

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 21 October 2013.

Present: Vice-Chancellor (Chair); the Master of Christ's, the Master of Jesus, the Warden of Robinson; Professor Gay, Professor Hopper, Professor Karet; Mr Caddick, Dr Cowley, Mr Du Quesnay, Dr Good, Dr Lingwood, Dr Padman; Mr Lewisohn, Dame Mavis McDonald (Deputy Chair), Professor Pearce, Mr Shakeshaft; Mr Jones, Ms Old, Ms Osborn; with the Registry, the Head of the Registry's Office, the University Draftsman, and the Academic Secretary, the Director of Finance; the Senior Pro-Vice-Chancellor and the Pro-Vice-Chancellor (Institutional Affairs).

Apologies for absence were received from Professor Donald and Dr Oosthuizen. Dr Bampos is on sabbatical leave during Michaelmas Term.

The Director of External Affairs and Communications was present.

The Senior and Junior Proctors were present.

UNRESERVED BUSINESS

PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS

10. Declarations of Interest

Dr Cowley, as a member of the Faculty of Mathematics, declared an interest in the matter recorded as minute 18 (Audit Committee) which included reference to an internal audit report about the Department of Pure Mathematics and Mathematical Statistics. Otherwise, no personal or prejudicial interests were declared.

11. Minutes

The unconfirmed minutes of the meeting held on 23 September 2013 were received and approved.

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

12. Procedure of the Council

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

It was proposed that the Vice-Chancellor should chair all items of unreserved business and that the Deputy Chair should chair the reserved business. The Council approved this arrangement.

(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
22/13	20 September	30 September
23/13	27 September	7 October
24/13	4 October	14 October
25/13	11 October	21 October

13. Vice-Chancellor's Report

- (a) The Alumni Festival had taken place from 27-29 September 2013.
- (b) The Vice-Chancellor had delivered his annual address to the University on the subject of 'Choices and Responsibility' on 1 October 2013.
- (c) There had been Discussion Meetings with Heads of Department on 3, 7 and 9 October 2013.
- (d) The Vice-Chancellor opened a conference hosted by the Cambridge Language Sciences Initiative on 'Language Sciences in the 21st century: the interdisciplinary challenge' on 3 October 2013.
- (e) The Chancellor opened the Materials Science and Metallurgy Building on 4 October 2013.
- (f) The Vice-Chancellor attended the launch of the Humanitarian Centre's Global Food Futures Year on 8 October 2013.
- (g) The Vice-Chancellor met the Prime Minister of Hungary and the Hungarian Ambassador on 9 October 2013.
- (h) The Vice-Chancellor met the Speaker of the Indian Parliament on 10 October 2013.
- (i) The Vice-Chancellor and the Pro-Vice-Chancellor (International Strategy) attended a Pi Capital event in London on 10 October 2013.
- (j) The Chancellor opened the Battcock Centre of Astrophysics on 14 October 2013.
- (k) The Vice-Chancellor had met the Education Minister of Singapore on 17 October 2013.
- (l) The Vice-Chancellor of the University of Oxford, in his 2013 Oration delivered in Convocation House on 8 October 2013, had, *inter alia*, noted that the real cost of an Oxford undergraduate education had been calculated at £16K p.a. for each student and that the current cap of £9K therefore left a significant shortfall. He had suggested that the cap should be removed and that Universities should be able to vary tuition charges over time to reflect the real cost of an undergraduate

education. The Vice-Chancellor had, in responding to these comments, agreed that the cost of an undergraduate education in Cambridge was also significantly in excess of the £9K fee level. However, he had also expressed the view that he did not believe that an increase in fees was the only means of addressing this shortfall and that the views of the Council and the Regent House had not changed since this was last discussed in the University.

