University of Cambridge

COUNCIL

Minutes of a meeting of the Council held in the Council Room, The Old Schools, at 10.15 am on Monday 18 February 2013.

Present: Dame Mavis McDonald (Deputy Chairman, in the Chair); the Master of Christ's, the Master of Jesus, the Master of Fitzwilliam, the Warden of Robinson College; Professor Donald, Professor Gay, Professor Karet; Dr Bampos, Mr Caddick, Dr Cowley, Mr Du Quesnay, Dr Good (for the items recorded as minutes 66-70), Dr Lingwood, Dr Oosthuizen, Dr Padman; Professor Pearce, Mr Shakeshaft; Mr Bell, Ms Old, Mr Wakeford; with the Registrary, the Head of the Registrary's Office, the University Draftsman, the Academic Secretary and the Director of Finance; the Senior Pro-Vice-Chancellor, the Pro-Vice-Chancellor (Education), the Pro-Vice-Chancellor (Institutional Affairs) and the Pro-Vice-Chancellor (International Strategy).

Apologies for absence were received from the Vice-Chancellor, Professor Hopper and Mr Lewisohn.

The Senior and Junior Proctors were present.

The Deputy Chairman welcomed Professor Pearce to her first meeting.

UNRESERVED BUSINESS
PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS

56. **Declarations of Interest**

   No personal or prejudicial interests were declared.

57. **Minutes**

   The unconfirmed minutes of the meeting held on 21 January 2013 were received and approved.

   > **Action:** Personal Assistant to the Head of the Registrary's Office to web.

58. **Matters arising**

   Minute 49(b): Planned relocation of the University Computing Service (UCS) and the Management Information Services Division (MISD)

   The Council, at its meeting on 21 January 2013, had noted that the Information Strategy and Services Syndicate (ISSS) had considered the programme and the preparations for the relocation of UCS and MISD. The Council had agreed that the resilience of the University's IT infrastructure and business systems throughout the relocation process was of paramount importance. The Senior Pro-Vice-Chancellor had established a project group to co-ordinate and manage the relocation and the associated transition arrangements. The project group had first met on 14 February 2013 and had agreed principles and a project programme.

Minute 49(c): Strategic meetings

It was confirmed that the Council's strategic meeting on 23 and 24 September 2013 would take place at The Belfry in Cambourne.

Minute 52: Cambridge Enterprise Follow-on Fund

The Council, at its meeting on 21 January 2013, had received the minutes of the Finance Committee's discussion about a Cambridge Enterprise Follow-on Fund. The paperwork which had been provided to the Finance Committee had subsequently been provided to the Council (in Council Circular 3/13).

The Senior Pro-Vice-Chancellor reported that the University had taken independent advice on the proposed structure of the Fund – namely the establishment of a separate investment company, Cambridge Innovation Capital plc (CIC), based in the UK but with a Jersey subsidiary to invest in in early stage technology companies. If a UK corporation were to make such investments any capital gains arising might be deemed distributable and taxed both to the investment company and then again to individual investors. Non-resident capital gains were not taxed in Jersey, and would only therefore be chargeable on distribution to the individual investors (the shareholders of CIC). Professional investors had indicated an unwillingness to invest in CIC unless capital gains were handled this way. They would remain liable to pay tax in the UK on any capital gains and income from their investment in CIC, thereby avoiding double taxation but not taxation altogether. The alternative structure based on a General Partner/Limited Partner model was not appropriate since it assumed a limited fund lifetime whereas the intention here was for the fund to operate as an open-ended investment over a period of decades.

Current UK tax legislation meant that the proposed structure was the simplest mechanism by which the Follow-on Fund could be established and still attract outside investment. The capacity to invest efficiently in technology transfer by means of such a fund was clearly of benefit to individual inventors, to the University and to the UK economy. Mr John Kingman, Permanent Secretary in the Treasury, had acknowledged during a recent visit to the University that there was a need for a review of the legislation with regard to technology transfer. The University would lobby the HMRC regarding these tax issues whilst continuing to be open and robust in explaining the structure of the Fund.

It was recognised that there were, potentially, reputational and other risks associated with the Jersey subsidiary; there were, however, detailed provisions in place to ensure that these could be properly managed and disclosed. The Chairman of the Audit Committee confirmed that he was content with these arrangements and with the proposed structure. The benefits inherent in establishing the Fund outweighed the identified risks.

59. Procedure of the Council

(a) Approval of arrangements for the chairing of agenda items

The Vice-Chancellor was participating in a Prime Ministerial delegation to India. It was agreed that, in his absence, the Deputy Chair should chair the meeting.

(b) Business starred as straightforward

The Council approved matters for decision set out in the confirmed starred items.

