

## Meeting of the Remuneration Committee

1.30 - 3.00 pm on Thursday, 12 July 2018  
in 1B16 - Technopark, SE1 6LN

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		MLN
2.	Declarations of interest		MLN
3.	Minutes of the previous meeting		MLN
4.	Matters arising		MLN
<b>Items to discuss</b>			
5.	OfS accounts directive requirements (to note)	3 - 24	MB
6.	CUC Remuneration Code (to adopt)	25 - 34	JC
7.	Committee terms of reference (to review)	35 - 44	MB
8.	Senior remuneration policy (to approve)	45 - 48	JC
9.	Independent review of executive salaries (to commission)	49 - 50	JC
10.	Average pay increase for all staff (to note)	To Follow	MK
11.	Senior post holders	51 - 52	MB
12.	Overview of severance arrangements for senior managers	53 - 58	JS
13.	Pay multiples (to note)	59 - 60	MK
14.	Template annual remuneration report to Board, 2016/17 (to note)	61 - 86	MLN
<b>Items to note</b>			
15.	Remuneration Committee plan	To Follow	MB

**Date of next meeting**  
**6.00 pm on Wednesday, 21 November 2018**

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

**In attendance:** Pat Bailey, Michael Broadway, Markos Koumaditis and James Stevenson

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	INTERNAL
Paper title:	OfS accounts direction requirements
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Dave Phoenix, Vice Chancellor
Purpose:	To inform the committee of the requirements for senior staff remuneration as part of the OfS accounts direction
Recommendation:	The committee is requested to note

## Executive Summary

This accounts direction sets out the information that providers are required to include in their audited financial statements. The accounts direction is effective for financial years to 31 July 2018.

Section 11 sets out the required disclosures on senior staff pay. The following are the key requirements of the direction for the remuneration committee to note:

- This accounts direction focuses on the VC. Other senior staff will be addressed in 2019;
- Providers must have regard to the 'Higher education senior staff remuneration code' published by the CUC;
- Providers must have regard to the 'Guidance on decisions taken about severance payments in HEIs' published by the CUC. Further details are available in item 12 on the agenda.
- The accounts to include:
  - the number of staff with a basic salary of over £100,000 per annum, broken down into bands of £5,000 (previous practice was to disclose in bands of £10k);
  - full details of the total remuneration package for the head of provider – further details are given in section 15b of the direction;
  - a justification for the total remuneration package of the VC;
  - the relationship between the head of provider's remuneration (basic salary and total remuneration) and that for all other employees,

expressed as a pay multiple. LSBU's pay multiples are covered in item 13 of the agenda; and

- a provider must include a number disclosures in the 'staff costs' note to its financial statements (section 18 of the direction has more details).

The committee is requested to note.



# Regulatory advice 9: Accounts direction

Guidance on preparing and publishing  
financial statements

Reference **OfS 2018.26**

Enquiries to [regulation@officeforstudents.org.uk](mailto:regulation@officeforstudents.org.uk)

Date of publication **19 June 2018**

# Contents

<b>Introduction</b>	<b>2</b>
<b>Part A: Requirements for higher education institutions funded by HEFCE or the OfS up to 31 July 2019</b>	<b>3</b>
Disclosures about senior staff pay	4
Disclosures about management and governance	7
Disclosures for an exempt charity	9
Report from the external auditor	9
Signing and publishing audited financial statements	10
<b>Part B: Requirements for providers registered with the OfS during the transition period</b>	<b>11</b>
Disclosures about senior staff pay	12
Disclosures about management and governance	15
Report from the external auditor	16
Signing and publishing audited financial statements	17

# Introduction

1. This accounts direction sets out the information that providers are required to include in their audited financial statements.
2. **Part A** applies to higher education institutions that were funded by the Higher Education Funding Council for England (HEFCE) from 1 August 2017 to 31 March 2018 and are funded by the Office for Students (OfS) from 1 April 2018 to 31 July 2019. For these providers this accounts direction should be read alongside the following:
  - ‘Regulatory notice 2: Regulation up to 31 July 2019 of providers that were previously funded by HEFCE’ (OfS 2018.12)
  - ‘Terms and conditions of funding for higher education institutions’ (OfS 2018.15)
  - ‘Regulatory advice 5: Exempt charities’ (OfS 2018.23).
3. **Part B** applies to higher education providers not covered by Part A that have been registered by the OfS and so are subject to ongoing condition of registration E3 relating to ‘Accountability’. For these providers this accounts direction should be read alongside the regulatory framework (OfS 2018.01) and whichever one of the following applies:
  - ‘Regulatory Notice 2: Regulation up to 31 July 2019 of providers that were previously funded by HEFCE’ (OfS 2018.12)
  - ‘Regulatory Notice 3: Regulation up to 31 July 2019 of providers currently designated for student support by the Secretary of State’ (OfS 2018.13)
  - ‘Regulatory Notice 4: Regulation of newly registered providers up to 31 July 2019’ (including Tier 4 only providers) (OfS 2018.14).
4. This accounts direction will remain in force until it is replaced by the OfS.
5. Please contact [regulation@officeforstudents.org.uk](mailto:regulation@officeforstudents.org.uk) with any queries about the requirements set out in this document.

## Part A: Requirements for higher education institutions funded by HEFCE or the OfS up to 31 July 2019

6. The OfS's regulatory framework, published in February 2018 (OfS 2018.01), will not come fully into force until 1 August 2019. The secondary legislation that enacts the Higher Education and Research Act 2017 (HERA) makes provision for the powers and duties of HEFCE (under the Further and Higher Education Act 1992) and the Director of Fair Access to Higher Education (under the Higher Education Act 2004) to be exercised by the OfS until all of its new powers are commenced.
7. This means that higher education institutions previously funded by HEFCE will be funded and regulated by the OfS from 1 April 2018 to 31 July 2019 through a combination of the powers and duties 'carried forward' from the previous legislation and the new HERA powers and duties. This is called the 'transition period'.
8. During the transition period a higher education institution is required to comply with the terms and conditions of funding that are in place under the 'carried forward' powers (OfS 2018.15). Those terms and conditions that relate to the preparation of the audited financial statements are:
  - a. In preparing their audited financial statements, higher education institutions must follow the OfS's accounts direction and the 'Statement of recommended practice: Accounting for further and higher education' (SORP), or any successor to the SORP, in preparing their audited financial statements for the years ended 31 July 2018 and 31 July 2019. If there are any inconsistencies between the requirements of the SORP and this accounts direction then this accounts direction will prevail.
  - b. If a higher education institution is also a company limited by guarantee, this direction is subject to the requirements of the Companies Act.
  - c. The latest date for submission of higher education institutions' audited financial statements for 2017-18 is Monday 3 December 2018. Earlier submission is welcome.
  - d. The external auditors must report whether in all material respects:
    - i. The financial statements give a true and fair view of the state of the higher education institution's affairs, and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year. They should take into account relevant statutory and other mandatory disclosure and accounting requirements, and OfS and Research England requirements.
    - ii. The financial statements have been properly prepared in accordance with the financial reporting standards (FRS102) and the 'Statement of recommended practice: Accounting for further and higher education', and relevant legislation.
    - iii. Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.



- iv. Funds provided by the OfS and Research England have been applied in accordance with these terms and conditions and any other terms and conditions attached to them.
  - v. The requirements of the OfS's accounts direction have been met.
  - e. In their management letters or reports, auditors should have regard to the specific requirements of the terms and conditions, such as compliance with those relating to increases in financial commitments thresholds, or other issues of non-compliance, as set out in paragraph 23 of Annex C of 'Terms and conditions of funding for higher education institutions' (OfS 2018.15).
9. In addition, all registered providers are required to comply with the ongoing conditions of registration that are imposed from the date of their registration. This includes condition E3:

### Condition E3: Accountability

Condition E3	<p>The governing body of the provider must:</p> <ul style="list-style-type: none"> <li>i. Accept responsibility for the interactions between the provider and the OfS and its designated bodies.</li> <li>ii. Ensure the provider's compliance with all of its conditions of registration and with the OfS's accounts direction.</li> <li>iii. Nominate to the OfS a senior officer as the 'accountable officer' who has the responsibilities set out by the OfS for an accountable officer from time to time.</li> </ul>
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10. The regulatory requirements set out in paragraphs 8 and 9 above each include a requirement to comply with the OfS's accounts direction. During the transition period, compliance with the requirements set out in Part A of this document for the financial year ending on 31 July 2018 will satisfy both of these requirements.

### Disclosures about senior staff pay

11. In the strategic guidance issued under section 77 of HERA, the Secretary of State has asked the OfS to:
- a. Drive better value for money and transparency in relation to senior staff pay.
  - b. Review and republish HEFCE's guidance on severance pay and the remuneration of senior staff in light of recent developments affecting senior staff pay, including the Committee of University Chairs' (CUC's) fair remuneration code (published in June 2018).
  - c. Ask providers to publish their pay ratios, in order to aid transparency.
12. This accounts direction addresses the Secretary of State's guidance.
13. This accounts direction focuses primarily on the remuneration of heads of providers. The OfS will address issues of senior staff pay beyond that of the head of provider in 2019.

## Senior staff pay

14. Providers must have regard to the 'Higher education senior staff remuneration code'<sup>1</sup> published by the CUC.
15. A provider must include the following disclosures in the 'staff costs' note to its financial statements:
  - a. The number of staff with a basic salary of over £100,000 per annum, broken down into bands of £5,000. Providers do not need to include staff who joined or left part-way through a year but who would have received salary in these bands in a full year. Where a proportion of the salary is reimbursed by the NHS, only the portion paid by the institution must be disclosed. Providers must include this as a table in order to help users of the financial statements to be able to understand this information – see below for an example.

Basic salary per annum	Number of staff (2016-17)	Number of staff (2017-18)
£100,000-£104,999	3	4
£105,000-£109,999	5	7
£110,000-£114,999	4	3
£115,000-£119,999	10	12
...	...	...

- b. Full details of the total remuneration package for the head of provider. Providers must disclose separate values for:
  - i. Basic salary.
  - ii. Payment of dividends (including, but not limited to, dividends paid in lieu of salary).
  - iii. Performance-related pay and other bonuses awarded during the financial year, including any deferred payment arrangements and separate disclosure of any amounts waived.
  - iv. Pension contributions and payments in lieu of pension contributions.
  - v. Salary sacrifice arrangements.
  - vi. Compensation for loss of office.

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<sup>1</sup> See [www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf](http://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf).

- vii. Any sums paid under any pension scheme in relation to employment with the provider.
  - viii. Other taxable benefits. Providers must state the nature of each of the taxable benefits and the estimated money value of each of the benefits (in particular company cars, subsidised loans including mortgage subsidies, and subsidised accommodation).
  - ix. Non-taxable benefits. Providers must disclose the nature of each of the non-taxable benefits and the cost to the provider of providing each of them. The non-taxable benefits that must be disclosed are those that are available only to senior members of staff or are available only to the head of the provider. This may include contributions to relocation costs, living accommodation and any other tangible benefit to which the provider should be able to ascribe a cost of provision of the benefit. Providers do not need to disclose non-taxable benefits that simply flow from being a member of the provider's staff and that are given to, or as a minimum are available to, all members of staff.
  - x. Other remuneration. Providers must disclose the nature of any other types of remuneration and the cost to the provider of providing each type of remuneration. The types of remuneration may include compensation for loss of benefits, ex-gratia and remuneration payments while on sabbatical, and payments for consultancy work that are made to the individual (via the provider), rather than to the provider, for work delivered using the provider's resources.
- c. A justification for the total remuneration package for the head of the provider. The justification must include reference to the context in which the provider operates, and be linked to the value and performance delivered by the head of the provider. It should contain an explanation of the process adopted for judging their performance.
- d. The relationship between the head of provider's remuneration and that for all other employees, expressed as a pay multiple. All other employees includes academic and non-academic staff. The pay multiple must be expressed as the head of the provider's remuneration divided by the median pay at the provider (on a full-time equivalent basis). This should be calculated across all staff pay, not just the academic staff. For example, the head of a provider earns £250,000 per annum as their basic salary and receives a further £75,000 per annum in other remuneration (as set out in paragraph 15b above) and the median salary at the provider is £35,000 per annum (on a full-time equivalent basis) and staff receive a further median of £5,000 in other remuneration (such as overtime, bonuses). In this example, the pay ratios that need to be disclosed are as follows:
- i. The head of the provider's basic salary is 7.1 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.
  - ii. The head of the provider's total remuneration is 8.1 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.
16. Where there is a change in the head of the provider (including the appointment of an acting head) either between years or during a year, providers must make the disclosures set out separately for each individual, and provide the start and end dates of appointments for both the

current financial year and previous financial year. Where a previous head of provider continues to receive remuneration in an employed or consultancy role after they cease to be the head of the provider, such as in an advisory or sabbatical role, this should be included in the total with an explanation.

## **Severance payments**

17. Providers must have regard to the 'Guidance on decisions taken about severance payments in HEIs'<sup>2</sup> published by the CUC.
18. A provider must include the following disclosures in the 'staff costs' note to its financial statements:
  - a. The total amount of any compensation for loss of office paid across the whole provider (irrespective of the basic salary of an individual), and the number of people to whom this was payable for any of the following occurrences:
    - i. Loss of office.
    - ii. Loss of any other office connected with the provider's affairs.
    - iii. Loss of any other office connected with the affairs of a parent or subsidiary undertaking of the provider.
  - b. The amount of compensation for loss of office paid to the head of the provider. The disclosure should also state separately the amount of compensation paid for loss of office at the provider as one figure and, as a separate figure, the total compensation paid for loss of office at any of the provider's parent or subsidiary undertakings or any other office(s) connected to the provider's affairs.
  - c. Where the compensation paid to the head of the provider includes benefits other than cash, the provider must disclose the nature of the benefit in detail and the estimated money value of the benefit. The source of funding for any compensation paid or benefits given must be disclosed.
  - d. Where the compensation paid to the head of the provider includes additional pension contributions relating to the employment with the provider (whether these are voluntary contributions or otherwise), the amount of the pension contribution must be disclosed.

## **Disclosures about management and governance**

19. The requirements set out below are driven by the terms and conditions of funding during the transition period. For financial years ending on or after 31 July 2019, we expect the requirements to mirror the reduced requirements set out in Part B of this accounts direction.

## **Corporate governance**

20. A provider must include a 'statement of corporate governance' in its financial statements. The statement of corporate governance must set out a description of the provider's corporate governance arrangements and a statement of the responsibilities of the governing body. It must

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<sup>2</sup> See [www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Severance.pdf](http://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Severance.pdf).

explicitly relate to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

21. A provider may combine the statement of corporate governance with the statement of internal control (see below) provided that all of the disclosures required are made.

