A meeting of the Council was held on Thursday 8 July 2010 at 1.45pm in the Boardroom, Cornwall Campus.

PRESENT: 
Pro-Chancellor, Mr K R Seal (Chair)
Mr C J Allwood
Mr B M M Biscoe
Dr S Buck
Mr N Bull
Mr M Choules
Professor K E Evans
Mr R M P Hughes
Mr M Jordan
Senior Deputy Vice-Chancellor, Professor J M Kay
Mr P Lacey
Professor R C Lamming
Dame Suzi Leather
Sir Robin Nicholson
Deputy Vice-Chancellor, Professor M Overton
Professor S J Rippon
The Rt Revd the Lord Bishop of Exeter
Vice-Chancellor, Professor S M Smith
Mr R Stearn
Mr H Stubbs
Lady Studholme
Deputy Vice-Chancellor, Professor N J Talbot
Mrs S Wilcox

IN ATTENDANCE: 
Registrar and Deputy Chief Executive, Mr D J Allen
Director of Personnel and Staff Development, Mr S J C Cooper
Chief Executive of the Students’ Guild, Mr J R A Hutchinson
Director of Finance and Corporate Services, Mr J C Lindley
Director of Academic Services, Ms M I Shoebridge
Executive Officer, Mrs J Williams

APOLOGIES: 
Professor N Armstrong, Ms B Rigg

10.29 Declarations of Interest
Members NOTED the register of interests in relation to the business of the agenda.

10.30 Minutes
The minutes of the meeting held on 8 April 2010 were confirmed, subject to the following amendments (CNL/10/35):

(a) MINUTE 10.09(a)(ii) Environment and Sustainability Institute and Shared Spaces Project (COMMERCIAL IN CONFIDENCE)

(b) MINUTE 10.09(b) Wellcome Wolfson Clinical Research Centre, Exeter
Amend “Council APPROVED the investment appraisal up to £20m for the Research Innovation and Learning Development PCMD new build at RDE Wonford subject to:

a. The University being successful in its grant application to Wellcome / Wolfson for £5m.
b. Negotiations with the RDE in relation to a joint venture for the facility.

To read “Council APPROVED the investment appraisal up to £20m for the Research Innovation and Learning Development PCMD new build at RDE Wonford subject to:

a. The University being successful in its grant application to Wellcome / Wolfson for £5m.

b. Conclusion of satisfactory negotiations with the RDE over a suitable location with acceptable tenancy terms.

(c) MINUTE 10.09(d) Geoffrey Pope Building Project (COMMERCIAL IN CONFIDENCE)

(d) MINUTE 10.18(b) Senate

Amend “Approval of the proposed amendment to Section 13 of the University Statutes on Senate membership to implement the College proposals, subject to minor revisions to clarify the representation of PCMD and the Students’ Guild.”

To read “Approval of the proposed amendment to Section 13 of the University Statutes on Senate membership to implement the college proposals, which had been further amended slightly to clarify the representation of PCMD and the Students’ Guild.”

(e) MINUTE 10.20 Report from Council Ad Hoc Sub Group (COMMERCIAL IN CONFIDENCE)

10.31 Matters Arising from the Minutes

(a) MINUTE 10.04(a) THOMAS HALL (COMMERCIAL IN CONFIDENCE)

(b) MINUTE 10.09(a)(i) EUROPEAN COURT OF AUDITORS (STRUCTLY CONFIDENTIAL AND LEGALLY PRIVILEGED)

(c) MINUTE 10.09(a)(ii) ENVIRONMENT and SUSTAINABILITY INSTITUTE AND SHARED SPACES PROJECT (COMMERCIAL IN CONFIDENCE)

(d) MINUTE 10.09(b) WELLCOME WOLFSON CLINICAL RESEARCH CENTRE, EXETER

Council RECEIVED an oral update from the Director of Finance and Corporate Services in respect of the Wellcome Wolfson Clinical Research Centre. At its meeting on 8 April 2010 Council had approved the investment appraisal up to £20m subject to the University being successful in its grant application to Wellcome/Wolfson for £5m and subject to the conclusion of satisfactory negotiations with the Royal Devon and Exeter Foundation NHS Trust (RDE) over a suitable location with acceptable tenancy terms.

Wellcome Wolfson had now confirmed award of £4.75m for this project. The building was funded in full and the remaining £0.25m for equipment would be appraised at a later date. Therefore, one condition had now been satisfied and work was continuing with RDE to make satisfactory arrangements for tenancy terms of the site at Wonford.

(e) MINUTE 10.09(d) GEOFFREY POPE BUILDING PROJECT (COMMERCIAL IN CONFIDENCE)

(f) APPOINTMENT OF PCMD COLLEGE DEAN

Council NOTED the appointment of Professor Steve Thornton, currently Professor of Obstetrics and Associate Dean for Clinical Research at the University of Warwick Medical School, with effect from 1 September 2010, as Dean of PCMD and Dean of the Peninsula Medical School. Professor Thornton would be a University of Exeter member of staff.
Vice-Chancellor's Report

(a) Council RECEIVED a report from the Vice-Chancellor (CNL/10/37), which covered the following topics:

(i) Important Announcements

The appointment of David Willetts as Minister of State for Universities and Science in the new government; reporting to Vince Cable as part of the Department of Business, Innovation and Skills.

The award of a peerage for the Chancellor, Floella Benjamin, in the Dissolution Honours List, creating Baroness Benjamin of Beckenham.

The election of Professor Andrew Hattersley as a Fellow of the Royal Society.

The award of £4.75m from Wellcome / Wolfson for the PCMD Translational Medicine building at the RDE Wonford site.

The award of National Teaching Fellowships for 2010 for Professor Roger Eston, Dr Steve Gaskin and Professor Alex Haslam.

The award of the Times Higher Education Leadership and Management Awards to Exeter for the Outstanding Fundraising Team and Outstanding Marketing / Communications Team.

Full 5 year accreditation for all those programmes in the College of Engineering, Mathematics and Physical Sciences accredited by the Institute of Mechanical Engineers.

The signing of the Forum contract with Sir Robert McAlpine.

(ii) An update on League Tables – the University's position in the national league tables that had been published since the last meeting of Council.

(iii) THE Global Rankings – the consultation on the new methodology to produce a more rigorous, balanced and transparent world ranking table.

