

STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Wednesday 18 November 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
Pro-Chancellor, Mr P Lacey
Professor J Love
Professor D A Myhill
Sir R Nicholson
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
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
Director of Academic Services, Ms M Shoebridge
Dean of Graduate Research, Professor R Van de Noort

Mr P Adams [for item 09/92]
Mr S Fielding [for item 09/90]

APOLOGIES: Deputy Vice-Chancellor, Professor R J P Kain
Senior Deputy Vice-Chancellor, Professor J M Kay
Deputy Vice-Chancellor, Professor M Overton

09.72 **Minutes**

The minutes of the meeting held on 9 October 2009 were **CONFIRMED** (SPRC/09/84).

09.73 **Matters Arising**

Minute 09.54 – Pay Awards – it was noted that at national level the discussions with the UCU were continuing. Some HEIs had paid the 0.5% offer on account, for administrative simplicity. Exeter had not as UCEA had advised universities not to.

Minute 09.56 – THE – it was noted that QS, who had been the compilers of the Times Higher Education's international rankings for the past 6 years, would now be working with the Sunday Times and other major international media, whilst Thomson Reuters would be working on the rankings with the THE with effect 2010. In addition to the Shanghai Jiao Tong there would therefore be 3 global rankings from next year. The THE had acknowledged that the methodology used to date was flawed, and this represented an important opportunity for Exeter to help shape the method that would generate this new ranking.

Minute 09.58 – Admissions – it was noted that Audit Committee had now considered the Mazars' review which included the management responses to all their recommendations. Audit Committee would consider a follow-up review on progress during the current session. The external expert review on structures and processes was now proceeding.

09.74 **Vice-Chancellor's Report**

The Committee **RECEIVED** a report from the Vice-Chancellor (SPRC/09/85). In addition to his written report the Vice-Chancellor made the following points:

- (a) He was delighted to report that Dr Sharon Jewell, a physicist at the University, was one of 38 UK scientists to be made a Royal Society University Research Fellow for 2009.
- (b) Some 1,000 staff and students celebrated One World Week from November 4-6th at the University. From debates to drama workshops to African drumming, a series of events celebrated the differences that bring us closer together.
- (c) Together with senior colleagues he had visited Taiwan, Thailand, Singapore and Malaysia during a 7 day trip to South East Asia from 6-14th November. As part of the trip the Vice-Chancellor signed a Memorandum of Understanding with the President of National Taiwan University (NTU) Professor Si-Chen Lee in Taipei. The ceremony on 10 November, which was attended by representatives from both institutions, cemented the growing relationship between the two Universities and should enable strong research collaborations – particularly in the Biosciences. NTU was now ranked in the Top 100 in The Times Higher QS World University rankings. The trip also included four alumni receptions in Taipei, Bangkok, Singapore and Kuala Lumpur. These were very successful and well supported events with over 300 alumni attending.
- (d) The Fees and Funding Review was now commencing. He was on the Advisory Board to the Review. He noted that the student support mechanism would be key to this review, and Professor Nicholas Barr of the LSE would be coming to SMG on 9 December to present his views. Prof Barr was probably the world's most eminent expert in this field. Council members were welcome to attend that presentation.
- (e) Lord Mandelson's Framework for Higher Education 'Higher Ambitions' had been launched, although media interest had been rather muted. Key messages, including corroboration from the Conservative Party, were there on research concentration and how funding for research might be reduced whilst further concentrating resources on the best. This process would be likely to involve new collaborative arrangements.

The Registrar and Deputy Chief Executive updated the Committee on progress made in the transition to Colleges, noting that Senate had now approved the proposal at its 4 November meeting. The appointment process for Deans and College Managers was now being progressed, and it was anticipated that these positions would be confirmed during December. Each College would also have an Associate Dean Education and Associate Dean Research, and these posts together with the Dean/Manager would be subject to Remuneration Committee pay arrangements. Other colleagues would see management activities rewarded via workload model and potentially merit award routes.

He noted that there was a demanding timetable for change, but it was deliverable. Dual Assurance principles should be adopted, subject to further discussion with SMG. The introduction of a new Income Distribution Model at the time of such change needed further consideration and discussion. As Prof Kain was leaving at 1 April, the interim arrangements were that Prof Kay would line manage SALL and Prof Armstrong HuSS from 1 April to 31 July given they would be line managing Humanities and Social Sciences & International Studies respectively from 1 August, at which point Prof Talbot, the new DVC Research and Knowledge Transfer, would line manage the two STEM Colleges.

09.75 **Financial Statements 2008/09**

The Committee **CONSIDERED** a commentary report from the Director of Finance and Corporate Services, together with the Draft Financial Statements document itself (SPRC/09/86, 87). The Financial Statements for 2008/9 were now in final draft, and had been presented to Audit Committee on 9 November. The External Auditors were now finalising their review and, having covered all aspects of the business, were expecting to fully sign-off the Financial Statements subject to two minor amendments.

