

STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 10 February 2006 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 P Webley
Deputy Vice-Chancellor, Professor N Armstrong
Deputy Vice-Chancellor, Professor R J P Kain
Deputy Vice-Chancellor, Professor J M Kay

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| Mr D J Allen | Dr R Lawson-Peebles |
| Dr J Barry | Dame S Leather |
| Professor P R Draper | Sir R Nicholson |
| Ms R King | Professor W B Richardson |

Academic Secretary, Mr D F Batty
Director of Finance, Mr J C Lindley
Senior Assistant Registrar, 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
Permanent Secretary to the Students' Guild, Mr S N Fishwick

APOLOGIES: Mr A Desmier

The Vice-Chancellor congratulated Suzi Leather for being honoured in the New Year's Honours List with a DBE (Dame of the British Empire). The Vice-Chancellor also congratulated Professor Paul Webley on his appointment, with effect 1 August 2006, to the post of Director and Principal of the School of Oriental and African Studies.

06.01 Minutes

The minutes of the meeting held on 22 November 2005 were **CONFIRMED**. (SPRC/05/81)

06.02 Matters Arising

The following matters arising from the minutes of the 22 November meeting were noted:

Minute 05.68 – University of Exeter Cornwall Campus: the Registrar reported that the tendering process for the new build for Phase 2 would be completed shortly. The plans for student residences were also proceeding well, and plans for a total (including Phase 1) of 800 en-suite study bedrooms by 2007 entry remained on time and within budget. Recent announcements on the continuation and growth in Objective 1 funding (now known as “convergence” funding) provided very strong prospects for Phase 3 going ahead and although at this stage there remained some element of risk in that assumption, some of the detail plans for Phase 2 were now being informed by the likelihood of further development to come through Phase 3. There would be capacity issues at Phase 3 stage given the current size of the Tremough campus that were now being explored. The prospects for the University of Exeter Cornwall Campus continued to look promising, with student applications strong and with a series of excellent staff appointments having been made.

Minute 05.72 – Responses to HEFCE: the University had submitted its “sustainability framework plan” to HEFCE, and this document, together with the University’s response to the HEFCE consultation on possible changes to the methodology for funding teaching, would be provided to members of the Committee with the minutes of today’s meeting.

06.03 **Vice-Chancellor’s Report**

The Vice-Chancellor **REPORTED** on the following matters:

- **Biosciences** – as part of the development strategy for Biosciences, it had been decided by VCEG that the Animal Behaviour programme would now be offered at Streatham (and not at Tremough) underpinned by the release of DLL undergraduate places, and which would have capital implications for the Streatham campus of the order of £600k. The places released at Tremough would be directed primarily to the expansion of Biosciences.
- **Academic staff recruitment** – some 83 academic posts were being advertised in the next 3 weeks and placed in the national press in a carefully phased way to maximise impact in the sector on Exeter’s forward direction. The posts were a mix of chair and lectureships (minute 06.09 refers). Copies of the adverts would be circulated to members of the Committee for information.
- **Capital Planning** – through Capital Planning Group, staff and student numbers projections to 2015/16 had been agreed, and CPG had also confirmed that an analysis of current space usage patterns had shown that no additional build was required for teaching accommodation in the medium-term (to 2008/09). Major issues that would be need to be addressed in the Strategy included the future of St Luke’s and longer-term residential accommodation plans. The new Estate Strategy would be issued to staff for consultation, ahead of consideration by the Committee.
- **Centre for Legal Practice** – the agreement to transfer the Centre for Legal Practice to the University of Plymouth had now been signed, subject to satisfactory Law Society accreditation. There were costs of £120k relating to this transfer, and these had previously been planned for. Additionally, there was some risk that the University, to a maximum level of £50k, would be required to share costs with Plymouth in the event of any redundancies in the first two years following transfer.
- **HEFCE T Funding** – that the Vice-Chancellor continued to hold meetings with senior HEFCE officers concerning this important review of funding methodology. It was expected that the outcomes of the HEFCE review would be known in March.
- **CSM Trust** – negotiations with the CSM Trust for the release of the £1m connected with the transfer of CSM from Camborne to Tremough had been concluded satisfactorily. This sum would be transferred to the University, subject to some further negotiations (minute 06.08 also refers).
- **Staff Opinion Survey** – approximately 47% of staff had completed the survey, with generally positive results. Some of the highlights identified were that: 82% of respondents said they felt the University was a good place to work, with 70% of respondents understanding the values and mission of the University and 63% able to identify with the University’s core values. The main areas for concern included: respondents felt that their workload had increased over the last 12 months (79%) and that they have had to put in a lot of extra time to meet their workload demands (67%), 54% of respondents did not feel that staff development has helped them to do their job more effectively, 51% of respondents did not feel fairly paid for the work they did, and 48% of respondents did not feel their skills or abilities were valued by the University. Comparative data for other HEIs should be received shortly and, if possible, some comparisons with sectors other than HE would be of interest and potential value. The data would be discussed at the next meeting of Senior Management Group, and plans by way of process would follow that meeting.

