

University of Cambridge

COUNCIL

Minutes of a meeting of the Council held in the Council Room, Old Schools at 10.15 am on Monday 23 November 2015.

Present: Vice-Chancellor (Chair); the Master of Corpus Christi, the Mistress of Girton, the Master of Jesus, the Provost of King's; Professor Anderson, Professor Davis, Professor Karet, Dr Oosthuizen; Dr Anthony, Mr Caddick, Dr Charles, Dr Holmes, Dr Hutchings, Dr Padman; Mr Lewisohn, Professor Dame Shirley Pearce, Mr Shakeshaft, Ms Weller; Ms Mensah, Mr Roemer; 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 and International Relations), and the Pro-Vice-Chancellor (Research).

Apologies were received from Dr Good and Dr Glendenning.

The Senior and Junior Proctors were present.

**UNRESERVED BUSINESS**

**PART A: PRELIMINARY, LEGISLATIVE AND STRAIGHTFORWARD BUSINESS**

**18. Declarations of Interest**

Professor Dame Shirley Pearce and Ms Weller as members of the Board of the Higher Education Funding Council for England declared an interest in the matter recorded as minute 21(j) ('The Higher Education Green Paper, *Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice*') Otherwise, no personal or prejudicial interests were declared.

**19. Minutes**

The unconfirmed minutes of the meeting held on 19 October 2015 were received and approved subject to a minor amendment.

The Vice-Chancellor confirmed, as a matter arising with regard to the discussion about a graduate College, that, although the specific proposals in the paper which the Council had received would not be taken forward, this did not preclude further discussion and engagement about the nature of the Collegiate presence in North West Cambridge.

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

## **20. 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 unreserved business and that the Deputy Chair should take the chair for the reserved business.

### **(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:

<b>Circular</b>	<b>Issue</b>	<b>Approval</b>
24/15	16 October	26 October
25/15	23 October	2 November
26/15	30 October	9 November
27/15	6 November	16 November
28/15	13 November	23 November

## **21. Vice-Chancellor's Report**

(a) The Vice-Chancellor had attended the Festival of Ideas on 19 October 2015.

(b) The Vice-Chancellor had attended a reception and banquet hosted by the Queen for the President of China and Madam Peng Liyuan on 21 October 2015.

(c) The Vice-Chancellor had attended the launch event for the Lego Centre for Research on Play in Education, Development and Learning on 22 October 2015.

(d) The Vice-Chancellor had delivered the opening remarks at the Cambridge-Africa day on 23 October 2015.

(e) The Vice-Chancellor had hosted a dinner for Heads of House on 23 October 2015.

(f) The Vice-Chancellor had given the opening statement at a Foundation for Science and technology event.

(g) There had been discussion meetings with Heads of Department on 27 October and 3 and 18 November 2015.

(h) The Annual Race Equality Lecture and Dinner had taken place on 28 October 2015.

(i) The Vice-Chancellor had attended a Russell Group meeting and the opening of the Stephen Hawking Foundation on 29 October 2015.

(j) The Higher Education Green Paper, *Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice*, had been published by the Department for Business, Innovation and Skills (BIS) on 6 November 2015. Sir Paul Nurse's review of the UK Research Councils, *Ensuring a successful UK research endeavour* had been published on 19 November 2015. The Council had been provided with links to both documents.

The Pro-Vice-Chancellor (Education) reported. The Green Paper was a consultation document with a tight deadline for response of 15 January 2015. The University's response would, as far as possible given the limited time available, be informed by discussion and consultation across the Collegiate University. It was intended that the matter be discussed at the General Board's meeting on 2 December 2015 and thereafter at the Council's meeting on 14 December 2015. It was important that the response was suitably robust in challenging those aspects of the proposals which the University considered either to be misguided in principle or unworkable in practice.

There were five key elements to the green paper: the proposed Teaching Excellence Framework (TEF); widening participation and admissions; the process by which new providers gained entry into the sector; the architecture for governing and regulating Higher Education including through the establishment of an Office for Students; and research funding arrangements.

