

Meeting of the Remuneration Committee

10.00 am on Thursday, 21 November 2019
in Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Confidential minutes of the previous meeting	3 - 4	JP
2.	VC remuneration	5 - 6	JC
3.	VC objectives	7 - 14	JC
4.	Executive group bonus	15 - 18	JC
5.	Draft Annual Remuneration Committee report to Board	19 - 28	MB
6.	Pro forma minutes of the meeting	29 - 34	MB

Date of next meeting
2.00 pm on Tuesday, 30 June 2020

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

In attendance: Michael Broadway and Marcelle Moncrieffe-Johnson

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**Minutes of the meeting of the Remuneration Committee
held at 2.00 pm on Tuesday, 2 July 2019
Technopark, SE1 6LN**

Present

Jeremy Parr (Chair)
Michael Cutbill
Douglas Denham St Pinnock
Mee Ling Ng

Apologies

Jerry Cope

In attendance

Michael Broadway
Markos Koumaditis

1. Minutes of the previous meeting - VC remuneration

The committee approved the previous minutes.

2. VC loan update

In the absence of the Vice Chancellor

The committee noted the Vice Chancellor has negotiated a mortgage and intends to repay the interest free loan from the University. The committee noted the increase in living costs for the Vice Chancellor under this arrangement. The committee noted that the taxable benefit for the Vice Chancellor from this loan was approximately £10k per year.

The committee approved an annual, non-consolidated accommodation allowance of £10k to the Vice Chancellor to reflect this taxable benefit and as a contribution to these increased living costs.

**Date of next meeting
2.00 pm, on Thursday, 21 November 2019**

Confirmed as a true record

..... (Chair)

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Confidential

VC REMUNERATION 2019/20

1. I attach a copy of the VC's appraisal for 2018/9 which includes objectives for 2019/20. It reflects the fact that the LSBU Group has had a very good year, in a difficult environment.
2. On the basis of the analysis in the appraisal I am recommending a personal bonus of 8.5% (last year 8%). In addition the VC will get an Executive team bonus of 4.5% (out of 5% max), the first year that we have operated that scheme. It is worth noting that, if the recommendation is accepted, the maximum team bonus for 2019/20 will be 8 %, albeit with a heavy weighting on student retention. So, in line with OfS preferred direction of travel, we continue to increase the performance related element of remuneration.
3. In terms of basic pay I reported last year that against London Moderns our VC was at 86% of the median on base salary, and 97% of the median on total package. I commented that, notwithstanding that we are a smaller, but not necessarily less complex, Institution than some, we have a high-performing VC, and it is difficult to justify that we are not paying above the median. We therefore recommended an increase of 2.9% from 1 August 2018, above the general staff award (which was imposed without Union agreement) of 2.0%
4. In practice, from data gathered by CUC nearly every other University awarded 2.0% (or indeed less) to their VC, so we will, without repeating the Korn Ferry analysis, have seen a small movement upwards in our VC's comparative position. It is this award that will become visible in this year's Report and Accounts and may or may not attract attention. VC pay although a little quieter in the media still attracts scrutiny including from OfS.
5. This year remembering the introduction of the team bonus and that our VC has left the pension scheme, for tax reasons, the pay element of his remuneration will show an increase, before pay award, of around 5%. At the same time staff are being held to a 1.8% increase (plus increments for those not at the max) and this has again been imposed over the heads of the Unions. I therefore propose that the VC basic pay award is also 1.8%, notwithstanding that will leave his base consolidated pay still below the median of comparators. The majority of Institutions do not pay bonuses, although the proportion seems to be increasing.

Summary

6. I am therefore recommending for the VC:
 - a pay increase, to apply from 1 August 2019, of 1.8%
 - an unconsolidated bonus of 8.5% of 2018/9 salary
 - Inclusion in the Executive team bonus of 4.5% of 2018/9 salary.
7. I am also inviting the Committee to note the VC's objectives for 2019/20.

