

Meeting of the Remuneration Committee

6pm on Tuesday, 28 June 2016
in 1B27, Technopark, London Road, London SE1

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>		Chair
3.	Minutes of meeting of 26 November 2015, and matters arising		Chair
4.	Policy on Executive Salaries	Rem.01(16)	VC
5.	Any Other Business		Chair
6.	Date of next meetings: 6 pm on 24 November 2016		Chair

Members:

Chair of Committee Mee Ling Ng

3 independent Governors Jerry Cope
 Carol Hui
 Andrew Owen

In attendance: Vice Chancellor, Executive Director of OD and HR and
 Deputy Director of Human Resources (minutes)

London South Bank University
Minutes of the Remuneration Committee
26th November 2015 6.00pm

Present: Mee Ling Ng (Chair)
Jerry Cope
Carol Hui
David Phoenix (part)
Mandy Eddolls (part)
Joanne Monk (minutes)

1. Apologies

Apologies were received from Andrew Owen.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Meetings Held on 19 October and 20 November 2014

These minutes were approved.

There were no matters arising.

4. Updated Terms of Reference

The terms of reference, updated to reflect the current membership of the Committee and that the Committee reviews Senior Post Holders' remuneration but not direct reports to the Vice Chancellor who are not Senior Post Holders, were noted.

5. Executive Bonus Scheme

The Committee approved the recommended structure, objectives and rules of the proposed Executive Bonus Scheme.

6. Executive Bonus Assessments (The Executive Director of OD & HR left the meeting for this item).

Based on the Executive Bonus Scheme rules, the following bonuses, as recommended by the Vice Chancellor, for Senior Post Holders were approved:

- Chief Finance Officer – 8%
- Deputy Vice Chancellor – 10%
- University Secretary – 6%

The bonuses of Executive members who report to the Vice Chancellor were noted:

- Chief Operating Officer – 8%
- Executive Director of OD and HR – 8%
- Pro Vice Chancellor, Research and External Engagement – 2%
- Pro Vice Chancellor, Education and Student Experience – 0%, as newly appointed

7. Executive Team Salaries (The Executive Director of OD & HR remained out of the meeting for this item)

A recommended 1% increase to salaries with effect from 1 August 2015, in line with the national pay award agreed for other staff groups, was agreed for Senior Post Holders and was noted for other members of the Executive, with the exception of the Executive Director of OD and HR who is on a fixed term contract and salary.

The Committee noted that significant adjustments to salaries had been made in 2014 and accepted that for this year a 1% increase reflecting the national pay award was appropriate. However, the Committee requested that a policy for future Executive salaries be developed that took into account market value, using salary surveys (including from outside the HE sector), job size comparability and retention needs.

The Committee requested a proposal paper on Executive salaries be considered at a short Remuneration Committee following an appropriate Board of Governors Meeting before the summer recess in 2016.

8. Executive Bonus Objectives for Year 1 August 2015 to 31 July 2016

These were agreed for Senior Post Holders.

These were noted for other Executive Team Members.

9. Implications of Changes to Pensions

The Committee considered a paper which detailed the impact on LSBU staff as a result of two significant changes to the rules that govern occupational pension schemes relating to the Annual Allowance (AA) and Life Time Allowance (LTA). The Committee approved the following recommendations:

- 4.1 - A cash payment for employees impacted by either the LTA or the AA, of 15% of salary;
- 4.2 – No compensation is offered to anyone who remains in a scheme on lesser terms such as a 50% benefit status or deferred tax;
- 4.3 – No compensation is offered for loss of ill health retirement or enhanced redundancy;
- 4.4 - Firm quotes are obtained for the provision of life insurance for anyone who opts out;
- 4.5 - Any cash payments for Executive members are reported to the Remuneration Committee.

In relation to 4.1, the Committee recommended it be clearly evidenced, by independent assessors that it would be fiscally punitive for a member of staff to remain in a pension scheme before a cash payment of 15% was agreed. The Committee also reserved the right to review this policy and the % payment for staff impacted in future by the AA or LTA.

10. Vice Chancellor's Salary and Bonus Assessment, and Objectives for 2015/16 (the Vice Chancellor and Executive Director of OD & HR left the meeting for this item)

The Committee:

- Approved the recommended 1% increase in annual salary for the Vice Chancellor;
- Agreed a 10% bonus (2% more than recommended);
- Noted the Vice Chancellor's objectives for 2015/16.

