

Annual Report of Remuneration Committee 2024-25

Introduction

1. The Committee met three times in 2024-25 on:
 - 31 October 2024;
 - 8 April 2025;
 - 17 June 2025.
2. The membership of the Committee during the year was:
 - Stuart Roden (Chair and independent member of Council);
 - Sonali de Rycker (independent member of Council);
 - Sir David Higgins (ex officio as the Chair of Finance & Estates Committee and attended the October 2024 meeting only);
 - Johannes Huth (ex officio as the Chair of the Finance & Estates Committee and attended the April and June meetings)
 - Dr Susan Liautaud (Chair of Council);
 - Kevin White (external member).
3. All members of the Committee attended every meeting with the exception of one member at the April meeting. The President and Vice-Chancellor and Vice President and Pro Vice Chancellor (Faculty Development) attend meetings of the Committee by invitation and are only present for relevant items. Neither were present for any discussions relating to their own remuneration. All meetings are attended by the Director of Human Resources and the School Secretary, except when their own remuneration is under consideration.
4. The Committee reviewed and re-confirmed its terms of reference with minor changes at its first meeting of the year.

Staffing Context

5. The context in which the Committee made its decisions was one of a challenging financial situation across the higher education sector. This again made national pay bargaining more complex, with implications for potential future industrial action.
6. In response to the level of pay pressure and in recognition of the global challenge of recruiting and retaining world class faculty, Council previously agreed a seven year pay strategy to be implemented from 2025-26 to address pay constraints and reward faculty. This balanced portfolio of benefits designed to make staff remuneration more internationally competitive will continue to underpin and contextualise the Committee's future decisions in the immediate and medium term.
7. Academic staff turnover remained extremely low at 1.5 per cent; morale was generally high and the School is an attractive employer with high application rates for roles. While United States institutions were currently less appealing destinations, staff remuneration expectations remained high. Attractive residential packages and housing supplements were examples of benefits where investment would influence the recruitment and retention of the next generation of faculty 'stars'.

8. The general rate of staff turnover had stabilised in the aftermath of the pandemic and a tightening job market. Some skills were now difficult to secure. A consequence of a stable staffing with low turnover rates reduced the pace of change with reference to equity, diversity and inclusion and in other related indicators such as the gender pay gap.
9. The under-reporting of sick leave had continued as a consequence of staff working from home which was not unique to the School or higher education sector. The School was proactively working to address sickness management, including developing approaches to address the mental health epidemic and learning from innovative programmes conducted at other institutions.
10. The School's eighth annual gender pay gap report was published in March 2025, reflecting data from 2023-24. The two main measures of progress were the median pay gap (this had moved back to 2022 levels at 5.55 per cent) and the mean gender pay gap which had fallen to 23.99 per cent, reflecting the best performance since 2021. However, the position was effectively unchanged from last year. As had been reported to the Committee over the last few years, it would take time to address the academic gender pay gap, particularly in quantitative departments. The School was working towards increasing the number of women in the upper pay quartile but the rate of annual movement was only one per cent.

Severance Payments

11. The Committee agreed in 2018-19 a set of framework principles for severance payments for senior staff. While the number of cases has remained small, the threshold level for the Committee to be informed of such cases was confirmed in 2021, following a year long trial. This was set at staff earning an annual salary in excess of £100k, where it was anticipated that the sum given would be in excess of £150k, or any case where the value of the cash element of the settlement was in excess of £100k. An annual report of such payments is used as the basis for testing whether the involvement of the Committee is positioned at the correct level of materiality.
12. The number of cases for the Committee remains very low and there were no cases presented in 2024-25.

Monitoring Performance and Pay Awards

13. The Committee reviewed and noted the objectives of senior staff reporting to the President and Vice-Chancellor and of the President and Vice-Chancellor at its October meeting. These objectives reflected work outside 'business as usual' activities. Performance against these objectives was considered by the Committee at its June 2025 meeting when considering contribution awards.
14. The Chair of Council undertakes an annual performance review of the President and Vice-Chancellor against their objectives, with the outcome being reported to the Committee to inform decision making. The results of the performance review are used as the basis for assessing progress against agreed outcomes at the end of the year. The President and Vice-Chancellor undertook performance reviews of his direct reports on the School Management Committee and reported these to the Committee for consideration.

15. The Committee considered contextual information during the year to inform its wider discussions and decision making, applying the remuneration framework set out in the [Approach to Senior Staff Remuneration](#).
16. This contextual information can include (but is not restricted to) data from the Committee of University Chairs, Vice Chancellors' salaries survey, data provided by the Universities and Colleges Employers' Association and the annual survey undertaken by the Times Higher Education. International benchmarks are also used where appropriate. The Committee reviews which benchmarks are used on an annual basis.
17. The School participates in a number of regular senior level remuneration surveys, including the annual survey of heads of institution remuneration which is managed by the Committee of University Chairs (CUC). This survey has two key elements. The first of these compares the pay of heads of higher education institutions and the second measures the ratio between the pay of the heads of institution and that of the average salary of employees.
18. The subsequent pay ratio measures were determined using available comparative data provided by the Universities and Colleges Employers' Association in its Senior Staff Remuneration Survey 2024. The School used the data compiled from the consolidated responses to ensure that appropriately competitive rates were being paid to the President and Vice-Chancellor/Pro Vice-Chancellor equivalent roles. Formal reporting and publication of the President and Vice-Chancellor's full remuneration would be deferred for a further year (ie until 2026-27) due to the period of split salaries between two postholders over two financial years.
19. This year contribution pay budgets were consistent with those of 2024 with the overall shape of the awards (both recurrent and non-recurrent) analogous to previous years. The general trend was that more academic colleagues received awards, reflecting the lack of auto-increment on academic salaries, while a greater proportion awarded to junior staff. This was regarded as a positive contribution to addressing the cost of living in London.
20. Details of the President and Vice-Chancellor's pay and remuneration for 2024-25 are published in the School's annual financial statements. The current President and Vice-Chancellor's pay ratio, using total salary as a ratio against the median salary of all staff is [tbc].
21. The number of LSE staff earning over £100k per annum had slightly increased again, reflected the impact of larger percentage pay rises and long-serving staff. As was the case last year, the upward trend of salaries meant that more staff would be earning in excess of this amount when taking into account the minimum professorial salary level.

Senior Staff Expenses

22. The travel related costs and expenses of members of the School Management Committee are reviewed by the Committee annually and are published on the School's website.

Committee Effectiveness Review

23. In accordance with the expectations of the CUC Higher Education Senior Staff Remuneration Code, the Committee undertook a review of its effectiveness during the year. These are required every four years and the most recent review was undertaken in 2021. In setting the approach of the review, it was agreed that the focus should be on working towards best practice, irrespective of sector.
24. Korn Ferry, an external firm, were selected to undertake the review following a competitive process. The approach applied included a qualitative assessment of the Committee's documentation and review of relevant policy documents and benchmarking materials, as well as interviews conducted with all members of the Committee, the Director of Human Resources and the School Secretary. The review took account of remuneration governance requirements in the higher education sector and good practice in remuneration governance across the economy.
25. The conclusions of the Review were that the Committee was at the upper end of practice in higher education and compared well with much of the private sector. A small number of recommendations for further improvement were raised which will be implemented in 2025-26. These include publication of this report and the provision of further detail on which institutions or markets are used for comparative purposes in the use of benchmarking material.