

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 8% 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 or other senior executives will not have a role in the final decision on pay and other awards for themselves.

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.