

University of Cambridge

COUNCIL

Minutes of a meeting of the Council held in the William Mong Hall, Sidney Sussex College at 10.15 am on Monday 22 September 2014.

Present: Vice-Chancellor (Chair); the Master of Christ's, the Master of Jesus, the Warden of Robinson, the Master of St Catharine's; Professor Donald, Professor Hopper, Professor Karet; Dr Bampos, Mr Caddick, Dr Cowley, Dr Good, Dr Lingwood, Mr Du Quesnay, Dr Padman, Dr Oosthuizen; Mr Lewisohn, Dame Mavis McDonald (Deputy Chair), Mr Shakeshaft; Ms van Gijn, Ms Hoogewerf-McComb, Mr Jones; 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) the Pro-Vice-Chancellor (International Strategy) and the Pro-Vice-Chancellor (Research).

Apologies for absence were received from Professor Dame Shirley Pearce. Professor Gay is on sabbatical leave.

The Senior and Junior Proctors were present.

UNRESERVED BUSINESS

PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS

1. Declarations of Interest

The Registry, as a member of the Employers Pension Forum (EPF) and the USS Group of the EPF declared an interest in respect of the matter recorded as Minute 8 (Universities Superannuation Scheme). It was noted that most, if not all, members of the Council were members of USS. Otherwise, no personal or prejudicial interests were declared.

2. Minutes

The unconfirmed minutes of the meeting held on 14 July 2014 were received and approved.

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

3. Procedure of the Council

(a) Arrangements for the chairing of agenda items

It was proposed that the Vice-Chancellor should chair all items of business during the regular meeting. As was now customary, the Deputy Chair would chair the 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
21/14	18 July	28 July
22/14	1 August	11 August
23/14	12 September	22 September

4. Vice-Chancellor's Report

(a) The Vice-Chancellor congratulated the following members of the University elected as Fellows of the British Academy: Professor Marina Frolova-Walker, *CL*; Professor Susan Gathercole; Professor Matthew Kramer, *CHU*, Professor Rae Langton, *N*, Professor Judith Lieu, *R*.

(b) The Vice-Chancellor congratulated members of the University honoured by the Royal Society as follows:

Professor Jeremy Baumberg, *JE* (Department of Physics) on the award of the Rumford Medal.

Professor Clare Grey, *PEM* (Department of Chemistry) on the award 2014 Davy Medal.
Professor Nicholas Davies, *PEM* (Department of Zoology) on the award of the Croonian Lecture.

(c) Professor Chris Dobson, Master of St John's College, had been awarded this year's Feltrinelli Prize.

(d) Professor Steve Young would be the 2015 recipient of the IEEE James L Flanagan Speech and Audio Processing Award.

(e) The Vice-Chancellor, with the Pro-Vice-Chancellor (International Strategy), had visited Bangalore, Mumbai and Delhi between the 11 and 20 September 2014. There had been successful meetings with senior government officials, including the Science Minister; with alumni; and with potential benefactors. There was clear commitment and support in India for the University's engagement and interaction on a number of projects. Various PhD studentships and senior fellowships had been agreed.

(f) The Rt Hon Greg Clark had been appointed as Minister of State for Universities, Science and Cities on 15 July 2014.

(g) Professor Dame Anne Dowling had been appointed President of the Royal Academy of Engineering.

5. Council, legislative and comparable matters

(a) Council Work Plan 2014-15

The Work Plan for 2014-15 was received.

(b) Business Committee

The Business Committee had not met on 15 September 2014.

(c) External members of the Council: Nominating Committee

The Nominating Committee, at its fifth meeting on 28 July 2014, had interviewed two candidates and had unanimously agreed to recommend to the Council that Ms Sara Weller be appointed as an external member from 1 January 2015 for two years in the first instance. The Council agreed to put forward Ms Weller for appointment from 1 January 2015 for a period of two years; and approved a Grace for publication to the Regent House.

