

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 22 April 2013.

Present: Vice-Chancellor (Chairman); the Master of Jesus, the Master of Fitzwilliam, the Warden of Robinson; Professor Donald, Professor Gay, Professor Hopper, Professor Karet; Dr Bamos, Mr Caddick, Dr Cowley, Mr Du Quesnay, Dr Good, Dr Lingwood, Dr Padman; Mr Lewisohn, Dame Mavis McDonald (Deputy Chairman), Professor Pearce, Mr Shakeshaft; Mr Bell, Ms Old, Mr Wakeford; with the Registry, the Head of the Registry'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 Master of Christ's and Dr Oosthuizen (who is on sabbatical leave during Easter Term).

The Senior and Junior Proctors were present.

UNRESERVED BUSINESS

PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS

85. Declarations of Interest

Dr Lingwood, as the Director of the Institute of Continuing Education, declared an interest in the matter recorded as Minute 9 ('General Board'): the General Board, at its meeting on 6 March 2013 had received and discussed the Annual Report of the Institute of Continuing Education. Otherwise, no personal or prejudicial interests were declared.

86. Minutes

The unconfirmed minutes of the meeting held on 18 March 2013 were received and approved.

Action: Personal Assistant to the Head of the Registry's Office to web

87. Matters arising

Joint Report of the Council and the General Board on the Review of IT Infrastructure and Support

A revised timetable for the consideration of remarks made in Discussion and a Council response with the associated implications for the ballot timetable was received and approved.

Action: Draftsman (publication)

88. Procedure of the Council

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

It was agreed that the Vice-Chancellor should chair the entire ordinary meeting. The Deputy Chair would chair the afternoon strategic 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 the issue and approval of the following:

Circular	Issue	Approval
8/13	15 March	25 March
9/13	22 March	3 April (exceptionally)
10/13	12 April	22 April

89. Vice-Chancellor's Report

(a) The QAA had submitted to the Vice-Chancellor the key findings of its recent institutional review visit to the University and had confirmed that:

- the academic standards of the University's awards met UK expectations for threshold standards.
- the quality of student learning opportunities met UK expectations.
- the enhancement of student learning opportunities met UK expectations.
- the quality of the institution's information about learning opportunities met UK expectations.

The preliminary report had been provided to the University on Friday 19 April 2013. At this stage, the University was asked only to identify errors of fact. A full and final report would be issued in June. The General Board would consider the University's response to the specific recommendations in due course.

(b) Dame Barbara Stocking DBE, until recently the Chief Executive of Oxfam GB, had been elected President of Murray Edwards College with effect from 15 July 2013.

(c) Mrs Nicola Padfield had been elected Master of Fitzwilliam College with effect from 1 October 2013.

(d) Professor Richard Penty had been elected Master of Sidney Sussex College with effect from July 2013

(e) John Hanselman had informed the Board of Cambridge in America that he would retire from the post of Executive Director of Cambridge in America with effect from 31 July 2013. The Board had begun the process of looking for a successor.

(f) The Guild of Benefactors' Ceremony had taken place on 20 March 2013.

(g) The Vice-Chancellor had participated in a Russell Group delegation to Brussels on 21 March 2013.

(h) The PublicHealth@Cambridge Research Network had been launched on 25 March 2013.

(i) There had been a Cambridge Conservation Initiative event on 2 April 2013, attended, *inter alia*, by His Royal Highness The Duke of Edinburgh.

(j) The Vice-Chancellor had attended a meeting of the International Association of Research Universities Presidents in Singapore on 8-9 April 2013.

(k) The Vice-Chancellor had delivered the Richard Larkins oration at Monash University, Melbourne on 11 April 2013.

(l) The Vice-Chancellor was in Hong Kong from 15-21 April 2013.

90. Council, legislative and comparable matters

Council Work Plan 2012-13

The updated Work Plan was received.

91. General Board

The unconfirmed minutes of the General Board's meeting on 6 March 2013 were received. It was noted, in respect of minute C4 ('Linked appointments') that the Joint Working Group on Linked Appointments had completed its work. It remained only for CUDO to determine a tariff for linked appointments on the basis of a market analysis. It was hoped that this final matter could be resolved as soon as possible in order that the process of fundraising for linked posts could begin.

