly to the Vice Chancellor. The Senior Executives for the year are listed on page **x**.

The Board has adopted the CUC Remuneration Code and approved a senior remuneration policy.

Full details of the senior pay policies referred to in this report are available on the LSBU website.

Terms of Reference

The Remuneration Committee's Terms of Reference are available [online](#).

Committee Membership 2019/20

The members of the committee for the year 2019/20 were Jeremy Parr (Committee Chair), Jerry Cope (Chair of the Board), Michael Cutbill (Vice Chair of the Board) and Mee Ling Ng. All members of the committee are independent governors. No members of the executive are members of the committee. The Vice Chancellor is invited to committee meetings where appropriate, such as to make recommendations on pay awards and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

Committee meetings 2019/20

The committee met twice in the 2019/20 academic year.

- 21 November 2019
- 30 June 2020

The committee also met on 3 November 2020 to consider Senior Executive performance and remuneration for 2019/20.

Approach to remuneration of all staff in 2019/20 and for 1 August 2020 onward

LSBU is a large complex organisation requiring both general and specialised leadership to fulfil its strategic objective of being seen as the leading Modern University in London. This requires the provision of high quality teaching and support to its students, at home and

overseas, enabling them to face the real world confidently and successfully. The teaching environment will be underpinned by input from employers and will have a strong focus on Enterprise and applied Research.

To achieve this objective, LSBU needs to attract, retain and motivate a strong calibre of leaders with competitive remuneration packages, within both a London and international labour market. However, the approach to senior remuneration must be framed within a context that all LSBU employees are, and feel, remunerated fairly for their roles and responsibilities and enthusiasm for the success of the University.

At LSBU, we create an environment which attracts and fosters the very best staff, and in which all staff, whatever their role, feel valued and proud of the University and take appropriate responsibility for its development. Embracing and integrating equality and diversity and inclusion is fundamental to our success and growth as an institution of higher education.

Senior Remuneration

In setting senior remuneration, LSBU has adopted the CUC Higher Education Senior Staff Remuneration Code (2018).

LSBU's Senior Remuneration Policy (agreed by the Board in October 2018) sets out the following principles for senior remuneration:

- Remuneration will be applied to ensure that it is discrimination free, and based on job scale and complexity;
- Overall remuneration levels, including benefits, will be comparable, taking account of geography and affordability, to a set of equivalent institutions, decided by the Remuneration Committee but independently validated and, if appropriate, refreshed at least once every three years;
- Starting packages will reflect the experience and capability and particular circumstances of candidates, and the size and challenge of the particular role facing them;
- New starters will initially therefore often receive higher than average annual increases as their performance moves above the median expected for the role;
- Overall nonetheless the average % annual pay increases for senior executives as a whole will normally be no higher than for all employees, including the value of increments, where paid;
- Account will also be taken of the ratio of the VC's base salary and total remuneration to the median earnings of the Institution as a whole, both absolute and the change from the previous years.
- Individual annual pay increases will be influenced by performance, but in general good or exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay;
- This individual performance annual bonus scheme, currently set at a maximum of 10% of basic pay, will be based on pre-agreed clear measurable output-based

objectives; no individual bonus will normally be paid unless the University meets an overall financial target set by the Board as a whole;

- At the Remuneration Committee's discretion, a team bonus awarded against specific team objectives in addition to the individual bonus will operate, currently set at a maximum of 8% with the potential to rise to 10% on the approval of the Remuneration Committee
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions;
- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts

Benchmarking

The committee has agreed that based on the distinctive challenges and structure of the LSBU group the following relevant benchmarks and indicators would normally be taken into consideration when setting and reviewing the Vice Chancellor's salary:

- Institutions of similar size and type based on UCEA data (this data will be interpreted to take account of LSBU's London location by adding 5%);
- London modern universities; and
- Other universities with a group structure or similar complexity of structure or regulatory framework [being reviewed ahead of RemCo of 3 November 2020].

However, in the light of the general approach to freezing pay across the sector, and followed by LSBU, a full benchmarking exercise was not relevant in setting pay from 1 August 2020.

Other senior executive pay will also normally be independently benchmarked every three years. The last review of relevant benchmarking was undertaken by Korn Ferry in November 2018.

The Hay Group Guide Chart Profile Method of job evaluation was used to set the benchmark for all Executive level jobs and salaries.

Institutional performance, 2019/20

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University performed well in terms of both financial and many strategic outcomes.

Institutional performance including areas measured by the key performance indicators plus individual objectives are reviewed as part of individual Senior Executives' appraisals and are overseen by the Remuneration Committee.

Vice Chancellor performance, 2019/20

This assessment of Vice Chancellor performance is for academic year 2019/2020. The bonus awarded based on performance for academic year 2019/20 will be paid in financial year 2020/21 and appear in next year's accounts.