The Chair of Audit Committee confirmed that, subject to final revisions, Audit Committee was comfortable with the Financial Statements. He confirmed also that for Council approval

purposes, Audit Committee was content with the statements on internal control and corporate governance, and confirmed that these were appropriate and were supported by the work of the Internal Auditors. SPaRC noted there had been no changes to the Principal Accounting Policies previously adopted for the preparation of the accounts, and that Audit Committee was content with these Policies.

Early indications of the final outturn for 2008/09 had been reported at the October meeting of SPaRC, and key issues taken into account. The final historic cost surplus for 2008/09 was £8.7m, compared to the £8.5m previously reported. 2008/09 showed a strong financial performance at the operating level, which reflected previous investment ahead of the RAE and also reflected a change in an accounting treatment of a grant within PCMD. The overall favourable position against forecast reflected generally favourable variances across most areas. Given the challenges facing the University in the next few years in respect of potential cuts in Government funding, the additional surplus generated was to be welcomed.

It was reported by the Director of Finance and Corporate Services that there was an ongoing dialogue between the University and the European Court of Auditors in respect of Cornwall Phase 2 procurement procedures. The Committee would be briefed on any significant developments.

The Committee **APPROVED** the use of the Principal Accounting Policies used in preparing the financial statements.

The Committee **RECOMMENDED TO COUNCIL** that it approve the Financial Statements for the year ended 31 July 2009. An amendment to the Business Review section was requested by the Chair of Council, so that it demonstrated the University's continued success in widening participation.

The Committee also thanked Jeremy Lindley, Anne Shrubshall and colleagues for their work in preparing the Financial Statements.

09.76 Student numbers – Provisional Report for 2009/10

The Committee **RECEIVED** a report from the Director of Planning Services (SPRC/09/88) which provided details of the student entrant numbers for the year 2009/10. The data were the latest part in the continual updates in student registrations that have taken place before the final census on 1st December, and part of the assurance process to the return to HEFCE in December. The revised registration figures were drawn from the Student Records System on 29th October and although some additional registrations were expected especially for research students, the rate of registrations was now much diminished.

The following points were highlighted:

- UK/EU undergraduate entry was strong, although with a somewhat skewed distribution by School. The entry tariff for students entering with A Levels looked very strong, with an improvement from the 2008 tariff of circa 410 points to the upper part of the 430-440 range for 2009. International recruitment was above plan and about 35% up on last year;
- PGCE entry was positive, with recruitment marginally below target and with very little holdback anticipated;
- Postgraduate taught recruitment was overall significantly above target, including International growth of circa 50%. However, much of this was on account of the over-target recruitment of International PGTs in the Business School. Further distribution of recruitment across disciplines was necessary for future years, and also with a greater spread from international regions.
- Research student intake was significantly up on 2008, circa 50% up for UK/EU, and which would bring the PGR per staff metric approaching the target Top 10 levels. School plans had been very bullish in this area, and despite the additional recruitment the numbers would still be below plan. Some stronger challenge and intervention in

planning was needed to ensure a better balance of stretch and ambition was achieved.

The DVC Internationalisation informed the Committee that overall International numbers, including credit-bearing INTO students, would now be approximately 3,000 for 2009/10. The demand was such that it needed active management to ensure excess recruitment did not occur, and he was looking for example at increasing quality thresholds and earlier closing of specific programmes.

It is anticipated that the University would comfortably hit the growth target set by HEFCE for 2009/10, would remain around the mid-point of the overall contract range, and would also meet the targeted numbers of medical/dental entrants. A review of the entrant data presented showed that Exeter will remain below the government cap on recruitment for Home/EU undergraduate entrants. All four conditions of grant should therefore be met.

These early data focused on entrants. The 1 December return to HEFCE included all students, and the Committee would be briefed on the total position at its 12 February meeting.

09.77 Financial Forecast 2009-2010

The Committee **CONSIDERED** a paper (SPRC/09/89) from the Director of Finance and Corporate Services, which showed the forecast historic cost position of the University for 2009/10 was now a surplus of £9.9m, compared to the budget surplus approved by SPaRC on 1 July 2009 of £8.8m. The forecast surplus represented 4.3% of the University total income. The operating profit had improved by £1.1m to a surplus of £6.5m, some 2.8% of University total income. The Committee had previously set a target of £7.0m operating surplus.