There was little detailed information about the methodology for the TEF: this would be informed by a 'technical consultation' (which would be undertaken in early 2016) on potential metrics, the assessment process and incentives. In an increasingly diverse HE sector, it was likely to be difficult to establish a set of universally relevant metrics. It was proposed that there should be four TEF levels with institutions being required to apply to be assessed for TEF levels higher than level 1. Institutions with higher TEF levels would be permitted to charge higher fees to new students with the fee level rising by TEF level. It would not be compulsory for institutions to apply for higher TEF levels. The benefits of doing so were likely to be reputational and (to a probably limited extent) financial. However, the Pro-Vice-Chancellor (Education) when he had appeared before the BIS Select Committee during the previous week had re-emphasised that the University would not wish significantly to increase fee levels for undergraduate students.

There was a significant emphasis in the Green Paper on social mobility and widening participation. The University had already agreed challenging but realistic targets in this regard with the Office for Fair Access (OFFA). OFFA could not currently set targets for individual institutions; rather it could approve the targets proposed in institutional access agreements. The Green Paper suggested that the Office for Students might be given the power to set target for institutions which it considered were failing to make progress on agreed widening participation goals. In this, and in other regards, the proposals in the Green Paper might compromise institutional autonomy. It was of concern that the proposals in the paper, particularly around the governance and regulation arrangements, were not set out in sufficient detail to allow an understanding of the potential implications of their implementation.

The Pro-Vice-Chancellor (Research) tabled a presentation about the proposals with regard to the funding and governance arrangements for research as set out in both the Green Paper and the Nurse Review. She noted that the emphasis in the Green Paper

was, primarily, on teaching, social mobility and the higher education architecture; only 5 of the 28 consultation questions related to the arrangements for research funding. It was likely that the main changes to the research landscape would be driven by the recommendations in the Nurse Review. The University currently received research income through a dual funding system. Funds allocated by HEFCE as Quality-Related research funding (QR), primarily through the REF, currently represented c.£180m p.a. and were unhypothecated. Project-based income from the Research Councils, charity, industry and the EU was currently c.£370m p.a. of which c.£120m was from the seven Research Councils. This dual system and, in particular, the unhypothecated QR funding was essential in allowing the University to set its own research agenda.

The Green Paper asked institutions to consider how the burden of the REF might be reduced and ways in which the data infrastructure underpinning research information management could be improved. It was likely that there would, in future REFs, be a greater reliance on the use of metrics, including for arts, humanities and social science disciplines. The Diamond Review on *Efficiency and Effectiveness in Higher Education* had indicated that such metrics did exist and should be used.

There were aspects of the Nurse Review which were to be welcomed. In particular, it recommended the preservation of the science ring-fence; of the Haldane principle which stated that decisions about research spend should be the subject of peer review and not politically determined; and of the dual support system. It also noted that a comparison of research spend as a proportion of GDP in other countries should inform the discussion. It recommended the continuation of a peer review system for responsive-mode funding; however, it was not clear what proportion of research funding would be preserved for responsive-mode purposes. It recommended that capital spend should be safeguarded. It recognised that much research was a long-term endeavour.

There were currently seven autonomous Research Councils which were classified as Non-Departmental Public Bodies (NDPBs). NDPBs played a role in the process of national government but were not part of any government department and were governed by legislation which preserved their autonomy and largely protected them from ministerial influence. Research Councils UK (RCUK) was a partnership organisation but not a separate or legal entity. The Nurse Review proposed that RCUK should be replaced by Research UK (RUK) which, while remaining a NDPB, would be a separate legal entity with its own powers. Members of the Board would be appointed by government Ministers and would report to the responsible Director General in BIS. It was proposed that the Chief Executive of RUK would be the Accounting Officer collectively responsible for all of the Research Councils and report directly to the Board. This Chief Executive would be supported by an Executive Committee which would include the heads of the Research Councils. Research Councils would, within this model, retain their autonomy and budget.

