

STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Tuesday 23 May 2006 at 10.00am in Committee Room A, Northcote House.

PRESENT: Senior Deputy Vice-Chancellor, Professor P Webley (in the Chair)

Pro-Chancellor, Mr K R Seal
Pro-Chancellor, Professor R J Hawker
Treasurer, Mr G A Sturtridge
Deputy Vice-Chancellor, Professor N Armstrong
Deputy Vice-Chancellor, Professor R J P Kain
Deputy Vice-Chancellor, Professor J M Kay

Mr D J Allen
Dr J Barry
Mr A Desmier
Professor P R Draper
Dr R Lawson-Peebles
Dame Suzi Leather
Sir Robin Nicholson
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 Undergraduate Studies, Professor M Macnair
Mr S N Fishwick, Permanent Secretary to the Students' Guild
Miss Jemma Percy, President-Elect, Students' Guild

APOLOGIES: Professor H M Lappin-Scott, Ms R King, Professor S M Smith

06.33 **Minutes**

- (a) The minutes of the meeting held on 15 March 2006 were **CONFIRMED**, subject to the striking out of M06.24(d) (SPRC/06/29).
- (b) The Committee noted a revision to the minutes of the meeting held on 10 February 2006, as follows:

06.17 THE PENINSULA DENTAL SCHOOL (PDS) - BRIEFING NOTE

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.

06.34 **Senior Deputy Vice-Chancellor's Report**

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

- **Guardian League Table** – the Guardian had placed Exeter at 46th in their 2006 league table. Recently, a number of changes have been made by the publishers, and Exeter is now placed following those changes at 27th. It was recognised that the Times table was one generally thought to be based on a sounder and more stable methodology and indeed one more widely used by applicants to Exeter and its peer universities. The latest results for that league table were due in early-mid June, and an upward movement from 34th was anticipated.

- **Royal Visit** – as part of their visit to Cornwall, the Her Majesty the Queen and the Duke of Edinburgh will formally open Phase 1 of the Cornwall Campus on 1 June.
- **Alan Wilson, currently Director General of HE at the DfES** – was moving from the DfES to become Master of Corpus Christi College, Cambridge.
- **AUT Action** – it was expected that the impacts on students of AUT action would be significantly less than those being seen at a number of other universities and, for example, at this stage it was known that all of Exeter's formal written examinations would be taking place. A contingency planning group chaired by the Dean of Undergraduate Studies had drawn up plans to ensure as far as possible that student progression and graduation would take place, and to address concerns arising from the student community. Clarification on the treatment of the withholding of pay to staff who did not submit marks to Boards of Examiners would be issued shortly, but it was hoped that in the context of the actions being taken by local members of the AUT such steps would not in fact need to be followed.
- **Framework Agreement** – the arrangements to implement new pay scales and consolidate terms and conditions had been approved by local representatives of all four unions, for approval from the unions' national officers. It is expected that subject to that approval, local trade unions will recommend to their members that they accept the proposals in their ballot. A series of 'roadshows' will take place in the next few weeks so that staff are aware of the main changes. In terms of potential costs, these are being closely monitored to ensure that the agreement is delivered within the agreed budget envelope.
- **Innovation Centre** – The SW RDA confirmed on 22 May that the second Phase to the Innovation Centre could now proceed. The development would be funded by a grant of £6.8M from the RDA, bringing their total contribution including Phase I to nearly £10M, and would enable more businesses, university spin-offs etc to be based on campus, with the operations management to be appointed through a tender exercise. The Committee thanked Sean Fielding for his tenacity in bringing this work to an ultimately successful conclusion.
- **International expansion** – a private sector company had approached the University to engage in a development to expand provision of foundation and other programmes to international students, through a joint venture that would be established with the University. This would entail new build of both student accommodation and teaching facilities, and should bring a substantial boost to the recruitment of international students as, subject to meeting normal entry quality thresholds, they would progress from these programmes into mainstream degrees at the University. The Committee welcomed the prospect of this major development, and requested that firmer details be brought back to it at its next meeting. This development would require Council's approval.
- **Top 20 Metrics** – a set of metrics was being developed to provide a platform for better assessing our current placement in the top grouping of universities, explore where best the University should be investing resources (not only financial), and provide a means for targeting and monitoring performance at University and School level in the next 2-3 years in the lead-in to 2010. A reference group of some 12 universities was being established for benchmarking purposes, primarily made up of our main competitors for top 20 status. These would be discussed at the 1 June Senior Management Group meeting, and for full report to SPaRC on 28 June.
- **Trust Schools in Exeter** – a report on progress was received, which showed that some significant progress was being made, and the Committee requested a further progress report at its next meeting.