### **Internal control**

22. A provider must include a 'statement of internal control' in its financial statements. The statement of internal control relates to a provider's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities. It must include an account of how the following principles of internal control have been applied:
- a. Identifying and managing risk should be an ongoing process linked to achieving the organisation's objectives.
  - b. The approach to internal control should be risk-based, including an evaluation of the likelihood and impact of risks becoming a reality.
  - c. Review procedures must cover business, operational and compliance risk as well as financial risk.
  - d. Risk assessment and internal control should be embedded in ongoing operations.
  - e. During the year the governing body or relevant committee should receive regular reports on internal control and risk.
  - f. The principal results of risk identification, risk evaluation and the management review of the effectiveness of the arrangements should be reported to, and reviewed by, the governing body.
  - g. The governing body should acknowledge that it is responsible for ensuring that a sound system of internal control is maintained, and that it has reviewed the effectiveness of these arrangements.
  - h. The statement of internal control must set out any significant internal control weaknesses or failures that have arisen during the financial year or after the year end but before the financial statements are signed. Where appropriate, information about actions taken or proposed to deal with significant internal control weakness or failure should be set out. The following questions will help to identify whether the provider has experienced a significant internal control weakness or failure:
    - i. Might the weakness or failure prevent achievement of a strategic objective or target?
    - ii. Could the weakness or failure have a material impact on the financial data reported in the financial statements?
    - iii. Could the weakness or failure result in a diversion of resources from another important aspect of the provider's business?
    - iv. Does the provider's audit committee advise in its annual report to the governing body that the weakness or failure is significant?
    - v. Do the internal or external auditors regard the weakness or failure as significant (e.g. is it a high priority recommendation or a qualification of the internal or external auditors' annual opinions)?

- vi. Could the weakness or failure, or its impact, attract significant public interest, or seriously damage the reputation of the provider and/or the sector?
23. The statement of internal control must explicitly relate to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.
24. A provider may combine the statement of internal control with the statement of corporate governance (see above) provided that all of the disclosures required are made.

## **Disclosures for an exempt charity**

25. The OfS's approach to regulation is set out in its regulatory framework (OfS 2018.01). Beyond those requirements that apply to all registered providers regardless of whether or not they are charities, the OfS will place minimal additional obligations on exempt charities. This is a different approach to that taken by the Higher Education Funding Council for England. The OfS's requirements reflect its general duties in section 2 of HERA to have regard to the need to use its resources in an efficient, effective and economic way and to be proportionate in its regulation, including targeting regulatory activities only at cases in which action is needed. This means that providers that are exempt charities are not required to make disclosures in their financial statements that are not required under charity law.
26. A provider that is an exempt charity is required to:
- a. Disclose its charitable status in its audited financial statements – this means that it must state that it is an exempt charity.
  - b. Produce financial statements in accordance with the OfS's requirements, as well as in accordance of any relevant Statement of Recommended Practice.
27. Further information about the OfS's approach to its role as principal regulator of those higher education institutions that are exempt charities is published in regulatory advice 5 (OfS 2018.23).

## **Report from the external auditor**

28. A provider's external auditor must report to the governing body on whether in all material respects:
- a. The financial statements give a true and fair view of the state of the provider's affairs, and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year. They should take into account relevant statutory and other mandatory disclosure and accounting requirements, and the requirements of HEFCE, the OfS and (where applicable) of Research England.
  - b. The financial statements have been properly prepared in accordance with the financial reporting standards (FRS102) or, if applicable, the International Financial Reporting Standards.
  - c. Funds, from whatever source, administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.

- d. Where applicable, funds provided by HEFCE, the OfS and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.
- e. The requirements of OfS's accounts direction have been met.

## **Signing and publishing audited financial statements**

- 29. A provider's financial statements must be signed by the accountable officer, and by the chair of the governing body or one other member appointed by that body. The governing body is as defined in the regulatory framework<sup>3</sup>. Where a governing body consists of one individual and this is the same person as the accountable officer, only the single signature of that person is required.
- 30. The external auditor must sign the report to the governing body that is included in the financial statements.
- 31. Providers must publish their audited financial statements on their website within two weeks of them being signed by the required individuals, and at the latest, four months after the end of the financial year to which they relate.

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<sup>3</sup> I.e. persons responsible for the management of the provider. As defined in section 85 of HERA, this will be any board of governors of the institution or any equivalent controlling body, for example the board of a company, the trustees of a charity, etc.

## Part B: Requirements for providers registered with the OfS during the transition period

32. The OfS's regulatory framework published in February 2018 (OfS 2018.01) will not come fully into force until 1 August 2019. This means that newly registered providers will be regulated on the basis of a subset of the OfS's new HERA powers and duties from the date a provider is registered until 31 July 2019. This is called the 'transition period'.
33. During the transition period all registered providers are required to comply with the ongoing conditions of registration that are imposed from the date of their registration. This includes condition E3:

### Condition E3: Accountability

Condition E3	The governing body of the provider must: <ul style="list-style-type: none"><li>i. Accept responsibility for the interactions between the provider and the OfS and its designated bodies.</li><li>ii. Ensure the provider's compliance with all of its conditions of registration and with the OfS's accounts direction.</li><li>iii. Nominate to the OfS a senior officer as the 'accountable officer' who has the responsibilities set out by the OfS for an accountable officer from time to time.</li></ul>
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34. Condition E3 requires a provider to comply with the OfS's accounts direction. During the transition period, compliance with the requirements set out in Part B of this document for financial years ending more than 12 months after the date of a provider's first registration with the OfS will satisfy this requirement. This allows providers that did not previously have to comply with an accounts direction a reasonable amount of time to put in place the arrangements necessary for compliance.
35. The OfS will publish a subsequent accounts direction in the spring of 2019 that sets out the requirements for financial years ending on or after 31 July 2019.
36. This phased approach will mean the following:
- a. If a provider's financial year end is 30 June and it is registered with the OfS on 15 May 2018, it will need to follow this accounts direction for its financial statements for the year ending 30 June 2019. It will need to follow the accounts direction published in the spring of 2019 for its financial statements for the year ending 30 June 2020.
  - b. If a provider's financial year end is 30 June and it is registered with the OfS on 30 September 2018, it will need to follow the accounts direction published in the spring of 2019 for its financial statements for the year ending 30 June 2020. This is because this is the first year end after registration that falls more than 12 months after registration – its



financial year end of 30 June 2019 would only be nine months after the provider's first registration.

37. Further education and sixth form colleges (FECs) are required to comply with the OfS's accounts direction, as set out in paragraphs 34-36 above. These providers are also subject to the accounts direction<sup>4</sup> published by their primary regulator, the Education and Skills Funding Agency. Where the requirements of the OfS's and the Education and Skills Funding Agency's accounts direction overlap, disclosure should be made only once for the purposes of both organisations. There are no requirements that conflict, although there are some areas where disclosures are required to differing levels of detail based on each regulator's requirements and regulatory context.

## Disclosures about senior staff pay

38. In the strategic guidance issued under section 77 of HERA, the Secretary of State has asked the OfS to:
- a. Drive better value for money and transparency in relation to senior staff pay.
  - b. Review and republish HEFCE's guidance on severance pay and the remuneration of senior staff in light of recent developments affecting senior staff pay, including the Committee of University Chairs' fair remuneration code.
  - c. Ask providers to publish their pay ratios, in order to aid transparency.
39. This accounts direction addresses the Secretary of State's guidance.
40. This accounts direction focuses primarily on the remuneration of heads of providers. The OfS will address issues of senior staff pay beyond that of the head of provider in 2019.

## Senior staff pay

41. Providers must have regard to the 'Higher education senior staff remuneration code'<sup>5</sup> published by the CUC, irrespective of whether the provider is a member of the CUC.
42. A provider must include the following disclosures in the 'staff costs' note to its financial statements:
- a. The number of staff with a basic salary of over £100,000 per annum, broken down into bands of £5,000. Providers do not need to include staff who joined or left part-way through a year but who would have received salary in these bands in a full year. Where a proportion of the salary is reimbursed by the NHS, only the portion paid by the institution must be disclosed. Providers must include this as a table in order to help users of the financial statements to be able to understand this information – see below for an example.

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<sup>4</sup> See [www.gov.uk/government/publications/college-accounts-direction](http://www.gov.uk/government/publications/college-accounts-direction).

<sup>5</sup> See [www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf](http://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf).

Basic salary per annum	Number of staff (2016-17)	Number of staff (2017-18)
£100,000-£104,999	3	4
£105,000-£109,999	5	7
£110,000-£114,999	4	3
£115,000-£119,999	10	12
...	...	...

- b. Full details of the total remuneration package for the head of provider. Providers must disclose separate values for:
- i. Basic salary.
  - ii. Payment of dividends (including, but not limited to, dividends paid in lieu of salary).
  - iii. Performance-related pay and other bonuses awarded during the financial year, including any deferred payment arrangements and separate disclosure of any amounts waived.
  - iv. Pension contributions and payments in lieu of pension contributions.
  - v. Salary sacrifice arrangements.
  - vi. Compensation for loss of office.
  - vii. Any sums paid under any pension scheme in relation to employment with the provider.
  - viii. Other taxable benefits. Providers must state the nature of each of the taxable benefits and the estimated money value of each of the benefits (in particular company cars, subsidised loans including mortgage subsidies, and subsidised accommodation).
  - ix. Non-taxable benefits. Providers must disclose the nature of each of the non-taxable benefits and the cost to the provider of providing each of them. The non-taxable benefits that must be disclosed are those that are available only to senior members of staff or are only available to the head of the provider. This may include contributions to relocation costs, living accommodation and any other tangible benefit to which the provider should be able to ascribe a cost of provision of the benefit. Providers do not need to disclose non-taxable benefits that simply flow from being a member of the provider's staff and that are given to, or as a minimum are available to, all members of staff.

- x. Other remuneration. Providers must disclose the nature of any other types of remuneration and the cost to the provider of providing each type of remuneration. The types of remuneration may include compensation for loss of benefits, ex-gratia and remuneration payments while on sabbatical, and payments for consultancy work that are made to the individual (via the provider), rather than to the provider, for work delivered using the provider's resources.
  - c. A justification for the total remuneration package for the head of the provider. The justification must include reference to the context in which the provider operates, and be linked to the value and performance delivered by the head of the provider. It should contain an explanation of the process adopted for judging their performance.
  - d. The relationship between the head of provider's remuneration and that for all other employees, expressed as a pay multiple. All other employees includes academic and non-academic staff. The pay multiple must be expressed as the head of the provider's remuneration divided by the median pay at the provider (on a full-time equivalent basis). This should be calculated across all staff pay, not just the academic staff. For example, the head of a provider earns £250,000 per annum as their basic salary and receives a further £75,000 per annum in other remuneration (as set out in paragraph 42b above) and the median salary at the provider is £35,000 per annum (on a full-time equivalent basis) and staff receive a further median of £5,000 in other remuneration (such as overtime, bonuses). In this example, the pay ratios that need to be disclosed are as follows:
    - i. The head of the provider's basic salary is 7.1 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.
    - ii. The head of the provider's total remuneration is 8.1 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.
43. Where there is a change in the head of the provider (including the appointment of an acting head) either between years or during a year, providers must make the disclosures set out separately for each individual, and provide the start and end dates of appointments for both the current financial year and previous financial year. Where a previous head of provider continues to receive remuneration in an employed or consultancy role after they cease to be the head of the provider, such as in an advisory or sabbatical role, this should be included in the total with an explanation.

### **Severance payments**

44. Providers must have regard to 'Guidance on decisions taken about severance payments in HEIs'<sup>6</sup> published by the CUC, irrespective of whether the provider is a member of the CUC.

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<sup>6</sup> See [www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Severance.pdf](http://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Severance.pdf).

45. A provider must include the following disclosures in the 'staff costs' note to its financial statements:
- a. The total amount of any compensation for loss of office paid across the whole provider (irrespective of the basic salary of an individual), and the number of people to whom this was payable for either of the following occurrences:
    - i. Loss of office.
    - ii. Loss of any other office connected with the provider's affairs.
    - iii. Loss of any other office connected with the affairs of a parent or subsidiary undertaking of the provider.
  - b. The amount of compensation for loss of office paid to the head of the provider. The disclosure should also state separately the amount of compensation paid for loss of office at the provider as one figure and, as a separate figure, the total compensation paid for loss of office at any of the provider's parent or subsidiary undertakings or any other office(s) connected to the provider's affairs.
  - c. Where the compensation paid to the head of the provider includes benefits other than cash, the provider must disclose the nature of the benefit in detail and the estimated money value of the benefit. The source of funding for any compensation paid or benefits given must be disclosed.
  - d. Where the compensation paid to the head of the provider includes additional pension contributions relating to the employment with the provider (whether these are voluntary contributions or otherwise), the amount of the pension contribution must be disclosed.

## **Disclosures about management and governance**

46. If a provider is in receipt of public funding, it must include a 'statement of internal control' in its financial statements. This applies to financial statements for the financial year end that falls immediately after the provider begins to receive funding from the OfS or from Research England on behalf of UK Research and Innovation. The statement of internal control relates to a provider's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities.
47. A provider's arrangements for internal control will depend on its size and complexity. A provider should determine the most appropriate way to ensure that appropriate arrangements are in place. These are likely to be the same arrangements that the provider would want in place to give it and its shareholders, trustees and/or members assurance that it is able to prevent and detect fraud and other irregularities.
48. The statement of internal control must include an account of how the following principles of internal control have been applied:
- a. Identifying and managing risk should be an ongoing process linked to achieving the organisation's objectives.
  - b. The approach to internal control should be risk-based, including an evaluation of the likelihood and impact of risks becoming a reality.

- c. Review procedures must cover business, operational and compliance risk as well as financial risk.
  - d. Risk assessment and internal control should be embedded in ongoing operations.
  - e. During the year the governing body or relevant committee should receive regular reports on internal control and risk.
  - f. The principal results of risk identification, risk evaluation and the management review of the effectiveness of the arrangements should be reported to, and reviewed by, the governing body.
  - g. The governing body should acknowledge that it is responsible for ensuring that a sound system of internal control is maintained, and that it has reviewed the effectiveness of these arrangements.
  - h. The statement of internal control must set out any significant internal control weaknesses or failures that have arisen during the financial year or after the year end but before the financial statements are signed. Where appropriate, information about actions taken or proposed to deal with significant internal control weaknesses or failures should be set out: The following questions will help to identify whether the provider has experienced a significant internal control weakness or failure:
    - i. Might the weakness or failure prevent achievement of a strategic objective or target?
    - ii. Could the weakness or failure have a material impact on the financial data reported in the financial statements?
    - iii. Could the weakness or failure result in a diversion of resources from another important aspect of the provider's business?
    - iv. Does the provider's audit committee advise in its annual report to the governing body that the weakness or failure is significant?
    - v. Do the internal or external auditors regard the weakness or failure as significant (e.g. is it a high priority recommendation or a qualification of the internal or external auditors' annual opinions)?
    - vi. Could the weakness or failure, or its impact, attract significant public interest, or seriously damage the reputation of the provider and/or the sector?
49. The statement of internal control must explicitly relate to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

## **Report from the external auditor**

50. A provider's external auditor must report to the governing body on whether in all material respects:
- a. The financial statements give a true and fair view of the state of the provider's affairs, and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year. They should take into account relevant statutory and other mandatory disclosure and accounting requirements, and the requirements of HEFCE, the OfS and (where applicable) of Research England.

- b. The financial statements have been properly prepared in accordance with the financial reporting standards (FRS102) or, if applicable, the International Financial Reporting Standards.
- c. Where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- d. Where applicable, funds provided by HEFCE, the OfS and by Research England have been applied in accordance with the relevant terms and conditions.
- e. The requirements of OfS's accounts direction have been met.