(iv) The future of the South West Regional Development Agency (SWRDA) – the announcement that SWRDA would be abolished in less than two years and the development of Local Enterprise Partnerships.

(v) Environment and Sustainability Institute (ESI) – notification of the award of £29.5m for ESI from SWRDA and the European Regional Development Fund (ERDF).

(vi) HEFCE Modernisation Fund – the University's successful bid to the HEFCE Modernisation Fund with the receipt of £3.166m (£1.055m for teaching new entrants, £2.11m for supporting efficiencies).

(vii) The launch of the Development and Alumni Relations Office (DARO) Campaign “Creating a World Class University Together” seeking the support of the University’s alumni, friends, staff and students to secure its position in the top 10 UK Universities and build its reputation internationally for excellence in teaching and research.

(viii) The launch of International Exeter on 12 April coinciding with the publication of research by Oxford Economics showing that Exeter’s international students contribute over £57m a year to the city economy and a total of £68m to the South West economy.

(ix) The launch of the joint Sutton Trust, University of Exeter and University of Leeds STAR scheme (Sutton Trust Academic Routes to Exeter and Leeds), and the approval of the Ted Wragg Trust by the then Department for Children, Schools and Families.
(x) ERBS and USS – the progress of the consultation with ERBS scheme members about the proposed changes to benefits and the formal proposals arising from the review of the USS pension scheme.

(xi) Northcott Theatre – the establishment of the Theatre as a wholly owned University subsidiary, allowing it to operate until at least 31 March 2011.

(xii) Government Budget Cuts and Emergency Budget – the announcement of further budget cuts of an additional £200m to Higher Education.

(xiii) The University’s response to the request for proposals by Lord Browne’s Independent Review of Higher Education Funding and Student Finance. It was noted for the record that the Students’ Guild held a different view from the University on the desired outcomes from the Browne Review; with the Guild preferring no increase in the cap and raising concerns about marketisation. A very good discussion had been held between the University and the Guild.

(xiv) The Vice-Chancellor’s article in the Observer on the 13 June 2010 highlighting the threat posed to the UK higher education sector by the funding ‘valley of death.’

(xv) A formal thank you to colleagues on Council for all their work and for the valuable time that they had committed to the University over the past year. In particular thanks were recorded to the retiring members of Council; Bert Biscoe, Michael Langrish, Richard Stearn, Hugh Stubbs and Sally Wilcox (temporarily), for their valuable service.

(b) In addition to his written report, the Vice-Chancellor commented on the following:

(i) The sad news of the death of Professor Alex Savchenko, Professor of Condensed Matter Physics in the College of Engineering, Mathematics and Physical Sciences who died in St Petersburg last month. The University would be considering an appropriate way to commemorate Professor Savchenko’s work.

(ii) The resignation of Professor Tim Dunne as Dean Designate of the College of Social Sciences and International Studies to take up a post at the University of Queensland, and the recommendation to Council that Professor Debra Myhill be appointed as Acting Dean for up to 13 months. Professor Myhill’s role as Associate Dean (Research) would be kept open during this time. Council APPROVED this appointment.

(iii) Admissions Update - the implementation of the recommendations made by Mazar’s internal audit and the Chambers Review with robust processes and improved staffing in place.

(iv) The slippage by the University on its Widening Participation (WP) target. This was due to over-admitting in History and English in 2009 that resulted in the University not going in to clearing, and the use of Type B schools per se as a strategy as this had diminishing returns as the number of Type B schools reduced.

(v) The University’s use of contextual data and the impact of differential offers on overall tariff performance. It was clarified that offers were only modified within the grade ranges advertised by the University. This was an important area that required strategic discussion and Professor Janice Kay would be leading a group working on this. It would look at how the University could increase the pool of applicants entitled to special consideration for a lower offer, in order to address the worsening performance against the WP key performance indicator. The strategy around Contextual Data would be brought to Council again in the autumn.

(vi) The General Dental Council report on the Peninsula Dental School and the management response to this. A copy of the report had been shared with Council members. The Joint Academic Review Board of PCMD and the College’s own QA team would continue to monitor the progress of the final year
cohort and Professor Janice Kay would also be requesting a monthly report on the clinical competencies of the lowest quartile students. In discussion it was agreed that the new Dean of PCMD, Professor Steve Thornton, should report on progress in relation to the Dental School when he delivered the PCMD annual report to Council in December.

10.33 Corporate Responsibility Strategy (first bite of cherry)

Council CONSIDERED the University’s Corporate Responsibility Strategy (CNL/10/38).

The Deputy Vice Chancellor (External Affairs) and Mr Peter Lacey introduced the paper and noted that the University had developed a strong position for Corporate Responsibility (CR) and had now participated in the Business in the Community (BITC) CR Index for three years, coming second in the UK last year. A great deal had been learned from that experience, with gaps and shortcomings being identified and corrected where necessary. However, participation was time consuming and costly (c. £36k pa) and did not contribute in a direct way to institutional positioning or have any great PR value. It was therefore RECOMMENDED that the University continue its ‘CR journey’ without continued participation in the survey. This would free up resource to focus on the implementation of activities.

It was proposed that a new ‘light touch’ framework for CR development, based on the BITC model, be developed. The current process by which management units in the University were asked to consider how they might demonstrate good CR practice would be refined and progress would be reported annually.

It was not proposed to establish a separate strategy for CR, but to ensure that CR became ‘part of the conversation’ during various decision-making processes. There was a lot of evidence to suggest this was happening already. Communication and Marketing Services would seek to build a strong CR theme, including CR ‘wins’ into University communications.

The key players in this process would be the group of ‘CR champions’ established as part of the BITC process. The champions would be asked to report briefly once a year on what they had done to develop CR. This would form a report to VCEG and Council in the normal way.

Council APPROVED the recommendation to discontinue participation in the BITC CR Index and the proposal to develop a new light touch framework. It was agreed that the University would still need to be able to articulate what it was doing in relation to CR and the Annual Report would provide the most effective opportunity to do this.

10.34 Finance

(a) FINANCIAL FORECAST 2009/10

Council RECEIVED the latest financial forecast position for 2009/10 (CNL/10/39). The Director of Finance and Corporate Services introduced the forecast and noted that a historic cost surplus of £16.8m was now forecast for 2009/10 compared to the forecast surplus approved by SPaRC on 17 March 2010 of £17.8m.

