

## STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 9 October 2009 in the Council Chamber, Northcote House.

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

IN ATTENDANCE: Dean of Taught Programmes, Dr J Barry  
Pro-Chancellor, Mr R Hughes  
Director of Planning Services, Mr P J Kennedy (Secretary)  
Director of Academic Services, Ms M Shoebridge  
Deputy Director of Finance Services, Ms A Shrubshall  
Dean of Graduate Research, Professor R Van de Noort  
  
PA to Patrick Kennedy, Ms C Gleed  
Executive Officer to the Registrar, Ms Gillian Weale  
Executive Officer to the Registrar, Ms Jill Williams

APOLOGIES: Guild Chief Executive, Mr J Hutchinson  
Director of Finance and Corporate Services, Mr J C Lindley  
Professor D A Myhill

The Vice-Chancellor welcomed new members of the Committee – Prof Dunne, Prof Love and Mr Stearn.

09.53 **Minutes**

The minutes of the meeting held on 1 July 2009 were **CONFIRMED** (SPRC/09/66), subject to it being noted under minute 09.38 that Professor Talbot was not in fact retiring from the Committee.

09.54 **Matters Arising**

Minute 09.37 – Pay Awards – the Registrar and Deputy Chief Executive reported that the process was ongoing. One union had accepted the 0.5% pay offer, another was taking the issue to facilitated talks, and the UCU was consulting its members (consultation due to close today). The Committee would continue to receive briefings on this matter.

Minute 09.38 - PCMD – with Professor Sir John Tooke taking up his post at University College London in late November, Professor Liz Kay, Dean of the Dental School, would become Interim Dean, with Professor John Campbell Associate Dean for Exeter. The two universities had commenced a review of the current arrangements which was proceeding well. It was

noted also that VCEG would at its next meeting be considering a proposal for the PCMD's European Centre for Environment and Human Health, located at the Cornwall campus and at Treliske. If VCEG endorsed the proposal it would go direct to Council for consideration; the Committee would be kept informed on this matter.

#### 09.55 **Terms of Reference and Membership**

The Committee **APPROVED** the Terms of Reference and Membership of the Committee for 2009/10 (SPRC/09/67 attached for Senate and Council).

#### 09.56 **Vice-Chancellor's Report**

The Committee **RECEIVED** a report from the Vice-Chancellor (SPRC/09/68). In addition to his written report the Vice-Chancellor made the following points:

- **Academician of the Social Sciences** - that Professor Alex Haslam from the School of Psychology had been elected as an Academician of the Social Sciences. This was a prestigious honour and the Vice-Chancellor recorded his sincere congratulations to Alex. He was pleased also to hear that Robert Hethrington, Chief Economist for Devon County Council, had also been elected to the Academy this year.
- **Additional Student Numbers** - confirmation from HEFCE had been received of additional student numbers for 2010/11 for the Combined Universities Cornwall (CUC) project. CUC has been awarded a total of 450 additional student numbers with the University of Exeter receiving 133 of these which represented the first undergraduate cohort of Phase 3.
- **Conservative Party announcement** - on Sunday 4th October the Conservative Party announced plans to create an extra 10,000 new university places next year. These fully funded places would be paid for by introducing an early repayment bonus for existing graduates repaying their debts to the taxpayer ahead of schedule. This announcement was welcomed very warmly as a commitment by the Conservative Party to maintaining investment in higher education.
- **Times Higher-QS World Rankings** - the 2009 Times Higher Education-QS World University Rankings had been released and Exeter was ranked 266th. This was clearly a disappointing drop from 237th last year. Although the employer survey ranked Exeter at a strong 104, the academic survey put Exeter at 365. Needless to say VCEG would be taking a close look at this, with advice from the Director of Planning. There were issues around the methodology, for example about how the peer review sample size and response rates were very low, but nonetheless many of our peers appeared well above us. We must now redouble our efforts to reach the top 100 by 2015 and our internationalisation strategy would be pivotal in achieving this.
- **Tremough Innovation Centre** - SPaRC was aware that the University with its partner University College Falmouth had been negotiating with the SWRDA for the development of a £10m Innovation Centre on the Tremough campus. The Registrar and Deputy Chief Executive reported that the Tremough Innovation Centre (TIC) project had been approved by SWRDA in principle subject to the resolution of technical VAT issues. Two options for resolution of the VAT concerns were being developed - the first that the Centre was owned by a new joint venture Special Purpose Vehicle, the second seeing Cornwall Council becoming the accountable body for all three proposed Innovation Centres in Cornwall (Tremough, Pool and Treliske) and benefit from associated economies of scale, which was the RDA's preferred option. The Registrar and Deputy Chief Executive was overseeing this process and will seek approval from VCEG before proceeding with the project.
- **Public Funding Environment** – that the probability of funding cuts on the horizon was very high, and that the Pre-Budget Report statement in November would give an indication of where those cuts were likely to fall. Although the prospects were rather bleak, the Vice-Chancellor reiterated his commitment to our continued improvements in performance, and which were always on a relative basis to our national and international competitors.