- **AUT Action** – there was the possibility of action by AUT members, either on a strike or on “action falling short of a strike” basis, to be determined by a national ballot of members and the result of which would be announced on 15 February. The AUT’s ballot concerned the use or otherwise by universities of additional fee income from variable fees, with the AUT wishing to see at least a third of that directed to pay awards. In the interests of the University’s student community, contingency plans were being drawn up to minimise the impact on students in the event of the AUT calling for action from its membership. There could be implications also for the implementation of the Framework Agreement. It was noted that the University had indicated to the General Secretary of the AUT that it would be devoting at least a third of variable fee income to pay and conditions.

06.04 **Student Numbers and Applications**

The Committee **CONSIDERED** a report from the Deputy Vice-Chancellor Education on student numbers and applications (SPRC/06/1).

The paper presented the number of students registered as at 1 December 2005, with the overall position similar to that presented to SPaRC’s October/November meetings. At institutional level, the conditions of the HEFCE teaching grant for 2005/6 had been met in full with the teaching funding position being at 1.3% and therefore within the +/- 5% tolerance bands. Some holdback of funds was anticipated from the TDA initial teacher training contract, but estimated at £87k this would be an improvement of nearly £70k compared to 2004/05.

The report also provided an update on applications for 2006/7. Home/EU undergraduate applications were down by approaching 10% on the same period last year, a position generally in line with both the national trend and competitor performance. With additional places allocated to Exeter by HEFCE from 2006, and with a lower cohort of deferred applicants, it was likely that for some subject areas there might be a dip in the quality of the intake by way of entry qualifications. The current cycle, in this first year of variable fees, was seeing significant volatility, and patterns were as yet not becoming clear either nationally or for Exeter. UCAS would be issuing national level data shortly, and that would form the basis for further analysis; one possible conclusion to be drawn was a shift of interest, in the context of the higher fees, towards more vocationally-oriented degrees and that would be the subject of attention in the review.

Whilst early to draw any firm conclusions as to the likely end of year position in the Home/EU postgraduate markets, both taught and research applications were marginally down compared to the same point last year. It was expected that the Great Western Research project would bring significant benefits to PGR recruitment, with some 130 studentships available across the GWR partners. The ESRC recognition exercise successes also gave some support to this analysis, although the national competition for places would be intense. The international market was expected to be generally difficult in 2006/7 with undergraduate and postgraduate taught applications currently depressed compared to last year, in line with the sector, but with postgraduate research applications having increased. Conversion rates would be particularly important to maximise in this more difficult recruitment climate.

The analysis of these data led to obvious implications for planning, most obviously for the International Strategy but more broadly for programme development, marketing, student recruitment and service delivery to students (for ‘word of mouth’ marketing effect), and these were noted as key support themes for Professional Services planning elsewhere on the agenda. The Committee would be kept informed on intelligence coming through from updates to applications data and on analyses of the national and international position.

06.05 **Merit Scholarships**

The Committee **CONSIDERED** a report from the Deputy Vice-Chancellor Resources on Merit Scholarships (SPRC/06/2 available on request from Mr P Kennedy). At its 22 November meeting, SPaRC had approved the proposal that the University should develop a merit-based

Undergraduate Scholarship scheme and asked for a costed proposal to be brought to the Committee during the Spring Term.