The target operating surplus of £7.0m was still forecast to be met and the University bonus had been recognised in the income and expenditure account. It was noted that one of the criteria for the level of bonus was gross research income of £39.3m and despite the increase reported, the forecast was still £2.2m below this at £37.1m. This represented a forecast increase on the prior year research income (£33.3m) of 6.9%.

A general contingency of £0.3m remained, together with an infrastructure impact mitigation provision of £2.5m.

No further loan draw down was anticipated in 2009/10. Capital expenditure of £48.7m would be achieved with no cash outflow. The University was also forecasting to meet all bank covenants at the year-end.

It was noted that a level of uncertainty remained around the following areas:

(i) Review of the ERBS and USS pension schemes;
(ii) The best estimate of an impairment of £2.5m in respect of the revised construction cost of the Geoffrey Pope Building;

(iii) The outcome from the European Court of Auditors investigation;

(iv) The potential in-year claw back of £0.2m government funding due to the £82m of cuts announced in the HEFCE 2010/11 financial year. This was within the remaining general contingency and would therefore not impact on the overall position.

It was also noted that without the Creating Value initiative the operating surplus for the University would have been in the region of £1.5m for 2009/10.

This forecast represented the final forecast of the year. Monitoring would continue and any exceptional items would be reported to VCEG. This, however, would be the forecast against which the outturn for 2009/10 would be reported.

Council, on the recommendation of Strategy, Performance and Resources Committee, APPROVED the revised forecast.

(b) BUDGET 2010/11

Council CONSIDERED the budget 2010/11 (CNL/10/40). The Director of Finance and Corporate Services introduced the budget and noted the following key points from it:

(i) The proposed consolidated University historic cost budget for 2010/11 was a £4.4m operating surplus, compared to the position approved by SPaRC as year 2 in the 2009-13 five-year forecast of £0.5m surplus. This was the net result of pay award savings, lower than anticipated funding cuts and release of increased pension cost provisions (total £10.5m), offset by a deterioration in the overall College and Professional Services operating position (£2.3m) and additional strategic investment (£4.3m).

(ii) This was an investment led budget, with a total of £68.1m invested in capital infrastructure and equipment and a further £5.0m recurring investment primarily in staff (leading to an 11% rise in staff costs in the budget). This was a record level of capital expenditure for the University and therefore cash generation and the availability of loan financing were critical to the delivery of this strategic investment.

(iii) External borrowing would rise to £109m from £93m as a further draw down of the revolving credit facility was made to fund the Infrastructure Strategy. This was within Council’s agreed limit of £110m. The draw down was expected to be required from April 2011 onwards; the exact timing and amount would be dependent on capital expenditure profiles on the major projects.

(iv) Realistic parameters for pay and pensions were included in this budget.

(v) Non pay expenditure had increased by 17.3% from 2009/10 due predominantly to the lease back arrangements with the UPP contract.

(vi) There appeared to be some risk in tuition fee income forecasts, but this was at College level rather than at overall University level. Slippage against plan in some Colleges was offset by favourable variances in other Colleges. A contingency of £0.7m was proposed.

(vii) A total central contingency of £3.0m had been set aside in 2010/11, increased by £0.9m in recognition of the risk of in-year cuts in government funding and incorporating £0.5m general contingency. It was noted that the general contingency would be utilised by the increase to the rate of VAT in January 2011.

(viii) Research projections continued to be set at challenging levels, in line with the University’s ambition of £60m gross research income by 2015. A contingency of £0.9m had been included to assist in managing the inherent risk around research earnings. It was noted however that the research income target for 2010/11 had been forecast with far greater certainty.
The Pro Chancellor (Finance), Mr Richard Hughes, recorded his thanks to the Director of Finance and Corporate Services and his team for the budget, particularly in light of the transition to Colleges, and commended the budget to Council.

The following points were noted in discussion with members:

- The accounting arrangements for PCMD would be agreed with Plymouth and PCMD over the coming months in accordance with the revised Memorandum of Agreement (MoA). The new Dean of PCMD, Professor Steve Thornton, would be invited to talk to Council in December about the College’s plans for strategic investment.

- No adjustment had been included in the budget for the impact of accounting for pensions under FRS17. Indications of the level of adjustment, if any, would be known when the actuarial report for 2009/10 was received. The impact could be either favourable or adverse.

Council, on the recommendation of Strategy, Performance and Resources Committee:

(a) **APPROVED** the budget for 2010/11;

(b) **ENDORSED** the decision of SPaRC that the target level of surplus required by the University (for bonus release purposes) be set at £7.0m at the historic cost surplus level, after payment of the bonus;

(c) **APPROVED** the capital expenditure programme (Appendix 12).

(c) **SCHEDULE FOR SIGNING-OFF YEAR-END ACCOUNTS**

Council **CONSIDERED** the schedule for signing-off year-end accounts (CNL/10/41).

It was noted that the virtual process for sign-off had been implemented successfully in 2008/09 and the same process would be implemented again for 2009/10 accounts. This would ensure that the University could adhere to HEFCE’s requirement for statements to be signed off by Audit Committee, SPaRC and Council by the 1 December without having to adjust the University’s committee cycle.

Council members would be required to consider and approve the documents, sending any comments and queries to the Director of Finance and Corporate Services and Pro-Chancellor (Finance) with copies to the Registrar and Deputy Chief Executive and Executive Officer between Friday 19 November and 12 noon Wednesday 24 November 2010.

Council **NOTED** this plan.

(d) **LETTERS OF VARIATION ON BARCLAYS LOANS AND FACILITIES**

(i) **University of Exeter Loan Facility**

Council **RECEIVED** a letter of variation (the “Letter of Variation”) (CNL/10/42) from Barclays Bank plc (“the Bank”) to the University of Exeter setting out the amendments to a facility agreement dated 12 June 2008 pursuant to which the Bank has offered the Borrower (as defined in the Letter of Variation) the Facility (as defined in the Letter of Variation).

It was **RESOLVED**

1. That the amendments set out in the Letter of Variation are in the interests of and for the benefit of the University of Exeter and are most likely to promote the success of the University of Exeter and that such terms and conditions of the Letter of Variation be approved and accepted.