It was further proposed that a Ministerial Committee should be established, chaired by a Senior Minister with cross-cutting cabinet responsibilities. The purpose of this Committee would be to strengthen RUK's voice in government and to increase government's understanding of the research endeavour. However, it might also potentially increase direct government control of RUK and, therefore, of the research funding agenda.

The proposed Executive Committee of RUK would be responsible for: identifying and sharing best practice in research funding, including simplifying and streamlining procedures to increase effectivity; enhancing and expanding data management systems to create a single point of information for all government-funded research; formulating research strategy; ethical and conducting issues in science; surveying public opinions about science. The Executive Committee would also have responsibility for administering a proposed 'common research fund' to support cross-cutting activity across the Research Councils. This fund would potentially involve large sums of money and there was a risk that these might be diverted into the regional agenda or other government initiatives. It was unclear what proportion of this fund would be retained in responsive-mode.

The Review suggested that HEFCE's research functions, including the REF, should be brought into RUK but that its functions and budgets should be kept distinct from those of the Research Councils in order to preserve the dual funding system. It was further suggested that Innovate UK should be brought into RUK in order to simplify and shorten the pathway between academic and applied research. This would, however, be on condition that the science ring-fence would be retained and that there would be no reduction in overall government funding for research.

The Nurse Review had considered how investment in research might best be focused in particular geographical areas. It was proposed that the Research Councils should seek to establish a better understanding of areas of research strengths and gaps in the landscape. RUK would then consider issues around strategic investment in 'place'. This would, inevitably, increase the capacity for government intervention and strengthen the 'powerhouse' agenda. The Review noted that 'high-quality research can be carried out in a range of institutions and not just large research intensive Universities' and recommended that the best research should be funded 'wherever it is found'. While accepting this principle which also informed the REF, it would be important in the new landscape that funding should, to a large extent, be allocated on the basis of critical mass; the dispersal of limited resource across a wide range of institutions was likely to dilute its impact. It was also important that considerations about place should not be allowed to drive or manipulate the research agenda.

The Review proposed that there be greater engagement with business and strategic investment in the skills needed by business. It brought forward suggestions concerning the peer review process including the capacity for faster decision-making on collaborative research proposals. It also proposed increased collaboration with Innovate UK. The Review set out proposals for strengthening the engagement with government funded R&D and public sector research establishments.

The following is a summary of the points raised in discussion about both the Green Paper and the Nurse Review:

- The proposals in the Green Paper represented a fundamental change to the whole landscape of Higher Education. In particular, the changes to the regulatory and governance arrangements were likely to impose more direct ministerial influence and threaten institutional autonomy. It was not clear what body would be the charity regulator for the sector nor where oversight for TEF and REF would lie.
- The proposals in the Nurse Review would significantly change the governance

and structures for the allocation of research funding. The position of the individual Research Councils would be weakened and the capacity for direct government influence would be increased. It was particularly noted, in this regard, that the RUK Board would be appointed by Ministers and would report to the responsible Director General in BIS. This might result in an increasing tendency to focus funds into strategic initiatives (including the regional agenda) with a concomitant reduction in the availability of responsive-mode funding. This risked a short-term approach, particularly with regard to fundamental research. The retention of the dual funding model and, in particular, the availability of unhypothecated QR funding was of crucial importance.

