Declaration of Interest

The Chair indicated that the Register of Members’ Interests was available with the Secretary and invited members to declare any pecuniary, family or other personal interests pertaining to the business before Council.

The Chair declared an interest in the Council Nominations Committee item as he had served for five years on the Board of BP with Sir Robin Nicholson and knew him well.

Honours

Council joined with the Chair in offering warm congratulations to Professor Roger Kain, Senior Deputy Vice-Chancellor, on the award of a CBE in the Queen's Birthday Honours.

Librarian

Council joined with the Chair in sending very best wishes to Mr Alasdair Paterson, University Librarian, for a speedy recovery following recent surgery.
The minutes of the meeting held on 18 April 2005 were **CONFIRMED** (CNL/05/22).

**MINUTE 05.4 – REFOCUSING, PLANNING AND BUDGETING – PROGRESS REPORT**

The Chair **REPORTED** that a paper would be prepared for Council’s meeting in October 2005 summarising the current financial position following year end, explaining the deficit in 2004/05 and describing the continued investment in some areas because of the recognition of the need to be correctly positioned for growth and the RAE.

**MINUTE 05.7 – STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE**

(b) **RESOURCES – NORTHCOTT THEATRE DEVELOPMENTS**

It was **REPORTED** that the £3m development of the Theatre was to proceed, with funding from (1) Exeter City Council and other partners; (2) loan financing; and (3) private finance. The name of the Theatre was to change to “Exeter Northcott Theatre” and the building would be out of use for six months in 2006 to allow for the works to be carried out.

**MINUTE 05.10 – PHYSICAL RESOURCES COMMITTEE**

(a) **CROSSMEAD CONFERENCE CENTRE AND THOMAS HALL**

It was **REPORTED** that a company, Thomas Hall Estates Ltd, had been established with the necessary infrastructure. Planning permission would be sought in autumn 2005 and completion of the hotel/conference facility by the end of 2007. So far as Crossmead was concerned, planning permission for residential development would be sought in autumn 2005. Provided that planning permission was granted, the property would be marketed for housing. The most suitable developer would be selected and the proceeds set aside as a capital receipt. Further reports on both developments would be made to Council as appropriate.

**MINUTE 05.15 – UNIVERSITY OF EXETER IN CORNWALL – PHASE 2 PROGRESS REPORT**

It was **REPORTED** that matters had progressed as indicated in the minute and that the Government Office for the South West was releasing working capital on a phased basis for allocation to the University’s relevant Schools and Professional Services. An announcement about 800 fully funded student numbers (the 700 referred to in the minute and an additional 100) was expected from the Funding Council in November 2005. The recurrent shortfall of £1m between 2007 and 2008 had now been resolved. Phase 2 would be officially launched later in the summer.

**Corporate Plan 2004/05-2008/09**

Council **CONSIDERED** the draft Corporate Plan 2004/05-2008/09 (CNL/05/2).

The Chair and the Vice-Chancellor drew attention to the Mission set out on page 5 of the Plan, which contained the critical priorities for enabling the University to reach the top 20 research institutions in five years’ time, to minute 05.39 of Strategy, Performance and Resources Committee, which recorded points made by the Committee, and item 1 of the Senate report, which recorded Senate’s view that greater emphasis should be given in the mission statement to the importance of high quality teaching, alongside the references to “the advancement of knowledge” and the provision of a “stimulating learning environment”.

In discussion, points made included the following:

(a) the planned 3% surpluses in the three years 2006/07-2008/09 after allowing for additional investment and expenditure;

(b) although “other income” figures were yet to be optimised, the management team was engaged in putting across the message to Schools and Services that diversification was key;

(c) more attention might be paid to part-time study opportunities and also to part-time employment opportunities for full-time students;

(d) a regional strategy should be elaborated;

(e) it would be important to revise the Estate Strategy following the recent restructuring.
In conclusion, the Chair said that the University and Council should be very clear about what resources would be needed to achieve the stated mission and to convert aspirations into a viable plan. It was necessary to be more definitive about what being top 20 actually meant.