- (m) The office of Pro-Vice-Chancellor (Education), in succession to Professor Rallison and with effect from 1 October 2014, had been advertised in the Reporter on 25 September 2013 with a closing date for applications of 23 October 2013.
- (n) Cambridge Innovation Capital (CIC) had been established to support the development of University spin-outs and other early-stage technology companies both within the University and in the wider Cambridge Cluster. The Senior Pro-Vice-Chancellor reported. The CIC would provide long-term follow-on funding which would enable companies to move beyond the seed-funding phase and through the critical middle phase of commercial development. The CIC was not a University-owned company nor was it a University managed fund. However, the University did own a 17% non-dilutable share of the company. Further, the CUEF had separately chosen to invest £10m in the fund. Mr Edward Benthall was the non-executive Chair of the CIC Board; the Senior Pro-Vice-Chancellor and Professor Leslie were directors.
- (o) The University had won a bid to lead on one of eleven new Arts and Humanities Research Council (AHRC) Doctoral Training Partnerships. The University was also part of two successful consortium bids funded by the AHRC: the Centre for East European Language-based Area Studies (led by University College London); and the AHRC Doctoral Programme in Celtic Language (led by the University of Glasgow).

14. Council, legislative and comparable matters

(a) Council Work Plan 2013-14

The updated Work Plan was received.

(b) Business Committee

The minutes of the meeting held on 14 October 2013 were received.

(c) The Council's Annual Report 2012-13

A second draft was received. Paragraphs about Cambridge University Press, Cambridge Assessment and the Cambridge University Endowment Fund had been added since the Council had received the first draft at its meeting on 23 September 2013 in order better to reflect the full range of the Council's activities. A final draft would be brought back to the Council for signature at its meeting on 25 November 2013. The Council agreed a number of minor drafting changes, in particular to take account of the success of Clinical Medicine in achieving an Athena SWAN Silver Award and of Engineering and Veterinary Medicine in achieving Bronze Awards.

The Registry reported, in respect of the paragraph concerning the protocol for the transfer by the University of funds for educational purposes to the Colleges, that there

was an annual assurance meeting between the Chairman of the Audit Committee, the Chairman of the Colleges' Committee, the Registry, and the Chairman of the Bursars' Committee. It had been agreed, following the 2013 meeting, that there should be an informal workshop with representatives from the Bursars' Business Committee to explore opportunities for collaboration between the University and the Colleges to improve value for money on both sides. A number of initiatives and possible shared services had been identified at a constructive meeting in September and would be developed further and reported back through the Audit Committee and in the annual Value for Money Report. In the course of discussion, it was agreed that there was the potential significantly to improve teaching space utilisation across the University and the Colleges by sharing facilities. It was noted that a review of room booking and space utilisation within the University was already underway.

(d) Strategic meeting 23-24 September 2013

The notes of the meeting had been provided to the Council in Circular 24/13 which had been distributed on 4 October 2013 and were recirculated for discussion.

It was intended that the Council would receive an update report on the strategy and focus for fundraising during the Lent Term 2014. The Council workplan would be amended accordingly.

As discussed at the strategic meeting and set out in the Vice-Chancellor's address on 1 October 2013, there were important decisions to be made in the forthcoming year about the future growth and shape of the Collegiate University. A scoping paper identifying key themes and issues (with associated data) would be brought back to the Council in due course. Members of the Council would be asked to take the lead on particular areas and activities at a substantive discussion of the matter at the spring strategic meeting on 17 March 2014. It would be important to involve the Colleges in the discussion at an early stage.

(e) Review of Governance

Further to the discussion at the Council's strategic meeting on 23 September 2013, a paper setting out proposed membership and terms of reference for the working group which the Council had agreed to establish to undertake a review of the University's governance arrangements in accordance with the HEFCE's request was received. It was agreed that the working group might wish to involve a Head of House in any aspect of its deliberations concerning the relationship between the University and the Colleges: the Master of Jesus College would act in this capacity.

It was noted that the Committee of University Chairs (CUC) had recently embarked on a review of the Governance Code of Practice. It seemed likely that the document would be principles-based. The CUC has originally intended to launch the new Code in March 2014 with only limited further discussion with the sector. They had now agreed that they would consult more widely, including with individual HEIs. It was agreed that the working group might be an appropriate body to produce a draft response to the consultation for consideration and approval by the Council.

15. General Board

The minutes of the General Board's meeting on 10 July 2013 were received. It was noted, with regard to the minute of the PRC's discussion of the College Graduate fee, that the Bursars' Committee believed that the current College Graduate Fee did not cover the full costs to the colleges of graduate students. It would be important, as with the discussions around the costs of an undergraduate education, to be able to substantiate these figures in order to inform discussion with the Colleges. It was agreed that the Senior Pro-Vice-Chancellor should refer the matter back to the Bursars' Committee.

