

APPENDIX III

Remuneration Committee terms of reference**1. Purpose**

- 1.1. The purpose of the Committee is:
 - 1.1.1. to consider, recommend to the Council, and where appropriate approve remuneration matters for the senior post-holders of the University;¹
 - 1.1.2. to discharge certain responsibilities for remuneration matters relating to other staff of the University;
 - 1.1.3. to provide independent scrutiny of the University's public disclosures relating to remuneration;
 - 1.1.4. to provide independent, expert remuneration advice to the Vice-Chancellor and the Council on matters related to its remit;
 - 1.1.5. to receive information on remuneration matters concerning Cambridge Assessment and Cambridge University Press and other associated entities as appropriate.
- 1.2. In all matters the Committee is required to take account of the context in which the University operates including recruitment and retention needs, and to pay due regard to the responsibilities and best practice expectations on the University as a charity and as a regulated Higher Education institution, and to matters of equality, diversity, and inclusion. The Committee shall take legal advice as appropriate.
- 1.3. 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.
- 1.4. 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.

2. Membership

- 2.1. The membership of the Committee shall be determined by the Council. It 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 not be employed by the University but will have a demonstrable knowledge of the University.
- 2.2. The members at 2.1 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 period that is co-terminous with their period of appointment to the Council, or a period of three years in the case of non-Council members.
- 2.7. 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.
- 2.8. Members may be re-appointed to serve for a second period provided that no member shall serve more than two full terms.
- 2.9. No-one may have any part in deciding their own remuneration (see also paragraph 5.4 concerning declarations of conflicts of interest).
- 2.10. The quorum shall be the Chair plus two of those members at 2.1.2.

3. Duties*The 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.

¹ The following terms are defined for the purposes of these terms of reference as follows: *Senior post-holders* are the post-holders who report directly to the Vice-Chancellor, in institutions for which the Council is the competent authority and such other senior posts as may be determined by the Council from time to time. *Remuneration* is taken to include basic stipend or salary, additional payments related to the role of the individual, including bonus and market payments, allowances, pension contribution, housing, shared equity scheme, relocation terms, salary sacrifice arrangements, and CAMbens benefits.

- 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 post-holders – the Pro-Vice-Chancellors, Registry, Chief Financial Officer, Executive Director of Development and Alumni Relations (CUDAR), Director of Information Services (UIS)

- 3.5. To recommend to the Council the range for the stipend of the office on appointment.
- 3.6. On the recommendation of the Vice-Chancellor, to approve the individual stipends and conditions of service of the post-holders on appointment.
- 3.7. To provide advice to the Vice-Chancellor in relation to contribution exercises relevant to the post-holders and on any other aspects of their remuneration as the Vice-Chancellor so requests (see further paragraph 4.6 below).
- 3.8. To advise the Vice-Chancellor on the process for determining the objectives of the senior post-holders and the process of evaluating performance against those objectives annually at the beginning of academic year.
- 3.9. To receive a report from the Vice-Chancellor on the annual evaluation of performance of senior post-holders against their agreed objectives.
- 3.10. To advise the Vice-Chancellor on appropriate action in the case of a senior post-holder not meeting the agreed objectives for the academic year.