Council **APPROVED** the Corporate Plan, subject to the revisions recorded in the SPaRC minute 05.39 and item 1 of the Senate report, noting within the framework of the Plan the key issues to be addressed in the next planning cycle and incorporated in the next iteration of the Plan.

**05.25 Budget 2005/06 and Financial Forecasts**

Council **CONSIDERED** a confidential paper (CNL/05/24), bringing together the financial plans for the University as a whole and aligning capital planning with revenue plans. More specifically, the paper asked Council to note the current in-year position for 2004/05, and approve the University budget for 2005/06 and the financial plans for the period to 2008/09.

The Chair of Council drew attention to paragraph 9.12 which stated that Council could take comfort in the fact that the refocusing exercise together with the application of the planning parameters had ensured that the institution could live within its means, look forward with optimism to strengthening its financial position and address the sustainability agenda.

The Deputy Vice-Chancellor Resources presented the paper, emphasising a number of points including the following:

(a) the outcome for 2004/05 for the University as a whole was very much as expected, the overall (historical costs) deficit amounting to £9.97m;

(b) the largest element of that deficit was the exceptional (one-off) cost of the restructuring exercise (c£5m) which eliminated the £4m structural deficit;

(c) it had been decided to absorb some teach-out costs for Chemistry and Music within the deficit for the current year;

(d) the forecast for 2005/06 for the University as a whole showed a (historically adjusted) surplus of £3.4m; this represented a very substantial improvement on the current year with Schools showing a £1.69m surplus resulting from additional teaching income and a decrease in staffing costs;

(e) the year on year decrease in staffing costs between 2004/05 and 2005/06, however, was limited because of the costs of increments and investment in additional staffing, an element of which was externally funded;

(f) £1.4m of the forecast Schools income for 2005/06 was high risk, mainly linked to international student recruitment, but Schools had a £2.8m contingency within the projected £1.6m surplus and he was confident that they would break even or make a surplus;

(g) Professional Services had made the 1% efficiency gain requested of them and in addition had freed up a further 1% to fund crucial areas of investment;

(h) the Residences accounts were expected to make a surplus in 2005/06 as were Catering operations;

(i) the overall forecast surplus for 2005/06 of £3.4m should be viewed in the context of the risks identified;

(j) the longer term outlook was much healthier, because of the introduction of variable fees from 2006 and planned improvement in other activities, enabling reserves to be replenished and headroom created for investment.

The Director of Finance drew attention to section 8 of the paper, Capital Planning, section 9, Financial Accounts Projections to 2008/09, and section 10, Financial Forecasts for HEFCE.

The Treasurer highlighted the way in which the historical deficit was calculated, and welcomed the paper which Council now had before it and which had been requested by SPaRC. Presentation of the figures for the University as a whole still needed further refinement, however.
Historical costs remained the HEFCE measure of performance, but it was noted that, particularly with full economic costing in mind, it was necessary to continue to be aware that replacement cost measurement might be introduced. In discussion, points made included the following:

(i) student residential accommodation should be overbooked in order to avoid excessive vacancy rates;
(ii) careful account needed to be taken of likely inflation rates, particularly in regard to salaries and wages;
(iii) further explanation should be given of the range of the risks identified and possible mitigation;
(iv) account should be taken of the points made during the SPaRC discussion of the Corporate Plan (SPaRC minute 05.39) and clear links identified from one year to another;
(v) in future, papers should differentiate between self-help and the effects of external developments and influences;
(vi) SPaRC should consider the risks and financial arrangements with PMS in order to see whether any changes in the arrangements were desirable in the light of experience.

