

## STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 9 February 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    | Ms J Percy                |
| Dr J Barry        | Professor N J Talbot      |
| Dame Suzi Leather | Professor W B Richardson  |

Director of Finance, Mr J C Lindley  
Director of Planning and Performance Review, Mr P J Kennedy

IN ATTENDANCE: Dean of the Faculty of Postgraduate Studies, Professor H M Lappin-Scott  
Dean of the Faculty of Undergraduate Studies, Professor M Macnair  
Mr S N Fishwick, Permanent Secretary to the Students' Guild  
Ms Gillian Weale, Executive Officer to the Registrar and Secretary

APOLOGIES: Sir Robin Nicholson

#### 07.01 **Minutes**

The minutes of the meeting held on 21 November 2006 were **CONFIRMED** (SPRC/06/88).

#### 07.02 **Matters Arising**

It was **REPORTED** by the Treasurer, as Chair of Investment Committee, that the Foundation Board had nominated Mr Geoff Bush to serve as a new member on the Investment Committee.

[Ms Jemma Percy and Mr Simon Fishwick, respectively President of and Permanent Secretary to the Students' Guild, withdrew for the following item.] Developments regarding the Evangelical Christian Union and associated legal action were **REPORTED** in response to a question from a member.

Arrangements to progress the Northcott Theatre development were **REPORTED** on. An affordable business plan had been approved, and that involved substantial grants from the University, the City Council and the County Council, together with a loan from the University. The Theatre was now closed and was being refurbished to increase seating capacity (by circa 30 seats), to address health and safety requirements and to improve the hospitality service areas/public spaces. Longer-term, there was potential linkage to a University 'arts centre', bringing together (not necessarily in a single physical space) the fine arts, visual arts and performing arts, and with links to music-making facilities. The arts were an important part of

the student experience, and integral to a top 20 university, as well as to the University's place in the city community.

It was also **REPORTED** that the Vice-Chancellor and the Registrar had attended a useful meeting with members of the City Council Planning Committee recently to discuss the mutual benefits of addressing student residential accommodation planning in the city from a strategic perspective.

#### 07.03 **Vice-Chancellor's Report**

The Vice-Chancellor's report was **RECEIVED** (SPRC/07/01). The Committee **APPROVED** the recommendation that Human Resources Committee, at its meeting on 19 February, confirm the new arrangements for the Contribution Based Reward Scheme so that they could be implemented from next session.

In addition to the items in the written report, the Vice-Chancellor also reported on:

- **Unitary Status of the City of Exeter** – the University had sent a letter that expressed its support, on balance, for the City seeking unitary status.
- **Comprehensive Spending Review** – the latest intelligence was that the CSR would be likely to lead to a real-terms cut of around 5% for Higher Education. The University's current planning parameters made provision for a real-terms cut of 1% per annum, which should be close to approximating the likely outcome.
- **The Future of Fees** – the Vice-Chancellor had been invited (in an independent capacity) to attend discussions being held within the Conservative Party on the future of fees, as part of their development of a policy on education. This was a key issue for the University sector as a whole, and there was a major task for the University to map out the various scenarios that could unfold, and ensure its longer-term planning was informed by these.

#### 07.04 **Student Numbers and Applications**

The Committee **RECEIVED** a report on student numbers for the year 2006/07 and a report on applications for entry for Autumn 2007 (SPRC/07/02). The Committee had seen preliminary 2006/07 student data at previous meetings, and the report confirmed the general positions of a strong undergraduate and postgraduate research intake, but with a significantly below-plan intake of postgraduate taught students (both UK/EU and International).

The applications data was, generally, very encouraging at this stage. UG applications were up by around 24% on 2006, which was known to be amongst the very highest rates of growth nationally, the national average being around 6% growth. PGT and PGR applications were also up by significant percentage levels, although numbers were relatively low at this early stage in those recruitment cycles. There was growth both from UK/EU and International markets. The Committee would be provided with further updates during the year.

More strategically, although it was not possible to say with certainty that the cap would come off undergraduate fees, if the University achieved top 20 and the University looked to move higher still, it would already be in a market competing for the best quality students (from all backgrounds). Clearly, there were links across all aspects of our planning, in particular Education, Estate, Information Services and Finance, where it was necessary to ensure we had a 21<sup>st</sup> century campus delivering programmes able to command premium fees. A particular emphasis at present was on developing the postgraduate taught portfolio, and discussions have commenced in the PRARG group on how to provide Schools with investment funding to support new or re-branded, market-led programmes, for 2008 entry.