Jerry Cope (Chair LSBU)

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Vice Chancellor 2019 Appraisal.

Objectives for 2018/19

Core Strategic Leadership objectives for the next year	Measures of Success	Outcome
<p>Enhance institutional Reputation</p> <p>MET Very significant increase in NSS. Reputation for group structure attracting national coverage and SBC, LSBU showing improvement. MAT . Requires some additional work given grade 3 at UTC and challenges around outcomes</p>	<ul style="list-style-type: none"> • LT outcomes showing improvements above the average improvement in the comparator group for Times/Guardian/CUG • Target improvement in NSS +2% overall – teaching moved 81st percentile (Times) to 70th; student experience moved 79th percentile to 70th (Times) • Seek to enhance outcomes at Lambeth via improvements in achievement rates and deficit reduction • provide 3 year plans for research centres with institutional summary to FPR • improve student achievement rates in MAT • plan for LEAP development approved by MPIC and implemented 	<ul style="list-style-type: none"> - Improvements across all tables. Guardian 68/121 (previous 78/121). CUG 87/131 (previous 93/131). QS world ranking 701-750 (previous 751-800). Generally now in top 3 London Moderns. Times 86/131 (previous 107/131). - NSS strong – improvements in all areas of c2-5%. Over half areas now above national average - Ofsted at Lambeth positive and three areas now grade 2. 16-19 81.6% achievement rate (last year 73%; National Ave 82.8%); 19+ 89.1% (last year 87% - National Ave 89.1%) target for year end 89%. Apprenticeships poor butat CFADS target of 59%. - Research centre plans prepared and report generated to executive. Agreed with FPR first detailed report to Board will be in autumn - MAT – UTC grade 3. End of year grades year strong in Btech but GCSE weak (UAE progress 8 -0.49 (National ave 0) and UTC -0.16.

<p>Ensure financial sustainability of the organisation and diversity of income streams</p> <p><u>Met (except retention).</u> Budget exceed but more work required regarding diversification. (3.5/4%)</p> <p>Respond to staff engagement survey</p>	<ul style="list-style-type: none"> • Delivery of outturn in line with agreed budget • Seek to reduce Lambeth deficit in line with Plan (note only 6mths of control in year) • Increase TNE income and UK/OS/EU recruitment to agreed target • Increase enterprise income to target and deliver strategic business plan for SBE • Business case for Bharani JV to Board and CPD activity developed • Increase year 1 progression to 75% plus (+5%) <ul style="list-style-type: none"> • Local and institutional plans reviewed and actioned • Work on staff networks and diversity continued, Athena Swan and Disability matters submitted • HRD appointed and OD plan in place 	<ul style="list-style-type: none"> - LEAP – plan went to MPIC and Board and WP2 agreed - Budget exceeded in terms of income (£147M vs £145M) and surplus (£3m vs £1.5m) - Number of challenges with less income than expected but deficit expected of £4.6M which is ahead of CFADS - TNE forecast is £2M against a budget of £2.7M (1.8M outturn last year). International is on track to hit budget (£10M compared to last years £9M) therefore increase >10% - Research is 6% growth but £0.4M behind budget - Enterprise is behind (£10.6M) budget (£12M) and behind last year. Outline structure for SBE developed but business plan not in place. Concerns regarding capacity, pipeline and leadership need to be addressed. - The business case for the JV was reviewed and rejected - The CPD business plan has been developed and new areas targeted via SBE. Further work is needed to develop the concept and our organizational mgt in this area needs further work - In year retention/progression flat at 73% but will be finalised at end Oct <ul style="list-style-type: none"> - Plans in place – requires further work wrt links to appraisal. - Athena swan submitted to time. - HRD appointed dues to start in summer. Senior HR team reviewed and change mean OD plan not yet developed but engagement data and response analysis due for roll out in autumn.
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<p><u>Met</u></p> <p>Good result with engagement score improving but more analysis required and HR function needs significant work- delayed with search for new exec director who will have OD focus (2/2%)</p> <p>Seek to develop the family of educational Institutions concept</p> <p><u>Met</u> – although sub strategies and KPIS still need development – some delay given the new group wide</p>	<ul style="list-style-type: none"> • Increase pulse survey engagement score c2% • Implement new executive structure and group structure • implement new mgt structure in SBA and SBC • Approve new 2020-25 strategy • Develop sub plans at institutional levels • Investigate and develop funding options for Southwark and if viable business case presented to Board for approval • Plan for Vauxhall development and works started 	<ul style="list-style-type: none"> - Engagement survey showed 4% increase even though released at a time of significant change. - New engagement survey has been issued across full group for first time - New structure implemented but under review with COO departing. New governance structure agreed and in development involving negotiation with DfE - New SBC structure in place and positions filled. New SBA structure in place but some appointments still to be made - Strategy developed and agreed. KPIs in development as are sub strategies – that work will be undertaken early 2019/20 - Lambeth acquisition achieved plus £28M transition funding from TU and £20M grant from GLA - Sub-strategies not of caliber needed - Range of workshops being held to help shape - Southwark agreed to partner for Perry site - HoT being developed. Feasibility study showed Perry feasible, model to develop St Georges not recommended to MPIC though. Conversations had with multiple experienced universities and mechanism for value been identified and presented to MPIC - outline plans for Vauxhall submitted and Lambeth Council support obtained. DfE negotiations due to happen Sept-December. GLA £20M secured but financial strategy still in development. Lambeth
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<p>approach and complexity 2/2%)</p> <p>Develop Estates Master plan</p> <p><u>Partially met - Limited progress leading to need for intervention in recent months to progress mechanism for LSBU review of value and to engage Lambeth council on Vauxhall</u> (1/2%)</p>	<ul style="list-style-type: none">• Commercial estates officer in place• Option appraisal for Havering completed	<p>agreed in principle to partner via JV if needed -appointment not made - work with NHS completed but unable to get contract agreed. Opportunities reviewed – one at Dagenham currently being tested but no obvious solution.</p>
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PDP

