

## STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 25 June 2010 in the Council Chamber, Northcote House.

PRESENT: Registrar and Deputy Chief Executive, Mr D J Allen (Chair)  
Mr C J Allwood  
Senior Deputy Vice-Chancellor, Professor J M Kay  
Pro-Chancellor, Mr P Lacey  
Deputy Vice-Chancellor, Professor M Overton  
Sir R Nicholson  
Pro-Chancellor, Mr K R Seal  
Guild President, Mr R Stearn  
Deputy Vice-Chancellor, Professor N J Talbot  
Ms S Wilcox

IN ATTENDANCE: Dean of Taught Programmes, Dr J Barry  
Pro-Chancellor, Mr R Hughes  
Guild Chief Executive, Mr J Hutchinson  
Director of Planning Services, Mr P J Kennedy (Secretary)  
Director of Finance and Corporate Services, Mr J C Lindley  
Planning Officer, Ms Lucy Reichwald  
Director of Academic Services, Ms M Shoebridge  
Dean of Graduate Research, Professor R Van de Noort  
  
Ms Anna Verhamme, for item 10.55

APOLOGIES: Vice-Chancellor, Professor S M Smith  
Deputy Vice-Chancellor, Professor N Armstrong  
Professor T Dunne  
Professor J Love  
Professor D Myhill

10.44 Minutes

The minutes of the meeting held on 26 May 2010 were **CONFIRMED** (SPRC/10/40).

10.45 Matters Arising

Minute 10.30 – **Legally Privileged and Confidential.**

10.46 Vice-Chancellor's Report

The Committee **RECEIVED** a written report from the Vice-Chancellor (SPRC/10/41). The Registrar and Deputy Chief Executive drew particular attention to the Peerage for the Chancellor, who had been made Baroness Benjamin of Beckenham. He also reiterated the Vice-Chancellor's thanks to the retiring members of the Committee, Professor Myhill, Richard Stearn and Sally Wilcox, for all their contributions to its work.

The following items were **REPORTED** verbally:

- National Teaching Fellowships – that 3 Exeter staff had been awarded Fellowships, out of the national total of 50. Congratulations were offered to Professor Roger Eston, Dr Steve

Gaskin and Professor Alex Haslam. These awards reflected strongly on the overall quality of the educational student experience at Exeter delivered by our academic and professional staff.

- Met Office Partnerships – at a recent dinner a strong although currently embryonic partnership of Exeter, Leeds and Reading universities was agreed to take forward climate change and sustainability agendas with the Met Office.
- Times Higher Education Leadership and Management Awards – congratulations were expressed for the awards given to Stuart Franklin and Susie Hills and their teams for, respectively, the Outstanding Marketing/ Communications Team and Outstanding Fundraising Team. These were richly deserved accolades for the professionalism and achievements of Stuart, Susie and their teams.
- The Wolfson Foundation had awarded £400k to Biosciences for improvements to their lab facilities, which built on recent Wolfson/Wellcome awards for Biosciences and the Medical School.
- ESI – confirmation had been received on the funding of circa £30m to enable the Environment and Sustainability Institute at our Cornwall Campus to go ahead. It was expected that the building would be completed in 2012.

#### 10.47 Financial Position 2009/10

The Committee **RECEIVED** a verbal update from the Director of Finance and Corporate Services on the current financial forecast which was approved by the Committee on 26 May 2010. It was noted that the HEFCE cuts confirmed on 24 June for 2010/11 would have an impact for 2009/10 given the 4 month overlap of the Government and Higher Education financial years – this would be approximately £190k. Overall, the Director of Finance and Corporate Services was not expecting any major changes to the previous forecast of a £16.8m surplus.

#### **COMMERCIAL IN CONFIDENCE**

#### 10.48 Government Budget Announcement

The Committee **CONSIDERED** the implications of the ‘Emergency Budget’ statement, presented to the House of Commons on 22 June.