11. Implication of Changes to Pensions on the Vice Chancellor's Salary

The Committee noted the arrangements for the Vice Chancellor's remuneration.

12. Any Other Business

There were no items of other business.

13. Date of Next Meeting

28 June 2016 at 6 pm following Board of Governors meeting.

	CONFIDENTIAL	
	PAPER NO:REM.01(16)	
Paper title:	Executive Annual Salary Review	
Board/Committee	Remuneration Committee	
Date of meeting:	28 th June 2016	
Author:	Joanne Monk	
Executive/Operations sponsor:	Vice Chancellor	
Purpose:	To determine the policy and process for the annual review of Executive Salaries	
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	<p><i>[link to key strategic document e.g. Strategy 2015-2020, Corporate Delivery Plan, five year forecasts]</i></p> <p>Goal 7 – People and Organisation: Creating an environment which attracts and fosters the very best staff, and within which all staff feel their achievements are equally and fairly valued and rewarded, feel proud of their university and take appropriate responsibility for its development</p>	
Recommendation:	RemCom is asked to consider and agree the policy and process for the annual assessment of Executive salaries	
Matter previously considered by:	At its meeting on 26 November 2015, the RemCom requested that a policy for Executive salaries be developed that not only applied the national pay award (1% in 2015), but took into account market value, using salary surveys (including from outside the HE sector), in assessing Executive salaries. This draft policy aims to provide an objective, consistent and fair way to achieve this.	
Further approval required?	No	On:

Executive Annual Salary Review

Scope

This policy applies to members of the University's Executive, including Senior Post Holders (as defined in the University's Articles of Association). As at May 2016, these posts are:

Senior Post Holders:

- Vice Chancellor
- Deputy Vice Chancellor
- Chief Finance Officer
- Secretary and Clerk to the Board of Governors

Other Members of the Executive:

- Pro Vice Chancellor – Education and Student Experience
- Pro Vice Chancellor – Research and Enterprise
- Chief Operating Officer
- Interim Executive Director of OD and HR¹

Purpose

The purpose of this policy is to set out how the salaries of Executive Members will be assessed and agreed on an annual basis. This policy should be read in conjunction with the Executive Bonus Scheme.

Principles for Salary Assessment

Salaries of Executive Members will be reviewed and assessed on an annual basis as at 1 August each year. In assessing salaries, the following factors will be taken into account:

1. Annual pay award

The annual pay award agreed for staff on the 51-point pay spine (grades 2 – 10) as part of national negotiations or, if the University is not part of such negotiations, by local agreement, approved by the Board of Governors. Any award applied to Executive salaries will not automatically be the same as, or limited to, the nationally agreed pay award. It may be adjusted taking into account differences in pay structures, such as lack of incremental progression for Executive Members, or other considerations recommended through UCEA or sector pay reviews.

¹ This policy and salary assessment process will not apply to the current Executive Director of OD and HR as the post holder is interim and on a fixed term salary for the duration of the contract.

2. Comparison of Market Salaries

A market comparison of Executive Members salaries will be undertaken on an annual basis. The market comparisons and benchmarks will include:

- UCEA Senior Staff Remuneration Survey for academic posts, and
- XpertHR National Management Salary Survey for professional services posts.

3. Retention

Consideration will also be given to any retention issues relating to specific post holders identified by the assessing manager.

Process for Salary Assessment

Taking into account the principles listed above, recommendations for Executive Member's salary increases will be made and approved as follows:

Position	Recommended By	Approved By	Process
Vice Chancellor	Chair of Board of Governors	Remuneration Committee	Paper to Remuneration Committee
Senior Post Holders and Executive Director of OD & HR (if applicable)	Vice Chancellor	Remuneration Committee	Paper to Remuneration Committee
Other Executive Members	Executive Director of OD & HR	Vice Chancellor	Noted in paper to Remuneration Committee

These annual salary reviews will be considered at the Remuneration Committee held in October/November of each year, at the same time as annual bonuses are considered for Executive Members.

Any salary increases agreed, will be backdated to take effect from 1 August each year.

Human Resources Department
March 2016
V3 June 2016