

## Remuneration Committee – 2019-20 Annual Report

### 1. Introduction

- 1.1 In accordance with the requirements of the Higher Education Senior Staff Remuneration Code issued by the Committee of University Chairs (CUC), the Remuneration Committee presents its annual report for the year ended 31 July 2020 to the Governing Body.

### 2. Overview

- 2.1 During the year ended 31 July 2020 the membership of the Remuneration Committee comprised:

- The Hon Apurv Bagri (Chairman)
- Ian Hannam
- Ingrid Kwok
- Baroness Lucy Neville-Rolfe (resigned 30 November 2019)
- Professor Sarah Worthington (appointed 10 September 2019)

- 2.2 The Committee held one meeting during the year in November 2019. The Chair of the Committee made an oral report to Governing Body following the meeting.

- 2.3 Richard Frost, School Secretary, was in attendance at the meeting and acted as Secretary to the Committee during the year.

### 3. Remuneration of Senior Roles

- 3.1 At its meeting in November 2019 the Committee reviewed the remuneration of the Dean and other senior roles.

- 3.2 The Dean opted not be considered for an annual pay award taking into account the School's internal and external context. The Committee agreed that his salary should remain unchanged.

- 3.3 The Committee reviewed the remuneration of 12 current members of professional staff in senior roles and additionally approved remuneration levels for 4 new senior professional staff roles.

- 3.4 During the course of the year the Committee separately approved two matters by correspondence: the remuneration package for one new senior role and a payment relating to a settlement agreement with an employee in an existing senior role.

- 3.5 All remuneration decisions were made by the Committee in accordance with the School's Remuneration Policy for Senior Roles (see Appendix B).

#### 4. Pensions

- 4.1 The Committee received an update on the Universities Superannuation Scheme (USS) and a separate paper setting out a proposed remuneration policy for USS members impacted by pensions taxation.
- 4.2 The Committee agreed that a joint meeting of the Remuneration Committee and Finance Committee should be arranged to consider issues relating to the School's membership of the USS. This meeting was subsequently postponed due to the impact of the pandemic.
- 4.3 The Committee further agreed to defer any decision on the proposed remuneration policy for USS members impacted by pensions taxation pending the development of a comprehensive strategy on faculty salaries.

#### 5. Other Matters

- 5.1 The Committee approved a proposed process for the conduct of the Dean's two-year performance review.

## APPENDIX A - REMUNERATION COMMITTEE – TERMS OF REFERENCE

### Remit

- a. To develop and review policy on the remuneration, benefits, terms and conditions of the Dean, staff members of the executive team and senior non-faculty members of staff on a salary of £125,000 a year or more.
- b. To determine remuneration and contract terms for those senior staff on appointment and to conduct an annual review of their remuneration taking account of the policy, the circumstances of London Business School, relevant market information and the need for fair and equal treatment.
- c. To approve any severance terms and ensure they are in accordance with legal advice, in line with the severance policy, practical and justifiable.
- d. To approve any external appointments and their remuneration by the organization concerned, in accordance with the policy on such appointments.
- e. To inform the Governing Body of the Committee's policies and decisions and approve an annual report to be included in the Financial Statements.
- f. In process, decision-making and disclosure, to comply with guidance and requirements from the Committee of University Chairs and the Office for Students.
- g. To keep its own operation under review, to ensure the Committee is effective, including updating this Terms of Reference should legislation or governance require it.

### Frequency of Meetings

The Committee meets annually or more frequently as needed.

### Membership

- a. Three independent members of the Governing Body, appointed based on their skills, experience and understanding of the subject; and the Chair of the Governing Body.
- b. The Chair of the Committee will be chosen by the Governing Body from among these. The Chair of the Governing Body may not chair Remuneration Committee meetings when the remuneration of the Dean is under discussion.
- c. The quorum is three in attendance.

#### 2019-20 Membership

Chair of Governing Body	The Hon Apurv Bagri
3 Non-Executive Members	Mr. Ian Hannam Mrs. Ingrid Kwok Professor Sarah Worthington
Secretary	* Mr Richard Frost

\*The Secretary is absented from the meeting when her/his position is discussed

## APPENDIX B - REMUNERATION POLICY FOR SENIOR ROLES

This document sets out the Remuneration Committee's policy on the remuneration of senior staff. This group is defined as the Dean, members of the Executive Team and other non-faculty staff whose salary is £125,000 or more.

The overall aim of remuneration for these roles is to enable the London Business School to recruit, retain and sustain the commitment of people with the skills and talent the School needs to maintain its reputation and performance and deliver the strategy.

The normal elements of remuneration are salary and pension. The Committee may award a one-off non-consolidated payment to recognize exceptional achievement, but there is no standard bonus or incentive arrangement.

The Committee will decide the parameters for the remuneration of new recruits to senior staff posts and will review their remuneration annually to ensure it remains appropriate, competitive and justifiable.

In determining pay on appointment, the Committee will take account of:

- The market rate in UK business schools and in the London labour market for jobs of comparable scale and type. Benchmarking information will be used and will be interpreted based on the scale, structure and ambition of the School. Benchmarking analysis and pay decisions will take account of total cash and total remuneration in the market as well as salary.
- Where it is relevant, the international market among top business schools and elsewhere. The designation of international market roles will be reviewed annually by the Committee. Where possible, international benchmarking and related decisions will take account of total cash and total remuneration in the market as well as salary.
- Factors which might lead to an adjustment of the market rate, including the track record of the individual.
- Internal relativities and fairness among senior roles in the School.
- Value for money.

In reviewing pay post-appointment, the Committee will take account of those same factors, plus:

- The performance of the School and of the individual. School performance will be measured against agreed performance indicators and individual performance will be judged through the performance management process.
- Retention and flight risk, where there is a clear and evidenced concern. This is an exceptional provision and any adjustments for retention purposes will need to be justifiable in relation to other policy provisions.

Other arrangements for senior staff will normally follow School policy.

This policy will be reviewed periodically to ensure it remains appropriate for the School and is aligned with sector guidance and regulatory requirements.