

AGENDA

Senior Postholders Remuneration Committee

Wednesday 18 December 2013 at 17.15

- 1. Apologies**
- 2. Terms of Reference of the Committee (RC13.01) as revised at the meeting held on 5 December 2012**
- 3. Minutes of the meeting held on 5 December 2013 (Paper RC13.02)**
- 4. Matters arising from the minutes of the last meeting not on the agenda**
- 5. Assessment of Senior Postholders Pay Award for the period 1 August 2013 to 31 July 2014 (Paper RC13.03)**
- 6. Assessment of Senior Postholders bonuses for the financial year 1 August 2012 to 31 July 2013 and proposed objectives for the financial year 1 August 2013 to 31 July 2014 (Paper RC13.04)**
- 7. Any other business**
- 8. Date and time of next meeting**

Remuneration Committee
Terms of reference

1. Remit of the committee

The responsibilities of the committee are to:

- 1.1 determine the policy for the remuneration of LSBU's senior 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 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;
- 1.3 approve the design of, and determine targets for, any bonus schemes operated by LSBU and approve the total annual payments made under such schemes;
- 1.4 determine the policy for, and scope of, pension arrangements for each senior post holder;
- 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;
- 1.6 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;
- 1.7 review and note annually the remuneration trends across LSBU;
- 1.8 oversee any major changes in employee benefits structures throughout LSBU or group;
- 1.9 agree the policy for authorising claims for expenses from the chairman, other governors and the senior post-holders;
- 1.10 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled; and
- 1.11 obtain up-to-date information about remuneration in other comparable organisations.

2. Reporting responsibilities

- 2.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 2.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.3 The committee shall send an annual report on its business to the independent governors.

3. Authority

- 3.1 The committee is authorised by the board, at LSBU's expense:
 - 3.2.1 to obtain any outside legal or other professional advice; and
 - 3.2.2 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.

4. Secretary

- 4.1. The Director of Human Resources or their nominee shall act as the secretary of the committee.

5. Minutes

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

6. Frequency of Meetings

- 6.1 The committee shall meet at least once a year and at such other times as the chairman of the committee shall require.

Membership 2013/14

Members:

Chair of Committee	Diana Parker
Chair of HR Committee	Anne Montgomery
2 independent Governors	David Longbottom Sarah Mullally
Secretary	Katie Boyce, Director of HR

Quorum: 2 Independent Governors

In attendance: Vice Chancellor, University Secretary, Director of HR and Executive Director of Finance (as required)

Note – Members of the Executive shall not participate in any discussion about their own remuneration.

London South Bank University

	PAPER NO: RC13.01	
Board/Committee:	Human Resources	
Date:	11 December 2013	
Paper title:	Revised Terms of Reference	
Author:	Director of Human Resources	
Executive sponsor:	Vice Chancellor	
Recommendation by the Executive:	N/A	
Aspect of the Corporate Plan to which this will help deliver?	All of Plan	
Matter previously considered by:	Remuneration Committee	On: 5 December 2012
Further approval required? Committee/Board No	On:
Communications – who should be made aware of the decision?	Committee members and Governance Office	

Executive summary

To note the amendments made to the terms of reference at the meeting on 5 December 2012 as noted in the minutes under point 2.

Minutes of the Senior Postholders Remuneration Committee

Wednesday 5 December 2012 at 2.00pm – VENUE

Present: Diana Parker (Chair)
David Longbottom
Anne Montgomery
Sarah Mullally - *joined meeting by conference call*

In attendance: Professor Martin Earwicker – Vice Chancellor
Katie Boyce – Director of Human Resources

1. Apologies

There were no apologies

2. Terms of Reference of the Committee

The Committee received the terms of reference and agreed to the following change:

- 1.1 delete “broad”
- 1.9 changed that the policy for authorising claim for expenses should read “from the Chairman, other governors; and the Senior Postholders”.

3. Minutes of the Meeting held on 25 October 2011

The minutes were agreed.

4. Matters arising from the minutes of the last meeting not on the agenda

There were no matters arising.

5. Assessment of Senior Post holders Pay Award for the period 1 August 2012 to 31 July 2013

The Committee agreed that the pay award should not be considered in isolation as it had previously, but should be considered alongside performance and also the market rate data outlined in Paper RC12.03. The Committee also discussed the application of ratings which would clearly be linked to a specific outcome based on the definition of different levels of performance.

