

## Meeting of the Remuneration Committee

2.00 - 3.30 pm on Tuesday, 30 June 2020  
in MS Teams

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
5.	Senior remuneration policy review	3 - 8	JC
6.	HE comparator set	9 - 12	MMJ
7.	Severance policy for senior managers review	13 - 16	MMJ

**Date of next meeting**  
**2.00 pm on Tuesday, 3 November 2020**

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

**In attendance:** Michael Broadway, Marcelle Moncrieffe-Johnson and David Phoenix

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	INTERNAL
Paper title:	Senior remuneration policy
Board/Committee:	Remuneration Committee
Date of meeting:	30 June 2020
Author(s):	Jerry Cope, Chair of the Board
Sponsor(s):	Jeremy Parr, Chair of the Committee
Purpose:	To Review
Recommendation:	The committee is requested to review and note the policy.

## Executive Summary

Under element 3b of the 'The Higher Education Senior Staff Remuneration Code' published 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 was drafted to take into account the three elements of fair and appropriate remuneration as set out in the code:

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

It was approved by the Board of Governors at its meeting of 18 October 2018.

The policy has been reviewed and no changes are proposed.

The committee is requested to note the policy.

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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 adopted and complies with the CUC Higher Education Senior Staff Remuneration Code (2018). Any non-compliance with the Code will be explained in the annual remuneration report.
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 Remuneration Committee's discretion, a team bonus in addition to the individual bonus will operate, currently set at a maximum of 5% with the potential to rise to 10% on the approval of the Remuneration Committee;
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions;
- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts

#### *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 Executive's starting package, pay award and any performance bonus, 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 Executives;
  - approves the objectives of the Vice Chancellor for performance bonuses;
  - monitors the objectives being set for performance bonuses of Senior Executives;
  - approves a policy on external income for Senior Executives;
  - approves a policy on severance arrangements for Senior Executives; 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.

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	CONFIDENTIAL
Paper title:	Comparator set
Board/Committee:	Remuneration Committee
Date of meeting:	30 June 2020
Author(s):	Richard Duke, Director of Strategy and Planning
Sponsor(s):	Marcelle Moncrieff-Johnson, Group Chief People Officer
Purpose:	For Information
Recommendation:	The committee is requested to note the institutions in its agreed comparator set

## Executive Summary

At its meeting of 2 July 2019, the committee agreed a comparator set for executive salaries as follows:

“The committee agreed that due to the distinctive challenges and structure of the LSBU group the following relevant benchmarks and indicators will be taken into consideration when setting and reviewing Senior Executive salaries:

- Institutions of similar size and type based on UCEA data (this data will be interpreted to take account of LSBU’s London location by adding 5%);
- London modern universities; and
- Other universities with a group structure or similar complexity of structure or regulatory framework”.

Benchmarking data on this set will be provided for the committee to take into consideration when setting and reviewing exec salaries at its meeting in November 2020.

The institutions that meet these criteria are included in the appendix.

The committee is requested to note the comparator set.

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## Appendix

### LSBU senior pay comparator set

*Institutions of similar size<sup>1</sup> and type based on UCEA data (this data will be interpreted to take account of LSBU's London location by adding 5%):*

- The Institute of Cancer Research
- Kingston University
- Royal Holloway and Bedford New College
- The University of Huddersfield
- The University of Hull
- The University of Lincoln
- The University of Wolverhampton
- Keele University
- London Business School
- University of South Wales
- University of London (Institutes and activities)
- Cranfield University
- University of Derby
- Goldsmiths College
- London School of Hygiene and Tropical Medicine
- Edinburgh Napier University
- Glasgow Caledonian University
- The University of the West of Scotland
- Aberystwyth University
- The University of Bradford

*London modern universities:*

- Westminster
- Greenwich
- West London
- East London
- London Metropolitan
- Kingston
- University of the Arts
- Middlesex
- Roehampton

*Other universities with a group structure or similar complexity of structure or regulatory framework:*

None identified

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<sup>1</sup> Similar size has been based on income and number of staff, + or – 10%

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	CONFIDENTIAL
Paper title:	Severance pay policy
Board/Committee:	Remuneration Committee
Date of meeting:	30 June 2020
Author(s):	Marcelle Moncrieff-Johnson, Group Chief People Officer
Sponsor(s):	Marcelle Moncrieff-Johnson, Group Chief People Officer
Purpose:	For Review
Recommendation:	The committee is requested to re-approve the current approach

## **Executive Summary**

The approach to Severance Pay currently refers to and adopts the Committee of University Chairs Remuneration Code and Guidance, published June 2018. This is considered good practice and is recommended to continue.

The policy is attached for information.

The committee is requested to re-approve the current approach.

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## **LSBU remuneration committee**

### **Guidance on severance payments to senior executives**

**July 2018**

1. At its meeting of 12 July 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 executives who report to the vice chancellor (Senior Executives).
3. LSBU will ensure that contracts agreed with its Senior Executives 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 Executive:
  - 4.1 LSBU will comply with 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; and
  - 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 Executives 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.

*Approved by the Remuneration Committee on 12 July 2018*