

STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 8 February 2008 in Committee Room A, Northcote House.

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

Mr D J Allen
Mr C J Allwood
Ms J J Dow
Dame Suzi Leather

Sir Robin Nicholson
Professor N J Talbot
Professor R Van de Noort

Director of Planning Services, Mr P J Kennedy (Secretary)

IN ATTENDANCE: Acting Permanent Secretary to the Students' Guild, Ms T Costello
Executive Officer to the Vice-Chancellor, Ms V Gregory
Dean of the Faculty of Postgraduate Studies, Professor H M Lappin-Scott
Director of Finance and Corporate Services, Mr J C Lindley
Dean of the Faculty of Undergraduate Studies, Professor M Macnair
Director of Academic Services, Ms M I Shoebridge

APOLOGIES: Professor J A Littlechild, Professor R Rylance, Ms Gillian Weale

08.01 **Minutes**

The minutes of the meeting held on 27 November 2007 were **CONFIRMED** (SPRC/07/101), subject to the following:

07.83 (b) Vice Chancellor's Report

That the School of Humanities and Social Sciences should be included in the list of Schools that were furthering academic links in the UAE.

07.87 Financial Forecast 2007/08

The following amendment to paragraph two, including being renumbered as a new paragraph five, was noted:

The forecast historic cost surplus of the University was now £4.5m, compared to the budget approved by SPaRC on 25 June 2007 of £4.8m. The operating surplus had deteriorated by £1.0m to a forecast £0.6m surplus. The Committee **APPROVED** a revised target operating surplus of £0.55m, to take account of the infrastructure implementation costs. The target had previously been a £0.75 surplus.

08.02 Matters Arising

07.83 **Matters Arising – M07.66(a) Vice-Chancellor's Report and Institutional Performance**

To receive an update as follows: Further to completion of due diligence, the strategic partnership agreement with Exomedica Ltd was signed in December. The agreement enables early evaluation of all Life-Sciences intellectual property from a commercial standpoint and provides a quick route to venture capital funding for exploitable ideas. This partnership has already proven to be popular with academics with disclosures being received from Physics, Biociences, Psychology, Engineering and PCMD. The current position was that we were expecting to have the first two funding proposals from Exomedica for spin-outs following their next board meeting in early March.

08.03 Vice-Chancellor's Report

The Committee **RECEIVED** a report from the Vice-Chancellor (SPRC/08/01). In addition to his written report the Vice-Chancellor also reported on:

- **Universities Superannuation Scheme and Pay Settlements** – that a build-up of pressures on the USS scheme was now increasing (minute 08.07 refers), and that the next pay settlement discussions would have to take place in that context. The risk of growing contributions requirements for employees and employers was evident.
- **Relations with University of Plymouth** – that he and the Registrar and Secretary had held a productive initial meeting with Professor Wendy Purcell, the new Vice-Chancellor at Plymouth, and that they (and Professor Kay) intended to meet every three months with Professor Purcell and senior colleagues to maintain this dialogue and support areas of interest and partnership.

The Registrar and Secretary **REPORTED** that CUC Governance arrangements had been recently discussed amongst the partners. The Committee endorsed the position taken by Exeter and its HE partners, namely that the Combined Universities in Cornwall should continue to be led by a representative from one of those University partners, with HE also holding a majority in the Steering Group. The Registrar also **REPORTED** on the availability of an additional parcel of land adjacent to the Tremough campus. This was an area of land, including some buildings, that was in an 'island' position within land already to be purchased by the University and University College Falmouth jointly. The Committee **APPROVED** this strategic approach to land around the Cornwall campus, noting that it would come through the Dual Assurance process to the Committee for specific approval at a later stage. It was noted also that this purchase would need to be consistent with the agreed Finance Strategy, and that it would be important to obtain maximum assurance from the planners on planning permission.

The Director of Finance **REPORTED** on the current rates on offer through the markets for the loans previously approved in principle by the Committee (minute 07.90 refers) and Council. These rates were very favourable and were as advantageous as any previously offered, but given current market volatilities they might not be available for much longer. The Committee **DECIDED** that Council be asked to make an early approval of the detailed loan arrangements if necessary, either at its awayday meeting on 22 February or on another suitable date if necessary before its next scheduled meeting (2 April).

8.04 Student Numbers and Applications

The Committee **CONSIDERED** a report on student numbers and applications (SPRC/08/02 attached for Senate and Council).

It was apparent that the 2007/08 numbers at the annual census date were broadly as forecast to SPaRC through the autumn. The conditions of the HEFCE teaching grant for 2007/08 had been met by the University in full but some holdback (estimated at £79K) is anticipated from

the TDA initial teacher training contract. This level of holdback was planned for in the School of Education and Lifelong Learning's business plan. The overall financial position after the 1st December census was given in SPRC/08/03.

Undergraduate recruitment had been to target, although there had been under-recruitment to some parts of the Cornwall Campus quota in the first year of Phase 2. This would need to be addressed in future cycles, and a marginal increase in recruitment to ensure that the longer-term plans were met was necessary. PCMD recruitment remained on track with the Medical and Dental target numbers attained. As previously reported, recruitment to PGT had been up on 2006, but still below the plan, and PGR was similarly below plan for 2007 intake. International recruitment had been strong and generally on plan.

Looking forwards, the University had seen a small decrease in Home/EU undergraduate applications, against a larger decrease in the national average, due to a reduction in university choices for undergraduate applicants from 6 to 5. Undergraduate International and Channel Island applications had improved significantly along with International PGT applications. It was too early to draw any conclusions as to the likely 2008/9 recruitment position in the Home/EU postgraduate markets, but both taught and research applications were up compared to the same point last year. Particularly encouraging was the growth in international postgraduate applications, representing a significant increase from last year.

