

## COUNCIL

### Remuneration Committee

#### Terms of Reference

#### 1. Purpose

- 1.1. The Committee is a Committee of the Council. The purpose of the Committee is:
  - 1.1.1. to consider, recommend to the Council and, where appropriate, approve remuneration matters for the Vice-Chancellor and the Senior Postholders of the University<sup>1</sup>;
  - 1.1.2. to discharge certain responsibilities for remuneration matters relating to other staff of the University, as determined by the Council from time to time;
  - 1.1.3. to provide independent scrutiny of the University's public disclosures relating to remuneration;
  - 1.1.4. to provide independent, expert advice to the Vice-Chancellor and the Council on matters related to its remit;
  - 1.1.5. to approve remuneration matters concerning any associated entities as determined by the Council from time to time.
- 1.2. The Committee does not oversee remuneration matters relating to Cambridge Assessment or Cambridge University Press or the University's wholly owned subsidiaries<sup>2</sup>.
- 1.3. In all matters the Committee is required to take account of the context in which the University operates including its recruitment and retention needs, and to pay due regard to the responsibilities and best practice expectations of the University as a charity and as a regulated HE institution, and to matters of equality, diversity and inclusion. The Committee shall take legal advice as appropriate.
- 1.4. The Human Resources Committee is responsible for broader matters of remuneration strategy and policy and for remuneration matters for all staff outside the remit of the Committee. The Committee may refer matters of policy and of operation to the Human Resources Committee for consideration and where appropriate for decision.
- 1.5. The Committee will provide written reports to Council of its meetings, and report annually both externally and internally to promote transparency and openness of its decision-making. The Committee will seek to base its recommendations on clear, independently sourced benchmark data.

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<sup>1</sup> The following terms are defined for the purposes of these terms of reference as follows: *Senior Postholders* are the postholders who report directly to the Vice Chancellor: the Pro-Vice-Chancellors, the Registry, the Chief Financial Officer, the Executive Director of Development and Alumni Relations and the Director of Information Services. *Remuneration* includes basic stipend or salary and additional payments related to the role of the individual, such as bonus, market payments, allowances, pension contribution, housing, shared equity scheme, relocation terms, salary sacrifice arrangements and CAMbens benefits

<sup>2</sup> Including Cambridge Investment Management Limited (CIML) and Cambridge Enterprise.

## **2. Membership**

- 2.1. The membership of the Committee will comprise:
  - 2.1.1. a Chair who will be an external member of the Council,
  - 2.1.2. four other members at least two of whom will also be members of the Council. Of those four members, at least two will be external, independent members but with a demonstrable knowledge of the University.
- 2.2. The members shall be appointed by the Council.
- 2.3. Attending officers shall be:
  - 2.3.1. the Pro-Vice-Chancellor (Institutional and International Relations), and
  - 2.3.2. the Registry (Secretary).
- 2.4. The Committee may invite others to attend as it considers necessary. The Vice-Chancellor shall not ordinarily attend meetings of the Committee but may be invited to do so when appropriate. The Director of Human Resources will ordinarily attend to provide procedural advice and to support the Registry in the administration of Committee business.
- 2.5. The Chair may appoint a deputy to chair specific meetings or for specific purposes.
- 2.6. Members shall serve on the Committee for a term of three years (a full term).
- 2.7. Members may be re-appointed to serve for a second term. No member may serve more than two full terms.
- 2.8. Where members are also members of the Council, their terms of office shall be co-terminous with their terms of office on the Council. Where this results in a term of less than three years, that term shall be considered a casual vacancy and shall not count towards the maximum service of two full terms.
- 2.9. To ensure the Committee has appropriate expertise, members will be asked formally to record their relevant experience as part of the appointment process and periodically thereafter for review purposes. Specific training and briefings will be provided to members as required.
- 2.10. No member may have any part in deciding their own remuneration (see also paragraph 6.4 concerning declarations of conflicts of interest).
- 2.11. The quorum shall be the Chair or deputy Chair as appointed under 2.5 plus two of those members at 2.1.2.

## **3. Duties relating to the Vice-Chancellor and the Senior Postholders**

### ***Vice-Chancellor***

- 3.1. To recommend to the Council the stipend and conditions of service of the Vice-Chancellor at appointment and thereafter every two years (or such other period as the Council may determine) for the period of their employment.

- 3.2. To recommend to the Council the objectives of the Vice-Chancellor and the process of evaluating performance against those objectives.
- 3.3. To carry out the annual evaluation of the Vice-Chancellor's performance against the agreed objectives for report to, and approval by, the Council.
- 3.4. To advise the Council on appropriate action in the case of the Vice-Chancellor not meeting the agreed objectives for the academic year.

