

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 May 2015.

Present: Vice-Chancellor (Chair); the Master of Corpus Christi, the Mistress of Girton, the Master of Jesus, the Warden of Robinson; Professor Anderson, Professor Karet; Dr Anthony, Mr Caddick, Dr Charles, Dr Good, Dr Holmes, Dr Hutchings, Dr Lingwood, Dr Padman; Mr Lewisohn, Professor Dame Shirley Pearce, Ms Weller; Ms Hoogewerf-McComb, Mr Jones, Dr van Gijn; 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 (Research).

Apologies were received from Mr Shakeshaft.

Professor Davis and Dr Oosthuizen were on sabbatical leave.

The Senior and Junior Proctors were present.

AGENDA

UNRESERVED BUSINESS

PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS

98. Declarations of Interest

No personal or prejudicial interests were declared.

99. Minutes

The unconfirmed minutes of the meeting held on 20 April 2015 were received and approved.

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

100. Procedure of the Council

(a) Arrangements for the chairing of agenda items

It was agreed that the Vice-Chancellor should chair the meeting for all items of business except for agenda item B4(b) ('Remuneration Committee') which, in the absence of the Deputy Chair, would be chaired by Ms Weller as the Chair of the Remuneration Committee.

(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
10/15	24 April	5 May (exceptionally)
11/15	8 May	18 May

101. Vice-Chancellor's Report

(a) The Vice-Chancellor invited the Council to congratulate members of the University recently elected to the fellowship of the Royal Society: Professor Ali Alavi; Professor Jane Clarke; Professor Anthony Edwards; Professor Zoubin Ghahramani; Professor John Robertson

(b) The Vice-Chancellor invited the Council to congratulate members of the University recently elected to the fellowship of the Academy of Medical Sciences: Professor Roger Barker; Professor Sarah Bray; Professor John Danesh; Professor Fiona Gribble; Professor David Klenerman. He noted that Dr Menelas Pangalos (Executive Vice-President and Global Head of Astra Zeneca) and Dr Sarah Teichmann (Wellcome Trust Sanger Institute) had also been elected Fellows.

(c) The Vice-Chancellor had attended the Aspiring Leaders Programme on 20 April 2015.

(d) There had been an event on 21 April to mark the naming of the David Attenborough Building which, following refurbishment, would accommodate the partners in the Cambridge Conservation Initiative (CCI).

(e) The Reverend Canon Dr Mark Pryce had preached the Mere's Commemoration Sermon *On the Due Obedience of Servants to their Masters* in St Benet's Church on 21 April 2015.

(f) The Vice-Chancellor had visited the east coast of the United States of America on University business on 27 and 28 April 2015.

(g) The Vice-Chancellor had attended a meeting of the Russell Group in London on 30 April 2015. There had been a discussion about the review of the role of the Research Councils which the Department for Business, Innovation and Skills had asked Sir Paul Nurse to undertake. The outcome of this review would be very important for Higher Education research funding. There had also been a discussion about the implications of the abolition of AS levels for University admissions processes.

(h) The Vice-Chancellor had attended a meeting of the International Advisory Committee of the National Research Foundation for Singapore in London on 4 and 5 May 2015.

(i) The Ambassador for Kazakhstan had visited the University on 6 May 2015.

(j) There had been a dinner for the Gates Trustee Board on 7 May 2015 followed by a meeting of the Board on 8 May 2015. The Gates graduation dinner had taken place that evening.

(k) Heads of Department discussion meetings had taken place on 5, 11 and 13 May 2015.

(l) The Polish Ambassador had visited the University on 13 May 2015 to unveil the Sierpinski Tree.

102. Council, legislative and comparable matters

(a) Council Work Plan 2014-15

The updated Work Plan was received.

(b) Business Committee

No meeting had been held on 11 May 2015.

(c) Advisory Committee on Benefactions and External and Legal Affairs – working group

The Council, at its meeting on 20 April 2015, had been advised that the Advisory Committee on Benefactions and External and Legal Affairs (ACBELA) had received a proposal from the SRI Officers for the establishment of a working group to consider socially responsible investment in the context of the University's investment strategy and the Statement of Investment Responsibility. ACBELA had agreed that such a working group should be established under its aegis.

