

## THE COUNCIL

### Minutes of a meeting held on Monday 28 November 2022, from 09:15 - 13:15 at the West Hub and via Zoom

**Present:** Acting-Vice-Chancellor (Chair); the President of Lucy Cavendish College, the Master of Gonville and Caius College, the Master of St John's College, and the Master of Fitzwilliam College; Professor Davenport, Professor Lisboa, Professor Penty (except for item 747) and Professor Scott-Warren; Dr Adams, Dr Charles, Dr Holmes, Dr Kaminski, Dr Knox, Dr Sanchez, Dr Sewell, and Dr van Houten; Ms Jabry, Ms Ahmed and Mr Carling; Ms Bagley (except for item 746), Ms Flood and Mr Lewisohn (Deputy Chair); with the Registrar, the Director of Governance and Compliance, the Senior Pro-Vice-Chancellor (Enterprise and Business Relations), the Pro-Vice-Chancellor (Education), the Pro-Vice-Chancellor (Strategy and Planning), the Pro-Vice-Chancellor (Research and International Partnerships), the Pro-Vice-Chancellor (University Community and Engagement), the Chief Financial Officer, the Director of Finance, the Head of the Vice-Chancellor's Office, the Director of Communications, and the Senior Governance Manager.

The Senior and Junior Proctors were present.

**Apologies:** the Academic Secretary.

Mr David Field, Assistant Director of Human Resources (Strategy), attended for item 738a.

Mr Andy Grimbley, PwC Engagement Partner, and Mr Stephen Peacock, Head of Group Financial Reporting, attended for item 739a.

## UNRESERVED BUSINESS

### A – Preliminary Business

#### 734. Declarations of Interest

The following Council members declared an interest in item 738a (Pay Negotiations): the President of Lucy Cavendish College, the Master of Gonville and Caius College, Dr Charles, Professor Davenport, Dr Holmes, Dr Knox, Professor Lisboa, Professor Penty, Professor Scott-Warren, Dr Sanchez, Dr Sewell, and Dr van Houten.

The Acting Vice-Chancellor reported that, at his request, the Remuneration Committee had agreed to amend his contract to remove his eligibility to receive any national pay awards or any other pay rises. Consequently, he was not conflicted with regard to pay negotiations.

The following Council members declared an interest in item 738b (USS): the President of Lucy Cavendish College, the Master of Gonville and Caius College, the Master of St John's College, the Master of Fitzwilliam College, Dr Adams, Dr Charles, Professor Davenport, Dr Holmes, Dr Knox, Professor Lisboa, Professor Penty, Dr Sewell, Dr Sanchez, Professor Scott-Warren and Dr van Houten.

Ms Bagley declared an interest in item 746 (Deputy Chair of the Council and Chair of the Audit Committee) and left the meeting for that item.

Professor Penty declared an interest in item 747 (Update and Proposal from the Remuneration Committee) and left the meeting for that item.

**735. Minutes** (Paper No. 22.11.28.A2)

The Council **approved** the minutes of the meeting which took place on 17 October 2022, subject to one minor amendment.

**736. Matters Arising**

There were no matters arising.

**737. Report by the Acting Vice-Chancellor** (Paper No. 22.11.28.A2)

The Council received for information a letter from the Unite and Unison Cambridge University branches regarding possible ways of supplementing the national pay award, together with the response from the Pro-Vice-Chancellor (University Community and Engagement).

The Acting Vice-Chancellor was pleased to report that there was strong engagement with the 'Reach Out' campaign, which signposted students to sources of help and support for their mental health. He also noted the University's contribution to debates and media analysis around COP 27, as well as daily coverage of the University's research in global media.

The Acting Vice-Chancellor reported on recent and upcoming engagements. He noted that, together with the Pro-Vice-Chancellor (Education) and the Director of Communications, he had had a constructive meeting with the Chair and Deputy Chair of the Office for Students (OfS), at which they had agreed on the need to avoid adding to the regulatory burden on Higher Education Institutions and discussed opportunities for further engagement with the University. He also updated the Council on a recent meeting of the League of European Research Universities (LERU), at which they had discussed shared interests and challenges. Significant attention had been paid to international collaboration between universities, and between EU, UK and Swiss universities in particular.