(c) Council Circulars

The Council noted issue and approval of the following:

Circular	Issue	Approval
2/13	11 January	21 January
3/13	25 January	4 February
4/13	8 February	18 February

60. Vice-Chancellor's Report

(a) The Regent House, following a postal ballot, had given authority to proceed with the development of a first phase of development of North West Cambridge. A total of 1572 votes were cast: 1449 in favour of the Grace and 73 against.

(b) The Vice-Chancellor had attended the World Economic Forum meeting in Davos: 23-27 January 2013.

(c) Mrs Máire Geoghegan-Quinn European Commissioner for Research, Innovation and Science had visited the University on 28-29 January 2013.

(d) The Vice-Chancellor had attended a meeting of the Russell Group on 31 January 2013.

(e) The Vice-Chancellor and four other Vice-Chancellors attended a dinner with the Secretary of State for Business, Innovation and Skills on 4 February 2013.

(f) The Vice-Chancellor, the Pro-Vice-Chancellor (International Strategy), the Academic Secretary and the Head of the International Strategy Office had visited the Ministry of Higher Education in Oman: 10-12 February 2013.

61. Council, legislative and comparable matters

(a) Council Work Plan 2012-13

The updated Work Plan was received.

(b) Business Committee

No meeting had been held on 11 February 2013.

62. Statutory provisions and regulations for nominations and election to the Chancellorship: proposed review

The Registrary reported. Following, the successful completion of the process to nominate and elect a Chancellor in succession to HRH The Duke of Edinburgh, the Council had agreed, at its meeting on 17 October 2011, that it would be appropriate, in due course, to review the arrangements for the election of the Chancellor. It was now proposed that a working group should be established to undertake that review and to bring back a report to the Council. A paper setting out the proposed terms of reference and membership of the working group was received. It was intended that a formal proposal, taking into account

the Council's views and following consultation with potential members, would be brought to the Council for approval.

The Council approved the principles and the proposed terms of reference for the review and agreed that suggestions as to the membership of the working group should be submitted to the Registrary or the Head of the Registrary's Office as soon as possible.

Action: Registrary, Head of the Registrary's Office

63. General Board

The minutes of the General Board's meeting on 9 January 2013 were received.

PART B: MAIN BUSINESS

64. Finance, Planning and Resources
Planning and Resources

The minutes of the meeting of the Planning and Resources Committee held on 23 January 2013 were received. The Senior Pro-Vice-Chancellor reported. The Committee had particularly considered the Capital Plan and progress on capital projects. There were two significant demands on the budget: the construction of an integrated Biosciences Hub (at a cost of c.£150m for the first two phases); and the redevelopment of the New Museums Site. These two major projects would substantially reduce the funds available within the ten year Capital Plan for other projects. The ten year point of the Capital Plan (in 2020-21) currently showed a deficit of £53m. If the full £100m of external borrowing earmarked for the Capital Plan was made available, a further £47m of projects could be funded. The cost of the projects to which the University was already committed was c.£84m. Government capital infrastructure funding to the University had reduced from £30m to £10m a year; it was likely that such funding would not be available in the future. It was vital, therefore, to increase donation funding for capital projects. At present, institutions were required to secure a minimum of 15% of the cost of a project from donation income. For some projects, the percentage achieved was significantly higher; however, the background level of donation funding across projects remained at 15%. It was important to recognise 15% as a minimum and not a target and to ensure that every effort was made to achieve a significantly higher proportion of project costs from donation income. CUDO would have an increasingly important role to play in securing donation income for capital projects.

65. Joint Report to the Council and the General Board of the Review of IT Infrastructure and Support

At its meeting on 22 October 2012, the Council had received and considered the report of the Review Committee established to review IT infrastructure and support. The report had been published for consultation purposes and distributed to the Council of the Schools and other bodies for comment. A further paper from the Working Group, together with an updated version of the report revised in the light of the consultation exercise and the unconfirmed minute of the General Board's discussion of the documentation at their meeting on 6 February 2013, was received.

Dr Padman, as a member of the Review Committee, reported. The revised report took account of the comments made at the Council's discussion at its meeting on 22 October 2012; written submissions to the consultation; and the comments made at the open meetings and in Discussion. She identified significant points as follows:

–   The revised report put a greater emphasis on user needs as the primary focus of the new structure.
–   It was now proposed that the Director of Information Services would report to the Vice-Chancellor and not to the Registrary.
–   The Review Committee had reviewed the composition of the proposed Information Services Committee and the structure of its Sub-Committees and had agreed that it was important to retain flexibility around the role and remits of the sub-committees. However, the Review Committee had set out a possible Sub-Committee structure which, in particular, responded to concerns raised during the consultation about a specific reference in the report to teaching provision. A Teaching and Learning Sub-Committee was now proposed.
–   The need to merge the University Computing Service (UCS) and the Management Information Services Division (MISD) into a single organization had been reaffirmed. The Review Committee had concluded that, at this stage, it would not be appropriate to include CARET within this merged organization.
–   There had been wide support during the consultation for the recommendation that there should be a review of the career structures and employment arrangements for computing support staff; the Review Committee therefore now recommended 'reform' rather than 'review'.