No specific points for development. Research activity at Kings has now ended but work is being written up and published in high impact journals during 2019:

Liposome mediated-CYP1A1 gene silencing nanomedicine prepared using lipid film-coated proliposomes as a potential treatment strategy of lung cancer

M Zhang, Q Wang, KW Wan, W Ahmed, DA Phoenix, Z Zhang, ...
International journal of pharmaceutics 566, 185-193

Biophysical investigation into the antibacterial action of modelin-5-NH 2

SR Dennison, T Hauß, K Badiani, F Harris, DA Phoenix
Soft matter 15 (20), 4215-4226

Minor sequence modifications in temporin B cause drastic changes in antibacterial potency and selectivity by fundamentally altering membrane activity

G Manzo, PM Ferguson, VB Gustilo, CK Hind, M Clifford, TT Bui, AF Drake, ...
Scientific reports 9

I continue as Deputy Chair of the Science Museum Group and Chair of the Science and Industry Museum. I remain the elected chair the funding policy network and a Board member of Universities UK. I have stood down as Chair of Millionplus, the Millionplus executive and the Ministers Brexit Advisory committee. Whilst I remain a Director of the National Center for Universities and Business my term will end during the next 12 months or so

Commentary on Performance

At the performance level, LSBU has had a highly successful year within a tough external environment. Thanks largely to the VC's energy, drive and leadership we have achieved a strong financial performance, much improved student recruitment pre-clearing, very strong NSS outcomes and growing external recognition. The new strategy has been endorsed and launched and LSBU's reputation, both in league tables and more generally is improving. During the year Dave also spent a considerable amount of his personal time successfully negotiating the acquisition of Lambeth.