Action: Draftsman (publication)

(d) The Council's Annual Report 2013-14

A first draft was received. The Council approved the general structure and content of the Report. Members were invited to submit detailed drafting suggestions to the Registry or the Head of the Registry's Office. Revised drafts would be brought back to the Council for comment at the meeting on 20 October 2014 and then for signature on 24 November 2014.

(e) Strategic meeting 22-23 September 2014

The programme was received. A pack of papers had been distributed. A note of the meeting would be circulated as soon as possible after the meeting.

(f) Board of Scrutiny, Nineteenth Annual Report, 2013-14

The Nineteenth Annual Report to the Regent House was received. The Council approved the Report for early publication and Discussion in the Michaelmas term.

Action: Draftsman (publication)

6. Report of the Council on the process for the nomination and election of the Chancellor: Notice in response to remarks made in Discussion

The Council, at its meeting on 14 July 2014, had approved for publication a Notice in response to remarks made on the above Report and associated Graces. The Graces were later withdrawn by the Vice-Chancellor following receipt of a letter from Professor Anthony Edwards, who had since provided a further note following a discussion with the Registry. A paper was received setting out various options available to the Council.

Following discussion, it was agreed that a Grace of the Regent House should be put forward in respect of the proposed change to the Statute but that the proposed changes to the Ordinances should be held back until such time as a ballot of the Senate could (if

required) be held economically. This was likely to be at the next Chancellorship election. That election would be conducted using the current provisions. A Notice would be published setting out this course of action.

Action: Draftsman

7. General Board

The unconfirmed minutes of the General Board's meeting on 2 July 2014 were received.

PART B: MAIN BUSINESS

8. Universities Superannuation Scheme (USS) – UUK consultation

The Pensions Working Group of the Finance Committee had met several times over the course of the summer to agree a response to a UUK consultation on the future funding and benefits of USS, in anticipation of the triennial valuation of the Scheme as at 31 March 2014. The UUK consultation document; a related paper on the funding of USS issued by the Trustee of the Scheme; a Notice about a Discussion on a Topic of Concern and the Pensions Working Group's response to the consultation were received.

The Pro-Vice-Chancellor (Institutional Affairs) reported. He noted that most members of the Council were likely to have a personal interest in the future of the USS as its beneficiaries. However, as Charity Trustees they also had an interest in the financial health of the University as an employer. He suggested that these respective personal and institutional interests were not, in fact, conflicting: the University's financial stability and success relied on its capacity to recruit and retain good staff.

The USS, in common with most final salary defined benefit schemes, was under significant financial pressure. It was currently cash positive, with the income from contributions exceeding pension payments. However, on the basis of the current conservative valuation method, the projected future liabilities of the USS were considered by the Trustee and UUK to be unacceptably large and required addressing either by means of increased contribution or reduced benefits or a combination of both.

USS and UUK had announced a consultation exercise in July 2014 with a deadline for response of 22 September 2014. This was a consultation with employers and not employees. There would be a separate and subsequent consultation exercise conducted by the University with individual members on the USS's behalf when the formal proposals were issued. In drafting a response to the consultation, the Pensions Working Group (PWG) had been advised by a Pensions Advisory Group, comprised of a cross-section of USS members (including Dr Cowley, Dr Lingwood and Dr Padman) and chaired by the Pro-Vice-Chancellor for Institutional Affairs. The response, as submitted to UUK, clearly stated that it represented the views of the PWG and not those of the Council, the Regent House or the wider University.

The PWG had accepted that structural changes to the scheme were necessary in order to make it affordable and that the structure of a defined benefit career averaged pension provision up to a certain threshold and a defined contribution provision thereafter was reasonable. However, it had queried the basis of the assessment of liabilities, and the

rate and extent of the proposed de-risking of the investment portfolio. Parameters such as the rate of revaluation and the threshold level were likely to be the subject of significant discussion by the Joint Negotiating Committee of USS during the employee consultation period and on the basis of more detailed information.