PART B: MAIN BUSINESS

16. North West Cambridge Project

An update report on the North West Cambridge Development was received. The Council also received, as mentioned in minute 8 of the Finance Committee's discussion at its meeting on 9 October 2013, a paper providing an update on the programme, key risks and financial appraisal and budget.

The Pro-Vice-Chancellor (Institutional Affairs) reported. The North West Cambridge (NWC) project was of a scale and complexity that the University has never before undertaken. There were therefore substantial risks of many kinds. However, those risks were well understood and managed and there continued to be good progress on the project.

He reported on the governance and management arrangements. The NWC executive team managed external consultants and contractors and reported formally to the Syndicate at monthly meetings. He and the Registry were routinely involved in both formal and informal meetings around various aspects of the project. The Pro-Vice-Chancellor (Institutional Affairs) acted as the interface with the local authorities; and was a member of the panels which selected architects and developers, and of the Quality and Public Art panels. The recent appointment of Mr Taylor as Director of Estates Strategy and Mr Sykes as the Director of Finance for NWC would further integrate the NWC project into wider University capital and other activities. The newly-created Office of Postdoctoral Affairs had an increasingly important role as a channel for communication and consultation.

Eleven teams of architects had been appointed over a year ago and were working within a challenging but important set of constraints as follows:

- It would be important to meet the University's aspirations in terms of form and function. The high-level, outline requirements in terms of the number and type of graduate rooms and key worker housing could straightforwardly be determined. The success of the project, however, would depend on achieving the right balance in terms of design and functionality in both private and public spaces.
- The local authority planners and the local community had clear views on the height, appearance and uses of buildings on the site. The outline planning permission was conditional on a range of height and other restrictions. As the design phase progressed, there were aspects of these restrictions which the University wished or needed to vary; the process for the approval of such changes was long and involved.

- The University was required, as an absolute condition of planning permission, to achieve level 5 in the Code for Sustainable Housing. This environmental standard had never before been achieved on a development of this scale. Further, the Code's points-based methodology sometimes produced unintended financial, design and environmental consequences and compromises.
- There was an inevitable tension between budget limits and design aspirations.

These challenges were the subject of ongoing discussion between the architectural teams and the NWC executive. The Quality Panel, chaired by Professor Peter Guthrie, closely examined all evolving designs. The quality of the more advanced designs was, in all cases, very good and, in some cases, outstanding.

Stanton Williams had been appointed in the place of David Chipperfield Architects to deliver Lot 2.

Negotiations with the DfE about a possible University Training School remained positive although there remained some considerable uncertainty about the size and timing of government contributions to capital and revenue funding support. These various factors would have an impact on the size and design of the school. The DfE were aware that the University required formal agreement by the end of October in order to meet the scheduled September 2015 opening.

The recovery from economic recession had been more rapid than had been predicted; there was, therefore, a risk that construction prices would be higher than had been forecast. In particular, important and far-reaching design and value engineering decisions were being taken before the submission of planning permission applications or the receipt of tenders. The remaining contingency was therefore smaller than had been anticipated at this stage in the development. It was noted that inflation in construction costs was generally accompanied by inflation in land valuation; the income which was likely to be achieved through the sale of land for market housing would therefore vary accordingly. However, rental yields on key worker housing were tied to family income; they were not, therefore, expected to keep pace with inflation in, at least, the short term.

The design of Lot 5, which would deliver 325 graduate rooms, had been submitted for detailed planning permission. The delivery of this accommodation for the start of the 2016-17 academical year was a priority. There continued to be positive negotiations with the College Rental Group around design, management and rent levels; no resolution had yet been achieved. It was likely that there would soon be an agreement with the College Purchase Group over family housing in Lot 4.

The hotel market remained difficult; that element of the project was therefore not being progressed at this stage. However, options for 'Senior Living' accommodation and facilities were being actively explored. Trusts for the community and sports facilities were in the process of establishment. It was anticipated that an agreement with a supermarket operator would soon be confirmed.

Work had commenced on the construction access road and underground infrastructure.

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

- There were two separate elements in the contingency for the project: one related to design and development; the other was for the cost of the build and construction inflation.