2. That the Chair of Council (Russell Seal) and the Pro Chancellor Finance (Richard Hughes) are authorised to sign the Letter of Variation on behalf of the University of Exeter to indicate acceptance of the terms and conditions.

3. That the Bank is authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instruction from the University of Exeter, in its capacity as Borrower of the Facility, signed in accordance with the
Bank’s mandate for any of the accounts of the University of Exeter held with the Bank current from time to time.

(ii) University of Exeter Guarantee Facility

Council RECEIVED a letter of variation (the “Letter of Variation”) (CNL/10/43) from Barclays Bank plc (“the Bank”) to the University of Exeter setting out the amendments to a facility agreement dated 17 July 2008 pursuant to which the Bank has offered the Borrower (as defined in the Letter of Variation) the Facility (as defined in the Letter of Variation).

It was RESOLVED

1. That the amendments set out in the Letter of Variation are in the interests of and for the benefit of the University of Exeter and are most likely to promote the success of the University of Exeter and that such terms and conditions of the Letter of Variation be approved and accepted.

2. That the Chair of Council (Russell Seal) and the Pro Chancellor Finance (Richard Hughes) are authorised to sign the Letter of Variation on behalf of the University of Exeter to indicate acceptance of the terms and conditions.

3. That the Bank is authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instruction from the University of Exeter, in its capacity as Borrower of the Facility, signed in accordance with the Bank’s mandate for any of the accounts of the University of Exeter held with the Bank current from time to time.

(iii) Tremough Campus Services Loan Facility

Council RECEIVED a letter of variation (the “Letter of Variation”) (CNL/10/44) from Barclays Bank plc (“the Bank”) to the Board of Directors of Tremough Campus Services (“the Borrower”) setting out the amendments to a facility agreement dated 20 August 2008 pursuant to which the Bank has offered the Borrower (as defined in the Letter of Variation) the Facility (as defined in the Letter of Variation).

It was RESOLVED

1. That the amendments set out in the Letter of Variation are in the interests of and for the benefit of TCS and are most likely to promote the success of TCS for the benefit of the members of TCS as a whole and that such terms and conditions of the Letter of Variation be approved and accepted.

2. That the University of Exeter Director of Finance and Corporate Services (Jeremy Lindley) and the University College Falmouth Director of Finance and Resources (Niamh Lamond) are authorised to sign the Letter of Variation on behalf of TCS to indicate acceptance of the terms and conditions.

3. That the Chair of Council (Russell Seal) and the Pro Chancellor Finance (Richard Hughes) are authorised to sign the Letter of Variation on behalf of the University of Exeter to indicate acceptance of the terms and conditions.

10.35 Strategy Development

(a) STRATEGY 2010-2015

Council CONSIDERED a paper on the process for developing the Strategy 2010-2015 (CNL/10/45). The Registrar and Deputy Chief Executive introduced the paper and summarised the work programme between now and December 2010 that would generate the University’s new Strategy 2010-2015 document. Initial findings from the first stage of consultation with staff were explored, emphasising the response to the core questions around ‘what differentiates Exeter’ and ‘what makes you proud to work at Exeter University’. The report also flagged the review of the original ‘Imagining the Future’ document, and the creation of its successor, which would be the main driver of the Strategy 2010-2015 document in terms of major strategic themes and choices.
It was noted that the inclusive process for development of the document was very important as it would provide an opportunity for internal and external colleagues to contribute and develop a sense of ownership of the strategy. It was hoped that over 150 staff would be involved in this process.

A number of interesting issues were coming out of the focus groups. These included:

(i) Colleagues’ appetite for global standing and development of partnerships rather than a specific league table position.

(ii) The continuing attractiveness of ‘Top 10 in the UK’ as a metric.

(iii) Colleagues’ view that working as a community would be fundamental to the University’s ability to progress and the feeling of belonging and pride that staff and students felt in studying or working at Exeter.

(iv) The location of the University in the south-west and the quality of the campus as a point of differentiation in articulating what is unique to Exeter.

All of the points from the consultation process plus the key notes from Council’s morning seminar on “From Imagining the Future to the Diamond Jubilee” would be taken to the VCEG residential in September 2010 for consideration. This work would then be brought together with the *Imagining the Future* work for the October Council, following which a final draft Strategy 2010-2015 would be brought for approval in December. Members would also have opportunity at the awayday in November to review and comment on the strategy in light of the report from Lord Browne’s Review of Higher Education Funding and Student Finance and the Government’s Comprehensive Spending Review.

Council ENDED the process.

(b) REVISED FINANCE STRATEGY: INTERIM REPORT
(reference Minute 10.07(i))

Council CONSIDERED an interim report on the revised Finance Strategy (CNL/10/46). In April 2010 Council received a paper setting out initial considerations in respect of a revised Finance Strategy. This paper was subsequently presented to SPaRC in May 2010. Having defined the framework for the Strategy through the initial discussion paper, the next two key elements of the process were to:

(i) Establish the financial resource constraints.

(ii) Understand the priorities for infrastructure investment within limited financial resources.

The paper explored further these two elements and Council was asked in particular to consider and comment on:

(i) The proposals for financial scenario modelling.

(ii) The Criteria for prioritising infrastructure projects.

The Director of Finance and Corporate Services introduced the paper and set out the background against which the strategy was being developed. The three strategic objectives of the Finance Strategy would be:

(i) Maintaining the financial sustainability of the University.

(ii) Delivering the University’s primary strategies (Research and Knowledge Transfer, Education (including Employability and Internationalisation).

(iii) Encouraging entrepreneurialism in the University through the devolution of decision making.

It was noted that the modelling of financial scenarios was a time consuming and complex task. The methodology for modelling was set out and the nine models for analysis were considered. It was proposed that the University model three scenarios built upon the base case. The variables to be included in the base case were:

(a) Level of HEFCE funding; it was proposed to model three scenarios. The level of the funding reduction to be modelled was yet to be agreed.
(b) Level of available Research Council funding would also be considered, one scenario would be modelled – the consequences for the RKT strategy would be considered.

(c) Level of growth of international students, again it was proposed to model three scenarios and again the number and mix (which College, undergraduate or postgraduate) of the increase was yet to be agreed. This modelling would form a large part of the body of evidence which would be used to inform the Finance and Infrastructure Strategies.

