

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 University¹,
 - 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; and
 - 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 University Press & Assessment or the University's wholly owned subsidiaries².
- 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 reward 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, decision.
- 1.5 The Committee will provide written reports to the 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.

¹ 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, the Executive Director of Communications and External Affairs and the Chief Information Officer (CIO)/Director of the University 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.

² 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; and

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 Attendees shall be:

2.3.1 the Pro-Vice-Chancellor with responsibility for Human Resources;

2.3.2 the Director of Human Resources;

2.3.3 the Head of Reward; and

2.3.4 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.

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 four 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-terminus with their terms of office on the Council. Where this results in a term of less than four 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 the Director of Communications and External Affairs and the CIO/Director of the University 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.

- 3.5.1.2 to recommend to the Council any market payment required prior to or on appointment.

- 3.5.2 in relation to the Registry, the Chief Financial Officer, the Executive Director of Development and Alumni Relations, the Executive Director of Communications and External Affairs and the CIO/Director of the University Information Services:

- 3.5.2.1 to recommend to the Council the range for the remuneration of the office including any market payment likely to be required prior to appointment; and

- 3.5.2.2 on the recommendation of the Vice-Chancellor, to approve the total remuneration (including any market pay) and any non-standard conditions of service on appointment.

- 3.6 In respect of market payments, to recommend to the Council any market payments during the term of appointment.

- 3.7 To provide the Council with:

- 3.7.1 details of the total remuneration of a Senior Postholder on appointment; and

- 3.7.2 an annual report that includes in an anonymised form, the range of any stipends 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 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; and
- 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:
 - 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 an annual report from the Vice-Chancellor's Advisory Committee for the Contribution Reward Scheme for academic-related staff in grade 12; and
 - 4.1.4 to receive a biennial report from the Vice-Chancellor's Committee on Professorial (grade 12) pay.
- 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 Equality Reports 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; and
- 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/ organisations 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 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 recognised 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 along with mitigating actions. 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 The minutes will be sent to the Council 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, the minutes of each meeting 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 may request to see the Committee papers on application to the Secretary for the purposes of discharging their duties as a member of the Council.
- 7.5 As part of the University's annual reporting cycle, an annual Remuneration report will be submitted to Council 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 in advance of each meeting. At the discretion of the Chair, late submissions may be accepted.
- 8.2 Apologies for absence should be made to the Secretary.

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 institutions⁵. The Council also makes such decisions concerning staff of the University as may be referred to it under the Statutes and Ordinances of the University⁶ 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 payments for professorial or equivalent staff, i.e. those in grade 12⁷.

⁵ Statute C I 1(b).

⁶ 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 Registrary under Statute C VI 2.

⁷ 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](#)).