Based on this the Committee asked the Director of HR to develop a Pay Framework Document for consideration at the next meeting.

The Committee took into account all of the information in Paper RC.12.03 and agreed a pay award of 1% in line with that agreed for all staff. This provides salaries as follows:

- Professor Martin Earwicker: £193, 245
Plus pension replacement supplement increased to £27, 137.69

- Bev Jullien: £152, 561.51
- Dr Phil Cardew: £121,200
- Richard Flatman: £125, 213.74

- James Stevenson: £86, 883.23

6. Assessment of Senior Postholders bonuses for the financial year 1 August 2011 to 31 July 2012 and proposed objectives for the financial year 1 August 2012 to 31 July 2013

The Committee considered all of the information in paper RC12.04 produced by the Vice Chancellor. The decision in relation to each of the Senior Postholders was as follows:

➤ **Richard Flatman – Bonus for 2011/2012**

The Committee noted all of the positive aspects of Richard Flatman's performance but asked the Vice Chancellor to also feedback to Richard Flatman he should continue to develop his confidence in presenting his own views of strategy at Board meetings.. The Committee decided to award Richard Flatman 5% out of a possible 10%.

This converts to a payment as follows:

Salary as at 1 August 2011: £123, 974

5% bonus payment: £6198.70

➤ **Richard Flatman – Objectives for 2012/2013**

The Committee agreed all of the objectives put forward by the Vice Chancellor.

➤ **Bev Jullien – Bonus for 2011/2012**

The Committee noted all of the positive aspects of Bev Jullien's performance. The Committee asked the Vice Chancellor to feedback to Bev Jullien that the Committee expect to see a clear step change in income generation via the enterprise function during 2012/2013 and with this in mind asked the Vice Chancellor to revisit the specific targets set for Bev Jullien during the current financial year. The Committee decided to award Bev Jullien 5% out of a possible 10%.

This converts to a payment as follows:

Salary as at 1 August 2011: £151, 051

5% bonus payment: £7552.55

➤ **Bev Jullien – Objectives for 2012/2013**

The Committee agreed all of the objectives put forward by the Vice Chancellor and repeated the request that a specific target is developed in relation to Enterprise.

➤ **Dr Phil Cardew – Bonus 2011/2012**

The Committee noted the positive aspects of Phil Cardew's performance but noted that Phil Cardew has a narrow, but necessary focus on academic quality. The Committee decided to award Phil Cardew 5% out of a possible 10%.

This converts to a payment as follows:

Salary as at 1 August 2011: £115, 460

5% bonus payment: £5773.

➤ **Dr Phil Cardew – Objectives for 2012/2013**

The Committee agreed the objectives for Phil Cardew put forward by the Vice Chancellor.

➤ **James Stevenson – Bonus 2011/2012**

The Committee noted the positive aspects of James Stevenson's performance put forward by the Vice Chancellor. They also noted that James Stevenson does a good job in supporting the Board and is gaining in confidence. The Committee asked that the phrase "short with some of his staff" be removed from section 3 of his appraisal.

The Committee decided to award James Stevenson 5% out of a possible 10%.

This converts to a payment as follows:

Salary as at 1 August 2011: £86, 023

5% bonus payment: £4301.15

➤ **James Stevenson – Objectives for 2012/2013**

The Committee agreed the objectives put forward by the Vice Chancellor.

➤ **Professor Martin Earwicker – Bonus for 2011/2012**

The Vice Chancellor left the meeting at this point. The Committee noted Martin Earwicker's assessment of performance against objectives. The Committee decided to award 6% out of a possible 10%.

This converts to a payment as follows:

Salary as at 1 August 2011: £191, 332.

6% bonus payment: £11,479.92.

➤ **Professor Martin Earwicker - Objectives for 2012/2013**

The Committee agreed the objectives as set by the Chairman of the Board for the Vice Chancellor.

7. Any Other Business

There was no other business.

8. Date and Time of Next Meeting

To be confirmed.

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	PAPER NO: RC13.03	
Board/Committee:	Human Resources	
Date:	11 December 2013	
Paper title:	Assessment of Senior Postholders Pay Award for the period 1 August 2013 to 31 July 2014	
Author:	Director of Human Resources	
Executive sponsor:	Vice Chancellor	
Recommendation by the Executive:	N/A	
Aspect of the Corporate Plan to which this will help deliver?	All of Plan	
Matter previously considered by:	Remuneration Committee	On: 5 December 2012
Further approval required? Committee/Board No	On:
Communications – who should be made aware of the decision?	Senior Postholders	

Executive summary

The Committee is recommended to pay Senior Postholders a 1% increase on their spot salaries in line with the pay award for all other staff for the same period.