Challenges nonetheless remain. These include finding the funding for the Estates transformation, including residences, and spending the available money wisely, continuing the turn-round at Lambeth and improving standards at our schools, continuing to drive up student experience and the quality of teaching, (disappointingly) student retention, getting value from the likely LEAP investment, and putting in place a more balance Group structure. All this is unlikely to happen unless there is a greater culture of personal accountability coupled with a culture of cross institutional co-operation across the Senior Management of the Group.

I have no doubt that Dave is a leader who can manage this heavy programme. But if we are also to achieve further non-organic growth in the UK and/or overseas to underpin medium-term financial sustainability, he will need to free up some of his time by getting his senior team to take greater responsibility for driving operational excellence, whilst he leads on and seeks out wider strategic opportunities.

Dave has the full trust and confidence of the Board. In turn we as a Board need to ensure the role of VC of LSBU continues to be fulfilling for him in all its aspects.

Jerry Cope
Chair

Proposed Objectives 19/20

Core Strategic Leadership objectives for the next year	Measures of Success
<p>Enhance institutional reputation</p> <p>Ensure financial sustainability of the organisation and diversity of income streams</p> <p>Staff engagement</p> <p>Deliver key projects</p>	<ul style="list-style-type: none"> • LT outcomes showing improvements above the average improvement in the comparator group for Times/Guardian/CUG • Target improvement in NSS +1% overall • Seek to enhance outcomes at Lambeth via improvements in achievement rates • Provide 3 year plans for research centres with institutional summary to FPR and prepare for REF • Improve student achievement rates in MAT <ul style="list-style-type: none"> • Delivery of outturn in line with agreed budget • Seek to reduce Lambeth deficit in line with Plan and grow Adult education (reduced subcontracts) • TNE income and UK/OS/EU recruitment to agreed target • Enterprise and Research income to target • CPD activity to begin delivery via SBE • Improve retention with a target of 76% • Identify and progress at least one further opportunity for non-organic growth compatible with overall strategy. • Approve new 2020-25 strategy KPIs and develop sub-plans at institutional levels <p>OD development plan in place with early wins achieved Oversee development of senior succession plans to safeguard future leadership capability across the Group</p> <ul style="list-style-type: none"> • Plan for Chapel development (incremental development StG) approved • Deliver London road to plan • Deliver LEAP WP2 and full business case • SBC Estates Plan and funding strategy agreed • Option appraisal for Havering completed and a way forward agreed.

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Agenda Item 4

	CONFIDENTIAL - RESTRICTED TO MEETING PARTICIPANTS
Paper title:	Executive Group Bonus Scheme
Board/Committee:	Remuneration Committee
Date of meeting:	21 November 2019
Author(s):	Jerry Cope, Chair of the Board
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	For Approval
Recommendation:	The committee is requested to approve: <ul style="list-style-type: none">• a team bonus award of 4.5%;• an increase in team bonus to 8% of salary for 2019/20;and• criteria for team bonus for 2019/20

Executive Summary

The attached paper recommends a 4.5% team bonus to be paid to executive based on the criteria agreed for 2018/19.

The recommendations for criteria for 2019/20 are attached for consideration with a maximum available team bonus suggested as 8%

Remcom - Confidential

RemCom agreed an Executive group bonus scheme worth up to 5% salary based on the criteria below. An award of 4.5% is recommended.