Council noted the forecast 2004/05 outturns of a £4.113m deficit for Schools and a £9.967m deficit for the University as a whole, and APPROVED the following recommendations:

(1) that the proposed 2005/06 budgets be adopted, with a bottom line surplus of £1.692m for Schools and of £3.445m for the University as a whole, note being taken of the assessment of risks and contingencies;
(2) that the Financial Forecasts for the period to 2008/09 be submitted to HEFCE by 29 July 2005 (incorporating annual surpluses of 3% of turnover for the years 2006/07 to 2008/09);
(3) that approval be given to the way in which the financial plans supported the achievement of the strategic aims and objectives set out in the Corporate Plan;
(4) that £500k pa from 2006/07 of uncommitted Strategic Development Funds be provided to support staff retention in the run-up to the next Research Assessment Exercise, subject to those resources normally being provided on a loan, as opposed to a grant, basis, and provision of £250k for 2005/06;
(5) that Schools and Professional Services be advised to consider the creation of their own strategic development funds as perceived good practice;
(6) that, in future, capital planning, investment appraisal and monitoring of spend be in accordance with the principles of robustness and transparency referred to in section 8 of the report, and articulated in a recent paper presented to the Vice-Chancellor’s Executive Group;
(7) that the Contribution-Based Rewards payments be made to staff only if the University’s ability to make such payments (as indicated by its overall financial position) had been reviewed and accepted by SPaRC (the £750k provision to be held centrally prior to possible release);
(8) that the planning and budgeting process be reviewed in 2005/06 in the light of experience gained in 2004/05;
(9) that, for the time being, the freeze on the application of reserve balances be retained and the position reviewed by SPaRC in the autumn term 2005 after the year-end figures for 2004/05 had been published and the overall performance in the generation of fee income in 2005/06 assessed;
(10) that PRARG be requested to review how the University of Exeter in Cornwall Academic Support Unit was funded (as recommended by SPaRC);
(11) that any cross-subsidies within Schools should be transparent and approved by the relevant Head of School and Deputy Vice-Chancellor, on the basis of informed decisions.
05.26 **League Tables**

Council **RECEIVED** a paper (CNL/05/25) summarising and explaining Exeter’s position in the league tables. The paper drew attention to the significant time lags in the use of data for compilation of the tables and suggested that the sustained top-20 status of the University was likely to occur only as it rebalanced its profile to include larger aspects of non-core business, such as recruitment of more postgraduate and international students and improved research earnings. It was noted that significant work was planned to understand and optimise the graduate-level employment prospects for the University’s graduates.

Council **DECIDED** that the University should strive for top 20 status in league tables by 2010/11.

05.27 **Financial Regulations**

Council **CONSIDERED** a paper (CNL/05/26) setting out revised Financial Regulations. The Regulations had not been updated since October 2001 and required updating for changes in areas such as corporate governance arrangements and the introduction of new sections on issues such as the use of University credit cards and whistleblowing. The University was to receive a HEFCE Assurance Service visit in September 2005 and it was thought prudent to have revised Financial Regulations in place by that time.

It was noted that Audit Committee had not yet considered the revised Regulations. The Treasurer spoke of the need for more clarity of responsibilities of the various University Officers involved in financial matters, notably the preparation and presentation of the Financial Statements and Treasury management.

The Chair stated that there would be a need for further review of the Regulations and responsibilities once the Governance Working Group report had been made to Council in December 2005.

Council **DECIDED** to approve the revised Financial Regulations in draft form, subject to specific review by Audit Committee at the next available opportunity and report back to Council.

05.28 **Fundraising**

Council **RECEIVED** a report (CNL/05/27) describing how the University was to embark on a major fundraising initiative as part of its strategy to diversify income streams and increase income from non-statutory sources. The paper charted the progress towards implementing the new fundraising programme.

The Director of Development and Alumni Relations presented the paper, highlighting the strategic approach being adopted. Foundations were being put in place and more detail was available, to supplement the brief paper for Council. In response to a question, she informed Council that she hoped to have the consultants’ data by the end of September. So far as Council involvement in the programme was concerned, she said that there would be various levels of input and she would be contacting members about the possibilities.

