

## STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Monday 21 May 2007 at 10.00am in Committee Room A, Northcote House.

PRESENT: Vice-Chancellor, Professor S M Smith (Chair)  
Pro-Chancellor, Mr K R Seal  
Pro-Chancellor, Professor R J Hawker  
Treasurer, Mr G A Sturtridge  
Senior Deputy Vice-Chancellor, Professor J M Kay  
Deputy Vice-Chancellor, Professor N Armstrong  
Deputy Vice-Chancellor, Professor R J P Kain  
Deputy Vice-Chancellor, Professor M Overton

Mr D J Allen	Professor J A Littlechild
Mr C J Allwood	Sir Robin Nicholson
Dr J Barry	Professor N J Talbot
Dame Suzi Leather	Professor W B Richardson

Director of Finance and Corporate Services, Mr J C Lindley  
Director of Planning Services, Mr P J Kennedy

IN ATTENDANCE: Mr P Lacey, Pro-Chancellor Elect  
Dean of the Faculty of Undergraduate Studies, Professor M Macnair  
Ms M I Shoebridge, Director of Academic Services  
Ms Victoria Gregory, Executive Officer to the Vice-Chancellor

APOLOGIES: Mr S N Fishwick, Professor H M Lappin-Scott, Ms J Percy

07.32 **Minutes**

The minutes of the meeting held on 14 March 2007 were **CONFIRMED** (SPRC/07/33).

07.33 **Matters Arising**

There were no matters arising.

07.34 **Vice-Chancellor's Report**

The Vice-Chancellor's report was **RECEIVED** (SPRC/07/34). The Vice-Chancellor also **REPORTED** on the recent visit to Dubai, which had been very successful. A number of follow-up activities would now be taken forward, and the Committee would be kept briefed on progress.

07.35 **Financial Forecast 2006/2007**

The Committee **CONSIDERED** the latest financial forecast 2006/2007 from the Director of Finance, which was the last to be prepared for Committee as year-end work had already commenced (SPRC/07/35 attached for Council).

The forecast historic cost surplus of the University was now £3m, compared to the £1.5m surplus target set by SPaRC. With the financial year-end now approaching and the risk of unexpected adverse movements now low, the Committee **APPROVED** the release of a further £0.5m of contingency which would therefore further improve the result. Within the forecast surplus there were net receipts of £4m relating to asset sales, and there was the possibility of further asset receipts during the current year. It was anticipated that there might be further savings in some Schools and potentially some slippage on the summer maintenance and refurbishment programme, leading to a growth in the surplus, which the Director of Finance considered could reach or possibly exceed £4m.

Given the forecast surplus, the Committee **APPROVED** the proposal that a number of items of non-recurrent expenditure be considered for commitment this financial year, focused on those that would otherwise have taken place in 2007/08. Schools and Services would be invited to make such expenditure proposals, which VCEG would make decisions on.

The Committee noted that although major improvements to process had been made over the past 18 months, the rapidly improving forecast position for 2006/07 was similar to that experienced in previous cycles where at an early stage the prognosis was poor then improving significantly over the year and especially towards year-end. Investment opportunities were being lost on an annual basis. This suggested that more work on embedding the financial management culture was necessary within budget units.

#### 07.36 **Summer Term Performance Report**

The Committee **CONSIDERED** a summer term performance report from the Director of Planning Services (SPRC/07/36 attached for Senate and Council).

The paper presented the third review of the indicators of success for 2006/7 & 2007/8 assessing progress on each of the indicators which were drawn from the Corporate Plan. The areas shown as 'not on target' were the growth in the proportion of postgraduate and international students, the aim to increase Research Council studentships, and achieving the yearly milestones associated with the 2009/10 School targets for research income per fte although it was noted that the underperformance in research income was only 3% below target. A detailed report on research income would be provided to the Committee at its June meeting. This was the final progress report to SPaRC in the 2006/7 academic year and a version giving further updates on the latest position would be forwarded to Council in July.

A performance report on the Top 20 metrics would be provided to SPaRC in June. This would also address Exeter's projected position in the next round of league tables, notably the *Times* and the *Sunday Times*. Exeter had seen a drop in position to 34<sup>th</sup> in the recently published *Guardian* table, the methodology of which led to inherently volatile results. It was noted that Exeter was in 18<sup>th</sup> position in the *Sunday Times* and was expecting to improve from 28<sup>th</sup> position in the *Times*, in contrast to 34<sup>th</sup> in the *Guardian*. The *Guardian* was proposing to set up a review group to consider their methodology and Exeter would have its view represented through other 1994 Group colleagues in that review.