06.35 Financial Forecast 2005/06

The Committee **RECEIVED** a report from the Director of Finance on the latest forecast for the financial year 2005/06, i.e. the year ending 31 July 2006 (SPRC/06/30).

Compared with the previous forecast, the underlying performance had improved by £0.4M. The forecast surplus of the University on a historical cost basis for 2005/06 was now £1.2m, inclusive of making CBR payments of £0.6m. CBR would not have been payable based on the previous forecast. The in-year monitoring process that underpinned the forecast had covered all areas of the University, including PMS.

The current forecast assumed that certain properties/land, i.e. Crossmead, Rowancroft and Bonhay House, would be sold in 2006/07 and therefore that their proceeds would not feature in the current forecast. The current cost forecast (ie building in depreciation effects, as opposed to the historical cost basis) for the University for the year was for a £1.2m deficit. If the above disposals did take place this year then the current cost position would rise from a deficit of £1.2m to a surplus of £3.7m. The Committee noted that there was a re-valuation of fixed assets taking place at present, and that was likely to see a substantial increase in their value, which would have an adverse effect at the current cost level. This was because in an environment where sustainability was key, a more valuable set of assets would require greater annual support to meet the higher depreciation effect.

The Committee noted that there were fluctuations likely in both directions at the level of individual Schools and Services, but overall the view was that the position was likely to improve, and potentially significantly. The Committee also **APPROVED** the recommendations that the Strategic Development Fund provide support totalling £40k in 2006/07 and £25k in 2007/08, to support Research Accounting (£25k in both years, with an additional £25k per annum from the University Research Fund) and support for 'the Works' (an important employability activity, £15k in 2006/07, with the funding mainstreamed from Professional Services thereafter.)

06.36 Planning and Budget Issues, 2006/07 – 2009/10

The Committee **RECEIVED** a report from the Deputy Vice-Chancellor Resources and the Director of Finance on planning and budget issues (SPRC/06/31).

The Committee noted that the current stage of the budgeting process meant that figures on the overall position were, as yet, not firm, and a good deal of scrutiny, cross-checking and confirmation would be taking place over the coming weeks in order that the budget/plan proposals to the Committee in late June would be provided on a sound basis. Although the figures had to be treated with some caution, nonetheless some preliminary conclusions could be drawn, and a number of decisions were required to guide the next stages.

The overall University position at historical cost level was indicatively showing a position just better than breakeven. Although the Committee recognised that the position could still move, there was a strong indication that the University was demonstrating its ability to cope with significant budget pressures in the form of increased pressure on the pay bill through the HERA implementation and pay awards, and also through the impact of major rises in the costs of utilities. Importantly, there were a number of investments across Schools and Services being made in 2006/07. Most significantly, a large number of academic posts costing over £3M feature in School plans, alongside other new investments in student scholarships (an additional £600k), books and periodicals (£200k), lab equipment, premises refurbishment and in other important areas within Schools. For Professional Services, investments totalling £1.1M were being made primarily into student recruitment and marketing and in particular to commence implementation of the International Strategy, improved student employability services, with greater resources for servicing and developing the buildings and campuses. The net cost of investments in Services was £443k, with £670k of efficiencies making the £1.1M investments affordable. Additionally there was the creation for the first time of an Infrastructure Fund, and also a growth in the Strategic Development Fund. Taken together, this ability to absorb the additional costs whilst making investments in this important pre-RAE time and as Exeter strives towards top 20 status showed an underlying capacity to move forward.

The SDF currently contained a contingency of £1.8M, to manage movements overall, and including covering the higher-risk growth in international and PGT students. It was noted that this contingency currently covered the likely additional ½% growth in pay costs in 2006/07

(and additional amounts beyond that) consistent with the revised UCEA pay offer. The Committee **DECIDED** that these costs should be met centrally in this way in the current plans, to be met by School plans from 2007/08. There was a discussion as to whether currently uncommitted contingencies should be passed back to Schools, in order that their current cost positions would be improved. It was **DECIDED** to review that position at the 28 June meeting once the figures were firm, but support was expressed for the University retaining a contingency provision centrally at least until the in-year position was better known mid-way through 2006/07, to enable it to deal with the potential risks inherent in a £140M turnover organisation.

For the Development and Alumni Relations Office (DARO), the funding position would deteriorate in the final two years of the plan, as the funding provided by the Foundation and the SDF ends. The Committee **DECIDED** to approve that the current plans include a notional income stream to DARO from fund-raising to cover this deficit, with this position to be reviewed in two years time, and informed by the track record of DARO in generating funds, when those deficits start to arise. The Registrar and Secretary pointed out that donors would wish to resource projects rather than fundraising costs.

