

Meeting of the Remuneration Committee

2.42 pm on Tuesday, 6 November 2018
in 1B16 - Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
	<i>In the absence of the Vice Chancellor</i>		
6.	VC remuneration	3 - 4	JC
7.	VC appraisal and proposed objectives	5 - 12	JC

Date of next meeting
2.00 pm on Tuesday, 2 July 2019

Members: Mee Ling Ng (Chair), Jerry Cope, Michael Cutbill and Douglas Denham St Pinnock

In attendance: Michael Broadway and Markos Koumaditis

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Confidential

VC REMUNERATION 2018

1. I attach a copy of the appraisal, performance against objectives for 2017/8, and proposed objectives for 2018/9.
2. On the basis of the performance against objectives I am recommending that we award a bonus of 8%.
3. But the key and more difficult issue is what we do about salary. The Korn Ferry Report suggests against London moderns our VC is 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 is difficult to justify that we are not paying above the median.
4. I also believe our maximum bonus is, for the VC and his team, too low even though the sector generally does not pay bonuses. Our Scheme also does not include a team element which as move towards a Group structure I think is an important signal.
5. However the attention on VC and Senior remuneration is intense, and there will be disproportionate scrutiny of what we do, which we should not underestimate, not least at a time when some staff in LSBU are being made redundant, and we cannot rule out further change.

CONCLUSION

6. Nonetheless I would recommend that we approve the following:
 - 6.1 A salary increase of 2.9% in line with the average, including increments, for staff generally, but above the baseline award of 2%.
 - 6.2 a bonus of 8% against measured achievement of objectives (3 x achieved + 2 x partially achieved)
 - 6.3 That we introduce a team bonus of a further 5% for this year, based against our most important KPIs - EBITDA, Progression, Recruitment, Lambeth recovery and NSS. I would agree precise targets with the VC and return in correspondence to the Committee for endorsement. My intention is that this team bonus might increase to 10% in subsequent years
 - 6.4 The VC's proposed individual bonus objectives for 2018/19, as set out.
and that we discuss
 - 6.5 our medium term approach to the VC's pay.

Jerry Cope

Chair

October 2018

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Vice Chancellor 2018 Appraisal.

Proposed Objectives for 2017/18

Core Strategic Leadership objectives for the next year	Measures of Success	Update
<p>Enhance institutional reputation</p> <p>Ensure financial sustainability of the organisation and diversity of income streams</p>	<ul style="list-style-type: none"> • LT outcomes showing improvements above the average improvement in the comparator group for Times/Guardian/CUG • Delivery of outturn in line with agreed budget • Develop activity via SBE – employment agency launched and CPD business case developed 	<p>Partially met Tables have been very positive this year with LSBU moving from 92 to 78 in the Guardian and 108 to 93 in the CUG . We have also shown showing continued improvement in world ranking with a move to 751-800 from 800+ in the QS. We also achieved the award of the Times University of the year for employability. We have also won this title for the second year running – the first time in the Times history an award has been given twice. Silver TEF awarded</p> <p>Graduate employment is exceptionally strong with data placing us in the top 5 in the UK but NSS has been disappointing with a drop of 3% against a national decline of 2%</p> <p>Met We started the year in a difficult position with a shortfall of over £7M against income target. In year we have recouped some of this to end the year at £145.3M (subject to audit) which is 1.3% up on last year. We are expecting budgeted surplus to be met. Research has improved with income at £3.4M – on target and 13% up. Enterprise similarly has delivered at £11m (106% of target) and up 21% up on last year.</p> <p>SBE MD role defined and business plan in preparation. Employment agency launched. Projected £130K deficit was converted to £10K profit. c40 000 internal Hrs placed and</p>

<p>Respond to staff engagement survey</p>	<ul style="list-style-type: none"> • Plan for Brexit impact and develop overseas • Review approach to extended degrees • Deliver a sustainable medium term financial plan in the light of recruitment prospects. • Survey in 2018 • Local and institutional plans reviewed and actioned • Work on staff networks and diversity continued 	<p>2500 ext hrs placed. 184 students received work and 1500 are now registered. CPD plan approved and lead appointed for launch this year</p> <p>Continue on Minister for HE Brexit advisory group. Analysis of EU staff undertaken and EU agents network strengthen (in year recruitment from EU from 495 to 672 (35%) and 150%+ of target. Opportunities for EU partnerships/campus activity investigated with potential acquisitions being reviewed</p> <p>Extended degrees reviewed – some additional in year support given and new HSC program launched with initial target of 20 moved to c90 based on demand. Changes in demand with many students getting onto degrees elsewhere have meant we have not invested further at this time and CertHE programs were closed this year</p> <p>5 year plan reviewed and staff costs constrained with recurrent savings of c £4-5M expected. Significant activity on marketing and understanding data with UK recruitment up 16% against a declining market.</p> <p>Met Survey completed with 45% response rate – this is higher than pulse surveys but below the 71% in 2016. I supported a decision not to chase more given the change proposals in train. Even with what was a challenging environment the engagement score increased 3% with 92% of the questions showing improvement. Results have been presented at staff conference and to local teams and action plans are in development. Networks continue to be supported and the race equality charter mark submission was completed. Work on Athena swan (gender) and disability matters submission is in train for 2019</p>
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<p>Seek to develop the family of educational Institutions concept</p> <p>Develop Estates Master plan</p>	<ul style="list-style-type: none"> • Work with Chair to develop model for future group operation and governance • Acquire Lambeth or find alternative format for access/year0 and level2-3 • Business case and financing plan approved by the Board • Project plan in place for St Georges & London Rd quarter progressed (library and design center) 	<p>Met TU funding obtained according to Board requirements ESFA and Commissioner support for Governance obtained in line with 'group requirements' Ministerial approval obtained and local stakeholder support maintained. New Principal identified and appointed. Governance for UTC managed through DfE concerns – scheme of delegation in place – governance still needs finalising with DfE and Schools Commissioner. Completion of Passmore on track and budget and Apprenticeship growth at target</p> <p>Partially Met. Masterplan developed and approved by Board. Funding model identified through off balance sheet options and approach supported by Board. Planning approval obtained Full business plan needs to be worked up and some concerns being raised around future accounting principles which would impact on feasibility of model</p>
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PDP