#### 10.49 University Budget 2010/11

The Committee **CONSIDERED** a report from the Director of Finance & Corporate Services (SPRC/10/43), which showed the proposed consolidated University historic cost budget for 2010/11 as a £4.4m operating surplus, compared to the position approved by SPaRC as year 2 in the 2009-13 five-year forecast of £0.5m surplus. There were no exceptional items budgeted and therefore the overall proposed position was a budget surplus of £4.4m. This represented an operating improvement of £3.9m compared to the previous plan prepared for 2010/11. This was the net result of: pay award savings, lower than anticipated funding cuts and release of increased pension cost provisions (total £10.5m), offset by a deterioration in the overall College and Professional Services operating position (£2.3m) and additional strategic investment (£4.3m). Realistic parameters for pay and pensions had been included.

There appeared to be some risk in tuition fee income forecasts, but this may be at College level rather than at overall University level, with slippage against plan in some Colleges offset by favourable variances in other Colleges. A contingency of £0.7m was therefore proposed. Research projections had continued to be set at challenging levels, in line with the University’s ambition of £60m gross research income by 2015. A contingency of £0.9m had been included to assist in managing the inherent risk around research earnings. A total central contingency of £3.0m had been set aside in 2010/11, increased by £0.9m in recognition of the risk of in

year cuts in government funding and incorporating £0.5m general contingency. Although risks in these areas were present, the Committee was informed that, generally, there was a greater balance of stretch and achievability in them for 2010/11.

Looking ahead, there were strong headwinds and the importance of ongoing diversification of income generating activities and also the effective control of costs would be crucial to the University's ongoing success. Given the likelihood of further pressures on the availability of public funding, the internationalisation of the Colleges and the University above and beyond that achieved to date was of central importance.

The Director of Finance & Corporate Services and his team were thanked for putting a clear and concise paper to the Committee, which not only contained the requisite information and explanation, but also provided through some new graphical features additional and helpful interpretations of the budget data and hence the University's position. It would be important for the monitoring of performance to clearly show any variances to targets, which the Committee would receive during the year.

The main concern during preparation of the budget for 2010/11 had been around delivery of College plans. Colleges had been unable to bring all plans back in line with the position previously forecast for 2010/11 and work would continue over the summer to refine plans for later years with a view to bringing them in line with the original plans. These should be ambitious but deliverable, and with clear plans in place and the support necessary so that they were indeed achieved. The Chair of Council expressed his concerns that we needed more details on the planning and delivery of PCMD activities, and he welcomed the opportunity afforded by the new Dean's appointment in that light.

Although not contained in the papers, the increase to the Guild of Students' grant from the University was noted, at some £130k additional to 2009/10. The objective was that the Guild's University grant would reach the median on a per student basis for comparable peer Guilds/Student Unions; as with all areas of the University the Guild would need to pay close attention to income generation and cost control.

The Committee **RECOMMENDED TO COUNCIL** that it approve the report and proposed budget, and **RESOLVED** that a target level of surplus is set at £7.0m (after payment of the bonus) at the operating historic cost level in order to trigger bonus payments, i.e. £7.8m

#### 10.50 Performance Review

The Committee **CONSIDERED** a general University Performance Review from the Director of Planning Services (SPRC/10/44), together with an update on the Annual Operating Plan (SPRC/10/45).

The Top 10 KPI report showed Exeter to be performing very close to the median of the agreed Top 10 competitor group, which correlated reasonably well to the 2010 *Times* and the *Guardian* league tables, i.e. at 12<sup>th</sup> and 14<sup>th</sup> respectively. Points highlighted included the general upward trend in KPI performance, particularly in those areas which had previously remained static, and the new high reached in undergraduate entry tariffs. It was considered that undergraduate entry qualifications would be of key importance in consolidating a Top 10 performance, due to the link with other 'output' areas, such as completion, good honours and graduate employment. The likely relation between quality on entry and tuition fees in uncapped fee markets was also noted, with quality on entry the closest proxy to price at present.