The Vice Chancellor's performance was reviewed by the Chair of the Board as part of the appraisal process, looking at key results both against key KPIs for the University, which the Vice Chancellor oversees, and against the specific personal objectives (marked *) set for the Vice Chancellor by the Remuneration Committee:

- *The financial stability of the organisation has been ensured and the diversity of income streams has been increased;
- Strong and robust plans have been made and implemented to maintain student learning whilst maintaining high standards of safety across all parts of the LSBU Group;
- Recruitment in 2020, has held up or increased, thanks to the growing reputation of the University, except in the areas of overseas and part-time students, sectors badly affected in LSBU and elsewhere by the pandemic (in these latter areas steps are being taken to increase activity in year);
- Progression rates at the University were significantly above target;
- *Institutional reputation across the Group has improved but disappointingly specific League table rankings for the University have decreased primarily following a change in the measurement in the Sector of student outcomes, but also impacted by a relative drop in National Student Survey scores ;
- Good progress both financially and in terms of student outcomes continues to be made at Lambeth College, a key element of the family of educational institutions' strategy, has been completed;
- Costs have been controlled carefully, but with investment in key strategic areas;
- *The staff engagement score again improved, this year by a considerable 7%, at a time of significant change and disruption;
- *Progress has been made on a number of major improvement projects;
- An exciting new Group strategy building on the growing family of educational institutions vision has been approved by the Board; and
- There has been strong and confident leadership both internally and externally, including representing LSBU to key stakeholders.

So in summary LSBU has generally made good progress this year, both in terms of handling the considerable short-term pressures but also in moving forward strategically, all at a particularly complex and challenging time. The Group is well placed to thrive in a potentially tough environment going forward, The Board continues to recognise the importance of maintaining a strong and determined leadership team across all areas of activity.

During the year under review, the Vice Chancellor was awarded a bonus of £xx [to be determined at the remuneration committee meeting of 3 November 2020] for individual performance (a bonus of £20k was awarded for performance in 2018/19) and a bonus of £xx [to be determined at the remuneration committee meeting of 3 November 2020] for team performance.

Performance related pay, 2019/20 and 2020/21

Under the Senior Remuneration Policy, for 2019/20, the Vice Chancellor and Senior Executives were eligible for a bonus of up to 10% of salary and for a team bonus of up to 8% of salary as set out in the remuneration principles above. The award of both individual and team bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University [met its overall financial target – tbc] and [xx – tbc] members of the executive were eligible to receive an individual bonus and a team bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved [xx – tbc] individual (including the Vice Chancellor) bonuses and a team bonus (of xx%) together totalling £xxxk (for 2018/19 performance, eight individual bonuses and a team bonus were awarded totalling £136k).

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (grade C. Bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Bonuses for performance during 2019/20 will be determined in November 2020 (xx bonuses were awarded totalling £xxxk in 2019/20 for performance during 2018/19 – HR to provide).

Total Remuneration: Vice Chancellor

The table below sets out payments to the Vice Chancellor during 2019/20 with a comparison to 2018/19. The bonus figure relates to performance in the previous year.

Emoluments of the Vice Chancellor	2019–20	2018–19
	£'000	£'000
Salary	248	234
Performance related pay	30	19
Taxable benefits	1	10
Subtotal	279	263
Pension scheme contributions or payments in lieu of pension contributions	35	34

Total	314	297
--------------	-----	-----

In August 2019, the Vice Chancellor paid back a loan of £350k in full to the University (full details of the loan are included in note 8(E)). From August 2019, the Remuneration Committee agreed a central London accommodation allowance of £10,000.

For the current year, the Vice Chancellor has been awarded a pay increase of [xx% - tbc at remuneration committee meeting of 3 November 2020], in line with the average annual pay rise for all employees.

Pay Multiple

The Vice Chancellor's basic salary is 6.23 times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration salary is 6.94 times the median total remuneration of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The pay multiple has remained in line with that of previous years.

Year	Ratio – basic salary	Ratio – total remuneration
2019/20	6.23	6.94
2018/19	6.15	6.78
2017/18	6.18	6.86
2016/17	6.33	7.01
2015/16	6.10	6.97

The ratios do not include agency workers.

The LSBU ratios compare to the average sector ratio of 7.8 for basic pay and 8.2 for total remuneration (based on OfS data for 2017/18).

External appointments, expenses and severance

LSBU's policy on the retention of income generated from external bodies is that Executive members are expected to declare any external income. The expectation is that external income will not be retained but on occasion permission to retain income may be given by the Vice Chancellor (and in the case of the Vice Chancellor by the Chair of the Board). Where Executive members are appointed on a fractional basis it may well be external activity can be accommodated outside of contract but it should still be declared to avoid conflict. The Remuneration Committee reviews these declarations.

In 2019/20, the Vice Chancellor donated royalties to the University's hardship fund. The Vice Chancellor did not undertake any external remunerated activity.

LSBU's Expense policy is available online. It applies to all staff including Senior Executives.

In 2019/20, the Vice Chancellor's expenses totalled £1,296. These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. In addition, work-related travel costs of £ 290 were booked through the University's central travel buying team for the Vice Chancellor.

The Remuneration Committee has approved a policy on severance arrangements.

DRAFT