The Registrary reported on the proposed process and timetable for putting the proposals to the Regent House. If the Council supported the revised report and its recommendations, a Joint Report would be drafted. It would bring forward Graces in respect of the legislative changes required to enact the recommendations in the Report with effect from 1 October 2013. The Report would include links to the reports of the Review group. The Joint Report, if signed by the General Board and the Council at their meetings, respectively, on 6 March and 18 March, would be published on 20 March. It was proposed that the Council should call for a ballot on the Joint Report. It would be appropriate, given the importance of the issues under consideration, to seek active assent for the proposals. Further, proactively calling a ballot would enable the Council to remain in control of the timetable for decision. It would be possible to complete the normal processes for a Discussion, the submission of flysheets and the distribution and return of ballot papers by 5 June 2013 or earlier. This timetable would facilitate a thorough implementation and transition and make it possible to establish the senior leadership team by the end of the Easter Term.

The Senior Pro-Vice-Chancellor reported on the proposed implementation process, should the recommendations be approved. It would be important to deliver the changes as smoothly and as effectively as possible in order both to ensure continuity of service and to avoid an extended period of uncertainty for the staff in both organisations. It was intended that there should be a working group which would be responsible for initiating the implementation of the recommendations including managing the initial phases of the merger process. The new unified organisation would be established on 1 October 2013 and the new Information Services Committee would have responsibility for its management. It was proposed that the implementation working group should comprise the internal members of the Review Group (the Senior Pro-Vice Chancellor, Dr Padman, the Chair of the Information Services and Strategy Syndicate and the Head of the School of Technology) and the Registrary. It would be necessary to establish a budget for the implementation of the review recommendations. This would include a provision for

professional change management to support the merger. A good university-wide communications strategy would be vital.

It would be important to have a new Director of Information Services in place by 1 October 2013. It was proposed that the post should be filled for an interim period of three years by either the Director of UCS or the Director of MISD. The appointment panel for the post would comprise the implementation group together with the Vice-Chancellor (in the chair) and Professor Leslie. In order to protect the employment terms and conditions of both Directors following the abolition of their current roles, it was intended that the Report would establish two new Offices to which they would transfer on 1 October 2013. Once the Report had been published to confirm the process, both Directors would be consulted to establish their views as to the roles and responsibilities of their protected posts. Following the proposed appointment process, one of them would be seconded to the post of Director of Information Services for three years. Thereafter, the post would be filled by means of full external competition; the seconded Director could either apply or, again, discuss their remit within their underlying protected post.

It would be important, in the interests of staff morale and retention, to ensure that staff in both organisations understood both the consequences of the change and that there would be no detriment to their current terms and conditions. Given that there was no change of employer, there was no legal requirement to consult with staff. However, in accordance with good practice it was intended that that the staff affected should be consulted over a 90 day period. It was intended that the period of consultation would begin when the Joint Report was published so that it could be completed before the end of the Easter Term.

The following points were amongst those raised in the course of discussion:

- The consultation process was commended for its open, thorough and transparent approach.
- The Council considered the case for an Information Services Committee (as proposed in the report) as opposed to an Information Services Syndicate. It was suggested that a Syndicate, which reported directly to the Regent House, might be more appropriate given the importance of IT provision to the University as a whole. However, it was noted that IT infrastructure and support represented a significant risk to the University and it was important that the Council should be directly responsible for its proper oversight. A Committee, reporting to the Council, would allow this direct oversight whereas a Syndicate would not. A direct reporting line would also be particularly important during the transition period and in considering future resourcing and strategy.
- If a Syndicate model was adopted, it would be normal for the Director of Information Services to report to the Chair of the Syndicate rather than to the Vice-Chancellor (as proposed in the report). It was noted, however, that the Chair would be appointed on the basis of academic and strategic IT expertise for a fixed period; he or she would not be expected to have staff management (including, potentially, performance management) experience. It was suggested, therefore, that this reporting model was not consistent with the required professional and effective line management needed for this position. Although the demands on the Vice-Chancellor were already considerable, he had indicated his willingness to assume line management responsibility in view of the critical importance of IT both in facilitating the University's academic mission and in fulfilling statutory reporting requirements to the government.
- The revised proposed membership of the Information Services Committee was considered to be broadly acceptable. It would be important to appoint members with appropriate IT knowledge, experience and expertise whilst maintaining a sharp,

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strategic focus; the Sub-Committees would be responsible for the detailed technical work and would need to be populated accordingly.