The Pro-Vice-Chancellor (Education) gave a brief update on progress in relation to the Student Mental Health & Wellbeing Strategy, noting that he expected an associated action plan to be published before Christmas that would show the measures that had already been put in place. The Council was pleased to hear that the Counselling Service was coping with high levels of demand, with all those deemed to be at high risk seen within a day. Members suggested that it would be helpful for Colleges to know what proportion of referrals had been made by the Colleges. The Pro-Vice-Chancellor (Education) commented that there would be a full report on the implementation of the Strategy at the next meeting of the Council. The Pro-Vice-Chancellor (University Community and Engagement) noted that further consideration would be given to how to support staff with their mental health and wellbeing.

The Pro-Vice-Chancellor (University Community and Engagement) gave a brief update on matters relating to the repatriation of the Benin Artefacts, including on the potential value of the Artefacts (noting the difficulties associated with such valuations). He also reported that the Charity Commission had granted the University consent to return the Artefacts.

Ms Flood reported that, following the appointment of Mr Lewisohn as Chair of the CUEF Trustee Body, there was now a need to appoint five further members. Two of these members would be appointed by the Council (one of whom must be a serving member of Council), one each by the Trusts and College investors in CUEF and a final member appointed by the members of the Trustee Body. She recommended that, rather than each group appointing members independently, a

joint committee should seek to identify four members between them, as this would allow a balance of skills and experience to be put in place for the Body as a whole. She proposed that Mr Lewisohn should chair the overall appointment committee rather than her and that Mr Harvey-Samuel (for the Trusts) and Mr Anthony (for the Colleges) should replace Dr Holmes and Mr Wright on the selection panel. Members agreed to this proposal.

The Acting Vice-Chancellor updated members on the Council elections and reported that another round of elections would be held to appoint three further candidates in class (c). He advised that the induction schedule for the new members would be included in the next circular, as current members would be welcome to join the sessions too.

The Acting Vice-Chancellor conveyed his sincere thanks to the outgoing members for their outstanding contributions to the Council: Mr Lewisohn, Professor Penty, Professor Scott-Warren (noting that he was standing for re-election), Dr Knox, Dr Charles, Dr Holmes, and Dr Sanchez. He looked forward to celebrating their contributions further at the Council lunch on 30 November.

The Council:

- i. **noted** the report and the correspondence with Unison and Unite regarding pay; and
- ii. **approved** the revised appointment process for the CUEF Trustee Body, subject to confirmation that the Trusts were content with the proposal.

## **B – Principal Business**

### **738. Update on Pay Negotiations and the USS**

#### ***a. Update on the Pay Negotiations and Trade Union Action***

(Paper No. 22.11.28.B1a)

The Pro-Vice-Chancellor (University Community and Engagement) reported that UCEA required all HEIs to confirm in writing whether they wished to participate in national pay bargaining and had invited institutions to complete a survey, the results of which would inform its negotiating position. The Council discussed the proposed response, which was based on information and advice provided by senior staff in the Human Resources and Finance Divisions, plus the Research Office.

The Council agreed that the University should participate in the 2023-24 national pay negotiating round and accepted UCEA's base proposal of a 2% increase in February 2023 (noting that this might be deferred by universities to later in the year), followed by a further 3% increase in August 2023 (i.e. an overall increase of 5%). Members noted that this would incur an additional ongoing cost, above that already assumed in the Ten Year Model, of approximately £9m per year for non-grant funded employees. Members suggested that the responses to questions 5 and 6 should indicate that the University might be prepared to go higher than the overall increase of 5% and that there should be flexibility as to when the pay award could take effect.

The Pro-Vice-Chancellor (University Community and Engagement) reported that action short of a strike had commenced on 23 November and there had been strikes on 24 and 25 November, with a further strike planned for 30 November. There had been picket lines at several sites, with a total of 46 pickets. So far, Human Resources had received notice of participation from nine employees for a total of 24 days.

The Council **noted** the updates.

The unconflicted members of the Council **approved** the response to the UCEA Survey on the 2023-24 JNCHES pay negotiations, subject to the addition of the amendments included above.

**b. Update on the USS** (Paper No. 22.11.28.B1b)

The Chief Financial Officer presented updates from the USS Trustee on: the impact on USS of the liquidity issues experienced by some pension schemes, the valuation timetable, and the USS's response to the recent consultation by the Department for Work and Pensions.

Members noted that USS seemed to be on track to deliver significantly improved benefits at the next valuation and strongly encouraged the University to keep pushing for the best possible benefits for staff. The Council discussed the USS's analysis of the indicative level of contributions required to remove retrospectively the 2.5% inflation cap (returning to the previous "soft" cap) and backdating to 1 April 2022 an increase in the accrual rate from 85ths to 75ths of salary (but retaining the defined benefit/defined contribution (DB/DC) threshold at £40,000).