The methodology for Infrastructure Strategy prioritisation was also set out for members with a template for achieving this at Appendix 1. It was noted that the scores in the template were purely indicative and not the final scoring. It was also noted that it would be inappropriate to ask Council members to comment on whether the proposed investments in the infrastructure strategy were correct at this stage as this was still being worked through.

Members reviewed the paper and the following points were noted in discussion:

(a) The base case for financial scenario modelling did include inflation assumptions. However, this did not allow for inflation racing away and further work was not proposed on this.

(b) The International Office had been asked to look at the base case for the growth in international students and steps above this. It would not include a scenario for international student numbers falling.

(c) The University was not modelling changes in demand for home students as there was confidence that the risk of the number of applications per place dropping significantly enough to result in under-recruitment was very low. Any decline would potentially impact tariff scores but not overall numbers.

(d) The International Strategy was focusing on undergraduate recruitment to provide for more financial resilience. Further resilience would be provided by ensuring that International recruitment became truly global and spread across all Colleges.

(e) Professor Neil Armstrong would be working with each College to look at target recruitment numbers and the net income for the Postgraduate, Undergraduate and International mix in each College. The overall balance of student mix would be considered as part of this.

(f) The level of disposable revenue generated for strategic investment should be carefully considered. Sufficient headroom would be required to invest in strategies. The headroom was currently £25m but there would need to be debate about whether this was too much or too little for future investment plans.

(g) The student experience for international students was critical to ensure that the University remained a destination University for international students in the future; regardless of any peaks and troughs in demand. A key element of this would be the value added to international students’ graduate prospects.

(h) The Finance Strategy would need to be based on controlled payroll costs. Sir Andrew Cubie had ruled in favour of the employers in relation to the proposed changes to the USS pension scheme; however UCU had announced that industrial action was likely as a result of this. The University had good relations with UCU locally and would be making contingency plans for any industrial action later in the year.

Members were content with the general direction of the Finance Strategy and work would now continue to develop the strategy further and to bring the final version to SPaRC and to Council in October for approval.

10.36 Council Nominations Committee

Council RECEIVED a report from Council Nominations Committee (CNL/10/47).
The Chair introduced the report and noted to members the recommendation that the University should move towards the target of 20 Council Members for 2010/11. It was agreed that this would be considered under agenda item I/8 alongside the proposals for Dual Assurance.

The following key points were also noted from the report:

(i) Council had unanimously supported, via correspondence, the extension by one year of Russell Seal’s term as Pro-Chancellor and Chair of Council, to 31 July 2012.

(ii) In the light of Sally Wilcox’s decision to follow a two year part-time postgraduate programme in Psychology, and against the background of a clearly expressed wish by both Sally and members of Council that her valuable expertise should not be lost to the University while she was a student, Council had supported, via correspondence, that Sally continue to be invited to attend meetings of Council over the next two years with speaking but not voting rights. She would not be a member but will be in attendance. Members wished Sally success with her studies.

(iii) There was one vacancy for Council for 2010/11 due to Sally Wilcox stepping down. Through an external advertising campaign 33 applicants had expressed an interest in the role and the Chair expected to be able to say more about this in due course. It was also agreed that in future the contact list for alumni should be used to advertise vacancies.

(iv) The Cornwall Advisory Board for 2010/11 would be extended and there had been a very positive response to the invitations to either join or continue on the Board.

Council APPROVED the following appointments in 2010/11:

(i) To committees:
- Strategy, Performance and Resources Committee – Nicholas Bull
- Joint Committee on Honorary Degrees – Marc Jordan, Sarah Buck, Richard Hughes, Peter Lacey
- Joint Negotiating Committees – Peter Lacey
- Ethics Committee – Suzi Leather
- Council Nominations Committee – Sally Wilcox
- Remuneration Committee – Bettina Rigg
- Safety Committee - Bettina Rigg

(ii) To Trusts:
- Lazenby Committee – Bettina Rigg
- Exeter Retirement Benefits Scheme Trustees – Tim Howe, Stuart Bosworth
- Prideaux Trustees – Professor Mark Overton in his capacity as DVC (External Affairs) to represent the Vice-Chancellor

In discussion it was noted that with the reduction in Council numbers there would not be an individual on Council who would specifically represent the views and interests of Cornwall. However, the Cornwall Advisory Board was designed to advise and support colleagues in relation to activities in Cornwall and this was also supported by the Deputy Vice Chancellor (External Affairs) who was spending a great deal of time at the Cornish campus. In addition, joint strategy meetings between the senior executives of Cornwall Council and the University had now been established. The University would continue to review these arrangements to ensure that they remained appropriate and effective.

10.37 Council/SPaRC and Dual Assurance: The Way Ahead (first bite of cherry)

Council CONSIDERED a report on the next steps resulting from the internal audit of Dual Assurance (CNL/10/48) together with a proposed update to Section 11 of the Statutes ‘The Council’ (CNL/10/68).
The Registrar and Deputy Chief Executive introduced the paper and thanked those members who had taken the time to contribute to the internal audit.

The report drew members’ attention to a number of proposals that were put forward to strengthen and simplify the University’s governance and further to improve dual assurance.

The key proposals were:
(a) to reduce the size of Council and have it meet twice a term rather than four times a year (plus away days);
(b) as a consequence of (a) above, to stand down SPaRC;
(c) to create a Standing Committee of Council to deal with urgent issues between meetings of Council, to replace the “ad hoc group”;
(d) to differentiate between mission critical activities subject to full dual assurance and a new category of dual engagement for less mission critical areas where lay members of Council have particular expertise.

These proposals were recommended to Council by VCEG, SPaRC and Senate and the following points in relation to the proposals were made:

(i) In recommending these proposals it was clear that the role of Senate would need to be strengthened in order to ensure that Council was appropriately advised. Its members would need to be well briefed and in a good position to provide advice to Council. This would also need to be supported more formally by SMG.

(ii) Representation of Senate on Council would be preserved. However, the proposed change to the Statute would remove the criterion that one of the three members must be an ASA representative; this was now permissive.

(iii) The Standing Committee of Council should be able to co-opt other Lay Members of Council depending on the skills and expertise required to deal with urgent issues.