The proposed terms of reference and membership of the working group, as approved by ACBELA, were received. It was noted, in the course of discussion, that it was intended that there be a notice in the Reporter announcing the establishment of the working group and its remit and membership. The students would also be releasing a statement which they had shared with the Registry and the Director of External Affairs and Communications. It was noted that there was significant technical and academic expertise and experience of investment matters amongst the proposed members of the working group. Further, the Director of the Investment Office would be in attendance at all meetings. The working group was likely to call for evidence and to hear evidence in person, thereby providing further external input. It was noted that a number of the Colleges invested in the CUEF and were therefore interested parties with views as to investment strategy and the management of the fund.

The Council endorsed the terms of reference and the membership of the working group.

103. General Board

The unconfirmed minutes of the General Board's meeting on 29 April 2015 were received together with a paper about the governance of Schools, Faculties and Departments which the General Board had received and discussed. A further paper would be brought back to the Board at their meeting on 3 June 2015.

It was noted, with regard to minute B1 ('Development update and next steps') that it was intended that an update report would be brought to the Council for discussion at its strategic meeting on 21 and 22 September 2015.

With regard to minute C2 ('Education Committee'), the Pro-Vice-Chancellor (Education) reported that there had been long and detailed discussions of the Learning and Teaching Review of the Faculty of Economics at both the Education Committee and at the General Board. Concerns had been raised about a number of aspects of teaching quality and support and the general infrastructure and ethos. Key Performance Indicators had been agreed and progress against these indicators, together with the results of the most recent NSS and PTES scores, would be reviewed by the Education Committee in the Michaelmas Term. A decision would then be made as to whether a Full Review was necessary.

104. Agreement with the Office for Fair Access (OFFA)

The Council, at its meeting on 20 April 2015, had received and, for its part, approved for submission to OFFA a document providing a narrative of the University's access processes and procedures. A second document, providing detail regarding new targets and revised financial data, was now received.

The Pro-Vice-Chancellor (Education) reported. OFFA's published guidance for producing Access Agreements for 2016-17 had indicated that institutions should establish suitably challenging targets, at least one of which should be focussed on entrants rather than applications. It was important that the University determined targets which were evidence driven. The Undergraduate Admissions Committee's working group, following detailed interrogation of the data, had agreed to recommend that a revised state sector target of 61-64% (up from 61-63%) be adopted. It had also reviewed the target for low participation neighbourhoods (LPN or POLAR quintile 1) and had agreed that the previous target of 4% was not realistic in highly selective institutions such as the University of Cambridge given current levels of attainment in schools. It had therefore been decided to broaden the focus to include quintile 2, establishing as a target that the proportion of students admitted from POLAR quintiles 1 and 2 should fall within the range of 9-12%. This was challenging but achievable. There was, however, a stated continuing commitment to remain within a 3-4% range for admissions from POLAR quintile 1. He noted that the draft agreement had been considered and unanimously approved by the Senior Tutors' Committee at a recent meeting. It was noted that only the Access Agreement would be submitted to OFFA; the associated working group discussion papers were provided to the Council for information only.

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

- It was noted that a wide range of outreach activities were undertaken across the University and Colleges. While these were important in terms of engagement and aspiration-raising, there was limited evidence to suggest that they had any significant impact in improving access statistics. There was, by contrast, evidence (on the basis of a recent survey of students in receipt of an award through the Cambridge Bursary Scheme) that the bursary scheme attracted applications to the University and also enabled those from low income backgrounds to participate fully in the student experience. Therefore, although OFFA guidance encouraged HEIs to focus resource on widening participation activities rather than on bursaries, the University remained committed to the existing bursary scheme.
- It was likely that OFFA would encourage 'progressive' targets. The rigorous data and evidence on which the University had based its submission clearly indicated that there were limits to the extent to which access statistics could be improved given current levels of attainment in schools.
- There was a standard range rather than a single number for all of the targets. This was common practice across HEIs and removed any distracting pass-fail dichotomy. There was nothing to preclude the University from exceeding the upper target limit.