PART B: MAIN BUSINESS

92. University Finance (a) Draft Allocations and Budget Report 2013-14

A draft Allocations and Budget Report was received. The Council was reminded that it had received the first draft Budget with the key assumptions at its meeting on 18 March 2013. The budget and plan had been considered by the Finance Committee at its meeting on 5 March 2013 and by the Planning and Resources Committee (PRC) at its meeting on 27 March 2013. The Council would be asked to sign the Report at its meeting on 20 May 2013 for publication to the Regent House.

The Senior Pro-Vice-Chancellor reported. The numbers were largely unchanged from those provided to the Council at its last meeting. The Report was in a near-final form: only one table and two appendices were still in preparation by the Finance Division and a brief factual statement about the bond issue would be added.

The Report, while noting that the Chest would return to balance a year earlier than had been forecast in the 2012 Report, continued to emphasise the need for financial prudence in an uncertain economic climate. Schools and other institutions had prepared forecasts of income and expenditure on the assumption that their allocation from the Chest would be increased by only 1% per annum for the foreseeable future. In the context of non-pay inflation, this represented a cash cut in real terms.

Ongoing investment in the capital programme was essential if the University was to retain its standing as an international research institution. Funding had already been identified for a number of large projects which were now underway. There were, however, other emerging areas of research activity for which significant capital investment would be required; major grants would, otherwise, be awarded to competitor institutions. The PRC, at its meeting on 27 March 2013, had therefore agreed, subject to approval by the Finance Committee, that the maximum Chest loan available to the Capital Fund should be increased from £50m to £150m.

2011-12 had seen a favourable performance against budget. The latest Chest forecast for 2012-13 projected a deficit of £7.3m. The budget thereafter was for approximately break-even positions from 2013-14 to 2016-17. The predicted downturn in 2016-17 related primarily to the maintenance budget; currently maintenance costs were being met by spending down reserves. The full rollout of the planned increased investment in CUDO would also impact on the budget at that stage.

The reduced recovery to the Chest of research overheads remained a matter of serious concern for the sustainability of the University's research activities. The University was currently able to meet the 10% adverse gap between income and expenditure; it would, however, become more difficult to do so as the volume of research activity increased.

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

- The Council had previously agreed that £25m would be paid into the capital fund. The £25m comprised funding from the HEFCE Capital Investment Fund and sufficient income from the Cambridge Assessment transfer to reach that figure,

with the balance of the transfer from Cambridge Assessment being paid into the operating budget. The current Cambridge Assessment business plan indicated that the transfer was likely routinely to exceed £25m p.a. It might therefore be necessary to consider whether in the future the whole sum should be allocated to the capital fund in order to support an increase in borrowing.

- The 1% p.a. allocations uplift was a figure used for planning purposes; it represented an overarching budgetary envelope. There was considerable flexibility to increase or reduce that percentage to take account of local needs and specific initiatives. Further, Schools and institutions retained any unspent Chest allocation, allowing them to build up strategic reserves. This inbuilt financial flexibility allowed for development and innovation. Schools and other institutions were required to account for known pay and other assumptions in their planning round submissions.
- It was vital, in an uncertain financial climate and in the context of the forthcoming spending review that the University continued to observe appropriate constraint across all of its pay and non-pay activities. It was, however, recognised (particularly in the case of the capital programme) that, at present, the risks inherent in a failure to invest might be greater than those inherent in making that investment. The officers considered that, at the current time, increasing the maximum Chest loan available to the Capital Fund from £50m to £150m was affordable; the matter would, however, be kept under review in order to ensure that the University retained financial headroom for other activities.
- The current propensity for government (in particular) to present the sector with major research funding opportunities at very short notice inevitably impacted on the University's financial and capital plan. The Vice-Chancellor had repeatedly raised this point with Government Ministers and officials. It was not practical, given tight timelines, to bring all such major initiatives to the Council. The PRC did, however, review the financial implications and PRC minutes were routinely provided to the Council. It was suggested that PRC minutes might expand on the factors which the Committee had taken into consideration in reaching a conclusion. It was noted that the Research Policy Committee had established a series of strategic research initiatives and was well placed to determine funding priorities. However, it would be inappropriate, given the devolved and bottom-up nature of the University, to attempt to establish a single centralised or formulaic research strategy. It was agreed that the Council would welcome an update report from the Pro-Vice-Chancellor (Research) on the University's current research profile and activities at its strategic meeting in September.
- It was important that the University achieved value for money (VfM) in its activities. VfM was a significant component of the Planning Round. The Procurement Services office in the Finance Division actively sought to achieve purchasing efficiencies. Work was currently underway to develop Key Performance Indicators against which the University could monitor its progress in this regard.
- The anticipated decrease in HEFCE funding for teaching had been offset in part by the award of HEFCE Institution Specific Funding. The future of this funding stream was uncertain. It was noted that the analysis of the cost of an undergraduate education for the purposes of the current Report had produced a lower figure than that previously reported. It would be important to be transparent about this change.
- The assumption of non-pay inflation at 2% related to a relatively small proportion of the University's non-pay activities. Where actual inflation rates were known (in the case, for example, of utilities), the budget reflected the real costs.