General

- 3.11. *Private work and consultancy*: to monitor the application of policy determined by the Council on the recommendation of the Human Resources Committee in relation to the retention by senior post-holders of any additional earnings generated in a personal capacity where permissible under their contractual terms. The Council may at its discretion, or at the request of the General Board, extend the Committee's remit in relation to additional income to other staff, either on an individual basis or as a group.
- 3.12. *Severance payments*: to review and approve severance terms for senior post-holders. The Committee shall ensure that severance payments are reasonable and justified. The Council may at its discretion or at the request of the General Board extend the Committee's remit in relation to severance payments to other staff, either on an individual basis or as a group.
- 3.13. *Expenses of senior post-holders*: to monitor the use of the University's expenses policy by senior post-holders. The Council may at its discretion or at the request of the General Board extend the Committee's remit in relation to expenses to other staff, either on an individual basis or as a group.
- 3.14. *Payments to external members*: to review on an annual basis policy set by the Council relating to payments made to external members of committees.
- 3.15. *Market payments*: to receive regular reports of market payments awarded to university staff (see also paragraph 4.5 below).
- 3.16. *Reporting*:
- 3.16.1. 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;
 - 3.16.2. to review and recommend to Council the annual remuneration statement to be published on the University website which will include disclosure and explanation of remuneration matters, relating as required by the relevant codes in effect at that time;
 - 3.16.3. to ensure compliance with reporting requirements set by the Office for Students relating to salaries at or above specified thresholds;
 - 3.16.4. to review and recommend to 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.
- 3.17. *Other Remuneration Committees*: to review, and as the Committee considers appropriate, to approve:
- 3.17.1. recommendations from the Remuneration Committee of the West and North West Cambridge Estates Board;
 - 3.17.2. recommendations from the Investment Office Employment and Remuneration Committee.
- 3.18. *Other*: to consider any other remuneration matters as may be referred to the Committee by the Council, the General Board, the Human Resources Committee or its working groups, or other relevant bodies.
4. **Advisory role**
- 4.1. The Committee may contribute to the development of the University's internal talent and succession strategies for senior post-holders.
- 4.2. 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.
- 4.3. 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.
- 4.4. 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).

*Other remuneration for senior post-holders and other Grade 12 staff²*4.5. *Market payments:*

- 4.5.1. to receive plans from institutions relating to their remuneration strategies for grade 12 posts where market pay may be relevant. The Committee will seek to be appraised at an early stage of the proposed salary ranges for those posts so that it may, as necessary, approve the range within which negotiation with a successful candidate may be concluded. The Committee should expect a reasoned evidence-based case, in advance, where an appointment is anticipated to require a market payment of 10% or higher of the lowest salary point of the grade or band.
- 4.5.2. in relation to recruitment and retention cases, to consider and, if appropriate, to approve market payments to senior post-holders where such payments exceed 10% of the lowest salary point of the grade or band,^{3,4} and
- 4.5.3. in relation to market payments made under paragraph 4.5.2, to consider and, if appropriate, to approve renewal of those market payments.

4.6. *Contribution payments:*

- 4.6.1. to receive a biennial report from the Vice-Chancellor's Advisory Committee for Contribution Reward payments for Non-Academic Officers in grade 12; and
- 4.6.2. to receive a biennial report from the Vice-Chancellor's Advisory Committee on Professorial Pay.

4.7. *Payments additional to stipend:* to review and, if appropriate, to approve individual and group bonus payments or other incentive structures and outcomes.5. **Operation**

- 5.1. The Committee shall meet in person, a minimum of twice each term.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.
- 5.5. Decisions can be taken by a majority of voting members of the Committee.
- 5.6. Formal minutes will be kept of the Committee's business.

6. **Reporting**

- 6.1. 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.
- 6.2. In the interests of transparency, a summary report of Committee business will be published on the University's Governance website after the Committee has reported to the Council.
- 6.3. In reporting the Committee's business 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.
- 6.4. 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.
- 6.5. 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.

7. **Administration**

- 7.1. The Committee papers will be circulated under confidential cover five working days in advance of each meeting.
- 7.2. Apologies for absence should be made to the Secretary.
- 7.3. Draft minutes will be circulated to all Committee members within one week of the meeting.

8. **Review**

- 8.1. These terms of reference shall be reviewed annually.
- 8.2. 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.

² 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.

³ See further paragraph 9.3.

⁴ 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.

9. Authority

- 9.1. The Council is the competent authority in relation to University officers appointed to Council institutions.⁵ 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.
- 9.2. 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.
- 9.3. 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 12.⁷

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 Registry 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). 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.