- As noted in the Vice-Chancellor's report, the expected abolition of the AS level presented a real challenge to the University. UMS scores secured from AS levels were a reasonably reliable indicator of A-level results and Tripos success and, therefore, an important element in the admissions process. It would be important to ensure that any alternative additional assessment measure which the University might introduce did not impact negatively on access and outreach activities. The matter would be considered by the Senior Tutors' Committee at its July meeting.

In conclusion, the Council approved the Access Agreement for submission to OFFA.

PART B: MAIN BUSINESS

105. University Finance

(a) Allocations and Budget Report 2015-16

The Senior Pro-Vice-Chancellor reported. The budget was the output from the Planning Round process which had been initiated in July 2014 and which had been predicated on a 1% increase in the budgetary envelope relative to the previous year. Schools and Non-School Institutions had submitted plans during Michaelmas term which had been scrutinised and then aggregated and received by the RMC. There had been some slight variation to the normal timetable for the approval process because of the need to consider the implications of the HEFCE's grant letter. This had announced a reduction of £5.9m in mainstream QR as a result of REF2014. This was partially offset by an increase of £2.2m in Charity QR. Further, transitional funding of £4m meant that HEFCE research funding was broadly flat; however, this transitional funding was for one year only. It would therefore be necessary to generate savings of £6m a year over the planning period.

Table 1 set out the Chest outcome for 2013-14 which was slightly ahead of budget. The largest positive variation related to income from research grants and contracts. However, this related to volume; indirect recovery had, in fact, fallen resulting in an overall negative variation.

Table 2 provided the latest Chest forecast for 2014-15. The only major variation related to income from student fees which was behind budget. This was the result of a miscalculation of student numbers.

Table 3 set out the consolidated operating budget for 2015-16 and included both Chest and Non-Chest funds. The Chest operating budget showed a small surplus of £2.7m. The figures showed a deficit on Other Non-Chest funds. This was because Schools were starting to spend down the significant reserves which they had built up from Chest funds. The largest volume of projected income from research grants and contracts was in the Schools of Clinical Medicine and Biological Sciences. Much of this income was from charities; indirect recovery rates were, therefore, low.

Table 4 provided an operating budget summary for the five year planning period. This projected a drop to a deficit of £0.1m in 2016-17 before returning to a rising surplus. The forecast deficit for 2016-17 was derived from an increase in National Insurance contributions and also reflected the fact that reserves which had been built up on the maintenance budget would be spent down by then and the full cost would have to be met from the Chest.

Table 5 was the projected income and expenditure account for 2015-16. This included finance costs of £13m reflecting the interest on the bond. However, this had been more than covered, to date, by the investment return on the bond proceeds.

The commentary provided an overview and then identified key risks. For the first time it noted the potentially significant reputational risk inherent in a failure to invest sufficiently in staff, students and in capital infrastructure. As in previous years, the inability to generate sufficient income to fully cover the costs of self-funded research and the indirect costs of funding research was reported as a significant cause for concern. TRAC analysis indicated that less than 90% of total expenditure on research was covered by income. This would become an increasing problem if the volume of income grew by a predicted 7/8% a year. At present, the funding shortfall was bridged from a number of sources but it was becoming increasingly difficult to fill the gap.

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

- There was an additional allocation for non-Schools institutions of £2.1m, the majority of which was for the UAS. As the Report indicated, over £0.8m of this increase was cost-neutral and counterbalanced by a corresponding decrease in the allocation to the Facilities Management administered fund. The remainder was in response to demands from the Schools for additional support in research operations and for the need, in the context of an ambitious capital plan, for investment in posts in estate management.
- There was a predicted rise in academic fee income throughout the planning period. This was primarily as a result of the University's commitment to a growth of 2% p.a. in graduate student numbers. It was noted that this had not yet materialised; indeed numbers had fallen. However, the growth strategy had not changed; it simply had not materialised, probably because of an outdated misperception in some Faculties and Departments about graduate number caps. The Pro-Vice-Chancellor (Education) was confident that, as a result of constructive discussions with the Schools and with those involved with graduate admissions, there would now be an increase in graduate student numbers. Faculties and Departments had been encouraged to think creatively about the introduction of new MPhil courses. It was recognised that concerns about the quality of provision arising from poor PTES scores had caused some institutions to suspend and review courses in order to ensure that they could be delivered effectively and competitively.
- It was noted that increasing the proportion of overseas undergraduate students would have a significant positive effect on the University's financial position for this area of activity. In broad terms, the University sustained a loss of c.£30m p.a. on undergraduate teaching. Increasing the proportion of overseas undergraduates would significantly mitigate this position. While undergraduate admissions were primarily a College matter, there was a joint committee which was considering international student recruitment and determining a strategy. It was noted that some Colleges were already considering an increase in the proportion of international undergraduates in order to ensure that they admitted the best qualified applicants regardless of nationality.
- It was, as set out in the Report, clearly important that the University invested in staff, students and capital infrastructure. There would be a need for a close alignment between the University's academic, capital and fundraising priorities. It would also be necessary to take account of the recommendations arising from the post-REF review process. It was noted that the Estates Strategy Committee was currently reviewing the University's estate strategy and would bring back a draft to a meeting of the Council during the Michaelmas Term. It would be important, in establishing design principles, to ensure that buildings were, where possible,