## **Signing and publishing audited financial statements**

- 51. A provider's financial statements must be signed by the accountable officer, and by the chair of the governing body or one other member appointed by that body. The governing body is as defined in the regulatory framework<sup>7</sup>. Where a governing body consists of one individual and this is the same person as the accountable officer, only the single signature of that person is required.
- 52. The external auditor must sign the report to the governing body that is included in the financial statements.
- 53. Providers must publish their audited financial statements on their website within two weeks of them being signed by the required individuals, and at the latest, four months after the end of the financial year to which they relate.

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<sup>7</sup> I.e. persons responsible for the management of the provider. As defined in section 85 of HERA, this will be any board of governors of the institution or any equivalent controlling body, for example the board of a company, the trustees of a charity, etc.





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# Agenda Item 6

	CONFIDENTIAL
Paper title:	CUC Remuneration Code
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	For Information
Recommendation:	The Committee is requested to recommend that the Board adopt the newly published CUC remuneration code

## Executive Summary

As a response to recent press and regulator interest, the Committee for University Chairs (CUC) has recently published a remuneration code for senior staff in higher education. The final CUC Code is attached for information.

Key aspects of the code are covered on the committee's agenda.

Key points of the Code and LSBU's proposed response are:

Code criteria	LSBU's response
From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc (1g)	Remuneration committee to commission an external review of senior pay, and the appropriateness of the comparator set used (item 9 on the agenda).
Any severance payments must be reasonable and justifiable (1i).	Remuneration committee to review severance arrangements for senior managers and approve a policy (item 12 on the agenda).
There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity. (1j)	Remuneration committee to review contractual terms for senior post holders arising from extra income from outside activities and approve a policy (to be discussed at the next Remuneration Committee meeting).

<p>Senior post holder remuneration should be determined in the context of each institution's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff. (2a)</p>	<p>Remuneration committee to consider average pay increase for all staff, including increments where applicable (item 10 on the agenda). To be included in a senior staff remuneration policy to be approved by the Remuneration Committee (item 8 on the agenda).</p>
<p>Each institution must publish a readily accessible annual statement, based on an annual report to its governing body (3)</p>	<p>The Remuneration Committee will be asked to approve an annual report each year for publication (template is item 14 on the agenda).</p>
<p>[In the annual report] a list of post holders within the remit of Remuneration Committee (3a)</p>	<p>Senior post holders will remain as defined in the Standing Orders (VC, Secretary, DVC and CFO). The Remuneration Committee will be responsible for setting the pay and approving bonuses and pay rises for members of the Executive (item 11 on the agenda).</p>
<p>Policy on the remuneration for post holders within the remit of Remuneration Committee (3b)</p>	<p>Item 8 on the agenda. At its meeting of 17 October 2018, the Board will be asked to approve this policy.</p>
<p>The pay multiple of the HoI and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why (3e)</p>	<p>Item 13 on the agenda. This will be included in the annual remuneration report.</p>

Verbal feedback from the meeting will be given at the Board meeting of 12 July 2018.

The Committee is requested to recommend that the Board adopt the newly published CUC remuneration code.

# The Higher Education Senior Staff Remuneration Code

June 2018

## Introduction

1. Fair and appropriate remuneration is key to the success and development of the UK's HE sector, operating as it does in an intensively competitive global environment<sup>1</sup>. To support members of governing bodies, this Higher Education Senior Staff Remuneration Code (the Remuneration Code) has been developed after wide consultation with CUC members and HE stakeholders. This Code will be reviewed every four years, in consultation with the sector.
2. The different regulatory frameworks of the HE sector within the UK mean that governing bodies will need to decide how best to use the Remuneration Code. Institutions are bound by the relevant accounts direction issued by their regulator. In addition, Welsh institutions have agreed to more extensive senior pay reporting and are working towards developing annual pay policy statements. In Scotland, institutions will use the Scottish Code of Good Higher Education Governance<sup>2</sup>, which indicates how institutions should meet the key principles of good practice in remuneration. They may choose to use the Remuneration Code as an additional source of accepted good practice. In England, in assessing compliance with conditions of registration, the Office for Students (OfS) may consider the provider's information about the pay of senior staff within its audited financial statements and whether the governing body publishes its written commitment to comply with this Code.
3. By visibly adopting the Remuneration Code, governing bodies demonstrate leadership and stewardship in relation to remuneration within their institutions, and in doing so help to protect institutional reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.
4. The use of this Code is voluntary, and it can be used by all HE providers. Some elements may not be appropriate for all providers, for example, those with an owner-manager who may take a dividend from the business. The Remuneration Code is therefore to be used on an 'apply or explain' basis. This means that institutions should either publicly state that they have abided by the minimum requirements of this Code, or should provide meaningful explanations for non-compliance and how their alternative arrangements meet its principles.
5. Throughout this Code the word 'must' identifies the CUC's view of the minimum requirements for an institution wishing to comply with it. Governing bodies are free to meet 'must' statements by the means and mechanisms appropriate to their own context. The Remuneration Code is supported by a set of explanatory notes which are designed to assist governing bodies in developing their own responses. The use of the word 'should' identifies good practice which institutions are encouraged to adopt.
6. The principles outlined in this Code apply to all remuneration decisions affecting the emoluments of the Vice-Chancellor and other senior post holders as prescribed in constitutional documents or by the governing body as being within the remit of the Remuneration Committee. In England, they also apply to senior staff as defined in the OfS accounts direction.

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<sup>1</sup> The context the sector operates within is explored in greater detail at [www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Context.pdf](http://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Context.pdf).

<sup>2</sup> [www.scottishuniversitygovernance.ac.uk](http://www.scottishuniversitygovernance.ac.uk)

# The Remuneration Code

## Elements of fair and appropriate remuneration

Fair and appropriate remuneration<sup>3</sup> requires three key elements – namely that there is:

- I. a fair, appropriate and justifiable level of remuneration;
- II. procedural fairness; and
- III. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

### Element I - A fair, appropriate and justifiable level of remuneration

*Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual's contribution to their institution's success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.*

#### Principles

- a) Remuneration should take account of the context in which the institution operates.
- b) Remuneration must be linked to the value, based on a number of components, delivered by an individual acting within a role.
- c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.
- d) Institutions should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There should be a robust and consistent process for setting objectives and assessing an individual's contribution.
- e) Remuneration can vary according to individual performance.<sup>4</sup>
- f) Awards made in respect of annual bonus arrangements linked to the achievement of specific annual objectives should not be consolidated.
- g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.
- h) Non-achievement of an individual's expected contribution should have consequences.
- i) Any severance payments must be reasonable and justifiable.
- j) There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity.

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<sup>3</sup> Remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

<sup>4</sup> The decision to apply performance-related pay is for individual HEIs to make. Nothing in this Code is intended to imply that performance-related pay is a requirement for fair and appropriate remuneration.

# The Remuneration Code

## Element II – Procedural fairness

*Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence and assessing the value of roles, the context and individuals' performance in them.*

### Principles

- a) Senior post holder remuneration should be determined in the context of each institution's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.
- b) No individual can be involved in deciding his or her own remuneration.
- c) Remuneration Committees must be independent and competent.
- d) The head of the institution (HoI) must not be a member of the Remuneration Committee.
- e) Remuneration Committees, when considering HoI remuneration, must be chaired by a lay governor who is not Chair of the governing body.

## Element III - Transparency and accountability

*The process for setting remuneration must be transparent. For senior post holders there must be an institutional-level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. The remuneration of the HoI must be separately justified, published and related to the remuneration of all staff within the organisation.*

### Principles

Each institution must publish a readily accessible annual statement, based on an annual report to its governing body, containing:

- a) a list of post holders within the remit of Remuneration Committee;
- b) its policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) its choice of comparator institutions/organisations;
- d) its policy on income derived from external activities;
- e) the pay multiple of the HoI and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why; and
- f) an explanation of any significant changes.

## Explanatory notes

1. Institutions will be able to apply the above principles in a way that is appropriate to their circumstances. These notes do not expand the Remuneration Code, but are intended to assist institutions' discussions as to their use of it.
2. Remuneration must be linked to the value delivered by an individual acting within a role. The value of a role is based on a number of components and criteria for assessing the value of roles, which could include:
  - complexity (scale and range of decision making, collaboration and contact, time-critical activity);
  - impact (on students, research, finances and people, including employees, partners and citizens);
  - discretion (level of accountability, degree of autonomy and decision-making authority);
  - levels of experience;
  - knowledge and skills (including specialist skills) required;
  - reputation and academic/professional credibility needed for the role;
  - an ability to recruit and retain key staff; and
  - external comparisons.
3. To retain staff, Remuneration Committees need to consider market position – typically by looking at a set of comparator institutions/organisations. The choice of these comparators will usually be linked to institutional strategy. Comparator selection may depend on the type of post being filled – for example private and public sector comparisons are often used for professional services staff, whereas NHS and international HEI comparisons may be more appropriate for certain academic staff.
4. Institutions also need to reflect on what the consequences will be in instances where individuals do not deliver the expected contribution. Consequences for individuals will depend on the nature of the remuneration package offered, but might mean no uplift of basic pay, no participation in bonus payments<sup>5</sup>, or some form of performance management.
5. For institutions that use metric-driven performance assessments, a balance should be achieved between the achievement of institutions' long and short-term objectives and, for those that use them, the impact of team-based assessments.
6. In making severance payments, institutions must meet their contractual obligations and be able to explain the reasons for any payments made. HEIs will need to carefully consider any advice that is available from regulators, together with detailed CUC advice. Remuneration Committees have specific responsibilities in this area – in particular, ensuring that contracts agreed with senior post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities, for example by being able to explain notice periods of more than six months.
7. It is important for institutions that staff represent them on various bodies and boards and carry out academic and civic responsibilities at other organisations, e.g. non-executive director roles. There should be a clear and published policy on any such activity that generates additional income for the individual from the external body. Hols are generally unlikely to be able retain significant sums, but any income they do retain needs to be disclosed and explained.
8. The approach to expenses can be a sensitive topic, and generally institutions should identify normal business costs separately and adopt a single published scheme that applies to all staff. Remuneration Committees should receive assurance that the scheme is operating effectively.

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<sup>5</sup> If available

9. Remuneration Committees must be comprised of people who are independent of the institution's management – primarily lay members of the governing body<sup>6</sup>. Membership must include the institution's Chair, but not the HoI<sup>7</sup>. Remuneration Committees should be able to engage external independent expertise if required.
10. Institutions must publish the multiple of the remuneration of the HoI and the median earnings of the institution's whole workforce annually. This should be accompanied by sufficient explanation and context to enable useful comparison. They may also wish to publish other multiples, such as the ratio of HoI salary to:
  - a) the median academic salary;
  - b) the median professorial salary; and
  - c) the median professional staff salary.

To assist with consistency and comparison, the definition for the multiple should be based on the methodology used by UCEA which is available from its website. Institutions will adopt a range for their chosen pay multiples that they regard as acceptable. The diversity of the sector means these ranges will differ between institutions. Institutions that position themselves in the highest quintile will need to be prepared to provide additional explanations to stakeholders and their regulators as to why this is desirable.

11. Each year, Remuneration Committees must produce an annual remuneration report to the governing body. That report will need to provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities.
12. The institution must also publish a readily available remuneration annual statement. This may be within the annual report and accounts (as an Annex or separate section), or it may be published as a standalone document. Ideally, the published annual statement will be the same as the annual remuneration report to the governing body. However, modifications may be necessary to preserve commercial confidentiality.

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<sup>6</sup> They may choose to co-opt additional external members with particular expertise.

<sup>7</sup> The HoI may be invited to attend meetings but must not be present for discussions affecting him or her. Where the Remuneration Committee is responsible for all senior staff pay, including professors, it is very important that the HoI is present at meetings to discuss these staff and ensure that the Committee's decisions are well informed.



# The Context for the Higher Education Senior Staff Remuneration Code

1. Higher Education Institutions (HEIs) have a major impact on the economy of the UK:
  - a) In 2014–15, they directly employed more than 400,000 people. Through the goods that they buy, an additional 430,000 jobs were sustained, and spending by the 437,000 international students who studied in the UK in 2014–15 (and the friends and family who visited them) stimulated another 110,000 jobs. In total, they support 3% of all employment within the UK.
  - b) They generated more than £95 billion of gross output in the UK economy in 2014–15.
2. HEIs make a valuable contribution to the social and cultural life of their communities. For example, more than 100 university museums are open to the public, attracting nearly 4 million public visitors every year. They also hold free public lectures attended by more than 2 million people every year.
3. HEIs inspire more than 2.2 million students every year. By international standards, student satisfaction is high. UK HEIs provide cost-effective, world-renowned research and have many global institutions and companies as partners. They act as vital anchor institutions in their regions, working alongside public sector and commercial organisations in driving productivity and creating a sense of place.
4. Many HEIs are also global businesses. Not only do they recruit international students studying in the UK, some now have group structures with significant parts of their business operated outside of the UK. Others maintain strategic partnerships with global companies, benefitting the UK and the region within which they operate.
5. The QS World University Rankings show that the UK has some of the best universities in the world, with four in the top 10. All HEIs are affected by the global market for talent, particularly since significantly higher levels of remuneration available in the US and Australia make it harder to recruit and retain key staff.
6. UK HEIs are large and complex organisations: the sector is diverse, and there is no such thing as a ‘typical’ HEI. A large university can easily have an annual turnover of more than £600 million, a workforce of more than 7,000 people and a broad community of students numbering some 30,000. A smaller institution is still a sizeable undertaking, with perhaps 6,000 students, 700 staff and a turnover of nearly £60 million.
7. The demands on a Vice-Chancellor within a single day can range from dealing with an individual student complaint, negotiating a multi-million-pound financing scheme, leading discussion on future strategic initiatives, receiving a top-level international delegation, an interview with a national journalist, and so on. All of this is delivered within an increasingly competitive environment both nationally and internationally, where student demand for places both at subject and institutional level is increasingly volatile.
8. HEIs face constant challenges and increasing competition, to which they continue to respond by enhancing their presence and reputation internationally, nationally and locally, while at the same time maintaining and improving the learning and teaching they offer and the research they undertake. With this agenda, it is vital that they should attract, recruit and retain the best possible staff. The risk of not securing the very best academic and professional leadership for institutions is an important consideration for governing bodies.
9. In this context, it is important that any decisions on levels of remuneration must balance the need to demonstrate effective use of stakeholder funds with the need to recruit, retain and fairly reward those staff. Figures provided by the Universities and Colleges Employers Association (UCEA) suggest that UK Vice-Chancellor remuneration levels are below those of post holders in other countries.
10. Although not in the public sector, HEIs receive a significant amount of investment from taxpayers, students and other stakeholders and accordingly need to demonstrate to those that provide financial support that decisions made in respect of remuneration are evidence-based, proportionate and necessary to enable the HEI to continue to deliver effective outcomes in a competitive environment.

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Sources of facts can be found at the following locations:

Universities UK (2017), [The Economic Impact of Universities in 2014-15](#).  
Universities UK, [Universities support their local area and communities](#).

URLs accessed June 2018.

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# Agenda Item 7

	INTERNAL
Paper title:	Committee terms of reference
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Mee Ling Ng, Committee Chair
Purpose:	To update the terms of reference following publication of the CUC remuneration code for senior staff
Recommendation:	The committee is requested to recommend approval to the Board of Governors

## **Executive Summary**

The committee's terms of reference have been reviewed to take into account 'The Higher Education Senior Staff Remuneration Code' by the CUC.