2018/19	Target	Maximum bonus	Progress to date	Recommendation																				
Financial performance	<ul style="list-style-type: none"> - Achieve LSBU budget (£145M) 1% - Exceed LSBU budget and SBA meets budget (≥£145.5M) 2% 	Max 2%	<p>Draft subject to audit £148.5m hence exceeded budget for LSBU</p> <p>SBA MAT has exceeded budget (£7.33M vs £7.26M budget)</p> <p>SBC has exceeded budget (£25.7m vs £24.9m budget)</p>	2%																				
Completion of Lambeth acquisition	<ul style="list-style-type: none"> - Budget: reported deficit (excluding any release of TU funding) better than CFADs model deficit (of £5.3M) <ul style="list-style-type: none"> £4-4.5M 0.5% ≤£4M 1% - Evidence of quality improvement (0.5%) 	Max 1.5%	<p>First draft, subject to audit, for College operations only is a deficit of £4.043m; excluding the £14.9m release of ESFA income, any LSBU recharges and exceptional pension charges in year. Hence in £4-4.5M range</p> <p>Ofsted Inspection with 3 areas moving from requires improvement to good.</p> <p>16-18 and 19+ achievement improved and above CFADS</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>Ach%</th> <th>NA</th> <th>17/18</th> <th>CFADs Target</th> </tr> </thead> <tbody> <tr> <td>16-19 yr olds</td> <td>81.6%</td> <td>82.8</td> <td>73%</td> <td>78%</td> </tr> <tr> <td>19+</td> <td>89.1%</td> <td>89.1</td> <td>87%</td> <td>89%</td> </tr> <tr> <td>Overall</td> <td>87.5%</td> <td>85.8</td> <td>85%</td> <td>NA</td> </tr> </tbody> </table>		Ach%	NA	17/18	CFADs Target	16-19 yr olds	81.6%	82.8	73%	78%	19+	89.1%	89.1	87%	89%	Overall	87.5%	85.8	85%	NA	1.0%
	Ach%	NA	17/18	CFADs Target																				
16-19 yr olds	81.6%	82.8	73%	78%																				
19+	89.1%	89.1	87%	89%																				
Overall	87.5%	85.8	85%	NA																				
Guardian LT (baseline 78)	<ul style="list-style-type: none"> - 74-75 0.5% - 70-73 1% - ≤69 1.5% 	Max 1.5%	Achieved 68 in 2019	1.5%																				

RemCom proposal for Executive group bonus scheme (19/20) worth up to 8% salary based on the criteria below.

2019/20	Target	Maximum bonus
Financial performance	Income target for 19/20 (LSBU and SBC combined) met £176.6m 0.5% Consolidated income c2% over budget (£180M) 0.5% SBC better than Budget (ie CFADs) > -£2.7M (TBC) 0.5%	1.5%
Student Achievement	LSBU – Retention: Indicative measure year 1 progression – base line 18/19 72.7% (TBC Nov) 74% +0.5% 75% +0.5% 76% +1.0% 77% +1.0% SBC – 16-19 and 19+ achievement at national average or better. (0.5%) SBA – Achievement 8 data for the two schools = 0 or better (i.e. at or above national average for student cohorts of similar entry characteristics) (0.5%)	4%
Reputation	Guardian LT Baseline 68 67 -65 0.5% 64-61 0.5% >=60 0.5%	1.5%
Staff Engagement	Staff Engagement score for Group baseline is 66% Temperature test 2020 +2% (68%)	1.0%

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	INTERNAL
Paper title:	Draft Annual Remuneration Report
Board/Committee:	Remuneration Committee
Date of meeting:	21 November 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Jeremy Parr, Chair of the committee
Purpose:	For Approval
Recommendation:	The committee is asked to approve the 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.

As agreed at the Remuneration Committee meeting of 12 July 2018, the remuneration report will form part of the annual report and accounts.

The attached draft report has been drafted based on the template provided by the CUC.

Areas that need to be completed (highlighted in the draft) following separate discussions and approvals at this meeting are:

- Summary of Vice Chancellor's performance for 2018/19;
- Level of Vice Chancellor bonus and pay award;
- Total amount of bonuses to be paid to Senior Executives; and
- Level of team bonus.

As the committee is meeting on the same day as the Board meeting at which the Board will be requested to approve the accounts, the final draft remuneration report in the accounts has been circulated with the Board papers. Following the remuneration committee meeting, the remuneration report will be updated and circulated to the Board (with the updated sections highlighted).

The Committee is requested to approve the draft report for inclusion in the annual report and accounts.

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Annual Remuneration Report, 2018/19

Introduction

This remuneration report sets out the University's approach to determining senior pay and outlines performance and reward during the year.

