

## STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 13 February 2009 in Conference Room 1, Xfi Building.

- PRESENT: Vice-Chancellor, Professor S M Smith (Chair)  
Mr D J Allen  
Mr C J Allwood  
Deputy Vice-Chancellor, Professor N Armstrong  
Mr J Cox  
Dr E Isayev  
Deputy Vice-Chancellor, Professor R J P Kain  
Senior Deputy Vice-Chancellor, Professor J M Kay  
Professor D A Myhill  
Pro-Chancellor, Mr K R Seal  
Sir R Nicholson  
Deputy Vice-Chancellor, Professor M Overton  
Professor R Rylance  
Professor N J Talbot  
Ms S Wilcox
- Director of Planning Services, Mr P J Kennedy (Secretary)
- IN ATTENDANCE: Dean of Taught Programmes, Dr J Barry  
Guild of Students Director of Business and Enterprise, Ms T Costello  
Pro-Chancellor, Mr R Hughes  
Director of Finance and Corporate Services, Mr J C Lindley  
Deputy Director of Finance Services, Mrs A Shrubshall  
Dean of Graduate Research, Professor R Van de Noort
- APOLOGIES: Mr J Hutchinson, Mr P Lacey, Mrs M Shoebridge

09.01 **Minutes**

The minutes of the meeting held on 17 November 2008 were **CONFIRMED** (SPRC/08/126).

09.02 **Matters Arising**

There were no matters arising.

09.03 **Vice-Chancellor's Report**

The Committee **RECEIVED** a report from the Vice-Chancellor (SPRC/09/01). The Vice-Chancellor drew particular attention to the following points:

- **RAE 2008** – the grant settlement letter was due on 5 March, and it was thought likely that a significant increase in funding for research for Exeter would be shown. In our financial planning to date there was no assumption of a QR dividend, and any dividend must be used by both the University and Schools as a means for strategic investment towards succeeding in the Research Excellence Framework environment.
- **Cornwall Phase 3** – Council would be taking a view on whether it was content for the University to proceed with the Environment and Sustainability Institute at its April meeting.
- **INTO** – INTO was continuing to work with the banks to secure the credit necessary to proceed with the academic and residential buildings on campus. The University had taken steps to

ensure that its position was protected, should INTO not be able to secure full funding, but it was noted that there were positive signs that INTO would resolve this matter successfully.

- **Pay settlement round for 2009/10** – UCU's current position was that the 2009/10 settlement should be RPI + 5% or 8%, whichever was the greater. Other unions had not adopted a public stance, and would be working with UCEA through the agreed settlement process. It was noted that local relations between the University and the UCU (and other unions) were excellent, and it would be important to work with them in the event of a national pay dispute. It was clear that the UCU's position would not be likely to attract substantial support, given the recent 5% pay award, with RPI inflation now dipping towards zero, and with the national economic environment moving towards a position of very low pay awards at best in order to protect jobs and employees' families. A high settlement would in any case be counter-productive for the sector, as government would be likely to treat that as a basis for an equivalent cut in funding. The Vice-Chancellor reported that a letter had been prepared to send to UCU members should the UCU ballot members on this matter, advising them for the reasons above that they should vote no to such a proposal, and that full pay would be deducted during any full or partial failure to perform duties, at the rate of 1/260<sup>th</sup> for each day. Council had endorsed this position at its February meeting, and the Committee registered its support for this position also.

### 09.03 Student Experience Performance Review

The Committee **RECEIVED** a report from the DVC Education and the Director of Planning (SPRC/09/02). The report provided a review of the University's performance across the main themes that support the Student Experience, centred on analyses of each of the 5 'top 10 metrics', complemented by 4 reviews of other performance indicators/measures. In all cases the reports were at University level, with comparisons to our peer group where possible. It also looked at areas of risk and opportunity, and on implications for developing the Education Strategy.

