

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 15 June 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, Mr Shakeshaft, Ms Weller; Ms Hoogewerf-McComb, Mr Jones, Dr van Gijn; with the Registry, the Head of the Registry's Office and the University Draftsman; the Senior Pro-Vice-Chancellor, the Pro-Vice-Chancellor (Education) and the Pro-Vice-Chancellor (Institutional Affairs).

Professor Davis and Dr Oosthuizen were on sabbatical leave.

The Senior and Junior Proctors were present.

The Vice-Chancellor noted that this was the last meeting of the current student members and thanked them for their valuable contributions to the work of the Council over the past year.

UNRESERVED BUSINESS

PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS

108. Declarations of Interest

No personal or prejudicial interests were declared.

109. Minutes

The unconfirmed minutes of the meeting held on 18 May 2015 were received and approved subject to a minor amendment to make clear that the arrangements for periodic Council self-effectiveness reviews were set out in the Council Handbook.

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

110. 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 of the items with the exception of the matter recorded as minute 122 ('Advisory Committee of the Council for the Appointment to the Office of Vice-Chancellor'). The Deputy Chair would take the chair for this item.

(b) Business starred as straightforward

Mr Jones asked that the matters recorded as minutes 111(d) ('CAm Board') and 111(e) (Vice-Chancellor's Circle') and Ms Weller requested that the matter recorded as minute 112 (f) (Strategic meeting: 21-22 September 2015) be unstarred. The Council otherwise 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
12/15	22 May	1 June
13/15	29 May	8 June

111. Vice-Chancellor's Report

(a) The Vice-Chancellor congratulated members of the University named in the recent Queen's Birthday Honours list as follows:

- Knight Bachelor: Professor Harshad Bhadeshia (Materials Science and Metallurgy) and Professor Christopher Clark (History)
- CBE: Professor Chris Gilligan (Plant Sciences), Professor Elizabeth Hall (Chemical Engineering and Biotechnology), Professor Anthony Holland (Psychiatry), Professor James Jackson (Earth Sciences) and Ms Sara Weller.

It was noted that Dr John Bradley (CUHP) had been awarded the CBE and that Dr Megan Davies (MRC) had been awarded the MBE.

(b) The Council was reminded that it had, at its meeting on 18 May 2015, approved for its part the submission to OFFA of the University's agreement with the Office for Fair Access (OFFA). OFFA's initial response had been critical in a number of respects, some of which reflected a lack of attention on their part to the detailed content of the submission. It had also suggested that the University's targets were insufficiently challenging. The University had provided a robust response emphasising that the targets were evidence driven.

(c) Chancellor Nicholas Dirks and Vice-Chancellor John Wilton of the University of California, Berkeley had visited the University on 27 May 2015.

(d) The CAm Board had met in Cambridge on 5 June 2015. The Vice-Chancellor reported. It had been a constructive meeting. The Board was very supportive of the forthcoming campaign and its members were fully engaged and informed. The Chair of the Colleges' Committee reported that there had been a productive discussion about mechanisms by which the Board might establish a better understanding of the needs and objectives of individual Colleges. It had been agreed that members of the Board, as well as engaging with their own College, would 'adopt' another College in order to ensure that each College's views were represented on the Board.

(e) The Vice-Chancellor's Circle had met on 6 June 2015. The Circle recognised those who had supported the University through generous philanthropic giving. The focus of the event had been on musicology and the evening had concluded with the performance of a new piece of work dedicated to the achievements of Alan Turing.

(f) The 2015 PublicHealth@Cambridge Network showcase event had taken place on 8 June 2015.

(g) The Vice-Chancellor had visited the East Coast of America on University business from 10-11 June 2015.

112. Council, legislative and comparable matters

(a) Council Work Plan 2014-15

The updated Work Plan was received.

(b) Preliminary draft Work Plan 2015-16

A preliminary draft was received. A revised version would be prepared for the meeting on 21 September 2015.

(c) Business Committee

No meeting had been held on 8 June 2015.

(d) Membership of the Council in class (c)

Dr Margaret Glendenning, as the only candidate nominated in accordance with Statute A IV 2, had been elected to the Council in class (c) to serve from 8 September 2015 until 31 December 2016.