It was **DECIDED** that Council should receive an update report at its October or December 2005 meeting.

05.29 **Academic and Institutional Developments**

(a) Council **RECEIVED** a written report from the Vice-Chancellor (CNL/05/28) covering the following:

(i) Queen’s Birthday Honours;
(ii) Other Successes;
(iii) Deaths;
(vi) Additional Student Numbers;
(v) Tuition Fees for Initial Teacher Training;
(vi) Research Assessment Exercise 2008;
(vii) Capital Plans;
(viii) Bath, Bristol and Exeter Research Alliance;
(ix) Support for Strategically Important and Vulnerable Subjects;
(x) Degree Days;
(xi) Thanks to Council Members and Colleagues.

(b) In addition, the Vice-Chancellor **REPORTED** orally on the following:

(i) **Chancellor**

The Chancellor had been in touch and, although still unwell, had expressed the wish to arrange to meet Professor Smith in September to be briefed on developments in the University.

(ii) **Changes over the Past Year**

The past year had been an important one for the institution and he wished to thank all who had contributed to bringing about the changes, particularly Council which had provided the authority for the actions taken. 149 staff would be leaving under the voluntary severance scheme – 77 academic, 72 support staff – and nine of these had been redeployed. £5.2m recurrent expenditure had been saved, at a one-off cost of £5.8m including a contribution to the Exeter Retirement Benefits Scheme. The staff departures had been achieved voluntarily and the vast majority of remaining academic staff would now be able to be submitted to the RAE. Out of 135 continuing Chemistry Single Honours students, only nine were staying at Exeter. Out of 120 continuing Music students, only 12 were leaving. Other universities were finding it much more difficult to achieve the staff reductions they needed. Exeter was now in a position to move forward in a constructive way to where it wished to be. The coming autumn would be key, pushing through the performance to achieve the goals, with academic and professional service colleagues working together.

(iii) **New Developments**

New, positive developments included: the success of the joint research bid with Bristol and Bath, 339 additional student numbers (bringing in £2.2m pa), variable fees for ITT students from 2006 (£1.1m pa), 100 additional student numbers for UEC Phase 2 (£650k), improved research grant income, the satisfactory outcome of the HEFCE report on strategic subjects, the positive financial outlook with a minimum surplus of 3% in each of the three final years of the planning period and only two Schools needing strategic investment support, the invitation to proceed to the second stage of the Dentistry places bid, a number of recent excellent professorial appointments and arrangements for School Planning Groups which would include integrated support from the Professional Services.

(iv) **RAE Criteria**

The general criteria for the 2008 RAE had been published and included significant Equal Opportunities implications.

(v) **HEFCE Funding for Teaching**

HEFCE had indicated that teaching funding methodology might be adapted to take account of teaching quality in individual institutions. The emphasis on the University’s Education Strategy and the student experience was therefore well placed.

(vi) **Dual Support System**

The future of the dual support system for research was under intense debate and he was monitoring carefully the developing situation in relation to the effects on the University.
(vii) **Meeting with Minister for HE**

At a recent meeting with Mr Bill Rammell, Minister for HE, points covered had included: research concentration, proportion of entrants with vocational qualifications, future of UUK and the likely continuation of the cap on fees.

(viii) **Universities UK**

A review was taking place of UUK structures and a consultation document would be issued.

(ix) **1994 Group**

The 1994 Group was being rebranded and was to have a full-time Chief Executive. The current Chair was standing down and a new executive group was to be established. The Russell Group and 1994 Group might well in future together form an informal grouping of research universities, in the context of the debate about future UUK structures.

(x) **Entrepreneurship**

Next year, the accent in the institution would be on entrepreneurship, self-help, increasing numbers of graduate and international students, prioritising the quality of teaching and the student experience, and increasing research grants and income. Exeter aimed to be a research-intensive university in an increasingly competitive world, and part of the emerging research university grouping.