(iv) If Statute changes were approved expeditiously by the Privy Council, SPaRC could be stood down during the course of the next session and SPaRC dates could be used for Council.

(v) The differentiation between Dual Assurance and Dual Engagement would be made around the fundamental activities that needed to be assured to Council and those activities that, whilst very important and where there were members of Council with skills that were very valuable, did not have to report to Council. This would also assist with the reduction in lay members to populate portfolios.

The following points were noted in discussion by members:

(i) The evolution of the process of Dual Assurance was welcomed.

(ii) Members agreed with the paper that the Standing Committee must not become an extra tier of governance and should only deal with very urgent matters. The Chair confirmed that the Standing Committee would have no powers to decide major policy issues. It was agreed that a draft paper on the powers of the Standing Committee would be brought to Council in October 2010.

(iii) There were a number of committees (e.g. Ethics Committee) that were very good at engaging at the micro level but were not so good at engaging with macro level / strategic level discussions. A review would be done to look at whether such committees should be moved into Dual Engagement.

The Chair also noted that there would be opportunity for informal discussions after Council meetings from next year onwards and Council dinners at Redcot would be re-instated. The Chair would always be willing to meet with members or correspond by email if they wished to discuss any issues or concerns. Members were encouraged to take part in bilateral discussions between Dual Assurance areas where people felt they would like to have a better understanding.
Council, on the recommendation of Senate and SPaRC and subject to the approval of the Privy Council, **APPROVED** the key proposals and the draft change to Statute 11 governing the composition of Council. It was also agreed:

(a) that, subject to Privy Council approval, SPaRC should be stood down from 1 January 2011;

(b) that Sport and Wellness, Fundraising and Alumni Relations, and Arts and Culture, be moved to the new category of Dual Engagement with effect from 1 August 2010.

*Post Meeting Note: It has also been agreed that External Affairs and Corporate Social Responsibility be moved to the new category of Dual Engagement with effect from 1 August 2010. All other business areas will remain under Dual Assurance.*

10.38 **Staff Survey**

Council RECEIVED a report on the Staff Survey (CNL/10/49). The report summarised the main findings of the 2009 Staff Opinion Survey and outlined some of the steps that the University had taken (and planned to take) in response to the survey results.

The Director of Personnel introduced the paper and noted the following key points:

(i) The results of the 2009 Staff Survey were disappointing when compared to the outstanding results achieved in 2007 when the University was 1st out of 500 employers. However, despite the areas of concern highlighted in the report, the overall findings still placed the University in the upper quartile of public sector organisations for employee engagement.

(ii) Whilst ahead of the benchmark comparator group on most scores, the University’s position had worsened in relative terms and on some measures of staff satisfaction the University had fallen behind the benchmark group.

(iii) In 2009 academic staff were generally more negative in their responses than professional service colleagues. Although there were some differences in 2007 they were far less pronounced than in 2009.

(iv) Three of the key concerns to emerge from the 2009 survey were in relation to staff’s sense of belonging, engagement and workplace stress.

(v) A series of individual reports had been provided for each College and Service and they were now developing strategies in response to the feedback provided by their staff. These strategies would be reviewed as part of the business planning process.

(vi) The University had met with the trade unions and staff to discuss the findings in more detail.

(vii) At institutional level changes had been made to the Academic Performance Development Review (PDR) and the Research Output Monitoring (ROM) system with the intention of returning “agency” to the academic community. The University was also moving to a model of more distributed leadership in Colleges with the introduction of Academic Leads. The effect of these changes would be monitored to assess their impact.

(viii) With the difficult financial environment nationally there was likely to be feeling of insecurity amongst staff. The Vice Chancellor had therefore written a letter to all staff on 30 June 2010 to provide reassurance.

The following points were noted in discussion by members:

(i) The biggest concern appeared to be around workload. There were more items on the agenda for colleagues now and whilst most were coping well, it was stressful. Workload Allocation Modelling (WAM) had not been successfully and consistently implemented across the University but it was welcomed that Professor Nick Talbot would be leading a group to look at a common model.

(ii) There were insufficient incentives for high performance and insufficient management of poor performance currently. Small things could be done to encourage staff who do well.
(iii) Colleagues would need to build a sense of belonging in Colleges and to be sensitive to staff’s desire to be associated with their disciplines.

(iv) It was noted that academic staff’s confidence in the senior management team had dropped by almost 30%. However, the Vice Chancellor had held a series of open meetings with over 700 staff after the report was published and no specific negative feedback had been picked up from these meetings. Professor Nick Talbot had also been out to every College this year to explain the ROM and it was believed that this had supported the process.

(v) It would be useful to engage those who had completed the survey in developing and owning the action plans that resulted from the reports. Focus groups in Corporate Services and Academic Services, for example, were taking ownership of improvement plans and their implementation.

In conclusion it was noted to Council that the survey had been taken very seriously by Senior Management and the responses noted in detail. There was no complacency. However, the timing of the survey and the amount of change that was taking place with the transition to Colleges, the ROM and the Creating Value initiative should be noted. Having met with the unions and staff there had not been disagreement with this diagnosis. The survey would be re-run in 2011 and senior management expected results to improve.

10.39 Exeter Retirement Benefits Scheme (COMMERCIAL IN CONFIDENCE)
(reference Minute 10.13)

10.40 USS

Council RECEIVED an oral report from the Registrar and Deputy Chief Executive on the proposed changes to the USS pension scheme in light of Sir Andrew Cubie’s decision to rule in favour of the employers’ proposals e.g. to move to a career average benefit promise for new members.

The decision of the Joint Negotiating Committee would now go to the USS Trustees to consider the proposals and, if considered acceptable, a 60 day consultation with members of the scheme would commence. It was yet to be determined how this consultation would be carried out. At the end of the consultation, and depending on the responses, the new arrangements would be brought in from 1 April 2011. An actuarial evaluation was also due in 2011. The actuaries would recommend the contribution rate but it was hoped that the contribution would be maintained at 16% in the short to medium term and over the longer term significantly reduce.

10.41 Performance and Risk

(a) PERFORMANCE REVIEW REPORT

Council RECEIVED an institutional performance update (CNL/10/51a) and an annual operating plan: dual assurance update (CNL/10/51b).