- The integration of teaching and research was critical to the success of UK Higher Education. The Green Paper proposed that these be separated. It was clearly important that there be an emphasis on teaching quality and the student experience but this could not be achieved in isolation from research activities, particularly with regard to graduate students. There was a clear continuum and a mutuality between teaching and research. It was recognised that the student voice in response to the consultation would be particularly powerful in ensuring that government heard this message.
- The Nurse Review was very UK-centric and did not consider issues around international competitiveness.
- The regional model was predicated on the unfounded assumption that the success of, for example, the Cambridge phenomenon could be replicated elsewhere simply by diverting research resource.
- The Nurse Review recommendations were, in part, based on the model of research institutions rather than Universities. Universities had a significant role to play in facilitating and fostering inter-disciplinary research.
- In responding to the Green Paper consultation, consideration should be given to the risks to the University and the sector associated with the proposed 'single route of entry' into the higher education sector for new providers including the process by which they would acquire degree-awarding powers.
- The Green Paper and the Nurse Review reflected a tension within government about the role of Higher Education. BIS's primary interest appeared to be the provision of mass higher education whereas the Treasury's focus was on the capacity for the translation of research to drive the economy. There was a risk that important considerations and areas of activity might be lost in the gap between these two agendas. In particular, it was noted that the proposed Office for Students was, as the title would suggest, primarily a regulator for students and not for the sector.

(k) The Vice-Chancellor had spoken at a Cambridge Union Debate on the topic of 'This House believes the traditional UK University has no future' on 10 November 2015.

(l) The Vice-Chancellor had attended the launch of the Alan Turing Institute on 11 November 2015.

(m) The Vice-Chancellor had attended a lunch hosted by the Queen for Prime Minister Modi on 13 November 2015. There had been discussions about an initiative in India on food security on which the University was the lead partner.

(n) The LERU Rectors' Assembly had met at Imperial College on 20-21 November

2015.

## **22. Council, legislative and comparable matters**

### **(a) Council Work Plan 2015-16**

The updated Work Plan was received.

### **(b) Business Committee**

No meeting had been held on 16 November 2015.

### **(c) The Council's Annual Report 2014-15**

A final revised draft was received and (subject to minor amendments), signed and approved for publication with the financial statements. The Council also received the General Board's annual report to the Council for 2014-15, for publication with the Council's Annual Report.

### **(d) Board of Scrutiny**

A draft Notice in reply to the Twentieth Report of the Board, and Discussion of it, was received. Various comments were received and discussed. It was agreed that a revised version of the Notice, taking account of these comments, should be circulated for approval.

### **(e) Nominating Committee for External Members of the Council**

The Chair of the Nominating Committee for the appointment by Grace of members of the Council in class (e) was 'a member appointed by the Council on the nomination of the Proctors and Deputy Proctors either (i) from among those current members of the Council in class (e) or (ii) from among former members of the Council in class (e).'

The Registry reported that the Proctors had nominated Ms Weller and that she had agreed to serve. The Council approved her appointment with effect from 1 October 2015.

## **23. General Board**

The unconfirmed minutes of the General Board's meeting on 4 November 2015 were received. The Council also received and approved the Annual Research Integrity Report to the Council for 2014-15.

## **PART B: MAIN BUSINESS**

### **24. Financial Statements and Annual Reports, 2014-15**

The following documents were received:

- The draft Reports and Financial Statements for 2014-15 for the University group ("Big U") together with a summary of consolidation and segmental analysis as submitted to the Finance Committee;
- The Management Representation letter, for approval by the Council; and
- The Annual Assurance return, for approval by the Council for submission to HEFCE as part of the annual accountability returns.

Papers were received which had also been received by the Audit Committee on 19 November 2015.

- The External Auditor's Report to the Audit Committee which includes, as Appendix 2, the letter of representation
- The Audit Committee Annual Report which includes, as Appendix A, the Internal Audit Annual Report;
- The Value for Money Annual Report.

The Director of Finance reported that the audit process had gone smoothly across all parts of the University Group; there were no major accounting issues and no significant audit matters to report. The external auditors had attended the Audit and Finance Committees at their meetings, respectively, on 18 November and 19 November 2015. They had confirmed their confidence in the Statements as received by the Council. The Finance Committee and the Audit Committee had agreed to recommend to Council that the financial statements should be adopted and that the signature of the financial statements, the management letter and Part 2 of the Annual Assurance Return should be authorised.