Professional Services appear able to reach a break-even position, with the investments totalling £1.1M and aimed at supporting the top 20 agenda being made affordable through efficiencies and staff turnover savings. The £443k net investment into Professional Services was consistent with the view reached by SPaRC in July 2005, when it estimated that £150 per variable fee student should be directed to the PS. The investment areas were ones agreed through an extensive consultative process with Schools, and as presented to SPaRC in February. For some, there was a concern that investments into areas such as marketing might not be significant enough, but there was also a concern raised about value for money, and performance monitoring in the context of past, present and future data trends. It was noted that there were a number of mechanisms now in place, and approved by Schools, for monitoring service delivery, including the service level review process. It was **DECIDED** that further assurance of how these investments would be managed and monitored would be brought back to the Committee at its June meeting.

For Schools, the position for 2006/07 before SDF contributions were accounted for was generally positive, with surpluses in nearly all Schools, but with SDF contributions taken into account the position for most Schools appeared to suggest at least some would be in deficit. The Committee continued to support the principle of requiring Schools to reach break-even positions, at worst, on the current cost basis, given that it was only through that position that sustainability could be achieved. However, for the current cycle it was **DECIDED** that the line-managing DVC and the DVC Resources should approve each School budget and financial plan on a case-by-case basis, and taking into account each School's investment and sustainability plans. The Committee did not wish to approve individual School budgets and plans at its next meeting, but did wish to see a synoptic analysis of the School positions as approved by the line-managing DVC and the DVC Resources.

At present, it was recognised that the Students' Guild budget showed a deficit of approaching £100k in 2006/07, and steps to address this currently unresolved matter would be considered in the next few weeks as part of the overall assessment of budget pressures and issues. The contribution of the Guild to the success of the University in working towards top 20 status was recognised. The Committee would receive confirmation of the position reached at its next meeting.

The Committee also recognised the need to manage the communications well amongst staff, especially in Schools. There were, in some cases, deficit positions apparent in Schools in 2006/07, but it would be important to ensure that the broader message of a University able to cope with these considerable cost pressures and make major investments at the same time was conveyed clearly.

06.37 **Investment Committee**

The Committee **RECEIVED** an oral report from the Treasurer on Investment Committee business. It was noted that a selection process for the University's investment managers was

currently being followed, with recommendations to be considered by SPaRC at its next meeting.

06.38 **Ethical Investments**

The Committee **RECEIVED** a report from the Treasurer proposing a policy on ethical investments (SPRC/06/32).

The issues concerning ethical investments were complex and the implementation of policy could have potentially far-reaching and unexpected consequences, for example in terms of reputation. Although some investment areas, such as those involved in the manufacture of tobacco products might be straightforward, there were others that demanded by their nature much lengthier consideration, for example the issue of companies that produce components for armaments, alongside a range of other purposes. The Committee **DECIDED** to refer this matter initially to Ethics Committee, whose recently revised terms of reference would permit it to address these issues. Ethics Committee should report its recommendations through Investment Committee. The policy would ultimately be for Council to approve.

06.39 **Education Strategy**

The Committee **RECEIVED** a report from the Deputy Vice-Chancellor Education on the Education Strategy (SPRC/06/33).

The latest version of the Education Strategy, agreed by Learning and Teaching Committee, identified seven strategic goals and set out an action plan for their delivery, and it was noted that the headlines from the Strategy were included in the current Corporate Plan. The Strategy had been widely discussed by focus groups (students and staff), and views of others had been sought (e.g. from one of our consultants on HE academic practice, our liaison officer from the HE Academy and the Chair of Council). It was noted that the Education Strategy was still in the process of revision, with strategic objectives and targets being taken forward, such as the development of university wide merit scholarships for UG and PG students, and the identification of gaps in the PG programme portfolio. The appointment of the Director of Student Services would give a platform for taking the implementation of the Strategy forwards, and in particular in assessing the various resource implications, and prioritising actions.

Comments made during discussion included:

- ensuring that Exeter's value for money for students was established, including for example in the areas of employability, formal and informal academic contact time, provision of learning and development skills (which might include activities such as project management and process review)
- taking a customer-led and marketing approach
- that students' performance improvement would not take place without active management, and we needed to be clear what that meant including what it would take to deliver such a system
- there was a good deal of evaluation of resource implications and priorities yet to be done, and this was key to undertaken quickly
- there was merit in elevating the PGA rep post to a sabbatical status
- it should be possible to balance the concerns for Exeter's provision to be both research-informed but also market-led
- linkage of the Strategy to emerging School Education Plans was important to achieve

The Committee endorsed the development of the Strategy. Members were invited to bring further comments forward to Professor Kay by 9 June, so that a final version could be

confirmed at Learning and Teaching Committee's final meeting of the year, and for receipt by Council in July.