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**05.30 Strategy, Performance and Resources Committee**

Council APPROVED recommendations arising from the minutes of meetings held on 27 May and 1 July 2005 (CNL/05/30 and CNL/05/31) concerning the following:

(a) Review of SPaRC Membership (minute 05.29) (see also below);
(b) Corporate Plan 2004/05-2008/09 (minute 05.39) (see also under minute 05.21 above);
(c) Financial Planning 2004/05-2008/09 (minute 05.40) (see also under minute 05.22 above);
(d) Central Catering Operations – Budget 2005/06 and Financial Plan to 2008/09 (minute 05.42);
(e) Student Residences – Budget 2005/06 and Financial Plan to 2008/09 (minute 05.43);
(f) Guild of Students – Budget 2004/05 (minute 05.54);
(g) Further Development of Student Residences – Tremough Campus (minute 05.45);
(h) School Merger Proposals (minute 05.47).

**MINUTE 05.29 - REVIEW OF SPaRC MEMBERSHIP**

In response to a reservation expressed about the way in which the proposed change caused an imbalance between Council members and others, the Chair commented that the arrangement would be reviewed in a year’s time. He added that the Registrar and Secretary would be undertaking a further review of the committee structure over the summer.

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**05.31 Physical Resources Committee**

Having considered the minutes of the meeting held on 17 May 2005 (CNL/05/32), Council APPROVED recommendations concerning Chair’s Action Between Meetings (minute 05.24). This concerned the renaming of a room at the Peninsula Medical School as the Masterman Room and the renaming of Montefiore to Byrne House, both in recognition of donations. In response to a question, it was confirmed that there was no legal impediment to the renaming of Montefiore. In discussion, it was agreed that there should be some consistency in how names were given to buildings in recognition of donations together with the length of time for which a name should apply: these points would be taken up in the next fundraising initiative.
05.32 **Human Resources Committee**

Council RECEIVED the minutes of the meeting held on 14 June 2005 (CNL/05/33).

05.33 **Remuneration Committee**

Having considered a report of the meeting held on 23 June 2005 (CNL/05/34), Council APPROVED a recommendation that the Vice-Chancellor be placed on an open contract until normal retirement date to replace the current fixed term.

05.34 **Staff Liaison Committee**

Council RECEIVED the minutes of the meeting held on 31 May 2005 (CNL/05/35).

05.35 **Audit Committee**

Having considered the minutes of the meeting held on 15 June 2005 (CNL/05/36), Council APPROVED the appointment of the External Auditors for 2004/05 (minute 05.20).

05.36 **Council Nominations Committee**

Having considered a report of the meetings held on 27 May and 14 June 2005 (CNL/05/37), Council APPROVED recommendations concerning the following:

(a) Membership of Council 2005/06 (minute 05.7) - the reappointment of Mr Bosworth and Mr Hoffman and new appointments: Mr Richard Hughes and Sir Robin Nicholson;

(b) Appointments to Committees 2005/06 (minute 05.13);

(c) Appointments to Trusts 2005/06 (minute 05.14).

05.37 **Senate**

Having considered a report of the meeting held on 1 July 2005 (CNL/05/38), Council APPROVED recommendations concerning the following:

(a) Headships of Schools (item 4);

(b) Conferment of Title of Emeritus Professor (Ordinance 16 refers) (item 9);

(c) Amendments to Regulations (item 12) – Regulations for Students, Peninsula Postgraduate Health Institute and Degree of Doctor of Educational Psychology;

(d) Amendments to Ordinances 5 and 10 (item 13) to reflect new Degree of Doctor of Educational Psychology.

Attention was drawn to item 16 – amendments to meeting dates.

05.38 **Academic Promotions Committee**

Having considered the minutes of the meeting held on 8 and 16 June 2005 (CNL/05/39), Council APPROVED the following recommendations:

(a) Applications for Readerships (minute 05.11);

(b) Applications for Personal Chairs (minute 05.12);

(c) Submissions for Promotion to Senior Lectureships (item 05.13).
05.39 **Joint Selection Committees for Chairs**
Council **RECEIVED** a report (CNL/05/40).