The committee is requested to recommend its revised terms of reference to the Board for approval. A marked up version and a clean version are included.

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## **Remuneration Committee Terms of reference**

### **1. Constitution**

- 1.1 The Board of Governors has established a committee of the Board known as the Remuneration Committee.

### **2. Membership**

- 2.1 The Remuneration Committee and its chair shall be appointed by the Chair of the Board, from among the independent governors, and must consist of members with no executive responsibility for the management of the institution.
- 2.2 The Chair of the Board shall not be Chair of the Committee.
- 2.3 There shall be no fewer than three members; a quorum shall be at least two members.
- 2.4 The chair of the Board shall be a member of the committee.
- 2.5 Members should not have significant interests in LSBU.
- 2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

### **3. Attendance at meetings**

- 3.1 The Vice Chancellor will be invited to present his/her recommendations to the Remuneration Committee on his/her direct reports. He/she will not be present for any discussion on her/his own remuneration. The Vice Chancellor will not have a role in the final decision on pay and other awards for themselves or other senior executives.

### **4. Definitions:**

- 4.1 The following definitions apply to these terms of reference:
- Senior post holders: those individuals set out in the University's Standing Orders
  - Senior executives: senior leaders who report directly to the Vice Chancellor

## **5. Remit of the committee**

The responsibilities of the committee are to:

- 5.1 determine the broad policy for the remuneration of LSBU's Senior Executives. No individual shall be involved in any decisions as to their own remuneration;
- 5.2 approve the design of, any bonus scheme for Senior Executives operated by LSBU and approve the total annual payments made under such schemes;
- 5.3 approve individual targets for any bonus scheme (based on recommendations by the Chair of the Board (for the VC) and by the VC (for Senior Executives));
- 5.4 monitor the objectives set for performance bonuses
- 5.5 within the terms of the agreed policy and in consultation with the Chair and/or Vice Chancellor as appropriate, determine the total individual remuneration package of each Senior Executive, including bonuses, incentive payments;
- 5.6 determine the policy for, and scope of, pension arrangements for each Senior Executive;
- 5.7 approve guidance on severance payments to senior managers;
- 5.8 approve a policy on external income for Senior Executives;
- 5.9 oversee any major changes in employee benefits structures throughout LSBU or group;
- 5.10 monitor the expenses policy for Senior Executives;
- 6.11 ensure that all provisions regarding disclosure of remuneration as set out in CUC and OfS guidance, including pensions, are fulfilled;
- 5.12 review and note annually the remuneration trends across LSBU and the HE sector;
- 5.13 obtain up-to-date information about remuneration in other comparable organisations; and
- 5.14 approve the HE comparator set to benchmark Senior Executive pay against.

## **6. Reporting responsibilities**

- 6.1 The committee chair shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 An annual remuneration committee report shall be included in the annual report and accounts

## **7. Authority**

- 7.1 The committee is authorised by the board, at LSBU's expense:
  - 7.1.1 to obtain any outside legal or other professional advice; and
  - 7.1.2 within any budgetary restraints imposed by the board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

## **8. Secretary**

- 8.1 The University Secretary or their nominee shall act as the secretary of the committee.

## **9. Minutes**

- 9.1 The secretary shall minute the proceedings and resolutions of all remuneration committee meetings. Minutes shall be circulated to the members of the committee.

## **10. Frequency of Meetings**

- 10.1 The committee shall usually meet twice a year and at such other times as the chair of the committee shall require.

## **11. Remuneration policies**

- 11.1 in determining any of the policies within its remit the committee shall have regard to 'The Higher Education Senior Staff Remuneration Code' published by the CUC (June 2018).

- 11.2 In determining the severance policy under [x] the committee shall have regard to the CUC's "guidance on decisions taken about severance payments in HEIs".
- 11.3 in determining the remuneration policy under 1.1, the committee shall take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the senior post holders are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of LSBU.



## Remuneration Committee Terms of reference

### **1. Constitution**

1.1 The Board of Governors has established a committee of the Board known as the Remuneration Committee.

### **2. Membership**

2.1 The Remuneration Committee and its chair shall be appointed by the Chair of the Board, from among the independent governors, and must consist of members with no executive responsibility for the management of the institution.

2.2 The Chair of the Board shall not be Chair of the Committee.

2.3 There shall be no fewer than three members; a quorum shall be at least two members.

2.4 The chair of the Board shall be a member of the committee.

2.5 Members should not have significant interests in LSBU.

2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

### **3. Attendance at meetings**

3.1 The Vice Chancellor will be invited to present his/her recommendations to the Remuneration Committee on his/her direct reports. He/she will not be present for any discussion on her/his own remuneration. The Vice Chancellor will not have a role in the final decision on pay and other awards for themselves or other senior executives.

### **4. Definitions:**

4.1 the following definitions apply to these terms of reference:

- Senior post holders: those individuals set out in the University's Standing Orders
- Senior executives: senior leaders who report directly to the Vice Chancellor

4.——

## 5. Remit of the committee

The responsibilities of the committee are to:

~~5.1.1~~ determine the broad policy for the remuneration of LSBU's Senior Executives ~~post-holders: the Vice Chancellor, Pro Vice Chancellors, the Executive Director of Finance and the University Secretary / Clerk to the Board of Governors and such other members of the Executive as it is designated to consider. No individual senior post-holder or manager~~ shall be involved in any decisions as to their own remuneration;

~~1.2~~ ~~in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the senior post holders are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of LSBU;~~

~~1.35.2~~ approve the design of, ~~and determine targets for~~, any bonus scheme for senior executives operated by LSBU and approve the total annual payments made under such schemes;

5.3 Approve individual targets for any bonus scheme (based on recommendations by the Chair of the Board (for the VC) and by the VC (for Senior Executives))

5.4 Monitors the objectives set for performance bonuses

~~5.51.4~~ within the terms of the agreed policy and in consultation with the Chair and/or Vice Chancellor as appropriate, determine the total individual remuneration package of each Senior Executive, including bonuses, incentive payments;

5.6 determine the policy for, and scope of, pension arrangements for each Senior Executives ~~senior post holder~~;

~~5.7~~ ~~1.5~~ ~~if considering severance arrangements for senior post-holders, represent the public interest and avoid inappropriate use of public funds; and ensure that contractual terms on termination, and any payments made, are fair to the individual, and LSBU, that failure is not rewarded and that the duty to mitigate loss is fully recognised~~ approve guidance on severance payments to senior managers;

~~1.65.8~~ ~~within the terms of the agreed policy and in consultation with the Chairman and/or Vice Chancellor as appropriate, determine the total individual remuneration package of each senior post holder and other senior executives including bonuses, incentive payments;~~ approve a policy on external income for Senior Executives

~~1.7~~ ~~review and note annually the remuneration trends across LSBU;~~

~~5.9~~ ~~4.8~~ —oversee any major changes in employee benefits structures throughout LSBU or group;

~~5.101.9~~ ~~agree the policy for authorising claims for expenses from the chairman and the senior post-holders~~ Monitor the expenses policy for Senior Executives;

~~61.1110~~ —ensure that all provisions regarding disclosure of remuneration as set out in CUC and OfS guidance, including pensions, are fulfilled; and

~~4.115.12~~ review and note annually the remuneration trends across LSBU and the HE sector;

~~5.13~~ obtain up-to-date information about remuneration in other comparable organisations.

~~5.14~~ approve the HE comparator set to benchmark Senior Executive pay against

## **~~26.~~ Reporting responsibilities**

~~2.6.1~~ The committee chair~~man~~ shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

~~26.2~~ The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

~~26.3~~ ~~The committee shall send an annual report on its business to the independent governors.~~ An annual remuneration committee report shall be included in the annual report and accounts

## **~~37.~~ Authority**

~~37.1~~ The committee is authorised by the board, at LSBU's expense:

~~37.21.1~~ to obtain any outside legal or other professional advice; and

~~3.12.2~~ within any budgetary restraints imposed by the board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

## **~~48.~~ Secretary**

~~84.1.~~ The University Secretary or their nominee shall act as the secretary of the committee.

## **59. Minutes**

**59.1** The secretary shall minute the proceedings and resolutions of all remuneration committee meetings. Minutes shall be circulated to the members of the committee.

## **610. Frequency of Meetings**

**106.1** The committee shall usually meet ~~twice at least once~~ a year and at such other times as the chairman of the committee shall require.

## **11. Remuneration policies**

11.1 in determining any of the policies within its remit the committee shall have regard to 'The Higher Education Senior Staff Remuneration Code' published by the CUC (June 2018).

11.2 In determining the severance policy under [x] the committee shall have regard to the CUC's "guidance on decisions taken about severance payments in HEIs".

11.3 in determining such the remuneration policy under 1.1, the committee shall take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the senior post holders are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of LSBU;

# Agenda Item 8

	INTERNAL
Paper title:	Senior remuneration policy
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Jerry Cope, Chair of the Board
Sponsor(s):	Mee Ling Ng, Committee Chair
Purpose:	To discuss the remuneration policy for senior staff
Recommendation:	The committee is requested to recommend approval to the Board of Governors

## **Executive Summary**

Under element 3b of 'The Higher Education Senior Staff Remuneration Code' by the CUC, universities are expected to publish a "policy on the remuneration for post holders within the remit of Remuneration Committee".

The attached policy has been drafted to take into account the three elements of fair and appropriate remuneration as set out in the code.

The committee is requested to recommend the policy to the Board for approval.

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## **LSBU SENIOR REMUNERATION POLICY**

### *Context*

1. 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 will require 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.
2. 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. But 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.
3. In setting remuneration, LSBU has regard to the CUC Higher Education Senior Staff Remuneration Code (2018).
4. This policy focuses on senior pay to be determined by the Remuneration Committee, which will focus as a minimum on the Vice Chancellor and leaders reporting to the Vice Chancellor, but may include other senior leaders as appropriate; the policy should be compatible with remuneration policy throughout the University.

### *Principles*

5. Within this context the following principles for senior remuneration apply:
  - 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 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

#### *Process*

6. The Remuneration Committee is a sub-committee of the Board of Governors. It is comprised of independent governors, including the Chair of the Board. It is chaired by a senior independent governor. The Vice Chancellor is not a member of the committee.
7. The Remuneration Committee:
  - oversees the process of determining remuneration as set out through the principles above;
  - determines each senior post holder's starting package and pay award, based on recommendations from the Vice Chancellor (for his/her direct reports) and the Chair of the Board (for the Vice Chancellor);
  - approves this remuneration policy;
  - approves the design of any bonus scheme for senior post holders;
  - monitors the objectives being set for performance bonuses;
  - approves a policy on external income for senior post holders;
  - approves a policy on severance arrangements for senior post holders; and
  - any other areas as defined in its terms of reference.
8. The Committee will have a particular role to play in ensuring application of this policy is discrimination-free.
9. The Vice Chancellor will be invited to present her/his recommendations to the Remuneration Committee on his/her direct reports. He/she will not be present for any discussion on her/his own remuneration. The Vice Chancellor will not have a role in the final decision on pay and other awards for themselves or other senior executives.
10. The Remuneration Committee Chair will report as a minimum annually to the full Board on how the Committee has carried out its duties, and this annual report will be included in LSBU's Report & Accounts.



	INTERNAL
Paper title:	Independent review of executive salaries
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	James Stevenson, University Secretary and Clerk to the Board of Governors
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	For Discussion
Recommendation:	The remuneration committee is requested to note the process to review executive pay in LSBU.

## **Executive Summary**

The review will cover the remuneration of the Vice Chancellor and senior direct reports: DVC, CFO, Clerk, 2 PVCs (or 3 from 1.9.18) and COO.

An independent remuneration consultant will be procured by “request for quotation” (RfQ) procedure. The review will be carried out over summer 2018, reporting to the chair of the remuneration committee. UCEA is expected to be available to the consultant.

To date, an initial RfQ has been put to three professional consultancies: Korn Ferry, Mercers and Deloitte. Interviews will start in w/c 9.7.18 with the aim of making a recommendation to the chair in late July 2018.

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	INTERNAL
Paper title:	Senior post holders
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	For Information
Recommendation:	The committee is requested to note the update on senior post holders

## Executive Summary

Currently there are a few differences between senior post holders and other members of the executive.

Under Article 5.1.4 the Board of Governors is responsible for the following for senior post holders:

- Appointment
- Appraisal
- Suspension
- Dismissal
- Determination of the pay and conditions of service

For other executive members these are the responsibility of the Vice Chancellor as line-manager.

The following are senior post holders:

- a. Vice Chancellor and Chief Executive (as set out in the articles)
- b. University Secretary and Clerk to the Board of Governors (as set out in the articles)
- c. Deputy Vice Chancellor (as agreed by the Board and set out in the Standing Orders)
- d. Chief Financial Officer (as agreed by the Board and set out in the Standing Orders)

Under the revised terms of reference of the committee it is proposed that the

remuneration committee takes over responsibility for the following for all members of the executive (defined in the terms of reference as Senior Executives):

- determine the broad policy for the remuneration of LSBU's Senior Executives;
- approve the design of, any bonus scheme for Senior Executives operated by LSBU and approve the total annual payments made under such schemes;
- approve individual targets for any bonus scheme (based on recommendations by the Chair of the Board (for the VC) and by the VC (for Senior Executives))
- within the terms of the agreed policy and in consultation with the Chair and/or Vice Chancellor as appropriate, determine the total individual remuneration package of each Senior Executive, including bonuses, incentive payments;
- approve a policy on external income for Senior Executives; and
- determine the policy for, and scope of, pension arrangements for each Senior Executive.

The committee is requested to note this change.

	INTERNAL
Paper title:	Overview of severance arrangements for senior managers
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	James Stevenson, University Secretary and Clerk to the Board
Sponsor(s):	Mee Ling Ng, Committee Chair
Purpose:	To discuss the severance policy for senior staff
Recommendation:	The committee is requested to note the severance arrangements for senior staff and approve the draft policy

## **Executive Summary**

Under element 1i of ‘The Higher Education Senior Staff Remuneration Code’ by the CUC, “any severance payments must be reasonable and justifiable”. The explanatory notes state, “In making severance payments, institutions must meet their contractual obligations and be able to explain the reasons for any payments made. HEIs will need to carefully consider any advice that is available from regulators, together with detailed CUC advice. Remuneration Committees have specific responsibilities in this area – in particular, ensuring that contracts agreed with senior post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities, for example by being able to explain notice periods of more than six months” (note 6).

Following a review of executive contracts, most executive members contracts have a notice period of 6 months and none have a notice period of over 6 months. The draft policy proposes that “contractual notice periods will not exceed six months, unless there is prior approval in writing by the chair of the remuneration committee”.

The committee is requested to approve the policy.