(e) Election to the Nominating Committee for External Members of Council

Dr Stephen Cowley, as the only candidate nominated for election to the Nominating Committee for External Members of Council, had been duly elected to the Nominating Committee for four years from 1 October. The timetable for a bye-election to fill the remaining vacancies would be announced in due course.

(f) Strategic meeting: 21-22 September 2015

It was agreed, as discussed at the Council's meeting on 18 May 2015, that a major topic for discussion at the Council's strategic meeting on 21-22 September 2015 would be fundraising and the launch of the campaign. It was further agreed that the Vice-Chancellor should give a presentation setting out what he considered to be the longer term strategic risks for the University. This would replace his annual report to the Council scheduled in the work plan for the meeting on 13 July 2015. It was agreed that there should be a report on the work which was being undertaken on emerging HR priorities. The Council would also be invited to consider how it might conduct a self-effectiveness review and take forward the second stage recommendations arising from the review of governance which had been undertaken at the HEFCE's request.

A draft programme would be brought back to the Council for its meeting on 13 July 2015.

113. Membership of the Board of Scrutiny

Dr Matthew Vernon and Dr Paul Beattie, as the only candidates nominated in, respectively, Class (c) (i) ('one person who has been a member of the Regent House for not more than ten years on 1 October 2015) and Class (c) (ii) ('three persons who are members of the Regent House') had been elected to serve for four years from 1 October 2015.

There were therefore two remaining vacancies on the Board of Scrutiny in class (c)(ii). Regulation 2 for the election of members of the Board of Scrutiny (as amended by Grace 3 of 15 April 2015) provided that, if at an election insufficient nominations are received to fill all the places either in class (c)(i) or in class (c)(ii), the Council should appoint as many members as may be necessary or should ask the Vice-Chancellor to arrange a further election. The Council agreed to re-open nominations, with a view to an election being held in November.

114. General Board

The minutes of the General Board's meeting held on 3 June 2015 would be circulated for the Council's meeting on 13 July 2015.

PART B: MAIN BUSINESS

115. University Finance Planning and Resources

The minutes of the meeting of the Planning and Resources Committee held on 20 May 2015 were received.

116. Audit Audit Committee

The unconfirmed minutes of the meeting held on 7 May 2015 were received. Mr Lewisohn, as Chair of the Committee, reported. The Vice-Chancellor had attended to present his annual report to the Committee, in which he had focussed on the key risks for the University taking into account both internal considerations and external factors nationally and internationally.

117. Cambridge University Press (CUP)

Sir David Bell (Chair of the Press Syndicate) and Mr Peter Phillips (Chief Executive, CUP) attended for this item. The Council received a presentation.

Sir David Bell noted that the digital revolution in publishing continued apace and CUP continued to engage actively in this sphere. A far-reaching efficiency programme had been launched which would reduce recurrent costs and improve profit margins. The Cambridge brand which CUP shared with Cambridge Assessment and their potential for partnership in the area of digital learning offered significant opportunities for the University. CUP welcomed the establishment of the CA/CUP review group.

Mr Peter Phillips noted that CUP was the world's longest established publisher. It undertook activities in three main areas: academic books and journals; English Language Teaching (ELT); and the provision of educational resources for schools. It was wholly owned by and aligned to the mission of the University. It was an important element in the University's brand with sales to over 170 countries through staff in 51 offices globally. It was, therefore, the face of Cambridge in many countries. Academic and pedagogical excellence was central to CUP's mission: this excellence had been recognised in 2014 by various public accolades and awards.

Digital and personalised learning services were starting to change significantly the way in which education was accessed and delivered both in schools and in higher education. These developments provided new opportunities for integrated publishing and assessment solutions, particularly in the international market. Cambridge was well positioned in this competitive market.

There had been significant recent digital development and innovation across all areas of CUP's activities and frequently in partnership with the University. On the academic side, this included interaction with individual academics and research groups and with the University Library on matters relating to scholarly communications and open access. There had been engagement with Cambridge Assessment and various academic departments on the development of ELT and educational resources.

CUP's sales had increased more rapidly than the majority of its competitors. Taking out the impact of fluctuations in foreign exchange, the total growth across the three activities was 5% with education sales having risen by 13%. Digital and blended products and services now accounted for c.30% of revenues with blended products and services (i.e. those bundling together both physical and on-line formats) showing the fastest growth. Traditional books declined by 1%. There had been further work and progress in the course of the year in improving back office processes, systems and controls.