The Chief Financial Officer reported on an open meeting that had taken place on 4 November at which USS members had received information and asked questions about alternative benefit structures within USS, in particular conditional indexation. He noted that conditional indexation continued to look promising as a revised scheme design for USS.

The Council **noted** the update.

**739. End of Year Documents**

**a. Financial Statements and the Annual Financial Return**

*i. Reports and Financial Statements for the year ended 31 July 2022*  
(Paper No. 22.11.28.B2ai)

The Director of Finance introduced the Reports and Financial Statements, together with the Letter of Representation and the External Auditor's Report to the Audit Committee. He reported that PwC had issued an unqualified opinion and that the Finance and Audit Committees had recommended the Reports and Financial Statements to the Council, subject to various late adjustments. These final adjustments had since been agreed under delegated authority from the Finance and Audit Committees, and included in the versions presented to the Council.

The Director of Finance reminded the Council that the Financial Statements were usually signed on behalf of the Council by the Chair and Deputy Chair of the Council, as well as by the Director of Finance. This year, since Mr Lewisohn was Deputy Chair of the Council and the interim Chair of the Audit Committee, it was proposed that the Council should delegate authority for Ms Bagley to sign the statements as the second signatory on its behalf.

The PwC Engagement Partner then introduced his report. He noted the huge complexity of the University and his overall view, while the audit had not found any significant financial control risks, there were inherent risks in the University's decentralised structure.

The Council discussed the statements and some of the risks that had been flagged by the External Auditor. In particular it was noted that, with the continued growth in the endowment fund and the greater complexity of the University, the Group Accounts were becoming increasingly complicated and removed from the underlying Academic University position. Members suggested that further thought

might be given as to how best to help the reader navigate this. In the future it would also be necessary to reflect factors such as how to incorporate the costs of commitments in meeting sustainability targets. The Council noted that, when it had agreed (in June 2019) to adopt the science-based target to achieve net-zero carbon emissions by 2048 (or 2038 if possible) the Council was clear that it had not made a decision to commit the associated financial resources. The Council was due to receive a costed plan later this academic year and the topic was likely to require significant focus from the Council in the years ahead.

The Council:

- i. **reviewed** and **approved** the Reports and Financial Statements as presented for the year ended 31 July 2022;
- ii. **gave approval** for the Financial Statements for the year ended 31 July 2022 to be signed as presented;
- iii. **delegated authority** to Ms Bagley to sign the Financial Statements on behalf of the Council;
- iv. **reviewed** the Letter of Representation; and **gave approval** for the Letter to be signed as presented; and
- v. **noted** the External Auditor's Report to the Audit Committee.

*ii. Annual Financial Return 2022 Workbook and Commentary*  
(Paper No. 22.11.28.B2a<sup>ii</sup>)

The Director of Finance presented the Annual Financial Return workbook and associated commentary, which the University was required to submit to the OfS for the financial year ended 31 July 2022. He noted that some further changes might be necessary in December, to include any further agreement over changes to payrates and in response amended numbers (and fees) resulting from the student census.

As the workbook contained extensive source data, it was suggested that there would be merit in providing second line assurance on the process of compiling the workbook in future cycles.

The Acting Vice-Chancellor thanked the Finance Team for their work.

The Council:

- i. **approved** the initial Return and commentary;
- ii. **delegated authority** to the Director of Finance to issue the return; and
- iii. **delegated authority** to the Acting Vice-Chancellor to sign-off the final submission.

**b. Prevent Return** (Paper No. 22.11.28.B2b)

The Senior Pro-Vice-Chancellor (Enterprise and Business Relations) introduced the University's Prevent accountability and data return to the OfS for the 2021-22 financial year.

The Council:

- i. **approved** the signature of the Prevent annual accountability declaration and its submission to the OfS; and
- ii. **approved** the data return for submission to the OfS.

**c. CUEF Audited Accounts** (Paper No. 22.11.28.B2c)

The Director of Finance introduced CUEF's audited accounts for the financial year to 30 June 2022, noting that the Finance Committee Financial Investments Sub-Committee had recommended these accounts to the Council. He reported that, since its initial recommendation, PwC had sought a reclassification to show the fair value of derivative assets and liabilities separately on the balance sheet (to reflect one of the agreed changes noted in the University Group accounts above). There had also been one minor subsequent change to reduce the unadjusted misstatements following the completion of the audit.