#### 07.37 **Governance**

The Committee **CONSIDERED** a report from the Registrar and Secretary proposing a new dual assurance governance model (SPRC/07/37). These proposals, which would come into effect from 2007/08 and would see a dual assurance model in place of certain committees, had been discussed by Council on 5 April and Senior Management Group on 4 May and had met with their broad support. The paper provided the VCEG and lay member leads for the main strategic areas of University business, which had come from VCEG and Nominations Committee.

The following points were noted in discussion:

- the proposals should see swifter decision-making whilst also providing clearer accountability

- the management and the governance leads would each carry responsibilities, but the accountability was clearly with the former
- the role of lay members should become significantly more interesting, enabling them to more fully offer the benefit of their experience to inform and shape developments without compromising good governance
- there was significant development work necessary to successfully implement these new arrangements, and the recording and communication of decisions would be particularly important for institutional memory as well as internal communications
- there was the opportunity to improve the provision of information and policy papers to SPaRC, as these would be less bound by an underpinning timetable of committee meetings
- Senior Management Group should have an increasingly important role in this system
- the governance arrangements for the Cornwall Campus would be reviewed once decisions on Phase 3 were to hand
- it was possible that there were applications of these principles at School and Service level, and these should be evaluated
- SPaRC itself would continue in these new arrangements, but there was the opportunity to review at a later stage the relationship between SPaRC and Council

The Committee **DECIDED** to endorse the proposals. Guidance notes for the operation of the dual assurance model, to include details of the safeguards which would be in place and methods of communication under the new arrangements, were to be considered by Senate and Council alongside the final proposals.

#### 07.38 **Physical Infrastructure Planning**

- (a) The Committee **CONSIDERED** the St Luke's Campus Relocation Feasibility Study (SPRC/07/38). It was noted that the paper was at this stage for information and initial discussion, with recommendations for decisions to Council to be agreed at SPaRC's June meeting, at which point the results of the consultation with students, staff and interested parties would have been completed. It was noted that as part of the consultation the Vice-Chancellor had written to the two Heads of School and the Dean of PCMD, together with the President of the Guild of Students and John Rigby of Exeter City Council (Director of Economy and Development) to provide them with the King Sturge report for their consideration and response.

VCEG had already considered the report and had, subject to the views expressed in the consultation, expressed a preference for retention of the St Luke's campus, with the School of Sport & Health Sciences moving to the Streatham campus to enable its growth and the growth of Education and PMS. In addition to permitting aspirational growth for all three Schools to take place, this option would carry the benefit of being the most cost effective and also the least disruptive.

The following points were noted in discussion:

- although the St Luke's site and existing buildings did present some challenges for continued use, good design should enable us to address these and in a way that was sustainable
- connectivity across the two Exeter campuses would be an important issue to get right on the assumption that they would both be retained for the foreseeable future
- a movement of Education and Lifelong Learning to the Streatham campus did have attractions and especially the academic synergy with other Schools on the Streatham campus, but this option lacked the positive cost/benefit results that accrued from Sport and Health Science moving

- some steps would be necessary to take to ensure that the St Luke's campus did not become socially isolated in terms of the student experience
- although it was at an early stage, a clear majority of respondents to date were in favour of the VCEG preferred option

The Committee would formally consider the options and in light of the consultation responses at its next meeting. At this stage, the Committee was comfortable with the direction of travel indicated by VCEG in its initial response to the report.

- (b) The Committee also **CONSIDERED** the Draft Infrastructure Strategy (SPRC/07/39 attached for Senate and Council). The draft Infrastructure Strategy provided a broad overview of the development of the University's infrastructure over the coming years, and it was intended to bring final proposals to the Committee and Council in the Autumn term.

The strategy looked forward to the post-RAE world of the 'mixed economy' where student choice in a wide market for degree programmes was likely to be crucial in determining the success of the University, as was the importance of success as measured by research intensity and quality. The investments would have a significant focus on improving student facilities and learning resources. They would also involve a contribution to the Science strategy and related items, to network developments, the improvement of business systems and the elimination of the University's maintenance backlog. The proposed investments had been discussed in detail by VCEG, which endorsed them, and had also been set out at a summary level to the Senior Management Group which also welcomed them.