It was noted, in the course of discussion, that the financial outcome of certain disputes in respect of the North West Cambridge Development was not known and was not therefore referenced. Minor clarifications and amendments to the text of the Senior Pro-Vice-Chancellor's financial review were agreed.

Thereafter, the Council:

- (i) adopted and authorised the signature of the financial statements;
- (ii) authorised the signature of the management letter;
- (iii) authorised the signature of Part 2 of the Annual Assurance Return.

### **25. Finance, Planning and Resources (a) Planning and Resources Committee**

The minutes of the meeting of the Planning and Resources Committee held on 21 October 2015 were received together with the Assurance Sustainability Assurance Report and Sustainability Metrics. The Senior Pro-Vice-Chancellor reported. The



PRC had received reports from the Project Boards for the Biomedical Campus Site, the New Museums Site and the West Cambridge Site. Significant work had been undertaken to develop thoughtful and thorough masterplans for these three sites to ensure a coherent approach to their development and to inform negotiations with the planning authorities. Work was underway to review the capital planning process with a view to improving the presentation and quality of data and to provide new information and procedures to support the decision-making process.

The PRC had received and discussed the Annual Sustainability Assurance Report. The only two metrics which currently had red status related to annual carbon emissions and indirect recovery on research grants.

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

- The metric status with regard to the predicted cost of projects in the capital plan green and amber zones by source of funding was currently green. It was suggested that amber might be more appropriate given the ambition and scale of the University's capital plan and the extent of the funds still to be raised. It was agreed that this should be reviewed in the next iteration on the basis of the revised capital planning process.
- It was suggested that the metrics with regards to salaries might be broadened in future iterations beyond professorial salaries particularly given cost-of-living issues in Cambridge.
- It was noted, with regard to the general metrics, that the University's target was to remain within the top ten in each international league table. It was suggested (if it was considered necessary to state any target) that this was insufficiently ambitious. It was agreed that the PRC should be invited to revisit this metric when it next reviewed the Sustainability Assurance Report.

The Council agreed that the optional Annual Sustainability Assurance Report should be submitted to the HEFCE by their deadline of 1 December 2015.

#### **(b) Finance Committee**

The minutes of the meeting of the Finance Committee held on 18 November 2015 were received.

The Council received and approved the following documents which had been considered by the Finance Committee and which formed part of the University's annual accountability return to the HEFCE:

- The financial results for 2014-15;
- Commentary: an explanation of significant variances between the current and July 2015 submissions.

It was noted that the CUEF 2014-15 financial statements would be brought back to the Council for approval at the meeting on 14 December 2015.

**26. Audit  
Audit Committee**

The Audit Committee had met on 19 November 2015 and the minutes would be circulated for discussion at the Council's meeting on 14 December 2015.

**27. North West Cambridge**

The Remarks made at a Discussion on 3 November 2015 on a 'Topic of concern to the University: Phase 1 of the North West Cambridge development' were received. It was agreed that the Remarks be formally provided to the North West Cambridge Audit Group to inform Phase 2 of the group's work. The Vice-Chancellor reported that work was being taken forward to fulfil the seventeen recommendations in the Audit Group's first report as adopted by the Council at its meeting on 19 October 2015.

The Director of Finance reported. An interim Chief Financial Officer, with significant knowledge and experience in the sector, had been appointed. The Director of Finance would, however, continue actively to engage with the project. Work was ongoing to re-baseline the construction costs, budgets and revenues for the first phase of the project and to produce robust management information by which to manage the risks. With regard to the site wide infrastructure contract, the specialist firm which had been engaged to assist and support the University in the management of the dispute with the contractor and to strengthen control of that aspect of the project into the future was active and effective. The adjudication decision concerning an element of the site wide infrastructure had been received and all but one of the declarations had been in the University's favour. Most significantly, the contract itself was not questioned and it had been determined that the risks for the design sat with the contractor and not with the University. The Finance Committee, at its meeting on 18 November 2015, had discussed and approved a proposal for the alternative delivery of Lot 4 in order to de-risk and improve the key financial metrics of Phase 1 of the project. Progress on site remained good although there were some delays in the delivery of certain Lots. The very public nature and the tone of some of the University's discussions about the project was causing uncertainty amongst certain key stakeholders for the development.