The Council agreed to defer discussion of the Fund's performance in the year to 30 June 2022 until the next meeting (to allow the Chief Investment Officer to join the discussion). However, it noted that while the CUEF's net return of -0.3% for the financial year was below the Fund's absolute long-term target of CPI+5%, it was pleasing relative to the CUEF's passive composite benchmark return of -6.9%. The figures also showed that the Fund had produced an annualised return over the last ten years of 10.8%, 3.2% in excess of its current long-term inflation linked objective (CPI + 5%).

Council members expressed interest in learning more about the Fund's approach to ESG factors at a future meeting.

The Council:

- i. **approved** the CUEF audited accounts; and
- ii. **noted** the CUEF Investment Management Report.

**d. Annual Reports of the Audit Committee and the Internal Auditors**  
(Paper No. 22.11.28.B2d)

The Chair of the Audit Committee introduced the Committee's Annual Report 2021-22, which included the Annual Report of the Internal Auditors. He noted that the Audit Committee had accepted the Internal Auditors' opinion and agreed that the effectiveness of controls in some areas needed to be improved, particularly in relation to the areas which had received limited ratings.

The Audit Committee had acknowledged the challenges that arose from the University's devolved operating model, and the need to provide assurance over control activities that operated at this devolved level. The Committee was concerned that the fragmentation of IT infrastructure prevented the implementation of appropriate controls to mitigate risks to the University, particularly in relation to cyber security.

The Chair reported that the Audit Committee had agreed to confirm its assurance to the Council that the University's system of internal control adequately addressed the main risks that the University faced and to confirm its opinion in relation to: risk management, control and governance; economy, efficiency and effectiveness; and management and quality assurance of data returns. The Committee had also emphasised that further steps would need to be taken over the short and medium term to reinforce and, where appropriate, augment internal controls as transformation programmes were implemented.

Members discussed the report and were pleased to note the continued progress in reducing the number of overdue internal audit actions. As noted above, they acknowledged that in the future there was likely to be increasing pressure from the government for institutions to substantiate with costed plans any commitments made in relation to becoming net zero in terms of carbon emissions by a certain

date. Consequently, when the Council considers the costed plan for achieving net zero, members should bear in mind the likelihood that this plan and the associated financial cost would need to be disclosed in the University's accounts at some stage.

The Council **noted** the Audit Committee's Annual Report, including the Internal Auditor's Annual Report. It **noted** the challenges that arise from the University's devolved operating model, particularly in relation to the University's ability to mitigate cyber security risks, and the risks to the University's reputation should it fail to fulfil its sustainability targets.

***e. Annual Report of the Remuneration Committee***

(Paper No. 22.11.28.B2e)

The Chair of the Remuneration Committee introduced the report. The report was based on guidance provided by the Committee of University Chairs (CUC) and the OfS; it aimed to provide assurance to the Council that the Committee had discharged its responsibilities.

Members asked how they should feedback views about the fairness of the University's policies regarding pay and market pay. The Pro-Vice-Chancellor (University Community and Engagement) advised that the review of market pay was almost complete and that Council members would be invited to discuss the University's policy on market pay in the context of that review. He noted that he also planned to launch a wider review of pay at the University, and that the Council's views would of course be sought as part of that review.

The Council **approved** the Report for publication, subject to one minor amendment and the inclusion of the total cost of the market pay awards for the year.

***\*f. Annual Report of the Council*** (Paper No. 22.11.28.B2f)

The Council **approved** and **agreed** to sign the Report for publication in the *Reporter*.

***\*g. Annual Report of the General Board*** (Paper No. 22.11.28.B2g)

The Council **noted** the Report.

***\*h. Annual Research Integrity Report*** (Paper No. 22.11.28.B2h)

The Council:

- i. **approved** the Annual Research Integrity Report for publication; and
- ii. **noted** the Annual Research Integrity Assurance Table.

## **C – Other Matters**

**740. Updates to the University Risk Register** (Paper No. 22.11.28.C1)

The Chair of the Audit Committee introduced the proposals for changes to Risks 3, 4, 10 and 13 on the University Risk Register. These were respectively: 'Failure to exploit the transformative power of digital technologies', 'Failure to communicate effectively with the Cambridge community', 'Failure to maintain and strengthen research excellence' and 'Failure to develop and protect a fit-for-purpose IT infrastructure, now and for the future'.

The Council discussed the proposed changes and suggested that the role of the General Board's Education Committee in determining the strategy for digital

education, and for ensuring that it was delivered effectively, could be further referenced in Risk 3. In addition, the President (Undergraduate) of Cambridge Students' Union (CSU) reported that, contrary to the amended text in Risk 4, CSU had not dropped its opposition to the National Student Survey. It was noted that all the comments would be taken into account in the forthcoming review of the Register by the Senior Leadership Team.