The development of these schemes has been informed by a review of merit scholarship provision for 2006 entry at the University's top 20 undergraduate competitors, and the Committee recognised the need for Exeter to offer a scholarships package in order to give a real incentive for high quality students to choose Exeter in preference to competitor institutions and thus deliver genuine differential advantage in the new variable fees environment. Three schemes were proposed in the paper, aligned with the aims and objectives of the Corporate Plan and the Education Strategy in relation to student recruitment, with a particular focus on increasing the number of applications from academically high-achieving students, improving the quality of intake, attracting candidates who were able to demonstrate excellence in a holistic as well as academic sense and more generally help reposition Exeter as a University with high academic standards in the minds of key target audiences.

The schemes were:

- Jubilee Science Scholarships – in the first instance for Biosciences, Physics, Engineering, Computer Science, Maths and Geography (BSc) and based on the top 25 students across all eligible subject areas. The existing Millhayes scholarship scheme would complement these scholarships through a top-up arrangement.
- Vice-Chancellor's Excellence Scholarships – for all subject areas, and based on exceptional academic and personal achievement which might include volunteering/community action, exceptional talent/achievement outside the student's field of study, leadership etc.
- Travel bursaries for 4-year Modern Languages degrees incorporating a non-Erasmus year abroad) – applicable to 4 year Modern Languages degrees, with students eligible to apply if taking a non-Erasmus study/placement year abroad. These should be of considerable benefit to this challenging recruitment area, and boost recruitment to the 'gold standard' four-year languages degree within an increasingly price-sensitive market.

The Jubilee and Excellence schemes would be launched in March 2006 at the start of the marketing and recruitment programme for 2007 entry, with the travel bursaries scheme launched for the 2006 entry cohort. The Committee **APPROVED** the three scholarship schemes, to be funded from the Strategic Development Fund, and with the aggregated maximum costs (of all three schemes together) as follows:

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| 2007/8: | £100,000 |
| 2008/9: | £252,500 |
| 2009/10: | £352,500 |
| 2010/11: | £362,500 |

The Committee noted that in the longer-term the scheme should generate an increasingly strong alumni base, and contacts with these particular alumni should be carefully planned for. It was also noted that the paper did not make specific proposals for postgraduate students, but that this area would be considered by the Programme and Pricing Group.

06.06 **International Strategy**

The Committee **CONSIDERED** a draft report from the Deputy Vice-Chancellor External Affairs on the International Strategy (SPRC/06/3 attached for Senate and Council).

The Committee noted that the International Strategy had been subject to considerable discussion during the Autumn Term, including consultation with the Senior Management Group and a presentation to Council. The Committee welcomed the Strategy and **RECOMMENDED** its approval to Council. There were significant resourcing requirements to deliver on some of the challenging targets in the Strategy and proposals for these would come to the Committee for consideration later this session. It was noted that clear progress monitoring and reporting arrangements against agreed targets would be a necessary condition to approving resource plans.

06.07 **Professional Services Planning**

The Committee **CONSIDERED** a report from the Registrar and Secretary on Professional Services Planning (SPRC/06/4 attached for Senate and Council).

In this new cycle, in which plans across the University should come together in support of the strategy to take the University to top 20 status by 2010, Professional Services development plans were being informed by extensive consultation with the key stakeholders in Schools. The priorities for investment coming through that process included: support for income generation (in particular towards student recruitment and marketing), improving employability, enhancing IT systems, improved management information and more efficient procurement.

Specific matters noted in discussion included:

- That there was a judgement to be made between investing academically, to provide for good student:staff ratios and to boost research and other income and to realise academic ambitions more generally, and investing in the services infrastructure that would help Schools deliver on their plans. SPaRC would be asked to exercise that judgement in setting planning parameters.
- Any investments in Professional Services should be made on the basis of a clear business plan, with targets for improvements transparently set and with robust monitoring procedures giving feedback on the value from investments made. The recent introduction of Service Level Statements should help here.
- There was an issue about competition, and that there could, depending on the service area, be value in exposing certain services to some market conditions. There was always the issue of VAT and profits (the costs of which would be incurred when paying for external providers), but competition in some cases could be appropriate to introduce.
- There were important messages coming through this new process, most notably that Services were increasingly focused on supporting Schools in meeting their plans, and doing so in a positive spirit of partnership.