#### 07.05 **Financial Forecast 2006/2007**

The Committee **RECEIVED** a report from the Director of Finance on the Financial Forecast for 2006/2007 (SPRC/07/03).

SPaRC had set a target for the year of a £1.5m historic cost surplus. The forecast position reported to SPaRC in November 2006 had been for a £0.6m surplus. The historic cost forecast for the year was now a £1.1m surplus. The majority of the planned asset sales had been satisfactorily concluded, although the sale of Rowancroft was not yet secured.

The Committee **APPROVED** the following:

- The release of £0.8m from central contingency to support Schools against the shortfall in teaching income.
- That any IDM (Income Distribution Model) variations should no longer be taken to the SDF, but adjustments (both positive and negative) should be funded from general reserves.
- The funding of an additional £0.1m legal fees in relation to INTO from the SDF. INTO University Partnerships had agreed to reimburse the University for its legal costs as new universities join the partnership, these funds will be remitted to the SDF as they arise.

The Committee noted that the shortfall in teaching income previously forecast was now confirmed, although marginally worse (by £200k). Research income and earnings were being reviewed at present, and the results would be reported in the March forecast. Of the £1.8m central contingency included in the budget for risk management purposes, £1m was as yet unallocated and available for release to improve the forecast.

The Committee also noted that the possibility of the University purchasing some land adjacent to the Tremough campus, to support the growth of the campus and in particular to ensure that sufficient residential accommodation could be provided to the University's growing student population. The Director of Finance confirmed that this purchase would be possible without incurring the risk of breaching covenants with our banks. The Committee had previously endorsed this strategic land purchase.

Whilst areas of concern remained, most notably research earnings, the University expected to achieve a year-end surplus in excess of the £1.5m historic cost surplus set by SPaRC and Council.

#### 07.06 **Professional Services Planning**

The Committee **RECEIVED** a report on Professional Services Planning - Service Development Priorities and Investments (SPRC/07/04 attached for Senate and Council).

The investment proposals detailed in this paper had come through a lengthy process including consultation with SMG. They were affordable within School business plans, and retained a balance of investment in Schools and Services consistent with our Top 20 competitors. In particular they supported the University's ability to generate income, to become increasingly sustainable, and to deliver better service to students, staff and external customers. The Registrar and Secretary confirmed that he continued to expect Heads of Service to make financial efficiencies, and for 2007/08 a further recurrent 1% efficiency saving was expected, on top of three previous rounds of efficiency savings.

The Committee **APPROVED** the following recommendations:

- (a) That it confirm the overall balance of resources invested in Schools and in Professional Services;
- (b) That it note the steps taken by Professional Services to deliver more efficient and cost-effective services to Schools and other customers, through recurrent efficiency savings and expectations of staff turnover savings;
- (c) That it confirm the specific investments for 2007/08 in support of Top 20, subject to prioritisation by the Heads of Services concerned.

#### 07.07 **Charities Act 2006**

[Dame Suzi Leather, Chair of the Charity Commission, withdrew for this item.]

The Committee **RECEIVED** a report on the Charities Act 2006 (SPRC/07/05 attached for Senate and Council). The Charities Bill received Royal Assent on 8 November and became the Charities Act 2006.

Currently the majority of universities were exempt charities subject to charity law (but exempt from regulation by the Charity Commission). Under the Charities Act 2006, universities in England would remain exempt charities but subject to regulation by HEFCE (the "principal regulator" on behalf of the Charity Commission). As universities were already subject to charity law, and there was no track record of problems or concerns in this area, there was an assumption that the additional work required of universities from this new regulation would be minimal. In the area of research and in particular commercially sponsored research, it would be necessary under the Act to demonstrate the public benefits of those activities that were not undertaken for a direct charitable purpose. HEFCE would provide further advice on this to the sector, but the implications were not thought to carry significant risk at this stage.

For the Guild of Students, the legal advice received by the NUS suggested direct registration with the Charity Commission. This carried implications for the Guild's governance arrangements, and it was likely that the Guild would need to be overseen by a Board of Trustees.

#### 07.08 **HEFCE Higher Education Funding 2007-08**

The Committee **RECEIVED** a copy of the letter from the Secretary of State to the Chairman of HEFCE on HEFCE Higher Education Funding 2007-08, together with the Universities UK analysis (SPRC/07/06 attached for Senate and Council).