	PAPER: RC13.04	
Board/Committee:	Remuneration Committee	
Date:	10 th December 2013	
Paper title:	Assessment of Senior Postholders Bonuses for 2012/2013 and proposed targets for 2013/2014	
Author:	Vice Chancellor, Professor Martin Earwicker	
Executive sponsor:	Vice Chancellor, Professor Martin Earwicker	
Recommendation by the Executive:	N/A	
Aspect of the Corporate Plan to which this will help deliver?	All aspects of the Plan	
Matter previously considered by:	Remuneration Committee	On: 5 December 2012
Further approval required?	No	On:
Communications – who should be made aware of the decision?	Senior Postholders	

Executive Summary

1. Martin Earwicker's own assessment against his targets
2. Senior Postholders assessments for 2012/2013
3. Proposed targets for 2013/2014 subject to the VC Designate

Martin Earwicker achievements against 2012/13 targets

Student centre and services all operational – achieved

The student centre was opened in November 2012 and has been very well received, and used, by students, the SU and staff. 10,000 students a month use the centre.

Student numbers - achieved

- UG Full Time: 99% of target and up 4% on last year
- UG Part time: 136% of target up 207% on last year
- PG Full Time: 85% of target but up 2% on last year
- PG Part Time: 91% of target but up 40% on last year
- International: enrolments up 14% on last year

Financial Outturn - exceeded

- £6 million surplus achieved compared to the £2.5 million budget.

Terraces including enterprise centre – achieved

The restoration of the terraces has been completed to a very high standard and was completed ready for the new academic year and £1.2 million below budget.

Enterprise Company established – achieved

The Enterprise Company has been formed with all legal matters completed, including new T&C for the staff, and the Board established with James Smith as Chair. The company is active with new staff and new products.

Chapel site proposal – achieved

The proposals were presented to the Board strategy day and were very well received. These proposals cover not only the chapel site but the whole of the north-west part of the campus. The plan can proceed in stages, but the overall scope will only be possible once the University acquires the Peabody building.

Peabody building purchase – in progress and on plan

Negotiations are underway with the Peabody Trust who are keen to proceed and actively working on the transfer. They are helpfully negotiating the freehold from the City of London which will make it easier for us. They hope to have completed the transfer to the University within a year.

Confucius Institute funding from Hanban – achieved

This was achieved with £800,000 grant from the Hanban, although the original proposal was to use the Old Library to house the CI. However, due to the delay resulting from the withdrawal of all external capital funding by the Chinese Government last year the original building is now going to be for a new performance studio to meet the growing number of performance students. However, Caxton house has been offered as an alternative and accepted by Hanban.

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Develop proposals for consideration by the Board on a possible restructure of ESBE. - achieved

Proposals presented to and approved by the Board.

Richard Flatman

This has been another very good year for Richard. His financial control of operations has been excellent with very good results. He has recruited excellent senior staff to replace those lost last year and addressed some specific issues that arose with confidence and professionalism; he has created a strong team. His strategic analysis has been particularly effective in highlighting the challenges and opportunities for the University over the next five years, and his modelling and wise counsel on the issue of setting fees was most valuable. He communicates well with the Board and has their complete confidence. The University is fortunate to have Richard as the Finance Director. His manner in dealing with colleagues is always professional and constructive. I have very much enjoyed working with Richard and wish him well in the future.

Bonus recommendation: 9%

Draft Targets – not yet discussed with Vice Chancellor Designate

Richard Flatman

1. Financial sustainability – tight control of university finances with group surplus in line with budget £2.5m. – to achieve by July 2014.
2. Deliver effective relationships between the Finance Department and all other faculties/support department as true business partners – regular reporting of Finance SLA KPIs in accordance with agreed targets – to be achieve by July 2014.
3. Promote and support greater business discipline – Careful and accurate management and reporting of capital spend in accordance with agreed investment plans – to achieve by March 2014.
4. Deliver high standards of governance/compliance – Effective planning/implementation of FRS 102 – to achieve by July 2014.
5. Financial sustainability – 5 year forecast mode regularly reviewed and updated to reflect changing circumstances and approved by the board – to achieve by July 2014.