The Remuneration Committee is responsible for determining the remuneration of the Vice Chancellor and Senior Executives covered by the Senior Remuneration Policy as approved by the Board. Senior Executives are the senior leaders of LSBU who report directly to the Vice Chancellor. The Senior Executives for the year are listed on page **x**.

The Board has adopted the CUC Remuneration Code and approved a senior remuneration policy.

Full details of the senior pay policies referred to in this report are available on the LSBU website.

Terms of Reference

The Remuneration Committee's Terms of Reference are available online.

Committee Membership 2018/19

The members of the committee for the year 2018/19 were Mee Ling Ng (Committee Chair until July 2019 and committee member throughout the year), Jeremy Parr (Committee Chair from July 2019), Jerry Cope (Chair of the Board), Michael Cutbill 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 where appropriate, such as to make recommendations on pay awards and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

Committee meetings 2018/19

The committee met twice in the 2018/19 academic year.

- 6 November 2018
- 2 July 2019

In addition, the committee made a decision via email in February 2019.

The committee also met on 21 November 2019 to consider Senior Executive performance and remuneration for 2018/19.

Approach to remuneration of all staff in 2018/19 and for 1 August 2019 onward

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 requires 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 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. However, 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.

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 and inclusion is fundamental to our success and growth as an institution of higher education.

Senior Remuneration

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

LSBU's Senior Remuneration Policy sets out the following principles for senior remuneration:

- 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 awarded against specific team objectives 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

Benchmarking

An independent review of the benchmark set for Senior Executive salaries was carried out by Korn Ferry in September 2018 and based on recommendations a revised approach to benchmarking was approved by the Committee at its meeting of 6 November 2018.

The committee agreed that based on 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.

The Hay Group Guide Chart Profile Method of job evaluation was used to set the benchmark for all Executive level jobs and salaries.

Institutional performance, 2018/19

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University performed well in terms of both financial and strategic outcomes.

Institutional performance including areas measured by the key performance indicators plus individual objectives are reviewed as part of individual Senior Executives' appraisals and are overseen by the Remuneration Committee.

Vice Chancellor performance, 2018/19

This assessment of Vice Chancellor performance is for academic year 2018/19. The bonus awarded based on performance for academic year 2018/19 will be paid in financial year 2019/20 and appear in next year's accounts.

The Vice Chancellor's performance was reviewed by the Chair of the Board as part of the appraisal process, looking at key results both against key KPIs for the University, which the Vice Chancellor oversees, and against the specific personal objectives (marked *) set for the Vice Chancellor by the Remuneration Committee:

- *The financial stability of the organisation has been ensured and the diversity of income streams has been increased;
- Recruitment in 2019, has been above expectation, where others have struggled, thanks to the growing reputation of the University;
- Progression rates were flat but disappointingly below target;
- *Institutional reputation and specifically League table rankings across all tables have improved above the average improvement by comparators;
- *The transaction for Lambeth College, as part of the family of educational institutions' strategy, has been completed;
- Costs have been controlled carefully, but with investment in key strategic areas;
- *The staff engagement score improved by a considerable 4%, at a time of significant change;
- *Progress has been made on the Estates strategy with major improvements across the elephant estate, and work started at Vauxhall;
- * The family of educational institutions concept has progressed within a new approved 2020-2025 Group strategy; and
- There has been strong and confident leadership both internally and externally, including representing LSBU to key stakeholders.

So in summary LSBU has had a further excellent year at a particularly complex and challenging time and is well placed to thrive in a potentially tough environment going forward, The Board recognises the importance of maintaining a strong and determined leadership team at this time.

During the year under review, the Vice Chancellor was awarded a bonus of £[tbc] for individual performance (a bonus of £19k was awarded for performance in 2017/18) and a bonus of £[tbc] for team performance.