Across the 5 KPIs (UG entry qualifications, UG progression/achievement, NSS, graduate employment, % PGT), there were absolute improvements in 4, with a stable position in progression/achievement. The ranking position relative to our peers was in some cases as yet unchanged, but the distribution charts provided a clearer view - and with generally pleasing upward trajectories. Taken overall, a strong and steadily improving performance across the student experience was being delivered, and gave a strong platform for the future. The data supported the view that Exeter was currently offering a student experience at or around Top 10 levels in the UK.

It was particularly pleasing to see the undergraduate entry qualifications begin to improve, and the effects of our stronger brand and reputation can now be used to continue this drive upwards. With the notable exception of the NSS, a strong correlation was observed between entry qualifications and other aspects of the student experience (and indeed overall university performance), and improvement in this metric was a necessary condition for entering and consolidating overall Top 10 performance now that the University had achieved a much improved RAE. The Forum and other infrastructure projects would make major contributions to this upward drive.

Points of particular importance noted in discussion were:

- UG entry qualifications – the minimum offer was now 3 B's, and with a growth in the volume of high quality applicants there should be much less if any softening required at confirmation. Quota re-allocations would continue to take entry quality as a key driver, although taking into account also the national levels of performance in subjects. Schools must aim to be in the top group for entry qualifications for all their subjects.
- Widening participation – the narrowing of the offer range should mean that the entry profiles for students from different backgrounds were closely matched. These data would be reviewed by Planning for report to VCEG, and would be extended to look at

whether there was any evidence of differential levels of progression, attainment and graduate employment.

- Graduate employment – the data showed ongoing absolute improvement, but as yet little relative improvement to our peers. The new recessionary era would make relative improvements here even more important to achieve. The President of the Guild was asked to help ensure that students did attend their booked careers guidance sessions, as the current patterns of non-attendance reduced opportunities for their peers.
- PGT – with some PGT programmes known not to be recovering full costs, the emphasis should be as much on price/income as on volume. Further analysis of the data by fee levels was requested, as well as data on progression rates from PGT to PGR at Exeter, for report to VCEG.
- Sport – the DVC External Affairs covered this element, noting from the outset that Sport and Wellness was an integral component of our student (and staff) experience. It was evident that strong facilities and performance levels were a major draw to students, and that there was a need recognised by VCEG to continue investment into Sport. With the growth in student volumes the current facilities were now being fully used, and careful revenue and capital planning would be important to ensure the facilities were well maintained and indeed expanded if possible. The positive impact in schools and the local community of some 300 sport volunteers was noted also.

The DVC Education reported on the development of the Education Strategy. A number of task and finish groups were completing work streams on matters such as contact hours, sustainability in the curriculum and employability. These were inputting to the Education Strategy review, which would conclude in 2009, and which was taking into account other strategic reviews, for example internationalisation. A critical part of revising the Education Strategy was to work hand-in-hand with the Students' Guild, with an important differentiator for Exeter being the extent of partnership between the University and its students, exemplified by its relationship with the Guild. It will be important for the University and Guild to lead in the development of student engagement and to drive this agenda forward nationally.

Supporting the priority placed on Education and the Student Experience, an ambitious campus development programme was underway, notably the Business School expansion and the Forum. These projects supported the University's commitment to remain a 'destination university'. It would be crucially important to mitigate the impact on students who will be here during the building works to ensure that their experience is not diminished, and given the importance of the NSS and other student experience surveys. An Impact Management Group, reporting to the Infrastructure Strategy Group had been created to ensure that potential negative impacts were managed, monitored and mitigated.

The Vice-Chancellor and the Chair of Council thanked colleagues for the production of a very high quality report and associated data.

#### 09.04 Financial Forecast 2008/09

The Committee **RECEIVED** a report from the Director of Finance and Corporate Services (SPRC/09/03), showing the forecast historic cost deficit of the University for 2008/09 to now be £0.6m, compared to the forecast deficit approved by SPaRC on 17 November 2008 of £1.3m. The operating profit had improved by £4.5m to a surplus of £0.9m. SPaRC had set a target of £1m operating surplus.