The Committee welcomed this transparent and joined-up approach to planning, endorsed the broad directions being taken by Professional Services and also broadly endorsed the investment priorities contained with the Registrar's paper. It was also noted that the Committee would be setting business planning parameters to guide Schools/ Services' planning at its March meeting, and these would include setting the overall proportion of resources that are provided to Professional Services.

06.08 **Financial Forecast 2005/2006**

The Committee **RECEIVED** a report from the Director of Finance on the financial forecast 2005/2006 (SPRC/06/5).

The forecast outturn reported to the Committee at its November meeting was for a £1.6m surplus, compared with the revised £2m surplus target figure established by VCEG. The Director of Finance reported on the figures contained within the report, and also on the latest information that was available to him (and the timing of which had precluded their inclusion). The data in the report suggested that the overall surplus would be reduced to £0.4m, on account of various minor movements in Schools and Services, but primarily to properly account for depreciation and allow for postgraduate student non-completions (which were not treated accurately in the original budget). The Committee was reassured that the new financial monitoring and financial planning procedures being implemented would give greater assurance looking forwards that further significant variances would be far less likely to occur, but in the current year there was still some risk of further issues being uncovered.

A number of positive factors as yet unaccounted for in the figures in the written report were identified, including the credit from the CSM Trustees, and through the review of areas as yet not covered by the in-year monitoring process. Taking these into account, the Director of

Finance's assessment was that the overall position for the year should be close to the £2m surplus target figure. That level of performance, if achieved, would permit the release of CBR payments to staff. However, further work to evaluate this position was required. It was agreed that the current academic staff recruitment exercise should continue until the end of February 2006 when the outcome of the detailed staffing review was known. This was in advance of the appointment of posts and hence the commitment to the liability. A further review should be undertaken at that time as to the sustainability of appointing to these positions.

Cash balances were some £9m higher than at the same point last year, due to a higher opening cash position at 1 August 2005, the cash position was continuing to improve, and all financial covenants were being complied with. Although the position overall was improving, the position on not being able to release reserves still applied, and would do so until further notice.

The Committee noted that a further forecast would be generated for its March meeting and which would include coverage of areas as yet not fully evaluated, and that Council would focus its attention (at its April meeting) on that latest position.

06.09 **New Academic Staff Posts**

The Committee **RECEIVED** a report from the Deputy Vice-Chancellor Resources on the recruitment to a total of 83 academic posts (SPRC/06/6 attached for Senate and Council).

The Vice Chancellor's Executive Group had previously agreed to release two separate tranches of posts over the December / January period – 63 'December' posts released from Schools' business plans and responding to the need to advertise now for new posts commencing in 2006/07, and 20 Jubilee Lectureships, funded initially from the DVC (Resources) Discretionary Fund, proceeds from the sale of Crossmead and from the Vice Chancellor's retention fund, but thereafter and permanently through Schools. Appointees would in all cases be research active academic staff returnable in the RAE at least 2* or above.

The Committee welcomed these strategic investments, and noted the process followed to ensure they were sustainable. The underlying business plans ignored future additional research income, as this was not regarded as sufficiently robust and secure, and this treatment therefore provided for some contingency against the risk of non-sustainability. The potential research income not included in the plans was in the region of £600k. Heads of School had also been advised that they must achieve a budget outcome in line with approved planning parameters taking into account all School activities, considering the wider future financial sustainability of the School, as the posts represent a cost as well as an opportunity.

Overall, the eighty-three posts released for immediate advertisement had a maximum total cost of £3.5m per annum. The Committee **DECIDED** that the costs estimated for each post should not be exceeded, and directed DVCs to manage the recruitment process in light of that decision. All posts were now being advertised in a phased way so as to maximise the impact, giving a further strong signal of intent from Exeter. Copies of the adverts would be circulated to members for information.

06.10 **Finance Strategy**

The Committee **CONSIDERED** a paper from the Director of Finance on the Finance Strategy (SPRC/06/7). The Committee had previously approved a finance strategy as part of the Corporate Plan in 2004/05, but the new Director of Finance proposed a new framework.