Overall, the investment proposals totalled some £235m, at current day prices and with no inflation assumptions included at this stage, and with much of the costing indicative. They were for the Streatham and St Lukes campuses, with future investments in the Cornwall campus dependent upon the outcome of the current phase 3 EU Convergence funding process. The investment proposals were divided into two tranches to reflect the risks associated with such a major programme of works. The objective was to commit and commence Tranche 1 before the outcome of any Government proposal to increase the student variable fee cap was known. Tranche 2 would only be committed following an increase in student variable fees, subject to such an increase being of a size sufficient to support the proposed investments. Each project in Tranche 1 would be given separate authorisation and consideration taken of the current circumstances with regard to student fees and the overall level of the University's investment commitment exposure. Tranche 1 projects would also be sub-divided where necessary to facilitate a careful and measured approach to managing the level of the University's investment exposure.

Some £250m of funding was identified, from a variety of internal and external sources. The proposals were based in part on the utilisation of sales and off balance sheet leases of student residential accommodation. Once and only if certainty on student variable fees increases had been achieved it was proposed to raise more traditional on balance sheet debt to fund the proposed investment programme.

The Committee welcomed this early sight of the work in progress, and in discussion the following points were noted:

- that thanks to Professor Mark Overton, Jeremy Lindley, Michele Shoebridge and Bob Alcock should be noted for their work to date
- that David Allen (Registrar and Secretary) would be the management lead for this project, working with Peter Lacey as the governance lead
- delivery of the annual 2% Carbon footprint reduction was an important element for consideration in the project, but with such a significant build programme there would be other outputs to be managed also
- that there were some "must-do" projects, either for decisions previously taken carried capital implications, in particular for investments in Biosciences (Geoffrey Pope building) and in SoBE (relating to the INTO joint venture), or for projects that simply had to be delivered if Exeter was to remain competitive – i.e. the central campus redevelopment

- that the Interim Leadership Development Board had received a presentation on the outline plans with considerable enthusiasm, and this suggested strong prospects for planning towards donations towards costs of some of the higher profile projects
- that Council may wish to convene some form of initial assessment at a high level of the risks overall given the scale of the programme, perhaps commissioning an ad-hoc group to undertake this work on its behalf
- that it was important to retain some flexibility to re-organise parts of the programme as we go, as priorities could change in intervening years, and that major projects (over £2m) would be approved individually by Council given their financial scale
- that there was a balance to be aware of and achieved between projects aimed at the student experience and those more specifically for research, although with a growing emphasis on the synergy of research and teaching a successful programme should be able to deliver this balance
- that the development of new capital planning processes was critical to ensure robust management of the higher risks that the University would carry in this development phase, as well as assurance through good governance
- that the revenue implications of the build programme should be clearly understood, with robust plans that addressed cost as well as income fully articulated and analysed

The Committee **DECIDED** to endorse the steps taken so far in identifying the major projects necessary for Exeter's next stage of development, the likely range of costs and potential sources of funding. Decisions on priorities and investments would be made in the Autumn Term 2007.

- (c) The Committee also **CONSIDERED** the proposals for Phase II refurbishment professional fees in respect of the Geoffrey Pope building (SPRC/07/40). The Capital Planning Group had previously approved an initial budget of £200K to be funded from the Infrastructure Fund, and required authorisation of the balance of the fees necessary – ie a further £451.3k making a total of £651.3k – in order that this project could proceed. The Committee **APPROVED** these fees, to be funded from the Infrastructure Fund.

#### 07.39 **Physical Resources Committee**

The Committee **RECEIVED** a verbal report from the DVC (Resources) on the Physical Resources Committee meeting held on 10 May 2007. Professor Overton noted in particular the improved funding for Long Term Maintenance Plan, such that the risks of a growth to the problem of backlog maintenance would be more effectively managed.

#### 07.40 **Research Committee (COMMERCIAL IN CONFIDENCE)**

The Committee **RECEIVED** a report from the Research Committee meeting held on 16 April 2007 (SPRC/07/42 attached for Senate and Council). The data on income and contextual applications/awards information would be provided to the June meeting of SPaRC.

The Committee also **RECEIVED** a verbal report from the DVC (Research) on the status of the University's planning for the RAE 2008. Overall, Professor Kain and VCEG were satisfied with the projected Exeter position, which gave prospects of significant progression since the 2001 RAE. A good deal of work was now underway to ensure the submission narratives were of the highest quality. The submission date was 30 November 2007, and Professor Kain would keep the Committee briefed on progress and any issues emerging in the next few months.

#### 07.41 **Science Strategy Board**

The Committee **CONSIDERED** a report from the Science Strategy Board meeting held on 27 April 2007 (SPRC/07/43). The report was provided to SPaRC to enable it to have early input to a strategy that was still in development.