Early indications on student recruitment were optimistic but a prudent approach was taken and no adjustment was made to the forecast. A review of final registration data indicated that overall there was a favourable variance on tuition fee income of £0.8m. For research, the current forecast was for an underperformance by £1.3m against budget, although some positive post-report variations were noted. The key areas of risk in Schools (teaching, research and staffing), together with other corporate areas had all been reviewed at least once and therefore the level of risk within the

forecast had reduced. The budget for 2008/09 included a central contingency of £1.8m (£0.6m teaching, £0.7m research and £0.5m general). The revised forecast retained the full provision. In the light of the review of teaching and research the Committee **DECIDED** that the £0.6m teaching contingency should be transferred to research, increasing the research provision to £1.3m.

The request to hold back on all but essential recruitment had resulted in savings being identified in some Schools and further savings were expected as posts remain unfilled. A total of £1.5m of the forecast for staff costs in Schools related to vacant posts. The Science Strategy had now been incorporated within individual School plans and as anticipated, there has been slippage on recruitment giving rise to £1.1m of in year savings. It was noted that this slippage also would lead to a reduction in future income, until steady state was reached. There was a current deficit position shown for Professional Services, which was largely on account of it being a placeholder for corporate commitments – including meeting the higher utility costs, the maintenance costs of the network upgrade, current policy on fee waivers and in-session costs for English language students. Services were being required by the Registrar to make in-year savings of 2.5% as being the unbudgeted ½ of the 5% pay award, and good progress towards this target was now being made.

HEFCE had asked institutions to review capital expenditure plans and to submit proposals to bring forward expenditure from 2009/10. If submissions to HEFCE were successful, HEFCE capital grant funding would be re-profiled. The University had submitted a proposal to bring forward £1.6m of capital spend relating to flexible teaching and learning spaces. The forecast did not reflect these proposals. Consideration was also being given to bringing forward items within the residential capital programme, and this also was not reflected in the forecast.

As in the previous forecast, the forecast operating position was below target and it was again assumed that it would not rise to a level sufficient to trigger the bonus payment. The University bonus of 1.5% (£1.3m) of pay had therefore been released to the forecast income and expenditure account. The Committee would review the position for any payment of a bonus in Autumn 2009, but at this stage the expectation was that bonus payments would not be made, as the University's continued investments towards Top 10 meant that achieving the level of surplus necessary was unlikely.

#### 09.05 Recent Communications from DIUS & HEFCE

The Committee **CONSIDERED** the recent communications from DIUS & HEFCE (SPRC/09/04). HEFCE had recently received its annual letter from the Secretary of State, in which John Denham set out the funding and wider environmental landscape for the sector for 2009/10. In turn, HEFCE had now written to universities communicating the overall envelope of resources for its allocations. Both documents contained important messages for our planning. Key points registered in the discussion were:

- Additional student numbers would not be available in the medium-term – the sector should not be expecting any growth in this area and indeed would face the risk if it did of a diminution of the unit of funding. The Vice-Chancellor was taking all possible steps to deal with the issue specific to Cornwall Phase 3, so that the assumed growth in the ESI business plan would be delivered through resources additional to Exeter.
- For 2009, John Denham had made clear that over-recruitment of UK/EU UG/PGCE students would not be tolerated, and HEIs would face holdback penalties equal at least to the student support costs – circa £10k per student for the life of their studies. This point had been made clear to Schools – offers could only be made by the Admissions Office – and Schools had been reminded that any breaches of this policy would lead to a reduction in their funding.
- Efficiency savings were mentioned only briefly in the letters, but it was evident that further savings would be expected of the sector and of individual HEIs.

Overall, the Committee agreed that the message of the importance of earned income over dependence on state funding was vital to continue to apply – only through self-help would we be able to grow our income base and control costs over the coming few years.