05.40 **University of Exeter Foundation Trustees**
Council **RECEIVED** the Annual Report and Accounts 2003/04 (CNL/05/41).

05.41 **Lazenby Committee**
Council **RECEIVED** the minutes of the annual meeting held on 30 June 2005 (CNL/05/42).

05.42 **Northcott Theatre Board of Management**
Council **RECEIVED** the Annual Report 2004/05 (CNL/05/43).

05.43 **Proposal to Re-name the Chemistry Building the Geoffrey Pope Building**
Council **APPROVED** a proposal that the Chemistry Building be re-named the Geoffrey Pope Building from 1 August 2005 in honour of the late Pro-Chancellor, Dr Geoffrey Pope, noting that the proposal had the support of the Head of School of Biosciences, the Vice-Chancellor’s Executive Group, the Chair of Council and the Chair of the Physical Resources Committee. Dr Pope’s widow, Mrs Helen Pope, had kindly agreed that her late husband’s name be commemorated in this way, if Council agreed.

05.44 **Golden Jubilee**
Council **RECEIVED** a report (CNL/05/44).

05.45 **Emergency Powers in Summer Recess**
Council **DECIDED** to empower the Chair of Council, Treasurer 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.

05.46 **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.

05.47 **Affixing of the Seal of the University**
Council **APPROVED** the affixing of the Seal of the University to the documents listed in CNL/05/45.

05.48 **Retiring Members, 31 July 2005**
Council **DECIDED** to place on record its gratitude to all retiring members, listed in a report (CNL/05/46), as follows:
Professor Stephen Wilks, retiring as Deputy Vice-Chancellor (his second period of office), in which capacity he had been in charge of the research portfolio and had a heavy involvement in restructuring.

Mr John Laurence, a member of Council since 1996, and Chair of Buildings and Estate Committee/Physical Resources Committee. The Chair was pleased he was remaining as a member of Physical Resources Committee.

Councillor Brinley Morris, Cornwall County Council, who had in particular made useful contributions to the CUC debates.

Professor John Inkson, Senate member.

Mr Colin Minto, who had been the Convocation representative on Council since 2000, and a member of Audit and Physical Resources Committees and the Northcott Theatre Board of Management.

Mr Andrew Teed, who had already retired as a staff member.

Mr Tim Edwards and Mr Stuart Marshall, President and Deputy President of the Guild, who were thanked for their management of relationships in a particularly difficult year.

In addition, the Chair of Council drew attention to the retirement of Mr Keith Blanshard, as Director of Finance on 31 August, echoing the sentiments expressed by the Vice-Chancellor at Strategy, Performance and Resources Committee, thanking him very much for his work for the University and wishing him well for his retirement.

Finally, Mr Seal thanked those relinquishing their duties as Heads of Schools: Professor Helen Taylor, Professor Tim Niblock, Professor John Wilkins and Professor Neil Armstrong.

05.49 **Chair’s Concluding Remarks**

The Chair thanked Professor Hawker for the way she had assumed the Chair at a very difficult time, after Dr Pope’s untimely death and when very difficult issues were facing the University. She had undertaken the task thoroughly and professionally. He went on to say that the past year had been a momentous one for the institution and Council’s decisions had been submitted to intense scrutiny. The University had survived and prospered, and had acquired a reputation for facing up to its problems and having a vision of what it needed to achieve. He wished to congratulate the Vice-Chancellor, who had suffered a large amount of personal attack, and to express to him his gratitude and admiration. He also wished to thank the Deputy Vice-Chancellors and in particular Heads of Schools who had had to take many difficult decisions and interview staff, as well as the Registrar and Secretary and his professional services staff. The planning which was now taking place would lead to a real understanding of actions needed for the University to enter the top 20. There was still much work to be done over the next two years. He wished Council and colleagues a very good summer.