In terms of International leagues tables, it would remain hard to predict the performance of institutions, especially those outside of the top 50, including Exeter, due to the volatile nature of the tables and their generally opaque nature. It was felt that the new partnership between Times Higher Education (THE) and Tompson Reuters, replacing QS, would produce a more balanced International league table and one which paid at least some attention to the student experience, which could show Exeter in an improved position. The effect of this on public

perception if not the international HE community was uncertain, due to the largely HE sector readership of the THE, and the fact that the QS table would now be published in the *Sunday Times*, the *South China Morning Post* and other well regarded media.

The Annual Operating Plan provided the Committee with an update from the previous report seen in February 2010. The plan included around 100 actions set out across the fourteen Dual Assurance areas. One quarter of these actions were currently recorded as 'amber', with four flagged as 'red'. The 'red' risks related to; funding available for general infrastructure improvement at the Cornwall campus, the development of proposals for indoor climbing facilities (which would be put on hold until campus works are complete), the completion of Phase 3 of the Network Upgrade project, and finally the identification of funding to deliver high performance computing developments. A small number of amber areas could be interpreted as closer to red; a final report up to and including the year-end would be reported to the Committee in October 2010.

In relation to the Network Upgrade Project, the Director of Academic Services shared some concerns regarding rolling out the upgrade across the remainder of University buildings, due to the required buildings infrastructure spend on the project to date, which had surpassed original estimates. The Registrar & Deputy Chief Executive agreed that resourcing high performance computing and major new IT infrastructure presented some challenges, and finding creative solutions here would be a critical aspect in setting out the infrastructure strategy for the next 5 years.

#### 10.51 Risk Management Committee

The Committee **CONSIDERED** the annual report on key risk issues (SPRC/10/46) which provided an update on the risk environment as currently seen by the Risk Management Committee (RMC). RMC had one further meeting for 2009/10 and so the report did not capture the entirety of the 2009/10 programme. Risks were ranked by the greatest gap between risk score and risk tolerance.

It was agreed that the University was well placed to deal with risks going forward, however given the current climate of flux in all areas, the University should continue to carefully monitor and manage risks in order maintain this position. The revised scoring system employed by the RMC and the decision to review the risk register more frequently had helped this process. The Committee **AGREED** that the risk register should demonstrate whether or not any 'early warning mechanism' triggers had been reached.

The Registrar & Deputy Chief Executive thanked the Heads of Services who had contributed to an additional operational risk assessment, which would be critical in ensuring that University services could adequately adapt to the changing needs and priorities of the institution. This would be refined during the summer period when Services reflected on their overall as well as critical business process risks.

#### 10.52 Council/SPaRC and Dual Assurance: The Way Ahead

The Committee **CONSIDERED** a report from the Registrar & Deputy Chief Executive, which drew attention to the recent report from the Internal Auditors, Mazars, on the University's system of Dual Assurance (SPRC/10/47), which had given substantial assurance.

Arising from the report, a number of key proposals were put forward to the Committee with full support of VCEG to strengthen and simplify governance, whilst further improving dual assurance:

- (a) to reduce the size of Council and have it meet twice a term rather than four times a year (plus awaydays);
- (b) as a consequence of (a) above, to stand down SPaRC;

- (c) to create a Standing Committee of Council to deal with urgent issues between meetings of Council, to replace the “ad hoc group”.
- (d) to differentiate between mission critical activities subject to full dual assurance and a new category of dual engagement for less mission critical areas where lay members of Council have particular expertise. This latter category to be referred to as “dual engagement”.

Specific comments recorded in discussion included:

- This was not so much an abolition of SPaRC but more about creating new machinery to support more effective governance and management arrangements;
- The Dean of Graduate Research stressed that the streamlining of such matters was of general importance to the University, and should be welcomed – if adopted these proposals would now emphasise the need for a more effective place and working arrangements for Senate, including the Academic Staff Association Senator role;
- The Dean of Taught Programmes also endorsed the changes, mentioning the need for our academic staff to receive clear communications about just how well informed our lay members of Council are, and especially on their awareness of the issues facing Colleges and academic staff;
- There should be an attempt to differentiate the business of SMG and Senate, so that their respective roles were clear, and the use of appropriate modern technologies to facilitate their business should be extended.
- Interactions between lay members and academic/professional services colleagues was a distinctive and successful feature of Exeter. SPaRC had helped in the improved understanding at Council of the issues facing the sector and the University, and the reformed Council would need to ensure this aspect was also prevalent for itself.
- The Chair of Council expressed his strong support for the proposals, and was convinced this would lead to a further improvement in Council’s effectiveness. He felt it would be important for the Standing Committee of Council to be able to add a further lay-member of Council on an as-needed basis, which received general approval.