The strength of sterling against most of the major currencies in which CUP operated had adversely affected results, particularly in ELT activities. The unexpected collapse in government spending in South Africa on textbooks had impacted severely on all publishers. In responding to these challenges and in order to provide a platform for future growth, a radical efficiency programme was underway. This involved: a staffing restructure; streamlining commissioning and production processes; changes to supply chain and manufacturing arrangements; and improving procurement processes. This had resulted in exceptional in-year costs but was a foundation for future recurrent savings and a resulting growth in surplus. There would be an increase in the margin from planned sales growth in line with historic performance and driven by investment in digital products and sales and a focus on key markets.

Priorities for the coming year remained unchanged: the development of digital solutions; increased efficiency; University partnerships; a focus on growth in key markets.

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

- CUP's partnerships with the University took a number of forms. The most significant partnership in terms of growth was between the ELT businesses of CUP and CA, which shared the Cambridge English brand and had a range of joint activities, including joint courses, exam preparation material, shared digital platforms and technology joint ventures. There was increasing overlap and potentially shared approaches which were being explored between CUP and the UL in the area of open access and scholarly communications. CUP had worked

with the University Global Health Group and the Sanger Institute to develop a new Open Access journal, and with CA, the Faculty of Mathematics and the Faculty of Education on the development of new approaches to improve the quality of maths teaching in schools. There was ongoing work with the Faculty of Education and CA in the area of educational reform in Kazakhstan. It was reported that the most effective academic partnerships had been generated organically and from the bottom-up. It was noted that the CUP transfer was to the central Chest rather than to the partner individual or institution. There was therefore no perceived local, direct benefit to those within the University from their collaboration with CUP.

- It was noted that the British Council ran the world’s largest on-line learning programme which was free at source, which it had developed as marketing and a route into its paid services and which might represent significant competition for CUP. CUP’s strategy was to focus on developing such free on-line programmes in areas where it perceived the most value and potential such as, for example, extending reach into new markets. There was ongoing and active monitoring of competitor activities, including new educational technology start-ups. In ELT, the Cambridge English businesses across CUP and CA benefited from a depth and breadth of research and data to which such start-ups did not have access.
- As reported above, there was an increasingly close alignment between the providers of content and the providers of exams. Expertise in assessment was now routinely built into the learning process to make it more effective. The closer interaction between CUP and CA was therefore consistent with the way in which competitors like OUP, Pearson and the British Council were developing their activities. It did not, however, preclude engagement with other partners in the development and provision of services. The charitable status of CUP and CA and the Cambridge brand made jointly developed products attractive to many educational institutions.
- The projected growth in sales and profitability was significant over a three year period. It was noted that the increasing margin was based on generating savings more than on sales growth. The restructuring programme addressed long-standing concerns about efficiency and profitability. Procurement was an important area susceptible to savings. Engagement with suppliers had, historically, been at a devolved level; there was now a more integrated approach which allowed CUP to benefit from the scale of its activities. CUP carried out some of its operations in low cost locations like Manila and Hyderabad where it worked well for customers to do so.
- On current evidence, the margins on digital and blended products were similar to those for more traditional publications. CUP would, however, keep this position under active review as there were risks that margins would come under pressure over time.
- Academic publishing remained an important aspect to CUP’s activities and included the publication of about 1,600 academic titles a year, of which monographs remained a large part. Satisfaction surveys of academic authors indicated that c.92% considered that their experience of CUP was good or excellent. However, there were inevitably some less positive experiences and CUP was committed to ensuring that problems were addressed and lessons learned.
- Academic publishing was the slowest growing but most profitable activity and CUP remained completely committed to being one of the world’s leading academic publishers. It would be strategically important to consider the balance of activities and to maximise surplus while retaining the commitment to quality.

118. Cambridge Assessment (CA)

Professor Rallison (Chair of the Local Examinations Syndicate) and Mr Simon Lebus (Chief Executive of Cambridge Assessment) attended for this item. The Council received a presentation.