- It was important that the Report reflected the Council's determination that fundraising should be a perpetual and core activity; reference to a 'campaign' was therefore inappropriate.

In conclusion, and subject to the comments above, the Council commended both the Report and the financial projections which it described.

Action: Senior Pro-Vice-Chancellor,
Director of Finance

(b) Planning and Resources Committee

The minutes of the meeting of the Planning and Resources Committee held on 27 March 2013 were received. Attention was drawn to the following minutes.

Minute 1523: Capital Projects

The Senior Pro-Vice-Chancellor reported. The Committee had received a progress report on various capital projects. As discussed under Minute 92(a) above, the Committee had agreed, subject to approval by the Finance Committee, that the maximum Chest loan available to the Capital Fund should be increased from £50m to £150m. The Council supported the proposal while recognising that it inevitably carried some risk in terms of future financial headroom.

Minute 1525: Energy and Carbon Reduction Project Annual Report for 2012

The 2012 Annual Report of the Energy and Carbon Reduction Project (ECRP) was received. The Pro-Vice-Chancellor (Institutional Strategy) reported. The University's energy usage had, until recently, increased by around 4% per annum with costs rising still more steeply. The PRC had launched the ECRP in 2010 with an annual budget of £2M to be invested in schemes which, by reducing energy use, would recover the cost of the investment. The ECRP had selected five pilot projects focussing on buildings with different energy intensive features. There were already tangible, positive results. It was clear that technical engineering solutions were relatively straightforward to implement and did generate energy savings. However, it would be necessary to identify and address behavioural barriers at every level (personal, local and institutional) in order significantly to increase environmental and economic efficiency and reduce the University's carbon footprint. There was much existing good practice which could usefully be communicated and replicated. This and other work would be taken forward by a recently established Environment and Energy Section within Estate Management.

The Environmental Strategy Committee now proposed a review both of the University's Environmental Policy and of its practical implementation. It would seek to produce a concise high-level policy supported by a practical strategy which would reflect the University's commitment to environmental, economic and social sustainability.

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

- There had been considerable progress over a relatively short period. It would be important to maintain momentum by means of ongoing investment and commitment. The technical engineering solutions, once implemented, would deliver recurrent benefits. Individual and institutional behavioural patterns would

be more difficult to change and were more likely to generate resistance. They were, however, absolutely vital in achieving an overall reduction in the University carbon footprint. It would be important to increase incentivisation measures.

- It was recognised, given rising energy prices, that environmental savings would not necessarily generate financial savings.
- It was difficult, in predicting and managing the University's energy footprint, to take account of new activities.

The Council commended the Environmental Strategy Committee's review of the University's environmental policy and strategy.

93. The Higher Education Funding Council for England's (HEFCE) annual assessment of institutional risk

Based on accountability returns submitted for 2011-12, the HEFCE's overall assessment was that the University 'is not at higher risk'. The Chief Executive's letter to the Vice-Chancellor was formally received, as required by the HEFCE. It was particularly noted that the University performed strongly within the sector in the benchmarking table of key financial metrics.

94. North West Cambridge Project.

The Pro-Vice-Chancellor for Institutional Affairs reported. The North West Cambridge Project team had recently presented a major progress report to relevant officers in the three local authorities which had been enthusiastically received. Significant staffing shortages, particularly within the County Council, meant that there continued to be a delay in resolving some residual Planning Condition and Reserve Matters application approvals. As previously reported, 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 County Council had not yet finalised the necessary arrangements.

**95. University Employment
Human Resources Committee**

The Human Resources Committee had met on 18 April 2013. There were no matters of urgent business to report. The minutes would be circulated with the papers for the Council's meeting on 20 May 2013.

Vice-Chancellor
20 May 2013