The institutional performance report (CNL/10/51a) updated the previous report from March 2010. Taken together the ‘Top 10’ KPIs show Exeter to be just at/around top 10 according to the agreed criteria. There was a reasonably close fit to performance in the Times and the Guardian league tables, i.e. at 12th and 14th respectively for May/June 2010 rankings, although at 23rd in the Independent and 15th in the THE’s ‘table of tables’. Half of the University’s KPIs were above median, with significant improvements apparent in some, although not all, of the metrics currently below median.

It was pleasing to see, generally, a continuation of an upward trend in most areas – with notable improvements in the research students, international student population and UG entry qualifications metrics. The absolute improvement in research income was as yet not converting into significant ranking rises, which was anticipated given the historical gap to most of our peers which was now being steadily closed. Employability remained a concern, although it was hoped that we would be able to look back to 2008 as a low-point. As they are an input measure and hence are not part of KPIs, student: staff ratios were not covered in any detail in this report.
A definitive final report for the year 2009/10 across all 3 areas (KPIs, league tables, financial KPIs) would be provided to the Committee in October.

The annual operating plan (CNL/10/51b) provided a further update on each dual assurance area. There were some 100 actions set out in the plan. Of those, one quarter were currently recorded as ‘amber’, with four flagged as ‘red’. These ‘red risks’ related to: funding available for general infrastructure improvement at the Cornwall campus, the development of proposals for indoor climbing facilities (which are being put on hold until campus works are complete), the completion of Phase 3 of the Network Upgrade project, and finally the identification of funding to deliver high performance computing developments. A final synoptic report would be prepared for Council in October 2010.

(b) ANNUAL REPORT ON RISK

Council RECEIVED the annual report on risk (CNL/10/52) and the revised risk registers that had been updated following the risk meeting of 6 July were tabled for members.

Professor Mark Overton introduced the report. The report provided an update to Council on the risk environment as currently seen by the Risk Management Committee (RMC).

The report covered three areas:

(i) an update on the risk management process, how the changes implemented at the start of the cycle had been received, and the future plans for the risk management process

(ii) the current ‘fundamental’ risks that the Risk Management Committee was keeping a particularly close watch on.

(iii) risks that as yet may not explicitly feature on the corporate register, but were emerging as potential concerns/risks (in some cases these risks relate to new opportunities).

Members noted the risks that were on the fundamental register for the first time this year and also recognised that as the external risk environment turned increasingly benign the risks the University must take and manage to continue its relative improvement would alter.

Mazars had been asked to review the University’s approach to managing risk and Council would have a participative half day session on Risk at the February Away Day.

10.42 Change Management Update Report on Colleges Implementation

Council RECEIVED a change management update report on Colleges implementation (CNL/10/53).

The paper detailed the progress made since the last update to Council in April. The transition to Colleges was on track to deliver against the objectives set out to Council when the proposal to move from 9 Schools to 5 Colleges was approved. As the work in the change programme drew to an end the group would consider how the change programme was continued and embedded in existing structures over the next academic year.

The final Change Management meeting would review the Transition to College change management process and ensure that any outstanding areas were progressed after 1st August. A 6 and 12 month evaluation of the transition were being scheduled for the next academic year and the process would be considered for integration in to the internal audit process for the coming year.

It was agreed that one of the great outcomes from the process was the unification of Professional Services across the University. This would drive a great deal of improvement activity and would address further the issue of ‘them and us’.

Members recorded their thanks to the Change Management Group for their remarkable achievements and in particular thanked Anna Verhamme for the excellent work she had done as Change Manager.
Council RECEIVED a report from the meetings held on 26 May 2010 (CNL/10/55) and 25 June 2010 (CNL/10/56).

A report from the meeting held on 2 July 2010 (CNL/10/57) was CONSIDERED and matters APPROVED as follows:

(a) Amendments to Ordinance 5 (to reflect changes in the titles of degrees) and 18 (to reflect changes in membership of the Board of Faculty of Taught Programmes and the Board of Faculty of Graduate Research arising from the creation of Colleges).

(b) Conferment of the title of Emeritus Professor on the date of their retirement during the current academic year on the following:

Professor Rasheed El-Enany (School of Humanities and Social Sciences)
Professor James Kearns (School of Arts, Literatures and Languages)
Professor Chris McCullough (School of Arts, Literatures and Languages)
Professor Don Mitchell (School of Psychology)
Professor Gordon Murray (University of Exeter Business School)

The Registrar and Deputy Chief Executive drew members’ attention to the internal audit reports for Estates Management VfM and Accounts Payable.

The review of Accounts Payable received ‘Partial Assurance’ for adequacy of controls and ‘Limited Assurance’ for the application of controls. This was an issue within academic Schools in relation to accounts payable and the report contained eight recommendations. The Registrar and Deputy Chief Executive had received assurance from all of the College Managers that these recommendations would be implemented and that the regime would be improved in the new Colleges. College Managers would sit on PSMG and the unification of Professional Services across the University would also support this. Implementation would be monitored. Professor Evans confirmed that the issues were being actively addressed in his College.

The review of Estates Maintenance VfM had received ‘Limited Assurance’ categorisation and seven recommendations were made. The review was carried out at the request of the management due to concerns that had been raised. The former Building and Estates services had been re-structured so that Property Services now reported to Geoff Pringle as part of Campus Services and Estate Development Service was reporting to Hugh McCann. These areas were now starting to perform in the manner expected. It has been agreed that a full review of Property Services would be carried out over the next year. Council were assured that as a result of this review and the recommendations made improvements would be seen ahead of the next audit.

Council APPROVED the appointment of Mazars as the University’s internal auditors for a further 2 years, on the recommendation of Audit Committee, following an extensive procurement process.

Council RECEIVED the reports of meetings held on:

(a) 15 April 2010 (Special Meeting) (CNL/10/59).
(b) 7 May 2010 (CNL/10/60).
(c) 25 May 2010 (Special Meeting) (CNL/10/61).
10.47 **Academic Promotions** (Strictly Confidential)

Council **RECEIVED** a report of promotions agreed between 23 March and 22 June 2010 (CNL/10/62).

10.48 **Joint Selection Committees for Chairs** (Strictly Confidential)

Council **RECEIVED** a report from the Joint Selection Committees for Chairs (CNL/10/63).