**COMMERCIAL IN CONFIDENCE**09.57 Report from the VCEG September Planning Meeting

The Committee **CONSIDERED** a report from the Vice-Chancellor from the VCEG annual planning meeting held on 14 and 15 September (SPRC/09/69). Senior Management Group had considered this report at its recent Residential Meeting, and had strongly endorsed its conclusions.

The report identified, within the University's strategic themes, the priorities for the current year and beyond.

09.58 Organising for Top 10 – from Schools to Colleges

The Committee **CONSIDERED** a paper (SPRC/09/70) proposing a move from the current nine academic Schools to five Colleges, in order to create an academic structure that will support the increase in research capacity.

The proposed new organisational structure would enable the University to better maintain the recently achieved Top 10 position, as well as achieving the key strategic challenges as agreed at the VCEG Residential in September of financial sustainability, greater interdisciplinary working, wider and deeper internationalisation and improving graduate employability. The two current units of the Business School and the School of Engineering, Mathematics and Physical Sciences would remain and three new Colleges would be created: Humanities, Social Sciences and Life & Environmental Sciences. These five Colleges would be of broadly similar critical mass.

The consultation process had commenced with discussion at SMG in July, at which the proposals were very well received, and then an open consultation started through to 30 September. There had been a good response rate, although anecdotally many had decided not to respond as they were comfortable with the proposals and had expressed that view in SMG. 16 comments were in favour, with ten comments opposing the changes, whilst three offered no particular view. The report summarised the thrust of the opposing comments, which were almost all regarding the dismantling of the School of Humanities and Social Sciences.

The Registrar and Deputy Chief Executive noted that, should Council and Senate approve the recommendations, a change management programme would be swiftly launched to prepare for the implementation. This would be an extensive piece of work that he would be Project Sponsor for, and which Anna Verhamme (currently School Manager for the Graduate School of Education) had been appointed as Programme Manager for. It would address issues such as the governance and management, the relationship with professional services, and the sharing of good practice more generally. Particularly important early priorities would be the appointment of College Deans and College Managers and the preparation of budgets and plans for the 2010/11 year

In discussion the following points were noted:

- The reorganisation to Colleges gave the opportunity for significant academic staff time to be saved, as Colleges could further professionalise their support systems.
- With fewer but larger units, Colleges should be able to generate their own internal strategic development funds over time, achieving greater control over their own destinies.
- The review of the IDM was timely, to look at how to address the differing abilities to generate income from differing sources, whether the current system of applying HEFCE norms through the Schools should be retained or be altered in favour of an Exeter informed relative cost approach, and on a number of other income distribution matters.

The Committee noted the target implementation date of 1 August 2010, which it endorsed, and the Committee was also content with proposal to take the recommendations to the 14 October Council and 4 November meeting of Senate so that the significant body of work ahead could commence, should these proposals be approved by Council and Senate.

The Committee **DECIDED TO MAKE THE FOLLOWING RECOMMENDATIONS TO COUNCIL AND SENATE:**

- (i) To move from nine Schools to five Colleges, with the new College system coming into effect on 1 August 2010.
- (ii) To authorise the process for the appointment of College Deans and College Managers.
- (iii) To invite Remuneration Committee to agree remuneration arrangements for College senior management teams, including the College Dean, Director of Education and Director of Research.
- (iv) To permit Council and Senate to delegate approval of the Deans' job description to VCEG.

#### 09.59 Annual Operating Plan

The Committee **RECEIVED** the Annual Operating Plan (SPRC/09/71), which VCEG had endorsed subject to refinements. The Plan had largely been constructed through the Dual Assurance partnerships. The process for Dual Assurance reporting to SPaRC had been simplified for 2009-10, with each area completing an action plan which would be reviewed at the February and June meetings, with a final close-out review the following October. Any major exception would be reported in between. The action plan also included a small number of high priority actions that span all the Dual Assurance areas. All actions would have a VCEG lead accountable for that action and an owner responsible for delivery.