- sufficiently flexible and generic to accommodate the future direction and structure of the University's academic activities, including inter-disciplinary work.
- It was noted, in respect of paragraph 15 of the Report and as noted in the discussion of the minutes of the General Board's meeting of 29 April 2015, that the General Board had endorsed a series of proposals to ensure that the University was better placed for the next REF exercise in 2020. It was intended that there be changes to the governance arrangements and the mechanisms by which the University delivered its submission. A REF working group had been established to oversee preparations. External Advisory Boards would be established to provide advice on the research and overall academic environment of the discipline concerned. It was likely that, in many cases, this discipline-specific review process would map onto the REF structure but it would not be driven by it. It would be important to ensure that departmental and governance structures within the University reflected current (rather than historic) disciplinary boundaries. There would be a greater emphasis on School-level oversight. The General Board would receive a revised paper at its next meeting.
 - It was confirmed that the reserves which the Schools were currently spending down were being used to support strategic initiatives and not business-as-usual activities.

The final Allocations and Budget Report was signed and approved for publication.

Action: Draftsman (publication)

(b) Finance Committee

The meeting scheduled for 29 April 2015 had been replaced by a special meeting of the Finance Committee Business Sub-Committee. The minutes were received together with a draft Report of the Council on External Finance for Certain Building Projects, including North West Cambridge and the Non-Operational Estate which the Finance Committee had approved by circulation.

The Senior Pro-Vice-Chancellor reported. The intention was to achieve a time-limited 'in principle' authorisation from the Regent House for the Finance Committee to seek external financing (of c.£300m) for income-generating major capital projects on the non-operational estate, should market conditions remain favourable and should an appropriate opportunity arise. The University was currently embarked on an unprecedented period of strategic capital development and the funds available (through capital grants, from Cambridge Assessment and Cambridge University Press and from philanthropic giving) were insufficient in themselves. External finance would relieve the pressure of financing operational capital expenditure provided that such finance was directed towards income generating activities which would repay both the interest and the principal of borrowed funds. There was a general strategy to increase the non-operational estate in order to: diversify income streams; increase the land bank in order to ensure that there were opportunities for future generations to further develop the estate (recognising that non-operational estate could be brought back into operational use); be able to respond to major funding initiatives for which significant accommodation was required at short notice.

Current market conditions were unprecedented and might not persist. It would be important to be in a position to move flexibly to secure external finance when market conditions were attractive or when there were indications of adverse movement.

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

- The Report sought only ‘in-principle’ authorisation from the Regent House. Taking account of the Director of Finance’s views expressed at the meeting, no proposal for borrowing would be made without a detailed appraisal of the funding options for the University and the purposes for which borrowing would be applied.
- It was not intended that the University would itself run commercial activities but that it would enter into leasing or similar arrangements with third parties. There had been no decision about the governance arrangements for a different management structure for the Non-Operational Estate; however these arrangements were likely to be similar to those for North West Cambridge involving significant external and professional expertise.
- It was likely that proposals for the governance arrangements would be brought forward in parallel with the financial and business case for borrowing.
- It was important that the proceeds from external borrowing be used only for income-generating major capital projects on the non-operational estate and not for business-as-usual or academic activities which would not (or were unlikely to) generate a rate of return sufficient to meet the principal as well as the interest on the borrowed funds. Concentrating such funds on the non-operational estate would release other funds for use on the operational estate.