It was proposed that the matter be the subject of a Topic of Concern at a Discussion on 28 October 2014, chaired by the Vice-Chancellor.

The following is a summary of the points raised in discussion:

- It was suggested that the Trustee was being over-prudent in its valuation of the fund and overstating the extent of the deficit.
- The Trustee was responsible for determining investment strategy and setting contribution levels. Changes to the benefit arrangements in the scheme were determined by a Joint Negotiating Committee.
- The reliance placed by the Trustee on a 20 year horizon of the strength of the covenant was disproportionately reliant on Cambridge, Oxford, a small number of other well-funded Russell Group institutions and Trinity College, Cambridge.
- During previous discussions about the future of the scheme, the sector had declared an unwillingness to pledge assets to the USS and had stipulated a limit of 18% on the employer contribution.
- Responses to the consultation from other Russell Group institutions were likely to be broadly similar in their general approach. It was noted, however, that the staff profile in Cambridge differed from that in most other institutions, particularly with regard to salary distributions and College salaries. The demographic across the sector had changed significantly since the scheme was established.
- It was important to consider pensions in the wider context of the total remuneration package. Any degradation to pension provision might result in calls for salary increases in order to remain internationally competitive.

9. North West Cambridge Project

The Pro-Vice-Chancellor (Institutional Affairs) reported.

There had been good progress with Phase 1 over the summer. Detailed planning approvals continued to be achieved smoothly and had attracted positive publicity. Lot 2 was the only application yet to be submitted and approved. Road junction and site-wide infrastructure works remained on schedule in preparation for building works to begin in late 2014. Contracts had been exchanged with residential developers for the market housing and would soon be announced. A panel of the Syndicate would conduct interviews with potential hotel developers later in the week.

Contracts had been issued earlier in the year to the College Purchase Group. One College had subsequently decided not to proceed with the process, resulting in a delay. However, it was likely that negotiations with the remaining Colleges would be concluded by the end of the calendar year.

A Head Teacher of the primary school had been appointed. A brand had been agreed and a prospectus launched. Applications for places were being accepted in anticipation of the school's opening in September 2015.

The Storey's Field Community Trust, a joint venture with the City Council to oversee the use of the Community Centre, now had new Trustees from the City Council side following the May local elections.

There would be a meeting of the working group established by the Council and the Colleges' Committee to consider possible collegiate structures around graduate student and postdoctoral accommodation in North West Cambridge and the fund-raising implications.

The Syndicate would submit a detailed paper to the Finance Committee requesting funds to undertake scoping work for Phase 2. It was noted that there were benefits inherent in undertaking this work while the current project team and Syndicate remained in place.

The following is a summary of the points made in discussion:

- It would be important not to be too prescriptive about the form which a collegiate community might take in the 21st century. The working group would wish to consider how best to meet the pastoral and academic needs of the various and sizeable different University constituencies which would be based in North West Cambridge. It was noted that a 'colony' model had already been used successfully and that students identified both with their College and with the community (often from more than one College) in the 'colony'. It was further noted that many graduate students were not currently accommodated in College accommodation and had limited contact with their Colleges. It would be necessary, if graduate numbers were to grow in line with the University's ambitions without losing the unique Cambridge collegiate ethos, to provide more accommodation for graduate students within some sort of collegiate structure.
- The type of accommodation which would be provided for graduate students in North West Cambridge would be closer in style to that currently provided in Colleges than much of what was available in the private rental market.
- There would need to be close management of the graduate student accommodation in North West Cambridge in order that Colleges wishing to rent rooms for their graduate students could offer accommodation when students were offered a place.
- It would be necessary to establish a clear vision for the collegiate community in advance of discussions with any potential donors. It was important that there was sufficient endowment fully to support the activities of the community in perpetuity.

Vice-Chancellor
20 October 2014