Subject to amendments noted at the meeting, the Committee **APPROVED** the Plan. A final version of the report would be sent to Committee members following the meeting.

#### 09.60 Financial Plans 2010/11 – 2012/13

The Committee **CONSIDERED** a report from the Director of Finance and Corporate Services (SPRC/09/72).

The full five-year forecast for the years 2008/09 to 2012/13 was due for submission to HEFCE by 1 December. SPaRC and Council had already approved a University budget for 2009/10 of £5.4m operating surplus and £8.8m overall historic cost surplus. The University was forecasting a historic cost surplus of £0.5m in 2010/11, £3.4m in 2010/11 and £4.5m in 2012/13. No fixed asset sales were included in those three years and the historic cost position was therefore the same as the operating position.

Schools and Professional Services plans prepared during the summer formed the basis of the forecasts, with central adjustments made to reflect the substantial change in the external environment since the previous plans were prepared, and to incorporate the impact of £10m efficiency savings, initiated in 2009/10. This would allow the University to show a small surplus in 2010/11 when it is anticipated the largest cuts will commence, and then a gradually increasing but relatively modest surplus in later years. The forecasts indicated that the University was preparing itself well in anticipation of likely external financial shocks.

The Committee **RECOMMENDED TO COUNCIL** that it approve the Financial Plans 2010/11 to 2012/13.

09.61 Student Numbers – Preliminary Report for 2009/10

The Committee **RECEIVED** an oral report from the Director of Planning Services on the intake position for student numbers for 2009/10. A more detailed written report would be provided to SPaRC's November meeting, with VCEG briefed as the data settle during October.

Recruitment to the international and postgraduate categories looked strong, with significant increases in all categories of international students, particularly PGT. UK/EU PGT intake looks likely to be on plan and therefore similar to 2008, and with PGCE intake buoyant and also on plan. Postgraduate research student numbers were likely to be well up, which was anticipated given the investments in PGR scholarships this year.

The UK/EU undergraduate intake should, overall, be on or about the planned position with an over-recruitment at the Exeter campuses offset by an under-recruitment at Cornwall. The Director of Planning reported that he expected the University to be compliant in the 3 main HEFCE contract categories (within the overall +/-5% range, on target for recruitment of medical/dental places, and also having delivered the requisite growth required given we are again in receipt of ASNs). HEFCE had introduced a fourth contract condition this year – i.e. the requirement that HEIs did not over-recruit, and with the agreement reached with HEFCE over the use of the overall Combined Universities in Cornwall places and one of those Cornwall partners the University had successfully ensured that it has not exceeded that limit.

09.62 Data Assurance/Information to Audit/SPaRC and HEFCE

The Committee **RECEIVED** for information a report on data assurance (SPRC/09/74), which set out the arrangements being taken to manage this area, and the information sources that were being provided to Audit Committee so that it could reach an opinion each year on the management and quality of data that went into the major returns to HEFCE, HESA and other bodies (with a particular emphasis at present on those that related to funding). The Director of Planning confirmed that despite evidence of a good track record here, this was an area that was a high priority for ongoing attention and that there would be no complacency given the importance of consistent compliance and good practice here.

The Chair of Audit Committee confirmed that a similar report had been considered by Audit Committee at its October meeting, that recent Internal Audit work had revealed only one issue to be addressed in its review of the main HESES/HESA student returns, and overall that Audit Committee was content with the approach being taken by the University.

09.63 University Bonus Scheme

The Committee **CONSIDERED** a report from the Director of Personnel and Staff Development (SPRC/09/75) which showed that the bonus targets agreed for 2008/9 had all been achieved and that in light of this, the University bonus for 2008/9 could be paid in full.

The Vice-Chancellor's view and that of VCEG was that a bonus should be paid to University staff, given that the performance targets had been met, and also more generally in the year when the University had appeared inside the top 10 of a major league table for the first time in its history. He noted also that it was a highly progressive payment, with a flat rate payment to all staff (pro-rate part-time). VCEG had felt that use of the full amount of resource budgeted in June 2008 would not be a responsible use of the resources, given the information we now had about the public funding environment.