The budget for 2009/10 included a total of £1.4m in respect of the University bonus. This was reduced by £0.5m from the level included in the original budget, following the decision made by the Committee at the October meeting to cap the level of bonus payable at broadly the same level as 2007/08 and 2008/09. The forecast operating position was below the target of £7.0m and it was assumed for this forecast that it would not rise to a level sufficient to trigger the bonus payment. The remaining £0.9m bonus had therefore been released to the forecast income and expenditure account.

It was noted that in 2008/09, 20% of the University and PCMD's short term investment in Landsbanki Islands had been written off. This represented £0.5m. If there was any change to the anticipated level of recovery there could be a further impact in 2009/10; either by way of additional write off or write back.

Although it was evident that there had been a strong performance in student recruitment, at this stage it was recommended that the full £2.1m contingency be retained, including the £0.9m element in respect of teaching income. There were some suggestions that progression rates from year 1 to 2 and year 2 to 3 were under forecast, but these were based on provisional data and subject to further review. This would be considered at the February meeting of SPaRC when the full analysis following the 1 December census position was completed.

The Committee welcomed this strong start to the year, noting that it was important to deliver on the target position, giving the challenging times ahead. Of particular note was the overall growth in turnover from 2008/09, approximately 12% up, and of how tuition fee income was becoming a more important proportional factor than funding council grants. Heads of School and School Managers were thanked for all their work in helping deliver a promising platform for 2009/10. The Committee **RECOMMENDED** the forecast to Council.

09.78 Risk Management Committee

The Committee **RECEIVED** a termly report on Risk (SPRC/09/90), which provided an update to the Committee on the current risk environment and the University's approach to managing these new and emerging risks. At its first meeting of the academic year, the Performance and Risk Steering Group (PRSG) reviewed the Terms of Reference, and it was agreed with immediate effect that 'Performance' would be removed from its Terms of Reference. In light of this amendment PRSG would be renamed as the *Risk Management Committee (RMC)*. SPaRC was comfortable with this change.

Areas that the RMC was keeping a close watch on included:

- linkage to Schools and Services risk management
- lesson learnt from the 2008/9 cycle
- linkage with internal audit going forward

It was noted that the Registrar and Deputy Chief Executive was requiring all Heads of Service to examine those activities that were (one or more of) high volume / complexity / reputational impact / financial value and assess the risks/controls in those areas for report back to him. It was also noted that the impact mitigation plans for the infrastructure works were subject to audit this session. Given the disappointing and unexpected graduate employment data from the most recent DLHE (Destinations of Leavers in Higher Education) survey of 2008 graduates six-months post graduation, more work on getting early warning mechanisms right was required.

09.79 Research Excellence Framework (REF) Consultation

The Committee **CONSIDERED** the University's draft response to HEFCE's REF Consultation (SPRC/09/91), which had been produced and considered by the RKT Strategy Task & Finish Group and the Research Forum. This was an important consultation given that the REF, probably to take place in late 2012, would inform quality rankings of research in UK HEIs and that should under current arrangements also inform funding of QR. The Committee was generally content with the response, and wished to raise only the following points:

- Question 9 – a more constructive response was suggested, given it was in our interests and that of the sector overall to ensure that interdisciplinary research was assessed on an equal footing with other types of research. Whilst there may be practical challenges to achieving this, we should register our support and commitment to resolving the issues.
- Question 14 – the Great Western Research project was commonly cited as an example of good partnership practice, and we should cite that in our response.

The deadline for submission to HEFCE was 16 December. The Dual Assurance partnership for RKT would consider these comments from SPaRC, and the University's response would be submitted once signed-off by VCEG.

09.80 Safety Committee Annual Report 2008/09

The Committee **CONSIDERED** the Annual Report from the Safety Committee (SPRC/09/92). The Report would be considered by Council at its December meeting.

It was noted that the period of major construction from Summer 2009 onwards would make maintaining the traffic and pedestrian routes on campus in a safe condition more difficult and challenging. It would be imperative that the various construction sites were segregated (by physical barriers) and routes kept clear of mud and debris.

The Chair of Council requested that Mr Adams provide a summary document for the discussion at December Council, covering the approach being taken to managing on-site constructor company safety practice. The Registrar and Deputy Chief Executive requested that Mr Adams and the Construction Health and Safety Officer come to a future meeting of Infrastructure Strategy Group so that the mitigation planning and general safety issues relating to the infrastructure programme could be explored in depth.

09.81 Cornwall Campus Strategy Group

The Committee **RECEIVED** for information a report from the meeting held on 21 October 2009, together with the Terms of Reference (SPRC/09/93).

09.82 Safety Committee

The Committee **RECEIVED** for information a report from the meeting held on 22 October 2009 (SPRC/09/94).

09.83 TRAC Sign-Off

The Committee **RECEIVED** for information a report on the TRAC (Transparent Approach to Costing) Sign-off process (SPRC/09/95).