Primarily, the paper presented was intended to generate discussion on how the final finance strategy should address the University's overriding strategic goal – to be recognised as a top 20 UK University by 2010. At the outset, certain realities had to be recognised before the strategic elements could be set out and agreed, in particular that:

- There were already 20 universities in the current top 20 together with another group of institutions, such as Exeter, aspiring to be top 20.
- Given the strengths of the current top 10/15 there might be only 5 places that were being realistically competed for with some 15 or so universities in that competition.
- The financial strengths of a number of our competitors were far in excess of Exeter's.
- Our competitors were also seeking to use their resources to gain or maintain top 20 status.

These realities were accepted, but in the context of a finance strategy it was evident that financial resources themselves were neither a guarantor or a determinant of top-20 success. For Exeter, where the current financial strength was significantly below that of many (but not all) of its peers, it would be vital to agree and implement a financial strategy that would provide for competitive advantage.

Three factors were identified that would be likely determinants to Exeter's future success:

- Toleration of a higher level of gross risk than our competitors. This would allow more of our resources to be focussed on the delivery of the strategic goal rather than being wrapped up in risk reserves, and would mean improving our internal controls so as to keep our net risk at a satisfactory level.
- Ensuring that our expenditure is focussed and directed at the achievement of the strategic objective. We should avoid expenditure on activities that do not further the strategic end, and defer expenditure that is not focussed on the strategic goal.
- We must do those things to achieve our goals that other universities avoid. We must be determined as a University to achieve the goal and accept that this may mean some difficult choices.

The Committee welcomed the clarity of approach, and such a framework would help it as well as groups and individuals in making decisions on resources. One particular area of development that was needed was a more detailed quantification of what resources were required in order to gain top-20 status. It was recognised that it was not possible to quantify in all strategic areas what the financial gap actually was, as in some cases the main determining factor was not (directly at least) financial, but there were areas - such as spend on information services per student - where that analysis could be undertaken, and that information would be an important input to future tactical and strategic decision-making for the Committee. Decision-making should be accompanied by clear sense of targets, and progression towards meeting those should be measured rigorously.

The paper identified three strategic objectives for the finance strategy, which were:

- Ensuring the future financial sustainability of the University.
- Maximising the financial resources available for the delivery of the strategic goal to increase the probability of the University being successful.
- Devolving financial decision making to Schools and other budget centres of the University to facilitate entrepreneurial decision-making and financial flexibility.

Each of these was articulated in further detail, and achievement of these would be necessary to ensure that the key financial parameters were met. Within that background, and once overall decisions on allocations to Services were made, the key decisions for the Committee would be in judging how much strategic investment resource should be left in Schools and how much in the Strategic Development Fund, and then in deciding how to invest those development funds.

The Committee welcomed this new draft Strategy, and requested the Director of Finance to continue its development in a consultative fashion ahead of bringing it back to the Committee for final consideration this session.

06.11 Higher Education Funding 2006-07

The Committee **RECEIVED** a copy of the letter from the Secretary of State on Higher Education Funding 2006-07, confirming the overall settlement from the DfES to HEFCE for the 2006/07 financial year (SPRC/06/08).

The University will receive its grant settlement from HEFCE by 1 March, and this will be analysed and presented to the Committee for its next meeting, but it was evident that pressures were continuing to emerge on the mainstream unit of funding. The Secretary of State identified in her letter two specific priorities that could lead to a re-direction of resource out of the mainstream unit of resource and into special funding streams:

- Strategy to grow provision in an employer-led way – seeking to better align HE priorities with the needs of the labour market and the economy more broadly, and it being stated in the letter that DfES funding for this initiative is expected to come from within the parameters of the overall settlement.
- Additional emphasis on Widening Participation, and a steer from the Secretary of State that further HEFCE support, again within the resources identified in her settlement, should be directed to this area.

Ruth Kelly also identified the reduction of bureaucracy and equality of opportunity as two themes she expects HEFCE to advance alongside the two priorities noted above.