- It would be important to manage the merger carefully, particularly given the differences in culture between the two organisations. Professional change management would be essential. The timetable for the appointment of a Director was recognised to be tight. The Officers believed, however, that it was important to put in place the senior leadership in the new organisation as soon as possible in order to resolve staff uncertainty, particularly at a middle management level; there were, otherwise, potentially serious consequences for the maintenance of the University's IT systems and the network. It was noted that the overall merger process would be conducted at a measured pace; the urgency was the appointment of a Director and senior team to provide leadership through the process of change.

In conclusion, the Council reaffirmed its support for the proposed merger of UCS and MISD. On an informal show of hands, the Council supported the proposal that there should be an Information Services Committee rather than a Syndicate. There was general but not unanimous support for the other recommendations. It was agreed that a Report, and associated legislation, taking account of the comments of the General Board and the Council, should be brought back to the Council at its meeting on 18 March 2013.

Action: Senior Pro-Vice-Chancellor, Registrary

66. Audit

The minutes of the meeting of the Audit Committee held on 17 January 2013 and associated documentation. Mr Shakeshaft, as Chairman of the Committee, reported. Attention was particularly drawn to the following minutes:

AUD.13.04: Report by the Vice-Chancellor

The Vice-Chancellor's annual report to the Committee had provided a clear strategic context to the Committee's work and had identified areas of activity on which the Committee and the internal and external auditors might usefully focus attention.

AUD.13.06(ii): Cambridge University Press: update from the Joint Oversight Group

The Committee had received a further update from the Joint Oversight Group established to oversee the development, implementation and embedding of appropriate risk based controls and an associated finance change programme (including a major new systems implementation.) The Committee considered that there had been good progress and that appropriate governance and management arrangements were now either in place or in train. It had therefore been agreed that the Joint Oversight Group should be disbanded at the end of March 2013.

AUD.13.11: Assurance on the Colleges' use of HEFCE funding

The Committee had considered documentation which gave assurance that the £40m of HEFCE funding transferred to the Colleges was being used for the intended educational purposes. Each College's expenditure on undergraduate education was greater than the amount which it received from the College Fee Transfer; it was noted that there was, however, variation between Colleges.

AUD.13.21: Annual review of performance of external auditors

The Committee had agreed to recommend to the Council that PricewaterhouseCoopers LLP should be appointed as the qualified accountants for the audit of the University's financial statements for the financial year 2012-13. The Council approved the Committee's recommendation.

Action: Director of Finance, Draftsman (for publication)

67. **North West Cambridge**

The Pro-Vice-Chancellor for Institutional Affairs reported. Trinity College had granted permission to build a construction road across the College's land to the west of the Madingley Road Park and Ride in order to minimise the disruption to other traffic and facilitate movement on site during the construction phase. The architects had made good progress on the Stage C designs for the Phase 1 plots. The Council, at its meeting on 18 March 2013, would receive a substantive update report and presentation.

Progress on the negotiations over the S.106 agreement had been slower than anticipated. There was no disagreement in principle: the delay was caused by the complexities involved in negotiating with three separate local authorities and by significant staffing shortages, particularly within the County Council. In order to address this problem relative to Planning Condition and Reserve Matters application approvals over the coming year, the University had offered to provide financial support of £356K to the local authorities under a Planning Performance Agreement to allow them to employ additional staff. The Syndicate would consider the implications of the delay in signing off the S.106 agreement for the development programme as a whole.

68. **University Employment**
   Human Resources

The minutes of the meeting of the Human Resources Committee held on 17 January 2013 were received. The Pro-Vice-Chancellor (Institutional Affairs) reported. Attention was particularly drawn to the following minutes:

1456/13: Research grants and retirement policy

The Committee had considered a proposed approach to be adopted when established academic staff wished to apply for research funding which would extend beyond the employer justified retirement age (EJRA) of 67. There would be a consultation on the proposed policy with Schools, Faculties and Departments. It was not intended that there should be any change to the University's EJRA policy.

1461/13: Pension Tax relief – implications of revised limits

The Government had announced further changes to the arrangements for tax relief on pension contributions which were likely to impact on a significantly greater number of University employees than at present. The HR Committee had agreed to establish a working group to consider the implications both for individuals and for the University.

PART C: RESERVED BUSINESS

69. UAS: Estate Management (EM)
Director of Estate Management

Officers other than the Registrary and the Head of the Registrary's Office withdrew.

A paper setting out a proposal for the post of Director of EM following the retirement of Michael Bienias on 1 October 2013 was received. Following detailed discussion, the Council approved the new post and the proposed appointment to it.

70 Compromise agreements

It was agreed that, as requested by Dr Cowley, the Council should be provided with information about the University's policy on compromise agreements.

Vice-Chancellor
18 March 2013