The Vice-Chancellor set the discussion in context with three points emphasised in particular. First, that there were investment proposals within the Strategy that were also described within the Infrastructure Strategy – i.e. that not all of the proposed investments were additional to those discussed earlier in today's agenda. Second, that in common with the other major strategic investments that were being considered, Council's decisions would be taken on the basis of an informed assessment of priorities across these strategies. Third, that our ability to invest from a revenue perspective was directly related to the achievement of historic cost surpluses – unless Schools were able to achieve these surpluses then Strategic Development Funds could not be invested as they would otherwise lead to deficits, which were unacceptable.

Professor Janice Kay, who was leading the University's Science Strategy and chaired the Board, introduced the paper. The over-riding point was that Science was vital to the University becoming a leading international university, and that scale was a key factor to achieving excellence in Science. If those points were accepted then the implication, given our current performance in Science, was to ensure we had a clear and strategic way forward for achieving and sustaining high quality Science. The trends apparent externally were that inter-disciplinarity was going to be vital for success in competing for research projects and earnings, and the way in which we invested internally should reflect that. Whilst a number of exciting opportunities were visible, these were not without risk, and in particular investments should only be made where there was a strong business plan that showed how financially these areas would be self-sustaining and also that they would deliver outcomes that were consistent with a top 20 university through metrics and other outputs.

The following points were made in discussion:

- that there seemed to be a clear 'acceptance' from the 'non-Science' community if we take those HoS as representative that they saw strong Science as an integral and necessary part of a successful Exeter
- there were some longer-standing legacies that had to be recognised – in particular the historical under-performance in attracting research council income, which meant our science infrastructure had not enjoyed the same support as that for some of our peers, and also our RAE2001 results, where only 27% of our Science staff were in 5/5\* departments, compared to 65% in non-Science departments
- that Science must be self-sustaining, but that did not necessarily mean it would create the same financial headroom as some other subjects
- that any investments made be concentrated to achieve maximum impact rather than spread too thinly with diffuse effects
- that there must be a view on opportunities for the medium and longer term and decisions taken to seize those, but one of the qualities of successful Schools would be their flexibility to adapt to new themes and areas of research as we cannot foresee at this point all of the new development opportunities
- that we should keep in close contact with research funders, being clear what their future funding priorities were and ensuring Exeter's priorities were informed by that information – the establishment of 'foresight groups' around the 5 themes of the Science Strategy bringing key influencers together with Exeter leads would be one way of achieving this
- that the enthusiasm, energy and belief that came through the draft investment proposals were very much welcomed and strong signs of the future of Science at Exeter, and the colleagues involved should be thanked for their input to date
- that investments must enable Science as a whole to be excellent, and not only in specific areas of activity – i.e. the investments would be about totality as well as additionality

Professor Kay welcomed this very helpful discussion and would take the work forward with the Science Strategy Board. Investment proposals would be considered alongside those for other major strategies in the Autumn Term 2007. Sir Robin Nicholson would oversee an external review of the strategies, evaluating them on a number of criteria including delivery of outcomes including our current metrics, risk and financial sustainability.

07.42 **Cornwall Campus Management Group**

The Committee **RECEIVED** a report from the Cornwall Campus Management Group meeting held on 20 April 2007 (SPRC/07/44 attached for Senate and Council). The Chair of CCMG drew particular attention to the appointment of Professor Matthew Evans as the Senior Lead Academic with effect October 2007, and also to the good progress being made on service delivery arrangements for the campus, which were increasingly important as the campus grew in scale. It was also noted that the projected overspend noted in CCMG minute 07.23 had now been eradicated.

07.43 **External Affairs Committee**

The Committee **RECEIVED** a report from the External Affairs Committee meeting held on 23 April 2007 (SPRC/07/45). The DVC External Affairs drew particular attention to the agreed statement on Corporate Social Responsibility and on the opportunities for Exeter internationally.

07.44 **Human Resources Committee**

The Committee **RECEIVED** a report from the Human Resources Committee meeting held on 1 May 2007 (SPRC/07/46 attached for Senate and Council).

The Committee **APPROVED** the recommendations from Human Resources Committee relating to normal incremental progression, the principles relating to the use of contribution points and the arrangements for accelerated progression. The Committee also **APPROVED** the recommendation that point 47 should be removed from the bottom of Grade H (making point 48 the new minimum) and that two additional Contribution Points (55 and 56) should be added to the top of the grade.

07.45 **Safety Committee**

The Committee **RECEIVED** a report from the Safety Committee meeting held on 2 May 2007 (SPRC/07/47).