Performance related pay, 2018/19 and 2019/20

Under the Senior Remuneration Policy, for 2018/19, the Vice Chancellor and Senior Executives are eligible for a bonus of up to 10% of salary and for a team bonus of up to 5% of salary as set out in the remuneration principles above. The award of both individual and team bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University met its overall financial target and eight members of the executive were eligible to receive an individual bonus and a team bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved [tbc] individual (including the Vice Chancellor) bonuses and a team bonus (of [tbc]%) together totalling £[tbc] (for 2017/18 performance, eight individual bonuses were awarded totalling £80k).

For 2019/20, a separate team bonus to a maximum of [tbc]% will operate in addition to the individual bonuses set out above and in line with a policy to increase the proportion of pay related annually to performance.

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (grade C. Bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Bonuses for performance during 2018/19 will be determined in November 2019 (32 bonuses were awarded totalling £165k in 2018/19 for performance during 2017/18).

Total Remuneration: Vice Chancellor

The table below sets out payments to the Vice Chancellor during 2018/19 with a comparison to 2017/18. The bonus figure relates to performance in the previous year.

Emoluments of the Vice Chancellor	2018–19	2017–18
	£'000	£'000
Salary	234	228
Performance related pay	19	18
Taxable benefits	10	10
Subtotal	263	256
Pension scheme contributions or payments in lieu of pension contributions	34	34
Total	297	289

In August 2019, the Vice Chancellor paid back a loan of £350k in full to the University (full details of the loan are included in note 8(E)). From August 2019, the Remuneration Committee agreed a central London accommodation allowance of £10,000.

For the current year, the Vice Chancellor has been awarded a pay increase of [tbc]%, in line with the average annual pay rise for all employees.

Pay Multiple

The Vice Chancellor's basic salary is 6.15 times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration salary is 6.78 times the median total remuneration of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The pay multiple has remained in line with that of previous years.

Year	Ratio – basic salary	Ratio – total remuneration
2018/19	6.15	6.78
2017/18	6.18	6.86
2016/17	6.33	7.01
2015/16	6.10	6.97

The ratios do not include agency workers.

The LSBU basic salary ratio compares to the sector ratio of 6.9 (based on UCEA data for 2018).

External appointments, expenses and severance

LSBU's policy on the retention of income generated from external bodies is that Executive members are expected to declare any external income. The expectation is that external income will not be retained but on occasion permission to retain income may be given by the Vice Chancellor (and in the case of the Vice Chancellor by the Chair of the Board). Where Executive members are appointed on a fractional basis it may well be external activity can be accommodated outside of contract but it should still be declared to avoid conflict. The Remuneration Committee reviews these declarations.

In 2018/19, the Vice Chancellor donated royalties to the University's hardship fund. The Vice Chancellor did not undertake any external remunerated activity.

LSBU's Expense policy is available online. It applies to all staff including Senior Executives.

In 2018/19, the Vice Chancellor's expenses totalled £2.5k. These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. In addition, work-related travel costs of £2k were booked through the University's central travel buying team for the Vice Chancellor.

The Remuneration Committee has approved a policy on severance arrangements.

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	CONFIDENTIAL
Paper title:	Pro forma minutes of meeting
Board/Committee:	Remuneration Committee
Date of meeting:	21 November 2019
Author(s):	Michael Broadway, Secretary to the Committee
Purpose:	For Approval
Recommendation:	The committee is requested to approve the pro forma minutes of the meeting

Executive Summary

As the remuneration report will be included in the annual report and accounts, the auditors have requested confirmation, in the form of signed minutes, that the bonus/pay award figures in the report have been approved by the committee. As the Board is the same day as the committee, this will need to be done immediately after the committee meeting. The signing version of the accounts will need to be updated with the approved figures for the remuneration report.

Pro forma minutes are attached for approval. At the end of the meeting and following approval, the final agreed figures will be inserted into the minutes and the Chair of the committee asked to sign.