06.40 Postgraduate Scholarships

The Committee **RECEIVED** a paper from the Chair of the Programme and Pricing Group, proposing a new institution-wide scheme for postgraduate scholarships, which had been subject to the same consideration process as the undergraduate merit scholarship scheme approved by the Committee in February 2006, and informed by a detailed analysis of what competitors were doing in this area (SPRC/06/34).

The paper provided proposals for three new scholarship schemes, all of which were aligned with the aims and objectives of the Corporate Plan and the Education, Research and International Strategies, and in particular aimed at increasing the number and quality of postgraduate research and international students. The three new scholarship schemes proposed in the paper were: a full-fee institution-wide merit scholarship scheme for PGT programmes, funded from the Strategic Development Fund, aimed at Home and International students; an institution-wide merit scholarship scheme for International students on PGT programmes, funded from the Strategic Development Fund, and linked to strategic partner institutions and students from target countries or regions (in line with the International Strategy); and a School-funded progression scholarship scheme to encourage Exeter first degree graduates to progress directly onto a postgraduate programme. The proposal also included provision for administrative support and publicity to ensure effective promotion and support for the application and allocation process. The proposals also sought to clarify the arrangements for the Overseas Research Student Award Scheme (ORSAS) and the Exeter Research Scholarship Scheme (ERS).

The Committee noted the considerable work that had been undertaken to inform the development of these proposals, and supported the principle of a pan-University scheme through which marketing efforts to potential students could be most effectively managed. There was a balance to be reached between central schemes and leaving the resources in Schools, but it was evident that a corporate scheme was needed to generate an impact at University level. It was noted that for the first two schemes, there needed to be swift decisions in order that they could be publicised in the postgraduate prospectus for 2007 entry; there was less urgency for the progression-scheme as this was aimed at current students and would be of most benefit in later years as 2006 entrants (with larger fees liabilities) progressed to completion.

There was concern expressed at the implications for School income under the proposed progression scheme, as once the discount had been applied to the fee, after professional services charges had been applied, there was only residual income left to support the programme(s). It was also not clear how applicable the scheme would be in some science areas, given that these students (coming in on 1 plus 3 basis) generally did so with full funding from research councils or other sources. It was **DECIDED** to refer this element of the scheme back to the Programme and Pricing Group to review and ensuring that Schools were comfortable with the revised proposals.

The Committee supported the merit schemes in principle, and **DECIDED** to request that the DVC Resources (who chaired the Programme and Pricing Group) finalise the details of the schemes, and within the broad envelope of resources identified in the paper – namely circa £290k. This review should take into account the growing investments made by Schools into their own scholarships provision. The funding for the ORSAS and ERS schemes would be subject to separate review.

06.41 Human Resources Committee

The Committee **RECEIVED** a report from the Human Resources Committee meeting held on 2 May 2006 (SPRC/06/35). It was noted that a HR strategy would be developed over the coming months, for consideration by the Committee during the Autumn Term 2006.

06.42 Physical Resources Committee

The Committee **RECEIVED** a verbal report on the Physical Resources Committee meeting held on 16 May 2006. PRC had received the latest iteration of the Estate Strategy and, following the revisions required by PRC, it would be circulated to members of SPaRC for input ahead of the 28 June meeting of the Committee. The Committee also noted that planning permissions for Phase 2 of the development of the Cornwall campus had been received.

06.43 Ethics Committee

The Committee **RECEIVED** a report from the Ethics Committee meeting held on 6 March 2006 (SPRC/06/36). The Committee noted the update on the implications of compliance with the ESRC's Research Ethics Framework, and in particular the apparent requirement for School ethics committees to have a lay member, independent of the University. This was a matter of concern to many in the sector, and Professor Kain would take this matter forward on behalf of the University.

06.44 HEFCE's Assessment of Institutional Risk

The Committee **RECEIVED** a report from HEFCE on assessment of institutional risk (SPRC/06/37 attached for Council). HEFCE's assessment, based on returns to HEFCE in the year 2004/05 and also on more recent exchanges of information (such as in the HEFCE Assurance Visit in September 2005 and the 'institutional visit' of HEFCE officers in April 2006) confirmed that the University was "not currently at higher risk" and was without any issues that HEFCE wished to see addressed. The Committee noted that it would receive a summative briefing on institutional risk at its June meeting.