***Senior Postholders – the Pro-Vice-Chancellors, the Registry, the Chief Financial Officer, the Executive Director of Development and Alumni Relations and the Director of Information Services***

- 3.5. In respect of the stipend of the office:
  - 3.5.1. in relation to the Pro-Vice-Chancellors:
    - 3.5.1.1. to recommend to the Council the formula by which the stipend of the Pro-Vice-Chancellors shall be calculated;
  - 3.5.2. in relation to the Registry, the Chief Financial Officer, the Executive Director of Development and Alumni Relations and the Director of Information Services:
    - 3.5.2.1. to recommend to the Council the range for the stipend of the office prior to appointment;
    - 3.5.2.2. on the recommendation of the Vice-Chancellor, to approve the individual stipends, and conditions of service of the postholders on appointment.
- 3.6. In respect of market payments, to recommend to the Council any market payments for Pro-Vice-Chancellors on, or during the term of appointment. For the Registry, the Chief Financial Officer, the Executive Director of Development and Alumni Relations and the Director of Information Services to recommend market payments where such payments exceed 10% of the lowest salary point of the grade 12 band and any subsequent change to, and renewal of, such market payments<sup>3</sup>.
- 3.7. To inform the Council of:
  - 3.7.1. the total remuneration of a Senior Postholder on appointment;
  - 3.7.2. in an anonymised form, the range of any stipend increases, including any additional payments, made to any Senior Postholder during the course of a year.
- 3.8. To advise the Vice-Chancellor on:
  - 3.8.1. contribution exercises relevant to the Senior Postholders and on any other aspects of their remuneration as the Vice-Chancellor so requests (see further

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<sup>3</sup> The Vice-Chancellor, as Head of Institution, has authority to approve market payment to senior post holders where such payments are up to and including 10% of the lowest salary point of the grade or band.

paragraph 4.1.3 and 4.1.4 below).

- 3.8.2. the process for determining the objectives of the Senior Postholders and the process of evaluating performance against those objectives annually at the beginning of academic year and to receive a report from the Vice-Chancellor on the annual evaluation of the performance of Senior Postholders against their agreed objectives;
- 3.8.3. appropriate action in the case of a Senior Postholder not meeting the agreed objectives for the academic year.

#### **Vice-Chancellor and Senior Postholders**

- 3.9. In relation to the expenses of the Vice-Chancellor and Senior Postholders, to monitor the use of the University's expenses policy by the Vice-Chancellor and Senior Postholders.
- 3.10. In relation to any private work and consultancy carried out by the Vice-Chancellor and Senior Postholders, to monitor the application of policy determined by the Council (on the recommendation of the Human Resources Committee) in relation to the retention by the Vice-Chancellor and Senior Postholders of any additional earnings generated in a personal capacity where permissible under their contractual terms.
- 3.11. In relation to severance payments, to review and approve severance terms for the Vice-Chancellor and Senior Postholders. The Committee shall ensure that severance payments are reasonable and justified.

#### **4. Other duties**

- 4.1. In relation to the remuneration of grade 12 staff other than Senior Postholders<sup>4</sup>:
  - 4.1.1. to receive plans from institutions relating to their remuneration strategies for Grade 12 posts where market payment of 10% or higher of the lowest salary point of the grade 12 band may be relevant. The Committee will seek to be appraised at an early stage of the proposed salary ranges for those posts, with a reasoned evidence-based case, so that it may, as necessary, approve the range within which negotiation with a successful candidate may be concluded;
  - 4.1.2. to approve market payments on appointment where such payments exceed 10% of the lowest salary point of the grade 12 band and any subsequent change to, and renewal of, such market payments;
  - 4.1.3. to receive a biennial report from the Vice-Chancellor's Advisory Committee for Contribution Reward payments for Non-Academic Officers in Grade 12; and
  - 4.1.4. to receive a biennial report from the Vice-Chancellor's Advisory Committee on Professorial Pay

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<sup>4</sup> The Committee will retain responsibility for payments to all grade 12 staff until the approval of the new Pay Committee, at which point the Remuneration Committee's responsibility will be limited to the senior post holders, as defined under these terms of reference. The terms of reference will then be updated as appropriate.

- 4.2. In relation to payments to non-executive members of Committees, to review on an annual basis policy set by the Council relating to payments made to non-executive members of Committees.
- 4.3. In relation to reporting:
  - 4.3.1. to receive and comment on draft reports for publication including the annual Staff Statistical Report, Equal Pay Report, Gender Pay Gap Report and to consider other reports, papers and minutes as appropriate to the work of the Committee;
  - 4.3.2. to review and recommend to the Council the annual remuneration statement to be published on the University website which will include disclosure and explanation of remuneration matters, as required by the relevant codes in effect at that time;
  - 4.3.3. to ensure compliance with reporting requirements set by the Office for Students relating to salaries at or above specified thresholds;
  - 4.3.4. to review and recommend to the Council the statement to be published on the University's website on the University's choice of comparator institutions/ organizations as regards recruitment and retention matters of senior post holders.