- The Syndicate was guided by the advice of the Quality Panel and the NWC project executive on matters relating to design. The Syndicate was mindful of the need to remain within the overall budget for the project; however it was also important not to compromise the quality of the design both of individual lots and of the site as a whole. It was for that purpose that the design contingency was currently being deployed. If the current contingency in this regard was insufficient to ensure the design integrity of the project into the future, it might be necessary for the Syndicate to make a case to the Finance Committee. At present, the Syndicate was successfully managing the tension between design imperatives and aspirations on the one hand and financial risks on the other.
- It was noted that Colleges wrote off capital costs when they constructed buildings (as they were generally funded by donations or land sales) rather than recovering them from students as part of rental charges. Graduate students in private rental accommodation did not benefit from these subsidies. The Syndicate could not, in considering long-term financial viability, subsidise dilapidation and estate costs in this way; hence the need to charge rent at market rates.
- It was noted that the development of a new college on the site was not discussed within the circulated materials. The Council was reminded that the design for Phase 1 and for the Masterplan as a whole allowed the formation of a college at a later stage by bringing together existing clusters. The role of the Syndicate was to retain the development flexibility to accommodate these various options; responsibility for raising the significant funds involved rested with the Development and Alumni Relations office. The matter was already under active discussion with the Executive Director of Development and Alumni Relations. It would be important to ensure that the endowment was sufficient to ensure the viability of a new college.

In conclusion, it was noted that the Annual Report of the West and North West Cambridge Syndicate would be published to the University in the coming weeks.

17. Finance, Planning and Resources

(i) Finance Committee

The minutes of the meeting held on 9 October 2013 were received.

The Senior Pro-Vice-Chancellor reported on the Committee's discussion about the Broers Building in West Cambridge. The University had a right of pre-emption to purchase the long leasehold interest in the building should the current owners wish to sell. The University had received formal notice of the intention of Nafield Properties Ltd to assign the lease at a price of £13.3m.

The net yield of the building at 8.2% made exercising the pre-exemption rights an attractive proposition to the University purely on an investment basis. In addition, there were a number of strategic reasons (including the revised masterplan for West Cambridge site and the need for flexible high-quality research space) that favoured bringing the building under the University's control. The Finance Committee had therefore agreed that there was a clear financial and strategic case for exercising the right of pre-emption. The process of acquiring the building was now underway.

On other matters of Finance Committee business, it was noted that Hughes Hall had purchased the Physical Education Centre from the University.

(ii) Planning and Resources Committee

The Planning and Resources Committee had met on 16 October 2013. The minutes would be circulated for the November meeting of the Council.

In response to a question, the Senior Pro-Vice-Chancellor reported that the Committee had discussed the redevelopment of the Mill Lane Site. It had been agreed that, rather than delivering development through a single Development agreement, the University should instead prepare and approve a site master plan and dispose of land to other parties to bring forward development. It was noted that a College Consortium had purchased Miller's Yard for development as student accommodation. It was anticipated that the development would be of benefit to Collegiate Cambridge and would improve the river front area for the city as a whole.

18. Audit Audit Committee

The minutes of the meeting held on 3 October were received. It was noted that one item of the Committee's reserved business would be considered under the Council's reserved business.

The Chair of the Committee reported.

The internal auditors, in their draft annual report, had expressed confidence in the University's systems of governance, internal control, risk management and value for money for the year ended 31 July 2013.

The Committee had agreed, on the basis of recommendations arising from some internal audit reports, on the importance of appropriate training for new Heads of Department and Departmental Administrators on their responsibilities under the University's Financial Regulations and more widely.

19. University Employment Human Resources Committee

The Committee would meet next on 24 October 2013. The minutes would be circulated for the November meeting of the Council.

On other matters of HR business, the Pro-Vice-Chancellor (Institutional Affairs) reported that Unite, UNISON and UCU had recently balloted their members on industrial action in response to the final national pay offer of 1%. The results of all three ballots had supported industrial action. Unite, UNISON and UCU had therefore now confirmed that they would call on their members to take a day of joint strike action on Thursday 31 October 2013.

PART C: RESERVED BUSINESS

20. Audit Audit Committee

The Deputy Chairman took the chair. The minute of one item of reserved business considered at the meeting on 3 October was received. The Chair of the Audit Committee reported that the matter had been duly investigated and that conclusions and connected matters arising from that investigation would be progressed through the relevant internal processes.

Vice-Chancellor
25 November 2013