VCEG would be making proposals to SPaRC in March on the general parameters that Schools and Services should adopt in their planning for 2009/10 to 2012/13.

#### 09.06 Creating Value Group – **COMMERCIAL IN CONFIDENCE**

The Committee **RECEIVED** a report from the Creative Value Group meeting held on 22 December 2008 (SPRC/09/05), together with a verbal report from the Registrar & Secretary on the discussion of the report held at Council on 3 February 2009.

#### 09.07 Student Numbers and Applications

The Committee **CONSIDERED** a report (SPRC/09/06) which provided confirmation of the student numbers position for 2008/09, and also presented the current applications position for 2009 entry.

It was apparent that the 2008/09 numbers at the annual census date were broadly as forecast to SPaRC through the Autumn, with some improvements in PGR numbers. They showed strong growth from 2007/08, and the conditions of the HEFCE teaching grant for 2008/09 had been met in full, with a low level of holdback (estimated at £34K) expected from the TDA initial teacher training contract. The overall financial position after the 1 December census was given in SPRC/09/05.

Looking forwards, the University had seen an 18% increase in Home/EU undergraduate applications to date (January 2009) against a national average of just 7%. Whilst this was welcomed and showed how the University's reputation and brand continued to improve, in the light of recent government restriction on the expansion of home/EU undergraduate students, it was absolutely vital to tightly control 2009 recruitment. Offers were being calibrated carefully to manage this position, and at the same time drive up the quality of intake (minute 09.03 refers). The University did not expect to be in clearing at all this cycle.

Undergraduate International and Channel Island applications had also improved significantly, and there were notable rises in applications in both Home EU and International PGT applications, although it was still relatively early in the cycle to predict a likely outcome. Applications to Home and International PGR programmes had decreased, but at this early stage in the cycle numbers were too small and volatile to allow meaningful analysis.

In both actual numbers and applications there was a significant variation in performance across Schools, and for PGT and International numbers considerable risk was concentrated in very few Schools, notably the Business School. DVCs would be working with their Schools in order to manage this risk.

#### 09.08 Research Assessment Exercise

The Committee **RECEIVED** a report on the recent Research Assessment Exercise (SPRC/09/07). The University submitted 636 academic staff to RAE 2008 (458 in 2001, an increase of 39%). Submissions were made to 31 Units of Assessment (UoAs) (37 UoAs in 2001). 95% of our staff with teaching and research contracts were submitted (84% in 2001). Our strategy was to combine high quality submissions with a high proportion of staff submitted.

HEFCE released the results of RAE 2008 as 'quality profiles' for each university and for each subject. A quality profile comprises 5 figures – the percentage of research assessed as world-leading - 4\*, as internationally excellent - 3\*, as internationally recognized - 2\*, as recognized nationally - 1\*, and unclassified – U. Three 'sub-profiles' for each UoA (confidential to each university until March) arranged similarly contain separate assessments of the three quality dimensions of the RAE: research outputs, the research environment and staff esteem. Each RAE subject sub-panel has also written brief comments on the submissions of each university. These were confidential to institutions and would not be published.

Overall the outcome for the University was excellent. The headlines were:

- the strategic targets set by the University in respect of the quality profile and the proportion of staff submitted had been met or, in the case of world-leading 4\* research, substantially exceeded;
- when research intensity (the percentage of total eligible staff submitted for assessment) was taken into account we were c15th in the UK compared with 27th in RAE 2001 (Times, 18 December 2008). Comparable figures without applying a weighting for intensity were 26th as against 36<sup>th</sup> in 2001;
- Within the RAE top 30, Exeter was the 3rd biggest riser from 2001 based on improvements in research quality weighted by volume (*Research Fortnight*, 18 December 2008);
- we expected (on current best assumptions) to be a significant winner when the QR grant for 2009/10 was announced in early March.