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## LSBU remuneration committee

### Guidance on severance payments to senior managers

July 2018

1. [At its meeting of [● 2018], the LSBU board has voluntarily adopted the CUC's higher education senior staff remuneration code (published June 2018) (the code).]
2. [The LSBU remuneration committee has agreed that this guidance applies to all senior leaders who report to the vice chancellor (senior leaders).]
3. LSBU will ensure that contracts agreed with [its senior leaders] are fair, reasonable and justifiable and do not expose LSBU to significant potential liabilities. Contractual notice periods will not exceed six months, unless there is prior approval in writing by the chair of the remuneration committee.
4. In making a severance payment to a senior leader:
  - 4.1 LSBU will have regard to the CUC's "guidance on decisions taken about severance payments in HEIs" (attached).
  - 4.2 LSBU recognises that as a charity, its funds and assets to make severance payments must be used only to further the charitable purposes of LSBU;
  - 4.3 Under element 1(i) of the code, any severance payment must be reasonable and justifiable.
  - 4.4 LSBU must meet its contractual obligations and be able to explain the reasons for any payments made.
  - 4.5 LSBU will need to carefully consider any advice that is available from regulators, together with detailed CUC advice.
5. When a severance arises following poor performance on the part of an individual, LSBU recognises that payment should be proportionate, and there should be no perception that poor performance is being rewarded. Final-year salaries should not be inflated to boost pension benefits.
6. Severance payments to senior leaders must be disclosed in the annual remuneration report to the LSBU board of governors.
7. Any severance arrangement covered by this guidance must be approved in writing by the chair of the remuneration committee prior to execution of any settlement agreement.

Governance team  
29.6.18

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# Guidance on Decisions Taken about Severance Payments in HEIs

1. There is significant student and public interest in the remuneration of heads of higher education institutions (HEIs) and in the severance payments and packages received by those vacating such positions. Student interest has grown as the funding of higher education (HE) has moved increasingly from government grants to tuition fees. There is also considerable press interest in these matters, with HEIs and other charities being challenged and held to account for the levels of pay for their chief executives. This interest poses questions over the proper use of funds and assets and may impact on the reputation of individual HEIs and the HE sector as a whole.
2. In response, the CUC has published an HE Senior Staff Remuneration Code. This document sets out guidance to support governing bodies in their determination of remuneration and severance payments to heads of institutions (Hols) and staff earning over £100,000.
3. For those HEIs that are also charities, the governors (who are the trustees of the charity) must use charitable funds and assets only to further the charitable purposes of their HEI. This duty applies to trustees' stewardship of all of the charity's funds and assets – not just those that derive from public funds.
4. Appropriate severance payments require three key elements – namely that there is:
  - I. a reasonable, appropriate and justifiable amount;
  - II. procedural fairness; and
  - III. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

## **Element I – A reasonable, appropriate and justifiable amount**

5. In making severance payments, institutions must meet their contractual obligations and be able to explain the reasons for any payments made. HEIs will need to carefully consider any advice that is available from regulators. Remuneration Committees have specific responsibilities in this area: in particular, ensuring that contracts agreed with senior post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities. For example, HEIs must be able to explain notice periods of more than six months.
6. Severance payments must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases based on gender, or other protected characteristics with regard to any payments made.
7. An HEI considering severance payments needs to ensure that it is being fair and equitable in its decision making about different groups of staff.
8. Enhancements to severance packages should not as a rule be provided out of public funds. For those HEIs that are charities, governing bodies must be mindful that non-public funds are assets of the charity and should therefore ensure that the use of these assets to make severance payments is in accordance with the use of charitable funds only to further the HEI's charitable purposes.
9. Governing bodies may also wish to consider the outcomes of the government's consultation on reforms to public sector exit payments.<sup>1</sup>
10. When a severance arises following poor performance on the part of an individual, payment should be proportionate, and there should be no perception that poor performance is being rewarded. Final-year salaries should not be inflated to boost pension benefits.

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<sup>1</sup> HM Treasury (2016) [Reforms to public sector exit payments: response to the consultation](#).

## **Element II – Procedural fairness**

11. Procedural fairness requires severance payments to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence. No individual can be involved in deciding his or her own severance payments.
12. The actions of those taking decisions about severance payments and those potentially in receipt of such payments should be governed by the standards of personal conduct set out by the Committee on Standards in Public Life (the seven Nolan Principles):
  - a) selflessness;
  - b) integrity;
  - c) objectivity;
  - d) accountability;
  - e) openness;
  - f) honesty; and
  - g) leadership.
13. Governing bodies must establish Remuneration Committees; these should be composed primarily of independent members of the governing body (and include the Chair of the governing body) but may co-opt external members to ensure it has the appropriate experience available. The Remuneration Committee must review any severance packages for post holders within its remit and, if needed, seek legal advice before making its recommendation to the governing body or exercising its delegated powers.
14. The Remuneration Committees, if considering HoI severance, must be chaired by a lay governor who is not Chair of the board.
15. Negotiations about severance packages and payments should be informed, on both sides, by appropriate legal advice as necessary.

## **Element III – Transparency and accountability**

16. The process for determining severance payments must be transparent.
17. The decisions about severance payments should be made in such a way as to ensure the accountability of those making the decisions as well as those in receipt of such payments.
18. Severance payments to senior staff should be disclosed in the Annual Remuneration Report to the governing body.
19. Confidentiality clauses can require both sides not to disclose the terms of the agreement or the circumstances leading up to the severance. In the private sector this is thought to be a cost-effective way of resolving disputes to the satisfaction of both sides and allowing the organisation to move on. HEIs and their outgoing staff may also need these protections, but this must be balanced by requirements for accountability and openness.
20. Therefore, compromise agreements for senior staff that include confidentiality clauses are acceptable, but they should be the exception rather than the norm. Any confidentiality clause should not prevent the wider public interest being served, and any undertakings about confidentiality should leave severance transactions open to adequate public scrutiny by the National Audit Office (NAO) and Public Accounts Committee. This means that both sides in a severance agreement should understand that any information covered by a confidentiality clause will need to be disclosed, if required, to the appropriate regulator or the NAO.

	INTERNAL
Paper title:	Pay multiples
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Markos Koumaditis, Acting Director of HR
Sponsor(s):	Pat Bailey, DVC
Purpose:	For Information
Recommendation:	The Committee is requested to note the pay multiples

## Executive Summary

The Office for Students' expectation for transparency on senior pay has been clearly articulated in its recent publication of "Regulatory Advice 9 – Accounts Direction. Guidance on preparing and publishing financial statements" - 19 June 2018.

In the guidance, "The pay multiple must be expressed as the head of the provider's remuneration divided by the median pay at the provider". The pay multiples required are for the basic salary and total remuneration.

The table below shows the ratio of VC's basic salary (hourly rate of £142.77) to median pay of staff against the different staffing categories.

	Median hourly rate (£)	Ratio to VC
All staff	23.82	5.99
Staff not incl. HPLs	24.36	5.86
Staff not incl. weekly workers	24.49	5.83
Staff not incl. HPLs or weekly workers	24.49	5.83

The figures are based on staff paid in the June 2018 payroll – the drawback of this date is there are only a few HPLs working, so their rate is not really taken into account.

The Office for Students has not provided guidance yet whether the calculation of the VC/Staff hourly rate comparison will be based on employee population on a fixed month or annually.

We also need to ensure that we do not exceed the median all staff average of £24.17 which is reported in our gender pay gap report.

The committee is requested to note the pay multiples.

	INTERNAL
Paper title:	Template draft Annual Remuneration Report
Board/Committee:	Remuneration Committee
Date of meeting:	12 July 2018
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Mee Ling Ng, Chair of the committee
Purpose:	For Discussion
Recommendation:	The committee is asked to review the template 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.

The report will need to provide sufficient assurance to the governing body that the Remuneration Committee.

The attached outline report has been drafted based on the template provided by the CUC. The Governance Office will work with Finance and HR to further develop the report, for review and approval by the committee at its next meeting.

The Committee are requested to review the template report.

The CUC template and the TfL remuneration report are included for information.

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# Annual Remuneration Report

## Introduction

### Terms of Reference:

The Remuneration Committee's Terms of Reference are available online at:  
<https://www.lsbu.ac.uk/about-us/people/governance/board-of-governors/committees>

### Committee Membership 2017/18

The members of the committee for the year 2017/18 were Mee Ling Ng, Jerry Cope (Chair of the Board), Carol Hui (resigned 20 February 2018), Michael Cutbill (appointed 1 April 2018) and Douglas Denham St Pinnock. 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 to make recommendations on pay award and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

### Committee meetings 2017/18

The committee met 2 times in the 2017/18 academic year.

- 23 November 2017
- 12 July 2018

## Approach to remuneration

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 will require 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 be agreed by the Board – LSBU's fundamental principle to guide all decisions related to institution wide remuneration]* 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 is fundamental to our success and growth as an institution of higher education *[to be expanded]*

*[LSBU's approach to setting remuneration – extent to which economic factors/competition/market rates/roles/skills/experience/individual performance influence decision making]*

### Senior Remuneration

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

LSBU's Senior Remuneration Policy is available online at: *[insert link]*

*[Include: The type of factors used in considering reward proposals for senior post holders. These include, but are not limited to:*

- performance in support of the institution's strategic objectives in areas such as teaching/ management and administration/ leadership of staff/ partnerships and external relations internationally, nationally and locally/ major initiatives and projects*
- factors used in considering reward proposals for senior post holders including – performance in support of strategic objectives/ size and complexity of the institution/ nature of HE markets and recruitment and retention/ objectives in relation to the diversity of the workforce/ reference to staff on NHS salaries not set by the university etc]*

*[Include data to support the indicators used – eg HESA data/UCEA Senior Staff Remuneration survey/CUC VC Salary survey/reports from external parties/internal analysis of salary distributions]*

*[Include: a reference to the use of job evaluation schemes, pay awards and pension schemes that are applicable to the rest of the workforce.]*

## **Performance related pay**

LSBU's policy on performance related is available at: *[insert link]*

In accordance with LSBU's policy the following categories of staff are eligible for performance-related pay

*[insert list]*

Staff eligible for performance related pay *[do/do not]* receive annual inflation uplifts to their base pay.

## **Benchmarking**

*[Include statement on the approaches used by the committee in benchmarking positions offered with comparator institutions.]*

*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.*

## **Pay Multiple**

LSBU's pay multiple of the Vice Chancellor's earnings against the median of all staff for the academic year 2017/18 is 5.99.

The pay multiple has *[increased/decreased/remained in line]* with that of previous years.

## **Institutional performance**

*[Include: a summary of how some of the key factors listed above changed over the year. For those that have explicit performance pay schemes, this might include:*

- a note that performance pay is based on key indicators set out in the institutional strategy (with a hyperlink provided);*



- a list of key indicators used for remuneration purposes;
- a statement as to whether performance pay is released if financial targets are not met;
- a statement as to whether staff are put into different groups of performance (for example: 'satisfactory', 'good' or 'exceptional');
- a statement of how the institution has performed in the previous year in respect to the indicators used for performance pay;
- total of funds distributed for performance pay;
- an aggregate disclosure of how the funds for performance pay were distributed;]

### Vice Chancellor performance

*[Insert assessment of the Vice-Chancellor's performance based on the metrics provided above]*

### Total Remuneration: Vice Chancellor

Emoluments of the Vice-Chancellor	2017–18	2016–17
Salary		
Performance related pay		
Benefits		
Subtotal		
Pension costs		
Total		

### External appointments and expenses

LSBU's policy on the retention of income generated from external bodies is available online at: *[insert link]*

In 2017/18 the Vice Chancellor donated *[insert amount]* generated from work with external bodies to the University's hardship fund.

LSBU's Expense policy is available online at: *[insert link]*

LSBU's Expense policy applies to all staff including senior post holders.

In 2017/18 the Vice Chancellor's expenses totalled *[insert amount]*. A breakdown of expenses is included below.

*[Insert table]*

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# A Possible Outline Structure for a Remuneration Annual Report to the Governing Body

The Higher Education Senior Staff Remuneration Code requires the production of a Remuneration Annual Report. This document sets out a possible approach to producing this report, but it is not prescriptive and is not intended to be additional to the Code. Institutions will need to decide themselves the format that is most suitable for their circumstances. This is not an exhaustive list of options, nor a minimum requirement, since not all elements need be included. It is only included to assist institutions in their consideration of how best to report to their governing bodies.

## Introduction

1. Terms of reference: including a hyperlink to and/or appendix containing the Committee's terms of reference. These might refer to the determination of remuneration and conditions of senior posts holders as defined by the institution – they may also refer to oversight of a framework for remuneration and conditions of all staff, monitoring of remuneration and conditions of senior staff and any responsibilities placed on them for oversight of pay gaps based on gender, ethnicity and other protected classifications.
2. Remuneration Committee membership: including names of members for the period, and how they were appointed. This section might also include any use of consultants and details of any other relationship between consultants with the institution.
3. Remuneration Committee meetings: the number and dates of meetings in the previous year, members' attendance and links to minutes.

## Approach to remuneration

4. A statement as to the competitive environment and markets that the institution operates within.
5. A statement of any fundamental principle agreed by the governing body that will guide all decisions related to remuneration. This will probably reference the balance to be struck between recruiting, retaining and rewarding the best staff possible, in order to deliver the best outcomes for students, society and the economy while demonstrating effective use of resources.
6. The approach to setting remuneration, e.g. the extent to which economic factors, competition, market rates, roles, skills, experience and individual performance influence decision making.
7. The type of factors used in considering reward proposals for senior post holders. These include, but are not limited to:
  - a) performance in support of the institution's strategic objectives in areas such as:
    - teaching
    - management and administration
    - leadership of staff
    - partnerships and external relations internationally, nationally and locally
    - major initiatives and projects;

- b) the size and complexity of the institution;
  - c) the nature of the HE markets and issues of recruitment and retention;
  - d) the institution's objectives in relation to the diversity of the workforce; and
  - e) that some staff are on NHS salaries not determined by the university.
8. Where the data that supports these indicators is drawn from, possibly including:
- a) Higher Education Statistics Agency data;
  - b) the Universities and Colleges Employer Association's Senior Staff Remuneration Survey;
  - c) the Committee of University Chairs' Vice-Chancellor Salary Survey;
  - d) reports and reviews from external experts commissioned by the committee;
  - e) internal analysis of salary distributions.
9. A reference to the use of job evaluation schemes, pay awards and pension schemes that are applicable to the rest of the workforce.
10. A description of which (if any) staff are eligible for performance-related pay, in accordance with the institution's policy on performance pay – with a hyperlink to and/or appendix containing that policy, and a statement as to whether these staff also receive annual inflation uplifts to their base pay.
11. A statement on the approaches used by the committee in benchmarking positions offered within comparator institutions.
12. The current value for the university of the pay multiple of head of institution (HoI) earnings against the median of all staff, plus details of how this indicator has changed over an extended period of time, e.g. the last five years.

## Institutional performance

13. Set out a summary of how some of the key factors listed in point 7 changed over the year. For those that have explicit performance pay schemes, this might include:
- a note that performance pay is based on key indicators set out in the institutional strategy (with a hyperlink provided);
  - a list of key indicators used for remuneration purposes;
  - a statement as to whether performance pay is released if financial targets are not met;
  - a statement as to whether staff are put into different groups of performance (for example: 'satisfactory', 'good' or 'exceptional');
  - a statement of how the institution has performed in the previous year in respect to the indicators used for performance pay;
  - total of funds distributed for performance pay;
  - an aggregate disclosure of how the funds for performance pay were distributed;
  - an assessment of the Vice-Chancellor's performance using the same metrics; and
  - a table outlining total remuneration for the Vice-Chancellor, with year-on-year comparator data, as follows:

Emoluments of the Vice-Chancellor	2017-18	2016-17
Salary		
Performance related pay		
Benefits		
Subtotal		
Pension costs		
Total		

## External appointments and expenses

- A statement and hyperlink to and/or appendix containing the policy on the retention of income generated from external bodies.
- The amount retained from external bodies by the HoI.
- A statement about the expenses policy, with a hyperlink and/or appendix, and a statement about the extent of expenses incurred.