No specific points for development. Research activity at Kings will come to an end later this calendar year. Outputs to date though include a number of conference presentations plus:

[An atlas of anionic antimicrobial peptides from amphibians](#) 2018

SR Dennison, F Harris, M Mura, DA Phoenix
Current Protein and Peptide Science 19 (8), 823-838

[Ethanol-based proliposome delivery systems of paclitaxel for in vitro application against brain cancer cells](#) 2018

M Najlah, M Jain, KW Wan, W Ahmed, M Albed Alhnan, DA Phoenix, ...
Journal of liposome research 28 (1), 74-85

[Parallel evolution of frog antimicrobial peptides produces identical conformations but subtly distinct membrane and antibacterial activities](#) 2018

G Manzo, PM Ferguson, C Hind, M Clifford, VB Gustilo, H Ali, SS Bansal, ...
bioRxiv, 388967

[Minor sequence modifications in temporin B cause drastic changes in antibacterial potency and selectivity by fundamentally altering membrane activity](#)

G Manzo, PM Ferguson, VB Gustilo, H Ali, TT Bui, AF Drake, RA Atkinson, ...
bioRxiv, 312215

I have been reappointed by number 10 to the Science Museum Group Board and been asked to become Vice Chair as of January. I was elected by the university sector to chair the funding policy network and become a Board member of Universities UK. I retain chairmanship of Million plus and have published further thought pieces on technical education but with the new CEO in place and strategy outlined would be looking to step down in the next 12 months. I remain on the Ministers Brexit Advisory Committee

Commentary on Performance

Dave has had an outstanding year as the transformative leader and Chief Executive of LSBU.

In terms of results, the finances remain sound and on target in a difficult environment; recruitment, particularly through clearing, has been above expectation, where others have struggled, thanks to the growing reputation of the University; rankings have generally improved; a TEF silver was secured against the odds; Lambeth College has been all but secured despite a seemingly never-ending series of obstacles; LSBU secured the Times employability award for an incredible 2nd consecutive year; and he has tackled the need to reduce costs with clarity and determination whilst maintaining or improving most key staff survey scores.

In terms of leadership, Dave continues to appear more relaxed, whilst remaining confident and steely where needed; he represents the University (and Million+) with clarity and persuasion to external and internal stakeholders; he is strong and inclusive and grounded. He has the undoubted respect of his team, whilst continuing to try to drive them to higher standards. He is also both strategically and operationally astute.

There have, understandably perhaps given the range of issues needing to be tackled and the tough environment, been issues that have gone more slowly or disappointingly. NSS scores were worryingly both a surprise and a disappointment; progression has stalled; estates transformation has proved more problematic and complex than originally hoped; and there has been some resistance to change, and unwillingness to accept accountability in parts of particularly middle management. But in all these less well performing areas, Dave has been and is addressing shortfalls in expectations and importantly to the Board has not been unduly defensive in his reaction.

In summary the Board of LSBU, who have been consulted on this appraisal, have huge confidence in Dave as VC. There is still, as ever, much to do not least to set out the next strategic plan and deliver on a number of key areas eg progression, NSS, OD , financial margin, but the University is well placed to tackle these and other mountains with Dave at our helm. He will need of course, given the breadth of the canvas, to decide which vital few he will drive personally and then place unambiguous accountability on his team to deliver everything else.

Jerry Cope
Chair

Core Strategic Leadership objectives for the next year	Measures of Success
Enhance institutional reputation	<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 – teaching moved 81st percentile (Times) to 70th; student experience moved 79th percentile to 70th (Times) • Seek to enhance outcomes at Lambeth via improvements in achievement rates and deficit reduction • provide 3 year plans for research centres with institutional summary to FPR • improve student achievement rates in MAT • plan for LEAP development approved by MPIC and implemented
Ensure financial sustainability of the organisation and diversity of income streams	<ul style="list-style-type: none"> • Delivery of outturn in line with agreed budget • Seek to reduce Lambeth deficit in line with Plan (note only 6mths of control in year) • Increase TNE income and Uk/OS/EU recruitment to agreed target • Increase enterprise income to target and deliver strategic business plan for SBE • Business case for Bharani JV to Board and CPD activity developed • Increase year 1 progression to 75% plus (+5%)
Respond to staff engagement survey	<ul style="list-style-type: none"> • Local and institutional plans reviewed and actioned • Work on staff networks and diversity continued, Athena Swan and Disability matters submitted • HRD appointed and OD plan in place • Increase pulse survey engagement score c2%
Seek to develop the family of educational Institutions concept	<ul style="list-style-type: none"> • Implement new executive structure and group structure • implement new mgt structure in SBA and SBC • Approve new 2020-25 strategy • Develop sub plans at institutional levels
Develop Estates Master plan	<ul style="list-style-type: none"> • Investigate and develop funding options for southwark and if viable business case presented to Board for approval • Plan for Vauxhall development and works started • Commercial estates officer in place • Option appraisal for havering completed

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