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

- As part of the re-baselining process it would be important to consider and to balance the risks and the opportunities.
- The NWC Syndicate would receive and discuss the adjudication report at its meeting that afternoon and the decision would be conveyed to the Council thereafter.
- It was important that information about the project was communicated effectively and in a timely manner in order to allow informed decisions and appropriate oversight. In particular, the unconfirmed minutes of the Syndicates meetings should be provided promptly. In this context, it was suggested that there was a need for a greater clarity about the role of the Council and its members with regard to the North West Cambridge Development, including reporting mechanisms and the respective responsibilities of the Council and the Syndicate. The Council should be able to assure itself, in the discharge of

its duties, that the governance and management processes for the Development were sufficient, appropriate and robust. All of these considerations would be considered within the scope of the second phase of the Audit Group's review, as would wider considerations about the optimum model for managing a large commercial project.

- The Vice-Chancellor noted that transparency and accountability were important with regard to the Council's discussions about the North West Cambridge Development but, equally, so were confidentiality, discretion and judgement. The very public nature of the University's governance process meant that, if information or opinions were projected using intemperate terms and tone and without reference to the strategic importance of the development, there was a risk of eroding confidence in the project and in the people charged with its delivery, and of escalating costs. This was potentially damaging to the University. These considerations, particularly with regard to the relationship with key stakeholders such as the planning authorities, major contractors and significant strategic partners, applied to all of the University's capital projects and not just to the North West Cambridge Development. He reminded members of the Council of their fiduciary duties in this regard as Charity Trustees including their united support for the primary purposes of the Development.

## **28. University Employment Human Resources Committee**

The minutes of the meeting held on 22 October 2015 were received. The Council also received and (subject to minor amendments to include greater clarity about those categories of staff to which the policy applied) approved the Organisational Change Policy which had been approved by the General Board at their meeting on 5 November 2015.

### **PART C: RESERVED BUSINESS**

## **29. Advisory Committee for the Appointment of the Vice-Chancellor**

Officers other than the Registry and the Head of the Registry's Office withdrew. Professor White, the Chair of the Advisory Committee laid a paper on the table setting out a slate of names to fill the categories of membership and criteria for the Advisory Committee that had previously been agreed by the Council. He reported that he had spoken to every member of the Council in classes (a), (b), (c) and (e) about their views on membership and to seek their advice on the names that had come forward to him. The slate represented the consensus view. He stressed that those members who were also members of the Council had expressed their willingness to serve. He would be contacting the other members to ascertain their willingness after the meeting once the slate was approved. There were alternates listed on the slate for those members who were not resident members of the Regent House. Once he had secured the agreement of all those on the slate to serve he would report the final membership to the meeting of the Council on 14 December 2015.

Professor Anderson noted that none of the proposed members of the Advisory Committee had ever dissented to a Report of the Council, and questioned whether the proposed members had sufficient experience and knowledge of key attributes that the Council had agreed would be required of the next Vice-Chancellor. He proposed that there be further consultation before the matter was brought forward for approval at the next meeting of the Council. He also stated that he had written to Professor White expressing a wish to serve on the Committee based on his experience of previous appointments to the Vice-Chancellorship. Professor White explained that there was some urgency in agreeing in the slate at this meeting and other members of the Council agreed with this view.

The slate was put to the vote by the Deputy Chair and was approved by a vote (11 votes for; 3 against; the members of the Council on the slate abstaining). The members of the Council who would be serving on the Advisory Committee were therefore agreed as Dame Shirley Pearce, Professor Michael Proctor, Professor Fiona Karet, and Dr Nicholas Holmes.

Vice-Chancellor  
14 December 2015