Professor Rallison reported that the Syndicate considered that CA was an energetically and well-managed enterprise. CA was broadly divided into three parts: Cambridge International Examinations (CIE) and Cambridge English (CE), which were international operations, and Oxford, Cambridge and RSA (OCR), which served the domestic market. OCR had experienced headwinds. CIE and Cambridge English had continued to go from strength to strength. Overall, it had been a successful year.

Mr Lebus reported. There had been a strong performance in 2013-14: an 8% growth in income to £342m; a surplus of £54m; and £16m transferred to the University. A total of £120m had been transferred to the University since 2009. CA was outperforming its competitors. There had been significant achievements in all of the businesses but particularly in Cambridge English, which had grown by nearly 20%. The international business had expanded; over 70% of income now came from international markets. The UK market remained challenging. In order to maintain position and performance, CA was investing as follows: in systems' infrastructure; in expanding the portfolio of digital initiatives; in a more extensive and better resourced international network of offices; and in rationalising and improving office accommodation in Cambridge.

CA had been established in 1858 to develop and deliver school examinations. Its main activity was now the research, development and delivery of school and university curricula, syllabi and examinations in the UK and worldwide. It enjoyed a wide recognition base and was a trusted brand in a 'high consequence' sector.

There had been an annual growth rate of 7% over the past five years. Growth rates for CE and CIE were, respectively, 16% and 17%. By contrast, OCR's revenues had contracted by 25% from their peak a few years ago as a result of politically driven changes to recognition and regulatory regimes and as a consequence of funding reduction and qualification reform. This had now stabilised, but growth was unlikely.

CE was widely recognised internationally and operated out of 10 international hubs. Following a successful tender bid, IELTS had been approved for all UKVI (UK Visa and Immigration) immigration categories. CIE served an increasing number of schools internationally and its geographical reach and presence had been extended. Education reform contracts had been agreed in various key markets. Regulatory reform and the introduction of new qualifications had demanded significant development activity within OCR. There had been major changes to timings in the examinations cycle.

Overseas markets were attractive as a result of a rapid increase in the number of students pursuing tertiary education outside their own country; a steady increase in the number of students in international schools; and a greater use of English as a medium of instruction in many countries. By contrast, the UK market was unpredictable and increasingly costly for the reasons set out above. CA continued to outperform its competitors with regard both to surplus and to growth rates.

There had been continued investment in international activities, resulting in a greater regional diversification in income and an increased geographical reach. The greatest proportion of non-UK income was from Europe. There were significant opportunities in

Asia, Africa and South America. A local presence in the form of overseas offices was necessary in order to engage with key stakeholders and decision makers.

There had continued to be significant and necessary investment in technology and infrastructure. Work on the 'Threshold' programme to modernise and rationalise a number of internal systems was ongoing. This work was necessary in order to improve resilience and to support process re-design and improvement. There had been a growth in CA's digital portfolio across all of the businesses but, in particular, in Cambridge English. This growth was reflected both in publications and in assessment methods and was being developed using a range of models.

CA had a number of important partnerships both within the University (with, for example, the Cambridge University Institute for Automated Language Teaching; on the Cambridge Mathematics Framework and with CUP) and more widely. The most significant external partnership was with the British Council which supported the distribution of CIE's qualifications worldwide.

The development of new office accommodation on the Triangle site was underway with an anticipated occupation date in late 2017/early 2018. This development would accommodate all Cambridge-based staff in a single location and provided sufficient space to absorb planned growth. It would facilitate better cross-divisional interaction.

It was anticipated that income would maintain its current growth rate and that the surplus would grow significantly after a dip in 2015/16 as infrastructural investment peaked. The transfer to the University over the next five years was estimated at £130m. There would be continued investment in research, technology, product development, infrastructure and staff. There would be ongoing development of key partnerships and relationships within and beyond the University.

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

- With regard to systems and to the Threshold programme, it was noted that the SAP primarily supported administrative processes. There was tight government regulation around data integrity and security. In terms of platforms for the delivery of education and assessment, there were a number of possible models. There was a significant variety of assessment modes which made it difficult to operate from a single platform. There was no single standard industry model. CA used both an in-house development team and external contractors to develop platforms.
- The nature of the three different businesses demanded different management approaches. Management support for OCR inevitably focussed on managing a difficult and constrained policy and regulatory environment and for this reason there were not the same commercial opportunities as existed in the international businesses. The tight regulatory framework and the susceptibility to political turbulence presented particular challenges and were often frustrating. The reduced UK growth in recent years reflected changes to the regulatory regime and to curricula, syllabi and assessment. However, OCR was not a stand-alone business and, in some markets, UK regulation was seen as setting a standard in a way that was potentially beneficial for the international businesses.
- CA did not offer the International Baccalaureate (IB). It offered a baccalaureate style qualification but this had not proved to be popular.
- It was noted that the funds which CA transferred to the University were currently committed entirely to the capital programme, thereby freeing up resources for other purposes. It was important that there was no recurrent reliance on these funds.