Subject to a minor amendment to the recommendation, to remove specific reference to the purpose for which external finance might be used, the Council signed and approve the Report for publication.

Action: Draftsman (publication)

(c) Planning and Resources Committee

The minutes of the meeting of the Planning and Resources Committee held on 22 April 2015 were received together with a draft Report of the Council on the plans for the University for the development of the West Cambridge Site.

The Senior Pro-Vice-Chancellor reported. The Report set out a new vision for West Cambridge and sought authorisation to apply for outline planning permission. The proposals were intended to make the best use of the available space and to transform the quality of the environment for site users. Densification would be important in this regard, as would the establishment of a coherent sense of place and character. The emerging masterplan would double the amount of land released by the current masterplan. It would provide much-needed space for both academic and commercial activities. It would permit the relocation of the Departments of Physics and Engineering and the Veterinary School. It would provide amenities for those living and working on the site. The masterplan was purely illustrative and was intended to open discussions with the planning authorities. Thereafter, each project would be submitted to the planners and to the University on an individual basis.

It was agreed, in the course of discussion, that consideration might be given, as part of the masterplanning process, as to whether residential accommodation should be retained on the site. It would be important to provide amenities and facilities in West Cambridge as well as in North West Cambridge.

The Council signed and approve the Report for publication.

Action: Draftsman (publication)

106. North West Cambridge

The Pro-Vice-Chancellor for Institutional Affairs reported. There continued to be good progress with the project. In particular, work on the primary school remained on schedule for a September opening. Meetings with the CEO of the site-wide infrastructure contractor had resulted in an increase in resource and an improvement in performance. The Syndicate was considering a process of adjudication with the contractor in order to determine the cost implications. A revised financial appraisal for Phase 1 would be provided to the Finance Committee for discussion at the meeting on 8 July 2015.

107. University employment

(a) Human Resources Committee

The minutes of the meeting held on 23 April were received.

It was noted, with regard to minute 1638/15, that the Committee had received and considered proposals for the introduction of universal charges for staff using the University's car parks. The Committee had agreed five key principles for wider consultation. Two members of the Council expressed objections both to the introduction of car parking charges and to the centralisation of the management of permit allocation. The Pro-Vice-Chancellor (Institutional Strategy) noted that the proposals should be seen in the context of the wider discussions around the University's environmental sustainability strategy; the establishment of a transport policy; and the City Deal. It was agreed that the consultation should be progressed on the basis approved by the HR Committee. A further report and detailed proposals would be brought back to the Council through the HR Committee in due course.

(b) Remuneration Committee

The Vice-Chancellor left the meeting and Ms Weller, as Chair of the Remuneration Committee, took the Chair. A report from the meeting of the Remuneration Committee of the Council held on 20 April 2015 was received.

Ms Weller reported. It had been agreed with the Vice-Chancellor, when he was appointed, that the Remuneration Committee would conduct an annual appraisal with him on behalf of the Council for report to the Council. The Remuneration Committee had considered both the process for the conduct of this appraisal and the objectives against which he would be appraised.

With regard to process, it was proposed that members of the Remuneration Committee would consult individual with each member of the Council. There would also be consultation with representatives of key stakeholder groups as follows: the Chair of the Colleges' Committee; the Senior Pro-Vice-Chancellor; and the convenor of the six Heads of School.

It was proposed that the objectives would remain largely unchanged from those adopted in previous years but that they would be extended to reflect the Vice-Chancellor's leadership role in fulfilling the mission of the University and to include a specific objective with regard to the provision of oversight in promoting the wellbeing and engagement of the University's staff and students.

The Council approved both the proposed process for the conduct of the appraisal and the objectives.

It was suggested that it might be appropriate for the Council, as a body of Charity Trustees, to reflect periodically on its own role, functioning and objectives in the form of a self-effectiveness review as set out in the Council Handbook. It was noted that Committee of University Chairs' Code of Governance considered such reviews to be good practice. It was agreed that the matter should be brought back for further consideration in due course.

Vice-Chancellor
15 June 2015