The Committee welcomed the proposals and **RECOMMENDED TO SENATE AND COUNCIL** that they be adopted to take effect from 1 August 2011. It was noted that adoption at an agreed earlier point in 2010/11 might be possible.

#### 10.53 Strategy 2010-15

The Committee **CONSIDERED** a progress report for information from the Director of Planning Services (SPRC/10/48), which summarised the work programme planned until December 2010 that would generate the new Strategy 2010-2015 document. This included a consultation process with staff, students and alumni regarding Exeter’s mission and values. The review of the original ‘Imagining the Future’ document, and the creation of its successor, would be the main driver of the Strategy 2010-15 document in terms of major strategic themes and choices.

Mentioned in the report were the initial findings from staff consultation, which focused on responses to the questions; ‘what differentiates Exeter’ and ‘what makes you proud to work at Exeter University’. It was clear that staff were generally very committed to the University and to achieving its ambitions; colleagues realised that continuing our progression was central to a sustainable future. The Committee commented on the interesting findings summarised in the report and expressed a wish that they be properly used in the creation of a new Strategy Document. A full consultation findings report would be made available to the Committee late July.

Lucy Reichwald of Planning Services was thanked for putting such a clear and well-crafted summary to the Committee.

#### 10.54 Corporate Responsibility

The Committee **CONSIDERED** an update on the work of the Corporate Responsibility Dual Assurance group (SPRC/10/49). The University had participated again in the national HEFCE benchmark for Corporate Responsibility (CR), called Universities That Count. The results of this year's benchmarking analysis would be known by 1 July. A draft CR strategy paper would be presented at the next July Council meeting, with a view to producing a final version in the autumn. The Registrar & Deputy Chief Executive requested that the costs as well as the benefits of this activity were subject to review.

#### 10.55 Transition to Colleges

[Ms Anna Verhamme was in attendance for this item.]

The Committee **CONSIDERED** a progress report from the Change Manager (SPRC/10/50) which detailed progress made since the last update to SPaRC in May 2010. Work had been progressing well and all of the work streams were on target to deliver in readiness for 1 August.

It was **REPORTED** by the Registrar and Deputy Chief Executive that the Professional Services Management Group now included the College Managers as well as his direct reports – this supported the concept of a pan-University and seamless delivery of Professional Services.

The Committee thanked Ms Verhamme on her outstanding work in delivering the programme of change to date. It was noted that a Project Manager would be appointed to take forward the Change Management process, which would run through 2010/11, and one aspect of which was reviewing the achievement of the original intended outputs at 6 and 12 month intervals. This post would be supported by the funds won for the HEFCE 'Delivering more with less' project.

#### 10.56 Financial Statements 2009/10 – Schedule for sign-off

The Committee **RECEIVED** for information a report detailing the schedule for sign-off of the Financial Statements for 2009/10 (SPRC/10/51). The Committee noted the timescale for the virtual process.

#### 10.57 Cornwall Campus Strategy Group

The Committee **RECEIVED** for information a report from the Cornwall Campus Strategy Group meeting held on 8 June 2010 (SPRC/10/52).

#### 10.58 Ethics Committee

The Committee **RECEIVED** for information a report from the meeting of the Ethics Committee held on 1 June 2010 (SPRC/10/53). Professor Talbot explained the specific issue around the research that was interesting the BBC – he and Ethics Committee were satisfied that the University's ethical review process gave assurance, in addition to the processes that the BBC might apply.

10.59 Workload Modelling

The Committee **RECEIVED** for information a report from the Chair of the TRAC Management Group, Jeremy Lindley. This was agreed as a vital area of activity, and potentially a highly complex one, which would be discussed further at VCEG's next meeting and next steps reported to SPaRC.