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# Remuneration Report

## Introduction

I am proud to have taken over from Baroness Grey-Thompson as the Chair of the Remuneration Committee earlier this year. In this role, my job is to ensure that TfL has an appropriate remuneration policy to recruit and retain senior employees with the capability and experience to deliver the Mayor's ambitious agenda for transport.

This year, the team at TfL will help people to make more than four billion journeys in and around London safely, reliably and efficiently, and be responsible for some £9.8bn of income and expenditure to keep the city moving and growing. TfL's capital investment programme is one of the largest in the world, and the decisions TfL makes are significant both to the national economy and overseas. We have to make sure our management team is qualified for this challenge.

At the same time, TfL is receiving less financial support from Government than ever before and is going through some of the biggest changes in its history. This Annual Report sets out all of the ways in which the management team is delivering in the face of those challenges, while also cutting year-on-year operating costs this year for the second year running.

Our independent market benchmarking shows that the remuneration of TfL's senior management is relatively low compared with the organisations with which it competes. The base salaries of the Commissioner and his most senior team have, where the accountabilities for the individuals have remained unchanged, been frozen for the four year duration of this Mayoral term.

TfL has completed some significant organisational change over the past 12 months, which brings with it unavoidable one-off costs. Once these are taken into account, the number of senior managers who earned more than £100,000 has fallen this year.

As TfL's Remuneration Committee, we are charged with setting a policy that allows the organisation to compete in a global market to secure the right talent, while always delivering value for money. We feel we have an appropriate and balanced approach to rewarding our senior staff that meets that goal.

**Ben Story**  
Chair of TfL's Remuneration Committee

## Governance

### Remuneration Committee members

Ben Story (Chair)\*  
Kay Carberry CBE (Vice Chair)  
Baroness Grey-Thompson DBE\*  
Ron Kalifa OBE  
Valerie Shawcross CBE

\*Ben Story took over as Chair of the Remuneration Committee from Baroness Grey-Thompson in December 2017

### Remuneration Committee role and responsibilities

Remuneration policy is set by TfL's Remuneration Committee to attract and retain the highest calibre individuals to successfully manage a large and complex business, while being mindful of its status as a public sector organisation that is principally funded by fare payers.

The Committee consists of five members as shown left. The Committee's terms of reference are published on the TfL website but essentially involve the review and setting of the remuneration of the Commissioner, Managing Directors, General Counsel and the Chief Finance Officer. The Committee also helps to review the remuneration strategies for the senior manager group, particularly regarding performance related pay.

The remuneration of the Chief Executive of Crossrail is determined by the Crossrail Remuneration Committee. Crossrail is a wholly owned subsidiary of TfL with its own governance arrangements. These include a board comprising executive and independent non-executive directors, as well as two non-executive directors appointed by TfL and the Department for Transport.

The Crossrail Remuneration Committee operates to its own contractually agreed remuneration principles and remuneration framework, rather than the TfL remuneration framework.

**Dates of meetings during 2017/18**

While Committee members met informally on several occasions during the year, it met formally on two occasions: 19 July 2017 and 2 October 2017.

**Activities of the Remuneration Committee during 2017/18**

In July 2017, the Committee reviewed overall performance against the 2016/17 TfL and business area scorecards and agreed the final performance awards for the most senior employees.

Page 72

The Committee asked that its terms of reference be reviewed, so that it considers wider strategic issues around our remuneration structure. This would include benchmarking, skill sets and gaps, talent management, equality and inclusion at senior levels and the ability to attract and retain key staff.

During 2017/18, the TfL Board and Executive Committee have been developing a new TfL Scorecard to provide a clear line of sight between the Mayor's Transport Strategy, our Business Plan, our Budget and how we monitor and drive our performance.

The scorecard focuses on the critical success factors for the year ahead and is an objective method for tracking our performance. The measures are directly linked to the overall Mayor's Transport Strategy objective of 80 per cent of journeys to be made by walking, cycling

or public transport by 2041, and the three key themes:

- Healthy Streets and healthy people
- A good public transport experience
- New homes and jobs

These are also assessed against four key organisational areas: Safety and Operations; Customers; People; and Financial. Each area has a 25 per cent weighting, reflecting their equal importance to our delivery for London.

The measures to be used for the 2018/19 scorecard, together with their alignment to the Mayor's Transport Strategy outcomes and themes, are:

**Healthy Streets and healthy people****1 London's transport system will be safe and secure**

Measured by the reduction in the number of people killed or seriously injured (KSIs) on London's roads and from incidents involving buses and the number of injuries sustained on the public transport network

**2 London's streets will be used more efficiently and have less traffic**

Measured by operational improvements to sustainable travel cycling trips

**3 London's streets will be clean and green**

Measured by the number of London buses that are Euro VI compliant

**4 More Londoners will travel actively**

Measured by Healthy Streets scheme assessment

**A good public transport experience****5 Journeys by public transport will be fast and reliable**

Measured by excess journey time (London Underground) and average bus speeds

**6 Public transport will be accessible to all**

Measured by additional time to make step-free journeys

**7 Journeys by public transport will be pleasant**

Measured by the percentage of Londoners who agree we care about our customers

**New homes and jobs****8 Transport investment will unlock the delivery of new homes and jobs**

Measured by the percentage of housing units we take to market in year that are affordable

**Mode share****9 80 per cent of journeys will be made by sustainable modes in 2041**

Measured by sustainable mode share improvement

**All Mayor's Transport Strategy themes****10 All mayor's Transport Strategy outcomes**

Measured by key milestone delivery and opening the Elizabeth line central section on time

**People****11 A capable and engaged workforce representative of London**

Measured by workforce representativeness index (all employees) and workforce representativeness index (Director/band 5), inclusion index and total engagement index

**Financial****12 We are prudent and cover our costs**

Measured by the net operating surplus and the investment programme



## Policy

### Board remuneration\*

Board members receive a basic fee of £16,000 per annum. Additional fees are paid for each appointment to a committee or panel, up to a maximum total remuneration of £20,000 per annum.

The additional fees are paid at the rate of £1,000 per annum as a member and £2,000 per annum as the Chair of a committee or panel. Members are also entitled to receive free travel on the TfL transport network. No allowances are paid to members.

Any expenses claimed by members, in relation to fulfilling their role as a TfL board member, are published on the board members page of our website, along with details of any gifts or hospitality received.

The remuneration for each member for the year ended 31 March 2018 is shown in appendix 4.

### General remuneration

Our general policy is to provide remuneration that attracts, retains and motivates individuals of the right calibre to manage a large, complex organisation. Remuneration packages reflect responsibilities, experience, performance and the market from which we recruit.

The reward structure that has been developed is commensurate with this policy. It includes a base salary and a performance award scheme against the achievement of a range of Public Transport, Customer, People and Financial targets.

The main objective of the remuneration policy is to ensure that reward is based on performance to drive delivery while ensuring that the overall reward package is affordable.

### Executive remuneration

The base pay and the total remuneration of the Commissioner, Managing Directors, General Counsel and Chief Finance Officer is set by the Remuneration Committee, which uses external benchmarking and other comparative information to determine remuneration. This is broken down into the following components:

\* Information not subject to audit

Component	Purpose	Operation	Maximum
<b>Base pay</b>	To reflect the individual's role, experience and contribution. Set at a level to attract and retain individuals of the calibre required to lead a business of TfL's size and complexity.	<p>The following factors are taken into account:</p> <ul style="list-style-type: none"> <li>• Remuneration benchmark information from a specific peer group to identify a market median range of base pay which reflects what TfL's Commissioner, Managing Directors, General Counsel and Chief Finance Officer would receive if they were to work in a similar role in another company of similar size, complexity and scope</li> <li>• The scope and responsibility of the role</li> <li>• The individual's skill, experience and performance against targets</li> <li>• Affordability for TfL</li> </ul>	There is no prescribed maximum salary. There will be no increases to base pay (where the accountabilities for the role remain unchanged) for the Commissioner, Managing Directors, General Counsel, Chief Finance Officer and Directors during the Mayor's current term in office.
<b>Performance related pay</b>	To incentivise delivery of stretching one year key performance targets (both individual and collective) as measured through individual performance objectives and business scorecards.	<p>Performance awards consist of three elements:</p> <ol style="list-style-type: none"> <li>A component for TfL's overall performance as measured by the TfL scorecard</li> <li>A component for the performance of one of the four business areas they lead as measured by the business area scorecard</li> <li>A component for personal performance.</li> </ol> <p>The three elements are combined to arrive at an appropriate award. Awards are paid in the following financial year.</p>	<p>The maximum award for the Commissioner is 50 per cent of base pay.</p> <p>The maximum award for Managing Directors, General Counsel and Chief Finance Officer is 30 per cent of base pay.</p>

Component	Purpose	Operation	Maximum
Benefits	To provide a competitive total reward package that supports attraction, retention and motivation.	<p>The Commissioner, Managing Directors, General Counsel and Chief Finance Officer receive the same core benefits as all other TfL employees. The only enhancements are full family cover for private medical benefit and an annual health assessment (which is available to all TfL Directors).</p> <p>Membership of the TfL Pension Fund, a 'defined benefit' scheme which provides for a pension payable from age 65, based on 1/60th of pensionable salary for each year of service or, if invited and eligible, similar benefits provided on an unfunded basis.</p> <p>Some legacy arrangements apply for certain employees whereby an employer contribution of 10 per cent of salary is paid to either a defined contribution arrangement or as cash supplement at a discounted amount.</p>	Pensionable salary is capped at £154,200 from 6 April 2017 for members who joined after 31 May 1989.

The remuneration received by the Commissioner, Managing Directors, General Counsel and Chief Finance Officer for 2017/18 are shown on pages 110 – 117

### Performance related pay

The TfL Group scorecard below shows the performance targets for 2017/18, aligned to our 2017/18 Budget. The scorecard is balanced against four areas with each area receiving a 25 per cent weighting, reflecting their equal importance to our delivery. The table shows the measures used to determine any performance related pay.

Outcome	Unit of measure	2017/18 Target
<b>Public Transport</b>		
Safe and secure travel	Reduction in KSIs on London's Roads (%)	45.4
	Worforce and customer injuries	10,265
Tackling crowding and ensuring good growth	Available passenger km (bn)	116
Improving public transport services	Streets journey time reliability (%)	88.5
	Bus excess wait time (minutes)	1.1
	Average bus speeds (mph)	9.2
	Tube excess journey time (minutes)	4.30
Deliver critical infrastructure, and prepare for the Elizabeth line	Key milestone delivery (%)	100
<b>Customer</b>		
TfL works for its customers	Care metric (%)	51
Active and inclusive travel	PT and cycling journeys (m)	4,088
Reducing impact on air quality, carbon and environment	NO <sub>2</sub> concentrations (µg/m <sup>3</sup> )	61
Deliverable affordable housing	Affordable housing (%)	50
Creating an accessible public transport system	Step-free journeys (%)	16.7

Outcome	Unit of measure	2017/18 Target
<b>People</b>		
A workforce representative of London	All staff workforce diversity (%)	70.3
	B5+ workforce diversity (%)	40
	Action on Equality (%)	90
A capable, engaged workforce	Total engagement (score)	59
A more effective, efficient organisation	Transformation milestone (%)	100
	Transformation survey	+3
<b>Financial</b>		
We are financially sustainable	Net operating surplus (£m)	293
We are prudent	Daily cash above minimum (%)	95
	Period average cash balance (£m)	540

### Severance policy

Most employees who leave owing to redundancy do so under TfL's voluntary severance arrangements.

Voluntary severance terms for employees may include, dependent on circumstances, some or all of the following:

- A number of weeks of pay based on length of service, age and weekly pay
- Notice period that an employee may work or receive as a payment in lieu of notice
- Outplacement support or an equivalent cash payment
- Enhanced pension provision

There are minimum service requirements for some of these terms and some elements vary if employees volunteer to leave early during organisational change.

There are also some variations to these terms which have been agreed as local arrangements for the small number of employees who are members of the Local Government and Principal Civil Service Pension Schemes.

### Other severance arrangements

In non-redundancy situations, TfL may enter into severance arrangements where to do so is in the interests of the organisation and represents value for money. All such arrangements are considered on a case by case basis.

## Remuneration

### Benchmarking of Senior Executive's pay

The Remuneration Committee uses data from remuneration consultants New Bridge Street, a division of Aon Hewitt, to benchmark the remuneration for the Commissioner, Managing Directors, General Counsel and Chief Finance Officer against a peer group of comparable companies from transport, infrastructure and public services sectors with which we compete for senior employees.

The Committee uses two primary pay comparator groups. The benchmark is calculated on the basis of a 60:40 split between a Listed Companies Group, consisting of large transport and infrastructure companies and a Publicly Accountable Group, consisting of companies accountable to the UK public, owned or overseen by the government. Benchmarking was last done in 2016.