Phil Cardew

This has been a year of progress for Phil. His restructuring of the Registry has proved a success with significantly increased confidence in the quality and robustness of our data, and much more integrated working of the Registry with Recruitment and the faculties.

The new Student Life Centre has also proved very successful which coupled with the much improved Students Union and the new Student Centre building has transformed the student experience this year.

A disappointment was the poor employability results. Some of this has been addressed by his team as part of a suite of initiatives in the enhanced Student Life Centre and will take a year to show results, but part was also his choice of outsourcing the DLHE survey to London University who it has transpired did not do a good job and undoubtedly under-recorded our employability levels.

Phil has continued to progress the introduction of Moodle as our new virtual learning environment sensibly carrying his colleagues with him and has been the driving force behind the new Teaching and Learning Strategy.

Overall, Phil has transformed the academic services which are now performing well with new energy and drive and recognised as such by their customers. He should be proud of his achievements.

Bonus recommendation: 7%

Draft Targets – not yet discussed with Vice Chancellor Designate

Phil Cardew

1. Successful implementation of moodle – to achieve by December 2014.
2. Successful launch of student experience platform (IBM) – to achieve by December 2014.
3. Employment score to reach 85%– to achieve by December 2014.

Bev Jullien

Bev has developed well this year with all of her teams performing well following recruitment of new key staff.

The student recruitment process has worked very well this year. The marketing has been effective, recruitment has performed excellently and the teams are now working to a much higher standard and in partnership with their colleagues across the University. The resulting successful recruitment figures are a testament to their success.

International recruitment was struggling but Bev has guided the team well and it is now performing well, albeit with more development to come. It is no longer a problem, but rather an opportunity to expand.

Fundraising has continued to perform well with a focus on the development of senior alumni and fundraising for the National Bakery School.

The Sports Academy continues to be successful and the newly won funding to develop our sports facilities is good news.

The Enterprise Company is now finding its feet and making good progress. The new Enterprise Centre is attracting much interest and I am confident it will prove a great success. Much of this is down to Bev's drive and determination.

Overall, Bev has significantly raised the performance of her teams with much better outcomes. She should be proud of her achievements.

Bonus recommendation: 8%

Draft Targets – not yet discussed with Vice Chancellor Designate

Bev Jullien

1. To meet recruitment targets for SNC and Post Graduates – to achieve by December 2014.
2. Increase international student's enrolment by 20% – to achieve by December 2014.
3. Meet the 16-20 targets for new income generation – to achieve by December 2014.
4. Establish the Clarence Centre as a key vehicle for employee engagement in SE1 – to achieve by December 2014.

James Stevenson

James has continued to provide sound and helpful advice on both governance matters for the Board and legal matters for the Executive as well as playing a full role as a member of the Executive. I always have full confidence in James's advice.

James has high standards of integrity and is very loyal to the University. He not only runs an effective team but he is constantly reviewing the effectiveness of himself and his team and taking sensible corrective action. He has proved himself an important and valued member of the Executive team.

Bonus recommendation: 7%

Draft Targets – not yet discussed with Vice Chancellor Designate

James Stevenson

1. To support the chairman in undertaking a full board and committee effectiveness review – to start March 2014.
2. As a member of the executive, to contribute to the corporate planning for the transition from Schools to Faculties
3. To support the board in succession planning for the chair and governors who retire in July 2015 – to identify the chair by March 2014.
4. To identify appropriate professional development opportunities for the governance team.
5. To co-ordinate a university-wide strategic approach to continuous improvement in relation to student complaints and OIA cases.

Assessment of Senior Postholders Pay Award for the period 1 August 2013 to 31 July 2014

The Senior Postholders salaries were last adjusted in January 2013 and reflected the backdated pay award of 1% made to all staff. As a result of this pay award the Senior Postholders currently earn:

- Martin Earwicker - £193,245, plus pension replacement supplement of £27,137.69
- Bev Jullien - £152, 561.51 (NB: The University does not pay any pension contributions for Bev Jullien)
- Phil Cardew - £121,200
- Richard Flatman - £125,213.74
- James Stevenson - £86,883.27

The data from the UCEA Remuneration Survey indicates that the salary for Beverley Jullien is in the upper decile and the salary Professor Phil Cardew is within the upper quartile.

The Chief Financial Officer (previously Executive Director of Finance) is in the average category for post 92 institutions and the Secretary and Clark to the Board is in the average range for post 92 institutions.

The Committee is asked to note that the pay award for all other staff for the same period is 1%.