The following points were registered in discussion:

- The criteria and related targets had been made clear and widely communicated to staff, and so it was important that, as those targets had been achieved, a bonus should be paid;
- Consultations with academic and professional services colleagues indicated that many would find it uncomfortable to be in receipt of significant bonuses, at a time when the University was preparing itself for a much more difficult financial time ahead, and also when the jobs of members of their family and their friends were at risk;
- Staff who had been subject to warnings over their performance would not receive a bonus payment.

The Committee **DECIDED** that a bonus should be paid to staff for 2008/09, and that the standard payment should be at the same level as last year, i.e. £285.

The paper also made proposals for 2009/10, and VCEG's proposal was that that two changes should be made to the scheme. Firstly, that eligibility for the Scheme should be restricted to those staff employed on grades A to H only (i.e. excluding Professors and those on Professorial scales), and secondly that the maximum payment under the scheme should be capped. The Committee welcomed these changes, and it was **DECIDED** to confirm these changes, with the payments for 2009/10 capped at the £285 level being paid for 2008/09. The Committee also **AGREED** the targets for 2009/10 as follows:

- An operating Surplus (after payment of the University Bonus) of £7million;
- The maintenance of a Top 10 position (full service universities) in the 2010 NSS;
- A 5% reduction in weather adjusted Carbon Dioxide emissions;
- The achievement of research grant income of £39.3million.

#### 09.64 TCS Residences

This item was referred to VCEG for consideration and for report back to SPaRC. (SPRC/09/76).

#### 09.65 Centre for Additive Layer Manufacturing (CALM) Project Proposal

The Committee **CONSIDERED** a proposal (SPRC/09/77) to approve development of the CALM Project and University investment of £1.07m from the Infrastructure Fund for improvements to Harrison as an underpinning to this project.

Professor Kay, DVC Education and who has line-management responsibility for this area, introduced the item, noting at the outset that Exeter had an opportunity here to become an international leader in this area. Additive Layer Manufacturing was a revolutionary approach to manufacturing which, if successful commercially, would lead to fundamental changes in the way in which many products were produced, across a very wide range of industries. It was both a low-carbon and low-waste technology, and particularly flexible for rapid design modifications and product updating.

Through the School of Engineering, Mathematics and Physical Sciences (SEMPs), Exeter had established a strategic alliance with EADS UK Ltd that put it at the forefront of European research and development in this field. The two parties proposed to establish the Centre for Additive Layer Manufacturing (CALM) as a contractual joint venture to exploit technological advances in Additive Layer Manufacturing (ALM) emerging from collaborative research. CALM would be an instrument for rolling out ALM technology to other industrial sectors. ALM was core to the University's Science Strategy theme of 'Functional Materials'.

The proposal would build capacity by attracting a key, strategic academic to a unique facility; grow the related research activities of staff already here; increase the strength of the links with other international research activities in materials within the School and, at the same time, employ the commercially experienced staff needed to meet the ambitious targets of the bid.

In discussion the following points were noted:

- The proposal was very much welcomed as there was a distinct opportunity for Exeter to create a world-class centre in this area, provided the focus was primarily on the excellence of the scientific research, with the commercial and other applications then following that research.
- The search for the lead academic should be very pro-active, as that appointment would be absolutely central to the success of the project.
- Governance arrangements needed some further review – in particular the Strategy Board should not be chaired by the Director of the Centre.

The Committee **APPROVED** the project, with the Infrastructure Fund providing £1.07m of resources to support the capital element.

#### 09.66 Institutional Performance

The Committee **RECEIVED** for information an update on institutional performance (SPRC/09/78).

#### 09.67 Financial Position 2008/09

The Committee **RECEIVED** a report from the Director of Finance and Corporate Services (SPRC/09/79) which aimed to give the Committee an early indication of the headline figures for 2008/09. A full analysis of the outturn would be reported to SPaRC in November following a review by the Audit Committee.

### **COMMERCIAL IN CONFIDENCE**

#### 09.68 Exeter Student Residences

The Committee **RECEIVED** for information a report from the Director of Finance and Corporate Services (SPRC/09/81).

#### 09.69 PMS Joint Board of Management

The Committee **RECEIVED** a report from the meeting held on 13 July 2009.

#### 09.70 Timetable of Key Events/Reports for SPaRC 2009/10

The Committee **RECEIVED** the timetable of key events across 2009/10.