## **5. Advisory role**

- 5.1. The Committee may provide advice to the Vice-Chancellor on the remuneration packages of staff other than those covered by the above provisions as the Vice-Chancellor so requests or as the Committee considers appropriate, and drawing on appropriate external expertise as appropriate.
- 5.2. The Committee may review and make recommendations based on the annual University gender pay and equal pay reporting and other aspects of remuneration decisions affecting gender and other protected characteristics within the University.
- 5.3. The Committee may consider and, as it considers appropriate, refer to the Human Resources Committee the development of best practice in the use of contribution increment schemes (or equivalent).
- 5.4. The Committee may contribute to the development of the University's internal talent and succession strategies for Senior Postholders.

## **6. Operation**

- 6.1. The Committee shall meet in person, a minimum of twice each term.
- 6.2. The Committee may conduct business by correspondence where appropriate. Any decision taken by correspondence shall be formally noted by the Committee at its next meeting.
- 6.3. In cases of exceptional urgency, the Chair may act on behalf of the Committee. Any decisions taken by the Chair in this way shall be reported to the Committee as soon as possible thereafter.

- 6.4. It is recognized that there may be general remuneration matters in which members will have an interest e.g. pension arrangements. Members will be required to declare any specific conflicts of interest and these will be recorded. No senior post holder shall be present at any discussion about their own remuneration.
- 6.5. Decisions can be taken by a majority of voting members of the Committee.
- 6.6. Formal minutes will be kept of the Committee's business.

## **7. Reporting**

- 7.1. A written report of the Committee's business will be made to Council under Reserved Business as soon as reasonably possible after each meeting of the Committee. An oral report may be made to the Council in addition, if appropriate.
- 7.2. In the interests of transparency, and in accordance with the requirements of external regulatory bodies, a summary report of Committee business will be published on the University's Governance website after the Committee has reported to the Council.
- 7.3. In the published reporting of the Committee's business as referred to in paragraph 7.2 no individual's salary figures shall be stated other than, when reporting to the Council the salary figures of the Vice-Chancellor and the Vice-Chancellor-Elect.
- 7.4. A member of the Council can request to see the Committee papers on application to the Secretary for the purposes of discharging his or her duties as a member of the Council.
- 7.5. An annual written report of the Committee's business, as part of the University's annual reporting cycle, will be submitted to Council under Reserved Business as soon as reasonably possible at the end of each academic year.

## **8. Administration**

- 8.1 The Committee papers will be circulated under confidential cover five working days in advance of each meeting. At the discretion of the Chair, late submissions can be accepted.
- 8.2 Apologies for absence should be made to the Secretary.
- 8.3 Draft minutes will be circulated to all Committee members within one week of the meeting

## **9. Review**

- 9.1 These terms of reference shall be reviewed annually.
- 9.2 The effectiveness of the Committee's operation against the terms of reference shall be reviewed annually to ensure that it is fulfilling its purpose and to adapt to any changes in approach and structures.

## **10. Authority**

- 10.1 The Council is the competent authority in relation to University officers appointed to

Council institutions<sup>5</sup>. The Council also makes such decisions concerning staff of the University as may be referred to it under the Statutes and Ordinances of the University<sup>6</sup> and by Grace of the Regent House.

- 10.2 The Remuneration Committee is a committee of the Council which acts on the Council's behalf in accordance with its terms of reference, as approved from time to time by the Council.
- 10.3 The Committee has authority under the Second Joint Report of the Council to approve market pay for professorial or equivalent staff, i.e. those in Grade 12<sup>7</sup>.

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<sup>5</sup> Statute C I 1(b).

<sup>6</sup> Including the nomination of the Vice-Chancellor under Statute C III 1, the appointment of the Pro-Vice-Chancellors under Statute C III 15, and the appointment of the Registry under Statute C VI 2.

<sup>7</sup> Joint Report of the Council on amendments to the pay and grading scheme for non-clinical staff implemented following the Second Joint Report of 25 July 2005 ([Reporter, 6302, 2012-13, p. 423](#), as approved by [Grace 2 of 22 May 2013](#)). The Remuneration Committee will retain responsibility for payments to all grade 12 staff until the approval of the new Pay Committee, at which point the Remuneration Committee's responsibility will be limited to the senior post holders, as defined under these terms of reference. The terms of reference will then be updated as appropriate.