10.49 **Calendar of Meetings 2010/11 and 2011/12**

(a) Council noted changes to the Calendar of Meetings for 2010/11 following approval at the July 2009 meeting of Council (CNL/10/64).

(b) Council **APPROVED** the Calendar of Meetings for 2011/12 (CNL/10/65).

10.50 **Emergency Powers in Summer Recess**

Council **DECIDED** to empower the Chair of Council, Pro-Chancellor (Finance) and Vice-Chancellor (or, in the absence of one, the other two) to act on behalf of Council in any urgent matters which might arise during the Summer Recess.

10.51 **Powers of Selection Committees in Summer Recess**

Council **DECIDED** to empower the Vice-Chancellor to approve recommendations of Selection Committees in respect of academic and academic-related posts during the Summer Recess.

10.52 **Retiring Members, 31 July 2010**

Council placed on record its gratitude to retiring members listed in CNL/10/66, as follows:

- Bert Biscoe
- Michael Langrish
- Richard Stearn
- Hugh Stubbs
- Sally Wilcox

10.53 **Affixing the Seal of the University**

Council **AUTHORISED** the fixing of the University seal to the documents listed in CNL/10/67.

10.54 **Chair’s Closing Remarks**

The Chair returned to the outcomes from the 2009 VCEG residential in his closing remarks. The theme of the residential had been the ‘Big Push’ to move the University to sustainable Top 10 and towards Top 100 globally. It had been agreed at the residential that it was vital to focus on research income and to grow research capacity and world class staff. Graduate employability had also been recognised as a priority as well as delivering the college structure, pressing hard on internationalisation and moving forward on the student compact.

The environment that the University was operating in had turned out to be just as difficult as expected and the Chair congratulated the Vice-Chancellor on how he had conducted himself and the impact he had had in his first year as Universities UK President.

The Chair noted that 2009/10 had been a year of transition. This was evident in a number of areas:

(i) From a benign financial environment to malign.

(ii) From Top 15 to sustainable top 10.

(iii) In the development of the campus and the building works.

(iv) In developing a more international feel for our campuses.

(v) From Schools to Colleges.
(vi) In the way that the outside world scrutinised the University.

The Chair delivered his balanced scorecard for the year. There was much to commend:

(i) The University could take great satisfaction from the financial position it was in. This was underpinned by Creating Value and gave the University a tremendous start for managing through future years.

(ii) The University had managed to reserve £5m a year for 3 years for investment, had achieved a high level of capital expenditure without running up additional debt, and had completed the vitally important UPP contract. New build projects continued in a very satisfactory way and the Forum was being managed in an exemplary way. The actions to mitigate issues from the building works had also been managed well and the INTO building was underway.

(iii) The transition to Colleges had been a huge change project but a great development. It would give the University both operational and strategic benefits and free up entrepreneurial capacity. It would also unify Professional Services across the University and was underpinned by the new IDM and the priorities that it would support.

(iv) Funding for the ESI had been landed and this would open up huge opportunities for sustainable futures in Cornwall as well as other areas for interdisciplinary research.

(v) NSS results were outstanding again. This was at the heart of the values of the organisation and had not stood still, but developed.

(vi) The launch of Creating a World Class University Together had been an enormous success both internally and externally. Alumni contact was dimensionally better than it was before and the Chair recorded his thanks to Lady Studholme and Mr Nicholas Bull for their work in this area.

(vii) The University had picked up two awards in the Times Higher Education Leadership and Management Awards. The Development and Alumni Relations Office (DARO) was named University Outstanding Fundraising Team and Communication and Marketing Services won the award for Outstanding Marketing / Communications Team. It should not be taken for granted that the Communications team were handling things so deftly and so professionally.

(viii) Whilst graduate employability remained the Achilles heel of performance there was a sense of a new momentum with new ideas and the recruitment of Paul Blackmore from Lancaster University. It was essential that academics were engaged in this agenda.

(ix) The University’s Chancellor had received a peerage. Baroness Benjamin would be a Liberal Democrat working peer and would focus on Education.

(x) The review of the PCMD MoA had resulted in an asymmetric governance model. Alongside the appointment of a new Dean and funding for the Wonford building, this placed the Medical School in a very strong position to move forward.

(xi) The performance of the Students’ Guild this year had been tremendous. They had made an outstanding contribution to the Stakeholders meeting, achieved wonderful participation results, implemented the excellent and well run teacher awards initiative, and had been named High Education Students Union of the Year. The Chair congratulated both Mr Richard Stearn and Mr James Hutchinson on an outstanding year.

There had also been a number of issues and frustrations during the year:

(i) The year had begun with the problems in admissions. These had resulted in significant costs and also knock on effects for Widening Participation and Cornwall.

(ii) The University’s targets for fair access had worsened.

(iii) Problems had continued on the Geoffrey Pope Building; not just in terms of cost but also in terms of crucially needed research space for Biosciences and the knock on effect for Hatherley and other spaces. Confidence in the infrastructure strategy could be affected because of this.
(iv) The staff survey had highlighted serious issues with academic engagement and workload stress.

(v) The University target had not been achieved for research income and analysis of Tranche 1 of the Science Strategy also showed delays in income streams.

(vi) The University had found it less easy to recruit at Professorial level and the senior executive would need to address this.

(vii) Through Education Dual Assurance there had been a great deal of thinking done around the student compact. But this was not in place and should be an urgent action for next year.

(viii) In all of the major national league tables the University’s position had fallen. Whilst the distinctions between Universities at the level we are now at are very small, others around us are improving.

In summing up, the Chair believed that the scorecard was balanced. The year had been hard work for VCEG and they had coped with the challenges faced magnificently. Their performance in a more difficult year was recognised. Overall the University could face the next year with calm, quiet confidence. It was very well led and well placed to make its own weather when the sector was facing a force 10 gale.

The Chair paid thanks to those members of Council who would be retiring this year; Richard Stearn, Bert Biscoe, Sally Wilcox, and in particular Hugh Stubbs and Michael Langrish who were retiring after full 9 year terms.

He also thanked Jean Lloyd and Jill Williams for the support they had provided for him and for Council during the year.

Finally, the Chair thanked all Council members for their dedication and commitment this year and particularly the lay members. He wished everyone a good summer.