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**Minutes of the meeting of the Remuneration Committee
held at 10.00 am on Thursday, 21 November 2019
Technopark, SE1 6LN**

Present

Jeremy Parr (Chair)
Jerry Cope
Michael Cutbill
Douglas Denham St Pinnock
Mee Ling Ng

In attendance

Michael Broadway
Marcelle Moncrieffe-Johnson
David Phoenix (*from minutes 1 -13*)

1. Welcome and apologies

No apologies had been received.

2. Declarations of interest

The Vice Chancellor declared an interest in items 13 to 17 on the agenda.
The Vice Chancellor would leave the meeting after item 12.

3. Minutes of the previous meeting

The committee approved the minutes of the previous meeting.

4. Matters arising

All matters arising had been completed.

5. Senior remuneration policy

The committee noted the policy, which was used to inform decisions at the meeting.

6. Pay multiples

The committee noted the pay multiples, which formed part of the annual remuneration committee report.

7. Average pay rise for all staff

The committee noted the average pay rise for staff, which was used to inform decisions at the meeting.

8. **Expenses policy compliance**

The committee noted the report on executive expenses for 2018/19.

9. **External income policy - executive declarations**

The committee noted the declarations of external income by members of the Executive.

10. **Executive members pay award**

The committee noted the []% increase to staff salaries for 2019/20 and the []% increase received on average by staff through increments. Under the senior remuneration policy the following pay uplifts were approved:

- Provost (Pat Bailey): []%
- Chief Financial Officer (Richard Flatman): []%
- Chief Business Officer/Deputy Vice Chancellor (Innovation) (Paul Ivey): []%
- Chief Customer Officer (Nicole Louis): []%
- Pro Vice Chancellor (Compulsory Education) / Executive Principal (Lambeth) (Fiona Morey): []%
- University Secretary (James Stevenson): []%

11. **Executive members bonus recommendations**

The committee noted that, as the performance related pay (PRP) scheme rules had been met, members of the executive were eligible to receive a bonus. Based on the recommendation from the Vice Chancellor following review of performance against objectives, the following bonuses were approved:

- Provost (Pat Bailey): []%
- Chief Financial Officer (Richard Flatman): []%
- Chief Business Officer/Deputy Vice Chancellor (Innovation) (Paul Ivey): []%
- Chief Customer Officer (Nicole Louis): []%
- Pro Vice Chancellor (Compulsory Education) / Executive Principal, Lambeth College (Fiona Morey): []%
- University Secretary (James Stevenson): []%

12. **Exec objectives**

The committee noted the objectives for 2019/20 for executive members.

13. **VC remuneration**

In the absence of the Vice Chancellor

The Committee approved the recommended []% increase in annual salary for the Vice Chancellor, with effect from 1 August 2019. This increase is in line with the national pay award agreed and average increment uplift for other staff groups.

Following appraisal, [it was agreed that all objectives had been met or largely met] for the year. Based on this performance and views of the independent governors the Committee agreed a []% bonus for the year.

14. **VC objectives**

In the absence of the Vice Chancellor

The committee approved the Vice Chancellor's objectives for 2019/20.

15. **Executive group bonus**

In the absence of the Vice Chancellor

The committee noted that, as the performance related pay (PRP) scheme rules had been met, members of the executive were eligible to receive a bonus. Based on the recommendations from the Chair of the Board following review of performance against team objectives the Committee agreed a []% bonus for each member of the Executive.

The committee approved the increase in team bonus level to 8% and the criteria for 2018/19.

16. **Draft Annual Remuneration Committee report to Board**

In the absence of the Vice Chancellor

The committee approved the annual remuneration report subject to amendments following the committee's decisions at the meeting. The committee noted that the report would be included in the annual report and accounts and be published.

17. **Pro forma minutes of the meeting**

In the absence of the Vice Chancellor

The committee approved the pro forma minutes of the meeting and authorised the Chair of the Committee to sign the final version, updated with figures based on approvals at the meeting.

**Date of next meeting
10.00 am, on Tuesday, 30 June 2020**

Confirmed as a true record

..... (Chair)

DRAFT