- The University had benefitted from the professional expertise and engagement in CA in the design and construction of the Data Centre.
- Mr Jones drew attention to the University of Oxford's Clarendon Fund which received core funding from the Oxford University Press and which was a source of graduate funding open to applicants from all nationalities, all courses, and all colleges. He noted that the Clarendon Fund had started on a smaller scale, and has since expanded to its current level and asked whether further thought could be given to introducing a similar scheme in Cambridge, possibly drawing on CA, as well as CUP.

119. Cambridge University Press and Cambridge Assessment

Following the two presentations and in the absence of the respective Syndicate Chairs and Chief Executives, it was noted that the recently established CA/CUP review group would seek to define an overarching long-term corporate and governance strategy for the owner for each of CUP and CA taking into account their existing market position. This review was important because the risks to the University were potentially considerable and the revenues were significant. It was intended that the group would report by the end of the calendar year. In the course of discussion, it was noted that both businesses were a significant element in the Cambridge brand and in the University's global visibility. In reputational terms, this presented both opportunities and risks. It was important that the businesses were both market leaders in terms of product development and that they kept in touch with developments both within their own markets and without (including the alliances being developed with cloud platform/ecosystem providers).

120. North West Cambridge

The Pro-Vice-Chancellor (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. There had been an improvement in the performance of the site-wide infrastructure contractor. A revised financial appraisal for Phase 1 would be considered by the Syndicate for the West and North West Cambridge Estates at its meeting on 29 June 2015 and then provided to the Finance Committee for discussion at the meeting on 8 July 2015.

It was intended that the Council would be given the opportunity to visit Gravel Hill Farm and to review progress on the site before the meeting on 19 October 2015. Arrangements would be confirmed in due course.

121. University employment Human Resources Committee

The minutes of the meeting to be held on 11 June 2015 would be circulated for the Council's July meeting.

122. Advisory Committee of the Council for the Appointment to the Office of Vice-Chancellor

The Deputy Chairman took the Chair. The Vice-Chancellor and Professor White withdrew.

It was noted that Chapter XI of the University's Regulations: *Special Regulations for the Appointment of Officers: Vice-Chancellor* read as follows: 'Not less than one year before the date on which the period of office of the Vice-Chancellor is expected to come to an end, or, in the event of a casual vacancy, as soon as possible after certain knowledge of the vacancy, the Council shall appoint an advisory committee to advise them on the choice of a person to be nominated for appointment to the office of Vice-Chancellor. The advisory committee shall consist of not less than eight persons, a majority of whom shall be resident members of the Regent House and at least two of whom shall be persons who are not resident members of the University. The committee shall propose a list of persons for consideration by the Council. The Council shall give public notice of the name of the person nominated and shall submit a Grace to the Regent House for the appointment of that person to the office of Vice-Chancellor.'

The Council's Advisory Committee for Committee Memberships and External Nominations (ACCMEN) had considered the question of the nomination of a person to be appointed as the Chair of the Advisory Committee. Dr Good, as Deputy Chair of the Committee, reported that the Committee's recommendation was that Professor White should be appointed to chair the Advisory Committee. Professor White had wide experience and standing within the University and across the Collegiate community as well as being a member of the Council. The Council confirmed ACCMEN's recommendation that Professor White be so appointed.

It was noted that Professor White, after consulting widely, would bring forward proposals for the membership of the Advisory Committee to the meeting of the Council to be held on 23 November 2015. As an initial stage in the process, he had indicated that he would like to invite members of the Council to an informal initial discussion in the Council Room at 9.30am on the 13 July 2015 before the Council's formal meeting at 10.15am. It was noted that there would be student involvement in the process.

Vice-Chancellor
13 July 2015