It was noted that the planned numbers for 2008/9 showed significant planned increases above the actual numbers achieved in 2007/8, particularly in the areas of Home/EU PGT and International UG & PGT students, and through the business planning process there would need to be a review in a limited number of areas as to whether some targets were too stretching, in which case those income and expenditure plans would need revisiting.

COMMERCIAL IN CONFIDENCE:

08.05 **Financial Forecast 2007/08**

COMMERCIAL IN CONFIDENCE:

08.06 **Review of Joint Venture Arrangements**

08.07 **Revisions to Planning Parameters and Recent Communications from DIUS & HEFCE**

The Committee **CONSIDERED** revisions to the planning parameters and recent communications from DIUS & HEFCE (SPRC/08/05 attached for Council).

The Committee had approved planning parameters for the period to 2011/12 at its October meeting. Subsequently, a limited number of changes had been required, which had been approved by VCEG. Schools and Services have been informed of these and they were now being incorporated into the business planning templates. It remained possible that some further changes might be required, depending on the outcomes that come through in our March grant settlement letter from HEFCE, although the sector-wide data now issued by HEFCE suggests that is unlikely.

The changes were as follows:

- Utilities – the combined unit cost/consumption was projected to grow beyond the levels previously assumed, on account of the growing wholesale prices now being applied by the markets. Taking efficiencies into account, the projection was for an annual 10% rise, compared to 2.5% in the previous parameters, and with effect 1 August 2008.
- USS – as previously noted, there was an expectation now that pensions costs would grow considerably, although the balance between employee and employer was not yet known. The new parameter assumed a contribution rate of 16% (up from 14%) from the employer with effect 1 August 2009.

- University Bonus Scheme – additional financial provision for the revised scheme was necessary, increasing the staff driver from 1.0% to 1.5% of staff costs, meaning that overall the annual reward scheme provision was now a total of 2.5% of staff costs.

The Committee also received a copy of the annual letter from the Secretary of State (now DIUS for this purpose) and in this John Denham set out the financial landscape for the sector for the period to 2010/11, following the comprehensive spending review. In turn, HEFCE had now written to the sector communicating the overall envelope of resources for its allocations for the 2008/09 financial year. Some important messages for our planning were contained in this correspondence. In particular there was an expectation of some further £500m of recurrent efficiency savings to be achieved by 2010/11, and the shared services and procurement areas were noted as the obvious big-win areas for the sector, as well as cost savings within HEFCE itself. Precisely how this would play through to funding was not as yet known. Although the provision for 2008/09 for HE looked benign, the cautious below inflation University parameters on teaching and research funding should be maintained. The capital funding for 2008/09 – 2010/11 had recently been received, and for the University this totalled just over £20m, compared with an assumed £14m in the Infrastructure Strategy. Whilst this was welcomed, the projections for the period to 2020 should be prudent ones, as there was some risk of the total capital allocation to HE coming under pressure.

COMMERCIAL IN CONFIDENCE

08.08 Update on the Science Park

COMMERCIAL IN CONFIDENCE

08.09 Research Assessment Exercise

08.10 Forum

The Committee **CONSIDERED** a progress report on the Forum (SPRC/08/08). The project was still at proposal stage and would come to the Committee and Council for formal consideration for authorisation later the Summer Term 2008. This project was attracting substantial interest from our alumni, and fund raising opportunities were being taken forwards. The Committee was content with progress to date, and welcomed the extent of opportunities for staff and colleagues to have input to the project, and which would be an important feed into the investment appraisal.

08.11 Ethics Committee

The Committee **RECEIVED** a report from the Ethics Committee meeting held on 22 November 2007 (SPRC/08/09 attached for Senate and Council).

08.12 Cornwall Campus Management Group

The Committee **RECEIVED** a report from the Cornwall Campus Management Group meeting held on 10 January 2008 (SPRC/08/10 attached for Senate and Council).

08.13 Education Committee

The Committee **RECEIVED** a report from the Education Committee meeting held on 15 January 2008 (SPRC/08/11 attached for Senate and Council).

08.14 **Safety Committee**

The Committee **RECEIVED** a report from the Safety Committee meeting held on 17 January 2008 (SPRC/08/12 attached for Senate and Council).

08.15 **Dual Assurance**

The Committee **RECEIVED** Dual Assurance reports as follows:

- (a) Finance/Investment (SPRC/08/13)
- (b) Planning & Resource Allocation/Programme & Pricing (SPRC/08/14)
- (c) Human Resources (SPRC/08/15)
- (d) Equality & Diversity (SPRC/08/16)
- (e) Infrastructure/Capital Programme (SPRC/08/17)
- (f) Environmental Sustainability (SPRC/08/18)
- (g) Cornwall (SPRC/08/19)
- (h) External Affairs & Corporate Social Responsibility (SPRC/08/20)
- (i) Fundraising & Alumni Relations (SPRC/08/21)
- (j) Marketing/Brand (SPRC/08/22)
- (k) Arts/Culture (SPRC/08/23)
- (l) Research (SPRC/08/24)
- (m) Sport & Wellness (SPRC/08/25)
- (n) Information Services (including C&IT infrastructure) (SPRC/08/26)

These reports include summaries of decisions taken under Dual Assurance as well as progress reports, and will be made available to staff via the intranet.