### Listed Companies Group

- National Grid
- BT Group
- SSE
- Centrica
- International Consolidated Airlines Group
- Capita
- EasyJet
- United Utilities
- Bunzl
- Severn Trent
- Royal Mail
- Pennon Group
- Amec Foster Wheeler
- Stagecoach Group
- Thomas Cook Group
- Balfour Beatty
- Carillion  
(still trading when benchmarking was done)

- National Express Group
- FirstGroup
- Go-Ahead Group
- Serco Group

### Publicly Accountable Group

- BBC
- Manchester Airport Group
- NATS
- Network Rail
- Nuclear Decommissioning Authority
- Post Office

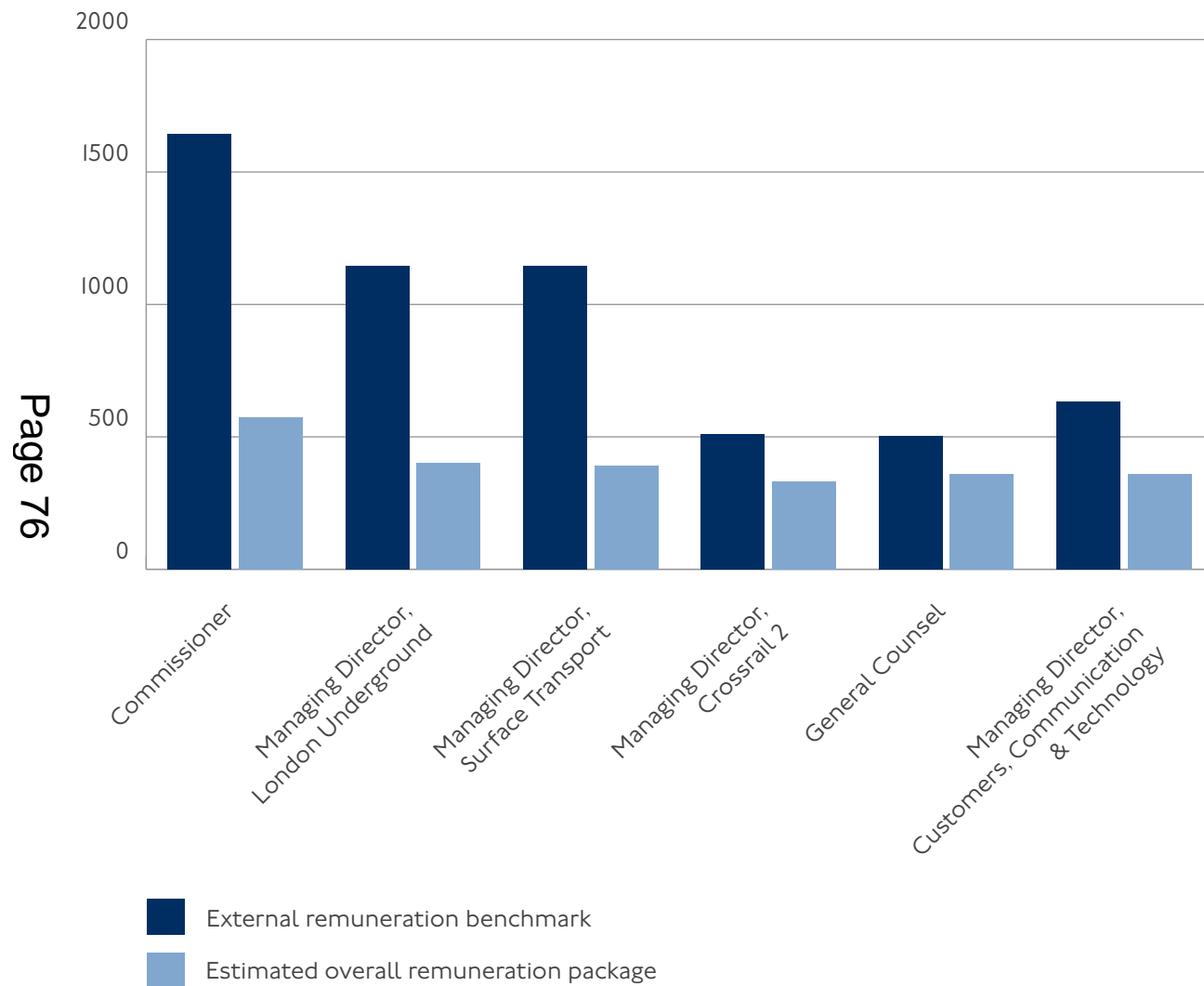
To enable a like-for-like comparison with the peer group, we have adjusted the remuneration of our senior executives to align it with the definitions provided by New Bridge Street.

Estimated overall remuneration for each role has been calculated to include the base salary and estimates for performance related pay and pension provision.

Performance related pay has been based on the average level of performance over recent years and the value of the pension provision is based on standard actuarial assumptions. The value of the estimated overall remuneration package will therefore be different to the actual remuneration paid.

Research has shown that the base salaries and comparable remuneration for the Commissioner, Managing Directors, General Counsel and Chief Finance Officer are significantly below the market level; total estimated overall remuneration is between 35 per cent and 71 per cent of market benchmark levels as shown in the following chart.

**Benchmarking of remuneration for Commissioner, Managing Directors and General Counsel (£000s)\***



Page 76

\* Chief Finance Officer is excluded from the chart as no permanent Chief Finance Officer was in place at 31 March 2018

**Comparison of senior executive pay to rest of TfL**

The base salary of the Commissioner in 2017/18 was £355,944. This compares with the median base salary of £49,500 and the lowest base salary (excluding apprentices) of £18,900. The ratio between

the Commissioner's salary and median base salary is 7.2 to 1 and the ratio to the lowest base salary is 18.8 to 1.

The following table shows how total remuneration is split between employees by grade.

	Percentage of total remuneration
Commissioner, Managing Directors and General Counsel	0.2
Directors	0.7
General managers	1.8
All other TfL employees	97.3

Note: employees' remuneration is consistent with the definition on pages XX and XX and includes salaries, fees, performance related pay, benefits in kind, lump sums and termination payments. It excludes employer pension contributions and employer national insurance contributions paid, and is based on remuneration received by employees during the relevant year.

**Summary of employee information**

Total headcount (including agency staff) reduced from 29,189 on 31 March 2017 to 28,456 on 31 March 2018. The average headcount (permanent and fixed-term contract) has reduced by 137 since last year and the average number of agency staff has reduced by 944.

Headcount management has helped maintain remuneration costs at a similar level despite inflation linked pay increases for some employees and increased severance payments.

Our median cash earnings have decreased from £51,832 to £51,530. The ratio of Commissioner's cash earnings to the pan-TfL median earnings is 7.3:1.

Year	Average headcount (I)	Total remuneration costs £m (I)
2013/14	25,294	1,737.9
2014/15	26,090	1,803.6
2015/16	27,501	1,942.0
2016/17	27,131	1,963.9
2017/18	26,994	2,251.7

(I) From statutory accounts

Note: average headcount and total remuneration costs include permanent, and fixed-term contract (FTC). Total remuneration costs include non-cash pension charges of £595.5m in 2017/18 (2016/17 £365.6m). Group employee costs and average employee numbers for 2013/14-2014/15 have been restated to exclude the costs of British Transport Police Authority staff and officers working on the London Underground. Costs of these individuals have been reclassified as non-employee costs within other service expenditure.

#### Other employees' remuneration (including Crossrail)

We publish the remuneration of all employees, including those working in our subsidiaries, whose total remuneration was more than £50,000 over the course of the financial year, grouped in rising bands of £5,000. This information is included as Appendix I of this report.

The impact of the transfer of employees into and out of the Corporation\* from subsidiaries can cause distortion for year-on-year comparison purposes. An additional voluntary disclosure for the Group\*\* is therefore provided that

shows the combined employee bands for TfL and its subsidiaries (Appendix I of this report).

The remuneration disclosure is also affected by the Crossrail project. The number of employees of Crossrail Limited receiving total remuneration of £50,000 or more decreased from 304 in 2016/17 to 293 in 2017/18. The corresponding figures for those receiving total remuneration of more than £100,000 per year decreased from 61 in 2016/17 to 53 in 2017/18.

\* The Corporation is made up of London Streets, Taxi and Private Hire, and the corporate centre which, for legal and accounting purposes, constitutes TfL

\*\* The TfL Group is made up of the Corporation and its subsidiaries and associated undertakings

#### Employees with a total remuneration of more than £100,000 per year

In 2017/18, 169 people earned a total remuneration of more than £100,000 during the course of the financial year and had a base salary of £100,000 or more per year, compared with 189 in 2016/17. Nineteen people have now left the organisation, a number of whom will not be replaced.

Overtime was worked by specialist engineers and highly skilled project employees, 71 of whom earn a base salary of less than £100,000 per year, but the overtime they earned took their total remuneration above the threshold, compared with 88 in 2016/17. Many of these people are specialist engineers working overnight and at weekends on major projects, such

as installing new signalling on the Circle, District, Hammersmith & City and Metropolitan lines.

A total of 224 people (compared with 122 in 2016/17) who were on a base salary of less than £100,000 per year, received a one-off voluntary severance payment that took their total remuneration above this threshold. This is largely due to people leaving as part of our transformation programme, which is working to reduce management layers and eliminate duplication in order to improve efficiency.

Therefore, the total number of TfL staff (excluding Crossrail) who received total remuneration of more than £100,000 per year, including severance payments and overtime, was 564 in 2017/18 compared with 515 in 2016/17.

#### Number of employees with a total remuneration of £100k or more

	2017/18	2016/17
Base salary more than £100k	169	189
Base salary between £80k and £100k	100	116
	269	305
Voluntary severance payments taking earnings over £100k	224	122
Level of overtime worked taking earnings over £100k	71	88
<b>Total TfL</b>	<b>564</b>	<b>515</b>
Crossrail	53	61
<b>Total (including Crossrail)</b>	<b>617</b>	<b>576</b>



# Appendices

I: Number of employees who received total remuneration of more than £50,000\*

## Employees' remuneration

This includes salaries, fees, performance related pay, benefits in kind, lump sums and termination payments, but excludes pension contributions paid by the employer.

\* Information subject to audit

Page 78

	Group 2018 number**	Group 2017 number	Corporation 2018 number***	Corporation 2017 number
50,000 – 54,999	5,245	5,466	713	499
55,000 – 59,999	2,582	2,540	615	413
60,000 – 64,999	1,723	1,839	481	304
65,000 – 69,999	1,370	1,352	390	253
70,000 – 74,999	963	1,036	283	206
75,000 – 79,999	721	729	223	161
80,000 – 84,999	510	494	156	92
85,000 – 89,999	336	378	115	64
90,000 – 94,999	223	234	74	46
95,000 – 99,999	146	167	56	34
100,000 – 104,999	119	135	49	28
105,000 – 109,999	68	92	33	21
110,000 – 114,999	67	69	35	17
115,000 – 119,999	51	52	30	9
120,000 – 124,999	34	31	19	13
125,000 – 129,999	31	18	23	4
130,000 – 134,999	36	26	25	8
135,000 – 139,999	23	11	12	2

	Group 2018 number**	Group 2017 number	Corporation 2018 number***	Corporation 2017 number
140,000 – 144,999	18	9	12	4
145,000 – 149,999	16	9	8	2
150,000 – 154,999	7	4	6	1
155,000 – 159,999	11	6	7	1
160,000 – 164,999	6	6	2	3
165,000 – 169,999	14	7	10	5
170,000 – 174,999	7	3	4	2
175,000 – 179,999	14	9	6	6
180,000 – 184,999	10	5	6	3
185,000 – 189,999	10	5	3	1
190,000 – 194,999	3	4	3	2
195,000 – 199,999	9	3	5	1
200,000 – 204,999	3	2	2	-
205,000 – 209,999	6	1	3	1
210,000 – 214,999	5	3	-	1
215,000 – 219,999	4	6	1	4
220,000 – 224,999	3	6	-	3
225,000 – 229,999	3	3	1	2

\*\* The TfL Group is made up of the Corporation and its subsidiaries and associated undertakings

\*\*\* The Corporation is made up of London Streets, Taxi and Private Hire, and the corporate centre which, for legal and accounting purposes, constitutes TfL

\* Information subject to audit

	Group 2018 number**	Group 2017 number	Corporation 2018 number***	Corporation 2017 number
230,000 - 234,999	2	1	1	1
235,000 - 239,999	3	5	1	2
240,000 - 244,999	1	7	1	2
245,000 - 249,999	1	1	1	1
250,000 - 254,999	2	3	-	1
255,000 - 259,999	-	2	-	1
260,000 - 264,999	4	4	2	1
265,000 - 269,999	1	-	1	-
270,000 - 274,999	1	4	1	-
275,000 - 279,999	2	3	2	1
280,000 - 284,999	2	1	-	-
285,000 - 289,999	2	2	1	2
290,000 - 294,999	2	2	-	-
295,000 - 299,999	1	1	-	1
300,000 - 304,999	1	1	1	-
305,000 - 309,999	1	3	-	3
310,000 - 314,999	2	-	1	-
315,000 - 319,999	1	-	-	-
320,000 - 324,999	-	1	-	-
325,000 - 329,999	2	-	1	-
340,000 - 344,999	-	1	-	1
350,000 - 354,999	-	1	-	-

Page 79

\*\* The TfL Group is made up of the Corporation and its subsidiaries and associated undertakings

\*\*\* The Corporation is made up of London Streets, Taxi and Private Hire, and the corporate centre which, for legal and accounting purposes, constitutes TfL

	Group 2018 number**	Group 2017 number	Corporation 2018 number***	Corporation 2017 number
360,000 - 364,999	1	-	-	-
365,000 - 369,999	2	-	-	-
370,000 - 374,999	1	1	1	-
375,000 - 379,999	-	2	-	2
390,000 - 394,999	1	-	-	-
410,000 - 414,999	-	1	-	-
435,000 - 439,999	1	-	-	-
470,000 - 474,999	-	1	-	-
490,000 - 494,999	-	1	-	-
510,000 - 514,999	-	1	-	1
640,000 - 644,999	1	-	1	-
705,000 - 709,999	1	-	-	-
945,000 - 949,999	-	1	-	-
<b>Total</b>	<b>14,436</b>	<b>14,811</b>	<b>3,427</b>	<b>2,236</b>

**Remuneration for senior employees**

The Accounts and Audit Regulations 2015 require disclosure of individual remuneration details for senior employees with a base salary of £150,000 or more, calculated on a full-time equivalent basis for those working part-time.

Disclosure is made for each financial year under various categories, and set out in the tables from page xx.

Employer's pension contributions include the contribution in respect of future benefit accrual. Member contributions are payable by employees at a fixed rate of five per cent of pensionable salary.

Salary, fees and allowances are disclosed on an earned basis. Although performance related pay is reported on a cash paid basis, it may not be determined for many months after the end of the relevant year.

# Appendices

## 2: named employees receiving a base annual salary in excess of £150,000 at 31 March 2018\*

\* Information subject to audit

Notes	Salary (including fees and allowances) 2017/18 £	Performance related pay (PRP) for 2016/17 paid in the year 2017/18** £	Compensation for loss of employment 2017/18 £	Benefits in kind 2017/18 £	Total remuneration excluding pension contributions 2017/18 £	Employer's contribution to pension 2017/18^ £	Salary (including fees and allowances) 2016/17 £	PRP for 2015/16 paid in the year 2016/17 £	Total remuneration excluding pension contributions 2016/17**** £	
<b>TfL employees including subsidiary companies but excluding Crossrail</b>										
Mike Brown, Commissioner	a	*372,845	-	-	2,115	374,959	-	*373,051	139,600	514,701
Howard Carter, General Counsel	b	*255,797	51,407	-	2,115	309,319	-	*255,208	63,249	320,507
Michele Dix, Managing Director, Crossrail 2	c	*169,056	31,363	-	1,651	202,070	-	*169,056	46,464	217,570
Vernon Everitt, Managing Director, Customers, Communication and Technology	d	243,812	55,761	-	2,115	301,688	-	244,016	63,860	309,926
Simon Kilonback, Interim Chief Finance Officer	e	*232,297	28,098	-	1,651	262,046	-	*208,401	33,430	243,431
Gareth Powell, Managing Director, Surface Transport	f	*277,417	34,413	-	1,781	313,611	9,382	*251,546	34,410	287,556
Mark Wild, Managing Director, London Underground and TfL Engineering	g	284,425	42,880	-	1,651	328,956	39,386	214,726	-	215,974
Sarah Bradley, Group Financial Controller	h	157,516	9,650	-	744	167,910	32,138	131,690	9,821	142,232
Justin Brand, Commercial Revenue Director		150,000	69,000	-	744	219,744	36,829	150,000	43,571	194,292
George Clark, Director of TfL Engineering		147,452	19,071	-	1,651	168,174	35,420	130,000	17,680	149,280
Andrea Clarke, TfL Legal Director	i	161,518	26,656	-	1,651	189,825	38,766	148,832	29,770	180,202
Jean Cockerill, Human Resources Director, Employee Relations		156,540	25,560	-	744	182,844	38,106	156,897	27,930	185,548
Tanya Coff, Divisional Finance Director, London Underground		162,000	17,426	-	1,661	181,087	39,386	156,335	16,937	173,993
Graeme Craig, Director of Commercial Development		185,000	30,266	-	1,651	216,917	39,386	185,000	29,000	215,600
Patrick Doig, Divisional Finance Director, Surface Transport		149,973	24,654	-	1,651	176,278	35,534	140,000	26,000	167,600
Stephen Field, Director of Pensions and Reward	j	*190,666	75,233	-	1,651	267,550	-	*190,873	34,400	226,874