06.12 Planning, Resources and Allocation Review Group

The Committee **CONSIDERED** a report from the Planning, Resources and Allocation Review Group on the interim Review of the Income Distribution Model (IDM) (SPRC/06/9). It was noted that adjustments to the IDM between its 2004/05 and 2005/06 iterations had previously been made through decisions reached by PRARG; this interim review, as commissioned by SPaRC, extended that process to inform the development of the model.

Through a consultative process PRARG had identified a set of issues to be dealt with in its interim review, although some of these were best dealt by other groups or individuals and so these were referred onwards for action. Due to the technical nature of many of the issues addressed, the decisions made by PRARG were now being implemented into the IDM to ensure that the business planning templates would be distributed to Schools in a timely manner (by 20 March), and the report recorded those decisions.

The Committee was informed by the DVC Resources that the application of a single Professional Services Charge (PSC) rate for all students, as PRARG had decided, was a matter of some contention with some Schools, and that there was concern that this created an unduly high charge for categories such as working abroad or distance learning, where the argument was that the costs incurred were substantially less than standard student types. The Committee **DECIDED** to request the DVC Resources to review this decision, which would require swift action as it would be an important component in providing Schools with business planning templates, and inform the Committee of the outcome. The Committee noted that whilst this review should be undertaken, the principle of simplicity should not be lost sight of, and also that in changing the PSC rate for certain student categories the overall cost would remain unaltered, it would reallocate costs between Schools.

The Committee noted the change to the treatment of PSC arrangements, so that fixed rates were established for student and staff drivers, giving a sound planning platform for Schools and creating stability for Professional Services. Where there was under-recovery of costs through student recruitment being below targets, contingency through the SDF would provide for the gap that would otherwise emerge in the PS budgets. The Committee also welcomed the proposals for the creation of an Infrastructure Fund, so that in time the University would build up funds available for capital spend that did not depend upon outside sources like SRIF or borrowing, and this was an intention strongly endorsed by Capital Planning Group. In terms of how the fund should be generated, PRARG decided that this was best done through an addition to the space charge, which had the added advantage of encouraging Schools to use space efficiently and taking a feC (full economic cost) approach to space. With the

principle agreed, the Committee requested that specific implementation proposals, such as the initial additional charge, should be provided for its consideration at its March meeting.

06.13 Learning and Teaching Committee

The Committee **RECEIVED** a report from the Learning and Teaching Committee meeting held on 6 December 2005 (SPRC/06/10). Progress in revising the Education Strategy was noted, and the Committee and Council would have the opportunity to consider the key strategic issues in reviewing the Corporate Plan during this cycle.

06.14 External Relations Committee

The Committee **RECEIVED** a report from the External Relations Committee meeting held on 18 January 2006 (SPRC/06/11). The revised terms of reference for the Committee were noted. It was also noted that the funding through HEIF 3 would continue to be allocated centrally, but that by HEIF 4 (in 2008/09) the funding should be allocated under a new algorithm to Schools with recovery for central support via the Professional Services Charge.

06.15 Information Services Committee

The Committee **CONSIDERED** a report from the Information Services Committee meeting held on 31 January 2006 (SPRC/06/12 attached for Senate and Council).

The major item for the Committee was the proposal from Information Services Committee that a new set of organisational arrangements be implemented in order to realise the potential of the Information Services. Alasdair Paterson had been commissioned on his return to work to a non-operational brief to undertake an independent review into the present effectiveness, future roles and optimum operational structures of the University's Information Services, notably Library Services and the IT Services. In his report, Mr Paterson summarised key themes, stakeholder feedback, and proposed recommendations from the investigation, which had included considerable consultation based on the views of stakeholders and service providers, in addition to other forms of research. The overall conclusions, supported by ISC and endorsed by VCEG, were that:

- Whilst there was encouragement from some of the stakeholder feedback in the report, there were clearly areas that needed to change.
- This exercise was focused on service enhancement and was not about cost cutting.
- There was a need for investment and additional resources in Information Services, if in this metric area the University was to move towards and ultimately gain top 20 status. Further costings information would be required to understand to what extent investment was required for physical or staffing resources.
- There needed to be a balance between centralised and devolved services to maintain responsiveness to the operational requirements of academic Schools, through localised support and provision.
- Convergence of IT Services and Library Services would bring significant strategic and operational benefits to the University.
- Lessons learnt from previous restructuring in IT Services should be considered during the convergence.