Although a helpful indication of government direction of travel, there was little of great surprise in Alan Johnson's letter, and the University's relevant planning parameters (of funding for teaching and research) in place for the year 2007/08 were unlikely to need substantial revisiting. Clearly the landscape for 2008/09 and beyond was entirely different, and was the subject of the 2007 CSR.

Employer engagement continued to be a key theme, post Leitch, and HEFCE would intervene in supporting supply by growing foundation places and also increasing the scope of the pilot project for 2-year degrees. Up to 15,000 ASNs (additional student numbers) were being committed by HEFCE in period to 2008/09, with the prospects of further ASNs (again in particular for employer engaged programmes) to follow. HEFCE appeared to appreciate that they have strategic commitments that must be met, for example to CUC, and their definition of the areas to be funded was therefore broader:

Universities would receive their grant settlement letters at the end of February, and the key issues from the settlement for the sector and in particular for Exeter would be presented to the Committee's March meeting. The letter would also confirm the allocations of the additional resources to support Science subjects. These would be an important input to SPaRC's planning decisions at its 14 March meeting.

#### 07.09 **University of Exeter – Cornwall Campus**

The Vice-Chancellor **REPORTED** on Phase 3 developments. The University's bid was circa £90M. It was likely that final confirmation of the outcomes of 'bids' for Convergence funding would not be known until October 2007. It was noted that Dartington College of Arts could potentially move either to the University of Plymouth, or to the Tremough Campus as part of University College Falmouth in which case it would be a potential CUC project.

The Committee also **RECEIVED** a report from the Cornwall Campus Management Group meeting held on 11 January 2007 (SPRC/07/07 attached for Senate and Council). The

Committee noted that the building programme remained on time and within budget for the residences with a £500k overspend for the academic buildings which should be clawed back.

07.10 **Education Committee**

The Committee **RECEIVED** a report from the Education Committee meeting held on 5 December 2006 (SPRC/07/08 attached for Senate).

Items of particular importance over the coming months would be preparations for the QAA Institutional Audit to take place in November 2007, nominations for the National Teaching Fellowship Scheme, the development of the University's bursary and scholarship scheme, and analysis of the current trends in the sector and at Exeter around contact hours and student:staff ratios.

The Vice-Chancellor **REPORTED** that he had recently given a speech to the Government Office of the South West Regional Conference on the 14-19 DfES Reforms, a copy of which would be circulated to members of the Committee.

07.11 **Ethics Committee**

The Committee **RECEIVED** a report from the Ethics Committee meeting held on 23 November 2006 (SPRC/07/09 attached for Senate and Council).

07.12 **External Affairs Committee**

The Committee **RECEIVED** a report from the External Affairs Committee meeting held on 31 January 2007 (SPRC/07/10). It was noted under minute 07.02 (d) that the process of deciding the awards of Honorary Degrees was not connected with the "College of Benefactors". The College was designed to recognise the contributions of major benefactors.

07.13 **PMS Joint Board of Management**

The Committee **RECEIVED** a report from the PMS Joint Board of Management meeting held on 22 January 2007 (SPRC/07/11 attached for Senate and Council).

07.14 **Planning and Resource Allocation Review Group**

The Committee **RECEIVED** an oral report from the Chair of the Planning and Resource Allocation Review Group of the meeting held on 26 January 2007. Of particular importance was the design of investment support to Schools designing new and re-branded premium fee PGT programmes, a principle which SPaRC supported.

07.15 **Programme and Pricing Group**

The Committee **RECEIVED** a report from the Programme and Pricing Group meeting held on 15 January 2007 (SPRC/07/12).

07.16 **Science Strategy Board**

The Committee **RECEIVED** a report from the Science Strategy Board meeting held on 14 December 2006 (SPRC/07/13 attached for Senate). Professor Kay reported on the important

piece of work that was now being taken forward to identify specific projects in support of the Strategy, for future evaluation alongside other University priorities.

07.17 **Strategy Co-ordination Group**

The Committee **RECEIVED** a report from the Strategy Co-ordination Group (SPRC/07/14 attached for Senate and Council). The report confirmed the decisions made by VCEG on the proleptic appointments designed to support the RAE outcomes for 7 Schools.

Professor Overton, Chair of the Group, **REPORTED** on the main task for the Group – i.e. to ensure that the main strategies with significant costing implications were being taken forwards in a co-ordinated way, so that SPaRC and Council would be able to reach a view across the priorities on which should be supported, in the event that there were insufficient resources to fund all of them. There was a need for greater clarity on process for the deployment of SDF resources, and procedure on this would be brought back to the Committee.