\*Information subject to audit

	Notes	Salary (including fees and allowances) 2017/18 £	Performance related pay (PRP) for 2016/17 paid in the year 2017/18** £	Compensation for loss of employment 2017/18 £	Benefits in kind 2017/18 £	Total remuneration excluding pension contributions 2017/18 £	Employer's contribution to pension 2017/18^ £	Salary (including fees and allowances) 2016/17 £	PRP for 2015/16 paid in the year 2016/17 £	Total remuneration excluding pension contributions 2016/17**** £
Lester Hampson, Property Development Director		177,157	129,063	-	1,651	307,871	39,386	177,341	42,579	221,520
Stuart Harvey, Major Projects Director	k	*265,036	51,340	-	1,651	318,027	-	*235,860	43,000	280,460
Nigel Holness, Director of Network Operations	l	227,267	65,388	-	1,651	294,306	39,386	186,058	66,549	254,207
David Hughes, Strategy and Network Development Director	m	182,364	31,755	-	1,651	215,770	39,386	177,979	26,680	206,259
Antony King, Divisional Finance Director, Major Projects Directorate	n	42,885	-	-	404	43,288	2,181	-	-	-
Chris Macleod, Customer Director		*206,620	30,228	-	-	236,848	-	*205,618	32,000	237,618
Peter McNaught, Asset Operations Director		162,674	23,472	-	1,651	187,797	39,362	162,596	27,680	191,876
Andrew Pollins, Transformation Director		222,788	25,217	-	1,651	249,656	39,386	231,961	24,820	258,381
Caroline Sheridan Renewals and Enhancements Director, London Underground	o	55,585	-	-	-	55,585	13,484	-	-	-
Paul Thomas, Head of Engineering, New Tube for London	p	171,920	5,950	-	1,901	179,772	39,386	171,806	10,591	184,247
Shashi Verma, TfL Strategy Director and Chief Technology Officer		205,397	36,090	-	744	242,231	48,941	205,398	37,000	243,119
Steve White, Four Lines Modernisation Implementation Director		*207,639	24,606	-	1,651	233,896	-	*210,334	59,880	271,814
Alex Williams, City Planning Director		203,818	23,240	-	-	227,058	470	164,305	19,880	184,185
Brian Woodhead, Customer Service Director		*230,786	59,700	-	1,651	292,137	-	*166,703	-	167,868
Patricia Wright, Chief People Officer	q	*236,225	35,966	-	744	272,935	-	*236,381	39,000	276,102
David Wylie, Chief Procurement Officer	r	171,027	10,000	-	1,651	182,678	39,386	27,730	-	27,990
Ken Youngman, Divisional Finance Director, Commercial Development	s	41,430	-	-	404	41,834	3,636	-	-	-

\* Information subject to audit

Notes	Salary (including fees and allowances) 2017/18 £	Performance related pay (PRP) for 2016/17 paid in the year 2017/18** £	Compensation for loss of employment 2017/18 £	Benefits in kind 2017/18 £	Total remuneration excluding pension contributions 2017/18 £	Employer's contribution to pension 2017/18^ £	Salary (including fees and allowances) 2016/17 £	PRP for 2015/16 paid in the year 2016/17 £	Total remuneration excluding pension contributions 2016/17**** £	
<b>Crossrail employees</b>										
Sir Terry Morgan, Non-Executive Chairman	t	250,000	-	-	1,651	251,651	-	250,000	-	251,600
Jeremy Bates, Head of Integration		163,488	21,669	-	1,651	186,808	29,337	156,199	14,500	172,299
Chris Binns, Chief Engineer		170,980	23,039	-	1,651	195,670	17,098	165,456	12,142	179,198
Mathew Duncan, Finance Director		247,016	112,376	-	1,651	361,043	-	241,694	27,077	270,371
Mark Fell, Legal Services Director and Company Secretary		199,573	21,179	-	1,651	222,403	-	174,625	84,405	260,630
Paul Grammer, Commercial Director		238,147	89,900	-	1,651	329,698	-	233,015	27,149	261,764
Richard Palczynski, Programme Controls Director		161,635	10,222	-	744	172,601	16,163	157,350	9,886	167,957
Chris Sexton, Technical Director		230,707	30,057	-	1,651	262,415	29,532	216,499	39,900	257,999
Howard Smith, Director of Operations	u	*183,075	29,173	-	1,651	213,899	-	*183,303	29,930	214,833
Valerie Todd, Talent and Resources Director	v	*258,277	39,498	-	2,115	299,891	-	*249,064	41,076	292,190
Matthew White, Surface Director		156,943	19,713	-	1,651	178,307	29,511	151,406	24,000	177,006
Simon Wright, Programme Director		328,873	105,568	-	1,651	436,092	-	322,831	169,471	493,902
<b>Former employees</b>										
Leon Daniels, Managing Director, Surface Transport	w	195,353	-	444,598	1,528	641,480	-	270,264	70,831	343,145
Ian Nunn, Chief Finance Officer	x	105,136	58,355	-	813	164,305	-	271,095	37,583	310,727
Derek Baillie, Project Manager, Property Development	y	27,318	-	-	-	27,318	-	84,326	-	84,326
Garrett Emmerson, Chief Operating Officer, Surface Transport	z	*15,711	19,000	245,579	59	280,349	-	*190,539	36,000	227,260

\* Information subject to audit

	Notes	Salary (including fees and allowances) 2017/18 £	Performance related pay (PRP) for 2016/17 paid in the year 2017/18** £	Compensation for loss of employment 2017/18 £	Benefits in kind 2017/18 £	Total remuneration excluding pension contributions 2017/18 £	Employer's contribution to pension 2017/18^ £	Salary (including fees and allowances) 2016/17 £	PRP for 2015/16 paid in the year 2016/17 £	Total remuneration excluding pension contributions 2016/17**** £
Andrew Wolstenholme, Chief Executive, Crossrail	aa	476,772	160,000	97,734	1,651	736,157	29,532	463,336	481,460	946,396
Ian Lindsay, Land and Property Director, Crossrail	ab	214,773	21,557	123,875	1,651	361,856	-	205,286	28,421	235,307
Will Parkes, External Affairs Director, Crossrail	ac	113,560	18,236	77,064	561	209,421	18,935	144,764	9,094	154,579
Duncan Pickard, Stations Delivery Director, Crossrail	ad	87,656	23,364	-	-	111,020	9,158	174,423	25,452	199,875

\* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance in order to ensure no additional employer cost is incurred. It also includes an allowance available to employees on fixed term contracts who choose to join a defined contribution scheme rather than the TfL Pension Fund

\*\* refers to 2016/17 performance related pay awards

\*\*\* refers to 2015/16 performance related pay awards

\*\*\*\* total remuneration for 2016/17 also includes benefits in kind as reported in last year's Statement of Accounts

^ a number of senior employees opted out of the TfL Pension Fund during 2015/16. They are instead accruing equivalent benefits under an unfunded defined benefit pension scheme

a salary sacrificed for pension of £7,708 (2016/17 £7,504)

b salary sacrificed for pension of £7,708 (2016/17 £7,506)

c salary sacrificed for pension of £22,000 (2016/17 £22,000). Paid for providing services four days per week

d salary sacrificed for pension of £7,708 (2016/17 £7,504)

e assumed role of interim Chief Finance Officer following the death of Ian Nunn. Formerly Corporate Finance Director

f changed role in year, formerly Director of TfL Strategy and Contracted Services

g salary sacrificed for Cycle to Work scheme of £923 (2016/17 £nil), entered service 20 June 2016

h assumed role of statutory Chief Finance Officer following the death of Ian Nunn in addition to current role

i paid for providing services four and a half days per week, reverted to full-time 25 July 2017

j salary sacrificed for pension of £7,708 (2016/17 £7,504). Performance related pay disclosed as received in 2017/18 also includes one-off payments in respect of 2016/17 and 2017/18 totalling £43,750

k changed role in year, formerly Sub-Surface Programme Director

l previously on secondment to MTR Crossrail

m salary sacrificed for childcare vouchers of £112 (2016/17 £1,456)

n entered service 02 January 2018

o entered service 27 November 2017

p salary sacrificed for Cycle to Work scheme of £462 (2016/17 £538)

q salary sacrificed for pension of £7,708 (2016/17 £7,504)

r entered service 1 February 2017

s entered service 02 January 2018

t paid for providing services three days per week

u salary sacrificed for pension of £7,684 (2016/17 £7,504)

v employed by TfL but on secondment to Crossrail since January 2009

w left service 20 December 2017. Compensation for loss of employment includes payment in respect of contractual notice of £277,768. Payment was in accordance with voluntary severance policy. Salary sacrificed for pension of £5,553 (2016/17 £7,504)

x passed away 25 July 2017. Salary sacrificed for pension of £2,427 (2016/17 £7,504)

y left service 30 June 2017. Paid for providing services 1.5 days per week

z left service 30 April 2017. Salary sacrificed for pension of £631 (2016/17 £7,504)

aa left service 31 March 2018

ab left service 31 March 2018

ac left service 31 December 2017

ad left service 29 September 2017

# Appendices

## 3: Severance payments

We have also published the number and cost of compulsory and voluntary severance termination packages agreed during the year. This is fully in line with the Code. Our policy on severance is found on page xx.

Termination payments disclosed in the tables below include Crossrail, and are reported on a cash paid basis to provide certainty on the amounts reported, and include pension contributions in respect of added years, ex-gratia payments and other related costs.

\*Information subject to audit

Page 84

£	Group 2018 number	Group 2018 £m	Corporation 2018 number	Corporation 2018 £m
<b>Non-compulsory exit packages</b>				
0-20,000	105	1.3	65	0.9
20,001-40,000	146	4.3	107	3.2
40,001-60,000	123	6.2	98	4.9
60,001-80,000	84	5.8	67	4.7
80,001-100,000	76	6.9	64	5.8
100,001-150,000	96	11.6	58	6.9
150,001-200,000	42	7.1	26	4.4
200,001-250,000	22	5.0	14	3.1
250,001-300,000	6	1.7	2	0.6
300,001-350,000	1	0.3	1	0.3
350,000-400,000	2	0.8	1	0.4
400,001-450,000	1	0.4	1	0.4
<b>Total non-compulsory exit packages</b>	<b>704</b>	<b>51.4</b>	<b>504</b>	<b>35.6</b>
<b>Compulsory exit packages</b>				
0-20,000	-	-	-	-
<b>Total</b>	<b>704</b>	<b>51.4</b>	<b>504</b>	<b>35.6</b>

£	Group 2017 number	Group 2017 £m	Corporation 2017 number	Corporation 2017 £m
<b>Non-compulsory exit packages</b>				
0-20,000	112	1.4	2	-
20,001-40,000	152	4.8	2	0.1
40,001-60,000	231	11.3	7	0.4
60,001-80,000	160	11.3	4	0.3
80,001-100,000	122	10.7	2	0.2
100,001-150,000	36	4.2	10	1.3
150,001-200,000	21	3.8	9	1.6
200,001-250,000	6	1.3	2	0.5
250,001-300,000	3	0.8	1	0.3
300,001-350,000	3	1.0	-	-
350,000-400,000	1	0.4	1	0.4
400,001-450,000	-	-	-	-
<b>Total non-compulsory exit packages</b>	<b>847</b>	<b>51.0</b>	<b>40</b>	<b>5.1</b>
<b>Compulsory exit packages</b>				
0-20,000	1	-	-	-
<b>Total</b>	<b>848</b>	<b>51.0</b>	<b>40</b>	<b>5.1</b>

# Appendices

## 4: Representation of equalities groups at different pay levels as at 31 March 2018\*\*\*

\*Excluding Crossrail and TfL apprentices \*\*Information not subject to audit

	<£20,000		£20,001 to £30,000		£30,001 to £40,000		£40,001 to £50,000		£50,001 to £60,000		£60,001 to £70,000		£70,001 to £80,000		£80,001 to £90,000		£90,001 to £100,000		>£100,000			
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%		
<b>Ethnicity</b>																						
Black, Asian and minority ethnic	3	38%	607	31%	2,195	31%	1,226	25%	2,344	27%	514	20%	160	16%	25	7%	10	8%	11	7%		
White	4	50%	669	34%	2,646	36%	2,674	55%	4,631	54%	1,611	62%	689	67%	246	70%	90	68%	119	74%		
Not stated	1	12%	695	35%	2,351	33%	930	20%	1,640	19%	456	18%	183	17%	80	23%	32	24%	30	19%		
<b>Total</b>	<b>8</b>		<b>1,971</b>		<b>7,192</b>		<b>4,830</b>		<b>8,615</b>		<b>2,581</b>		<b>1,032</b>		<b>351</b>		<b>132</b>		<b>160</b>			
<b>Gender</b>																						
Female	5	63%	763	39%	2,409	34%	1,122	23%	1,366	16%	365	14%	164	16%	64	18%	27	20%	40	25%		
Male	3	37%	1,206	61%	4,779	66%	3,707	77%	7,245	84%	2,216	86%	868	84%	287	82%	105	80%	120	75%		
Other	-	-	2	-	4	-	1	-	4	-	-	-	-	-	-	-	-	-	-	-		
<b>Total</b>	<b>8</b>		<b>1,971</b>		<b>7,192</b>		<b>4,830</b>		<b>8,615</b>		<b>2,581</b>		<b>1,032</b>		<b>351</b>		<b>132</b>		<b>160</b>			
<b>Disabled / Not disabled</b>																						
Disabled	-	-	53	3%	149	2%	76	2%	140	2%	54	2%	14	1%	8	2%	4	3%	3	2%		
Not disabled	6	75%	954	48%	3,203	45%	1,894	39%	3,732	43%	992	38%	433	42%	137	39%	60	45%	99	62%		
Not stated	2	25%	964	49%	3,840	53%	2,860	59%	4,743	55%	1,535	60%	585	57%	206	59%	68	52%	58	36%		
<b>Total</b>	<b>8</b>		<b>1,971</b>		<b>7,192</b>		<b>4,830</b>		<b>8,615</b>		<b>2,581</b>		<b>1,032</b>		<b>351</b>		<b>132</b>		<b>160</b>			



# Appendices

## 5: Board Remuneration\*

\* Information not subject to audit

	For the year ended 31/03/18 £
<b>Current Board Member</b>	
Sadiq Khan	Not remunerated by TfL
Valerie Shawcross CBE	Not remunerated by TfL
Kay Carberry CBE	18,500
Greg Clark CBE	19,000
Baroness Tanni Grey-Thompson DBE	19,000
Bronwen Handyside	18,000
Ron Kalifa OBE	19,500
Michael Liebreich	19,000
Dr Alice Maynard CBE	18,000
Anne McMeel	20,000
Dr Mee Ling Ng OBE	20,000
Dr Nelson Ogunshakin OBE	19,000
Dr Nina Skorupska CBE	19,000
Dr Lynn Sloman	19,000
Ben Story	18,500



Image 53: Our staff work hard to keep London moving and growing