Staff in both Services, but in particular in IT Services, had some disagreements with individual aspects of the report, but were in support of the overall change agenda which it was recognised would better enable them to build upon current service provision.

Mr Paterson would lead the change process until a new Director of Information Services had been appointed and Dr Brooks, the Director of IT Services, had decided to take early

retirement. The Committee noted that there was a major change agenda ahead, and making the appointment to the new Director role would be vital, with learning from similar change programmes both in the UK and further afield important to make use of.

The Committee **APPROVED** the recommendations in the report.

The report from ISC also provided an outline case for the implementation of an institutional repository. The repository, which would be a permanent electronic store of information resources produced by the institution and commonly including some or all of research outputs and inputs, theses, museum collections and images, and electronic teaching materials, was a must-have for any research-intensive institution, and a prerequisite therefore for top-20 status. The Committee **DECIDED** that this should be a high priority for early implementation, and would look to Professional Services to include this development in their plans.

06.16 **Policy on Reserves**

The Committee had previously considered proposals from the DVC Resources for a new policy on reserves (minute 05.76 refers) and a set of revised proposals was **CONSIDERED** (SPRC/06/13).

The overriding objective of the policy was to provide Council and budget units with sufficient reserves with which to address contingencies, emergencies and one-time expenses and, at the same time, to maintain adequate working capital to meet obligations and maintain financial covenants. For General Reserves, the previous policy had been to maintain these at '10% of modified turnover', but on the advice of the Director of Finance the Committee **DECIDED** that a clearer and more suitable target was for General Reserves to grow to £8m. That target should be reviewed from time to time, but should remain fixed at that level for the short-medium term.

The revised proposals were welcomed, and the Committee was broadly content with these. There was support for at least some partial release in 2006/07 of Personal Development Accounts (PDAs) for academic staff, and specific proposals for these would come to the Committee. The proposal to no longer deploy internal loan schemes, with the exception of for capital expenditure, was also welcomed as a useful step in eliminating confusion and complexity. The Committee noted that there was process now being followed within the Professional Services to clear uncommitted reserves, and these would then be used to fund University-wide capital initiatives and to move General Reserves towards their target position.

It was evident that further steps were necessary to build up the General Reserves, and the paper proposed that these come through from Schools via 1% of their turnover in the medium-term. An alternative approach was suggested, namely by drawing equivalent sums from the SDF, and the Committee **DECIDED** that some final work on these matters should be undertaken, and the conclusions brought back to the Committee's March meeting. There was a concern that there were areas where income tended to be higher-risk and where fluctuations from one year to the next often occurred, and the policy adopted should also concern itself with those circumstances. It was noted also that some further clarity by way of defining the term 'reserves' could be gained, and this would also be considered.

06.17 **The Peninsula Dental School (PDS) - Briefing Note**

The Committee **RECEIVED** a briefing note on the Peninsula Dental School (PDS) (SPRC/06/14 attached for Senate and Council) (A copy of the full bid is available from the Registrar and Secretary on request). Members of the Committee had been kept informed on the proposal to create the Peninsula Dental School, but the timing of the process had meant that the bid had to be signed off by the Joint Board of Management of the Peninsula Medical School (PMS) rather than the Governing Bodies of the two Universities.

The PDS was the only new Dental School created by HEFCE and the NHS, and this outcome was a great success for the University, the PMS and our partners, and a major win against formidable competition. The core requirements established in the bid were met in full, including those for working capital, the only exception being an allocation of an intake of 62 as

opposed to the 64 in the bid. In accordance with Exeter's requirements, the Dental School would be Plymouth-based and with the University of Plymouth employing the core staff. Clinical outreach centres would be based in Exeter and Truro. The Committee noted the early requirement to sign-off agreements with HEFCE and the NHS, and **RECOMMENDED TO COUNCIL** that these agreements now be entered into.

The first intake of dental students would be in Autumn 2007. The Committee also welcomed the news that HEFCE had confirmed an expansion in the PMS intake of 33 additional medical student places (representing approximately a 1/3 of the national increase in medical training places), taking the PMS intake to 214 including some 10 international students.