The Chair also reported that the Audit Committee had recommended the addition of a dedicated risk on cyber security as the sixteenth risk on the Register. Cyber security had been identified as an emerging risk by the Senior Leadership Team and the draft had been developed in discussion with the Director of UIS, the Chief Information Security Officer and the Information Services Committee. Members noted that, at its next meeting, the Audit Committee was due to receive an action plan for mitigating the financial and reputational risks arising from cyber security breaches. This plan, which would focus on short-term actions to complement the longer-term defragmentation project, would be brought to the Council for consideration during Lent Term.

The Council:

- i. **noted** the updates to the University Risk Register; and
- ii. **approved** the inclusion of a new cyber security risk.

**741. Draft Terms of Reference for the Study to Assess the Likely Impact of the Grace on Fossil Fuel Industry Ties on the University's Mission**  
(Paper No. 22.11.28.C2)

The Registry reminded members that, at its last meeting, the Council had agreed to commission an independent study to analyse the likely impact of the proposals in the Grace on Fossil Fuel Industry Ties on the University's ability to pursue its mission. She introduced the proposed terms of reference for the study and reported that an external expert had been identified as a potential lead.

With the permission of the Acting Vice-Chancellor, the Council received a tabled paper from one of its members which set out various proposed amendments to the terms of reference.

Members discussed the wording of the terms of reference and which elements they wished to retain, remove or amend. There was general agreement that the terms of reference should remain focussed on the issues raised in the original Grace to avoid mission creep and delays.

The Registry advised that further information about the individual who would be commissioned to lead the study, as well as the delivery timeline, would be brought to the Council as soon as possible. Once these details were known, the terms of reference would be published in the *Reporter*. She confirmed that the study would also be published in due course.

It was **agreed** that the Secretariat would revise the terms of reference to take account of members' comments and that the revised version would be circulated to the Business Committee for approval.

**\*742. Lessons Learnt and Expenses from the Vice-Chancellor Search Process**  
(Paper No. 22.11.28.C3)

The Council **noted** the lessons learnt and expenses.



**\*743. Estates-Related Terms of Reference**

***a. Proposals and Draft Terms of Reference for the Estates Committee***  
(Paper No. 22.11.28.C4a)

The Council, for its part, **approved** the proposed committee structure and terms of reference.

***b. Proposals and Draft Terms of Reference for the University Housing Commissioning Body and the Housing Sub-Committee***  
(Paper No. 22.11.28.C4b)

The Council **approved** the proposed reporting lines and **noted** the draft terms of reference.

**D – Reported business**

**\*744. Council circulars**

The following Council circular had been issued and **approved** since the last meeting:

[25/22](#) issued on 28 October and approved on 7 November 2022

**E – RESERVED BUSINESS**

**745. Proposal from the Honorary Degree Committee** (Paper No. 22.11.28.E1)

The Council **approved** the Committee's proposal.

**746. Deputy Chair of the Council and Chair of the Audit Committee**  
(Paper No. 22.11.28.E2)

The Acting Vice-Chancellor reported that members had been consulted about who should be appointed to the role of Deputy Chair of the Council, following the conclusion of Mr Lewisohn's term on 31 December 2022.

The Acting Vice-Chancellor also advised that the Council was required to appoint one of its external members as Chair of the Audit Committee. He proposed that the Council make an interim appointment to that position, with the expectation that one of the external members who would join the Council in February would potentially take on this role in summer 2023. Members noted that measures would be put in place to ensure a smooth and supported transition between Chairs.

The Council **approved** the appointment of Ms Gaenor Bagley as Deputy Chair of the Council, with effect from 1 January 2023, for two years in the first instance. It also **approved** the appointment of Ms Bagley as Chair of the Audit Committee, from 1 January 2023 until 31 July 2023.

**747. Update and Proposal from the Remuneration Committee**  
(Paper No. 22.11.28.E3)

The Chair of the Remuneration Committee reported a change to the contract of the Acting Vice-Chancellor relating his request that his eligibility to receive any national pay awards or any other pay rises be removed.

The Chair of the Remuneration Committee also presented a proposal for a market pay supplement.

The Council **noted** the update. The Acting Vice-Chancellor **agreed** to revisit the market pay proposal, following further consultation with colleagues.<sup>1</sup>

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<sup>1</sup> Post meeting note: following the consultation the Acting Vice-Chancellor withdrew the proposal.