In his commentary the Deputy Vice-Chancellor (Research) made the following points:

- (a) The project to put together the RAE submission had been an excellent example of an effective partnership between academic and professional colleagues in the University. Particular thanks were to be extended to Helen Loughlin who had managed the submission, and other colleagues in Corporate Services and Communication and Partnership who had all contributed.
- (b) At this stage, only the quality-related results were known, with the funding outcomes not released until 5 March 2009. However, market share across the sector of 3\* and 4\* activity would drive the funding model strongly. The funding formula would be different from that used in the 2001 RAE, and would fund according to the following weightings: 1\*=0, 2\*=1, 3\*=3, 4\*=7.
- (c) One perverse result of the 2008 RAE had been to identify islands of excellence in teaching-intensive institutions, which would be funded, resulting in a move of £42m of QR away from the research-intensives, and thus a reduction in research funding concentration. In particular some Russell Group institutions could make significant losses and so the final formula would be influenced by political considerations. Science, Technology, Engineering and Mathematics (STEM) subjects would be protected by retaining the same balance of funding between them and humanities and social sciences as in 2001. This was against a decline in the numbers of submitted academic staff in STEM subjects across the sector of 11%. Despite this, and pending announcement of the actual QR allocations in March, all possible models showed that Exeter would be funded at a level which would enable the institution to sustain world-leading, cutting-edge research in all disciplines, and was likely to be the biggest or second biggest winner as measured by growth in QR in the 1994 Group.
- (e) Exeter's performance in comparison with 2001 had vastly improved, which vindicated the decision to restructure in 2004/05. The tail of underperforming science was definitely a thing of the past. The Science Strategy would develop STEM subjects further although there was some way to go before they were at the same level as the University's best humanities subjects. In terms of funding, Exeter could finish as the 21<sup>st</sup> largest recipient of QR, compared with 43<sup>rd</sup> after the 2001 RAE.
- (f) **(COMMERCIAL IN CONFIDENCE)**
- (g) Preparations were underway to plan for the RAE's replacement, the Research Excellence Framework (REF). Growing capacity would be important as there was a correlation in

some subjects between size and quality, and attention would be focussed on increasing the number of postgraduate research students and PhD completion rates. The translational potential (high user impact) of research would become increasingly important as Government sought evidence for the economic benefits of funding social sciences and humanities research as well as the sciences.

- (h) Diagnostic reports would be prepared for every UoA, and while for those with a good result this would be reasonably straightforward, major challenges would be presented to the five worst performing, which would undergo a process led by external assessors to map quality profiles on to outputs and thence to individual academic staff. The Vice-Chancellor's Executive Group would meet to consider all the diagnostic reports once they had been prepared, and consider what the strategy should be for the REF.

In addition to the report from the DVC (Research), the Vice-Chancellor commented that world-leading research was now taking place in all disciplines at Exeter, with 89% of research being of international quality or higher. It was important for Council to understand that unclassified and 1\* research would not be funded, which equated to 10.4% of submitted staff. Although the REF was a very different framework for assessing research quality than the RAE, those subjects that had been unsuccessful in the RAE would also struggle in the REF. It would be critical for those who had had disappointing results to take responsibility and not go into denial about the outcome or blame the process. Continued growth to generate critical mass would be vital in competing in the REF, and internationally, and absolute growth and consolidation of our existing research must be a strategic priority. Growing our partnerships would be a central strand to achieving critical mass. It was noted also that flexibility in Schools was important, so that themes that had played themselves out were exited from, and new areas of research were pursued.

The Lay Lead for Research assured the Committee that the process had worked well and that both the submission and result had been a great achievement for Exeter – this had been a model of a shared enterprise between Schools and Services. The immense effort of Professor Kain as DVC (Research) should be recognised as well as the contributions from the Vice-Chancellor, the School Directors of Research and the other line-managing DVCs.

#### 09.09 Cornwall Campus Strategy Group

The Committee **RECEIVED** a report from the Cornwall Campus Strategy Group meeting held on 20 January 2009 (SPRC/09/08).