

STRATEGY, PERFORMANCE AND RESOURCES COMMITTEE

A meeting of the Strategy, Performance and Resources Committee was held on Friday 12 February 2010 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
Pro-Chancellor, Mr K R Seal
Guild President, Mr R Stearn
Ms S Wilcox

IN ATTENDANCE: Dean of Taught Programmes, Dr J Barry
Director of Personnel and Staff Development, Mr S Cooper
Director of Business & Enterprise (Student's Guild), Ms T Costello
Pro-Chancellor, Mr R Hughes
Director of Planning Services, Mr P J Kennedy (Secretary)
Director of Finance and Corporate Services, Mr J C Lindley

Change Manager, Ms A Verhamme (for item I/8)

APOLOGIES: Guild Chief Executive, Mr J Hutchinson
Professor D A Myhill
Deputy Vice-Chancellor, Professor M Overton
Director of Academic Services, Ms M Shoebridge
Professor N J Talbot
Dean of Graduate Research, Professor R Van de Noort

10.01 **Minutes**

The minutes of the meeting held on 18 November 2009 were **CONFIRMED** (SPRC/09/96).

10.02 **Matters Arising**

Minute 09.54 – Pay Awards – it would be crucial that payroll costs (both salaries and pensions) did not grow to unsustainable levels, as already a trade of fewer jobs for higher pay costs was being seen in parts of Higher Education and other sectors. Full control of our payroll was a necessary condition to growing our academic staff numbers and to our future success.

10.03 **Vice-Chancellor's Report**

The Committee **RECEIVED** a report from the Vice-Chancellor (SPRC/10/01). In addition the following points were made:

(a) Investment in Posts (minute 10.05 refers) – that some 100 academic staff posts across our disciplines were being advertised. Given the contrasting fortunes of many other HEIs,

there was a real opportunity to attract high calibre staff to Exeter, improve our staff:student ratios and to continue our upward trajectory.

(b) Peninsula College of Medicine and Dentistry – the review process was now nearing its completion, and it was expected that the Council would be asked to sign off the changes to the existing Memorandum of Agreement at its April meeting. The changes would also need approval from the Plymouth governing body. The outcome should give Exeter control over Medical research, and for example Exeter would make the submission to the REF; choice of location (Exeter, Plymouth) of undergraduate study should also be agreed, which would be important as the market became increasingly influential as fees increase and Exeter's position in the market continues to rise. The appointment of the new Dean of the College was now being progressed. The Vice-Chancellor thanked David Allen and Professor Janice Kay for their outstanding work in progressing this strategically vital work to such a promising position.

(c) Exeter as a Unitary Authority – the Government had announced that Exeter would become a unitary authority with effect April 2011. The Conservatives had stated that they would in fact reverse the decision if they formed the new Government. The impact of either outcome should prove neutral to the development of the Science Park as no single shareholder could have a majority holding.

10.04 Financial Forecast 2009/10

The Committee **CONSIDERED** a report from the Director of Finance and Corporate Services (SPRC/10/02). The forecast historic cost position of the University for 2009/10 was now a surplus of £12.3m, compared to the surplus approved by SPaRC on 18 November 2009 of £9.9m, and the budgeted surplus of £8.8m. Improvements were noted in both the operating position and for exceptional items.

The operating position had improved by £1.5m to a surplus of £8.0m. SPaRC had previously set a bonus payment target of £7.0m at the operating surplus level; with a forecast £8.0m operating surplus the target had been reached. As a result, the revised forecast included the payment of £0.9m staff bonus. Full payment of the bonus would be dependent on other targets being met.

The original contingency of £2.1m had been retained in full, of which £0.5m was retained as a general reserve.

The forecast included no impact for any of the announced cuts other than was included in the budget for 2009/10. It was assumed that the recently announced HEFCE / Government cuts would not impact on this financial year. At present the Creating Value measures the University had taken to deal with the government cuts and potential cuts appeared sufficient; this would be kept under review.

10.05 DBIS Letter to HEFCE

The Committee **RECEIVED** a report from the Director of Planning Services (SPRC/10/03) which highlighted some important updates in recent communications received from the Secretary of State and the Chief Executive of HEFCE.

In HEFCE's statement on funding for universities and colleges, it was highlighted that the total allocation of £7,291m was £449m less than expected, when compared with previous plans for 2010/11. Thus far HEFCE had not been able to get clarity on where and how the additional £600m Pre Budget Report cuts would fall, and these represented an additional threat to HE funding from 2011. Taken as an overall package, these initial announcements suggest further challenges for the University and for the sector. The outcome for Exeter and would be circulated that to SMG and SPaRC in March when the grant settlement letter was received (expected circa 12 March).

As noted in the previous item, the University had been preparing itself for substantial cuts in public funding, and our position looked relatively strong in the sector where significant job losses were now being openly discussed on a weekly basis at a number of very prominent universities. Nonetheless, there could be no complacency given the possibility of further cuts ahead. It was noted that the real situation and the medium term government response to it would only become visible following the general election. 2011/12 and the succeeding years would probably be the most challenging seen in decades.

The University was now in a position to make investments, given the strength of its financial position and following the ongoing success in improving student recruitment and research income. With staff:student ratios now slightly higher than most of our peers it was important to address this and ensure that the recurrent resources to keep on improving our education and research were put in place; this same principle applied to the underlying Professional Services. The Chair of Council reported on the work his sub-committee had done to assess the proposed £5m investments, £3m of which would support new academic posts in STEM, £1m for Internationalisation and £1m for investments in the Professional Services/Education Strategy. He confirmed that in principle he was content for those investments to be made, subject to there being capacity to pause on investments should there be an emergency budget following the general election that led to a position unanticipated in our planning.

In his letter to the HEFCE Chairman, Lord Mandelson confirmed that the unfunded 10,000 extra undergraduate places (primarily for STEM) authorised for 2009 entry were indeed a one-off. The University's own plans for intake had anticipated this position, and we expected to be under the cap again for 2010 entry.

10.06 Annual Operating Plan

The Committee **CONSIDERED** a progress report on the Annual Operating Plan (SPRC/10/04). The majority of the actions for Dual Assurance areas were noted as either already completed or on target for completion. There were a very small number of actions that appeared to have been over-optimistic in their assessment and the owners would receive specific feedback as necessary. That point notwithstanding, only three actions were noted as being at risk of non-completion, either due to the need for additional resources, or because other projects had taken precedence. Overall, therefore, progress was noted as good. A further progress report will be brought to the Committee in June, with a final review in October 2010.

10.07 Infrastructure

The Committee **RECEIVED** a commercial in confidence report (SPRC/10/05) which provided an overview of developments in the Infrastructure Strategy over the last twelve months, and an update on the current position concerning key projects and issues

10.08 Progress Report on Change Management

The Committee **CONSIDERED** a report from the Change Manager (SPRC/10/06) which detailed the progress made since the Transition to Colleges proposal was approved previously by Senate and Council in November 2009.

The Change Management Group had met on a number of occasions since the proposal was approved, and College Deans and Managers had now been appointed. Associate Dean appointments were anticipated to be concluded and announced shortly.

A detailed change programme had been devised, consisting of seven work streams covering the areas of College Governance; Professional Services; Student Services; Financial planning; Tools of the trade; Communication and branding; and Staff development. Work across all streams was noted as progressing well, with good communication between the work streams and key stakeholders.

The issue of branding was raised in discussion. There was a risk that there would be a proliferation of brands, and such a development could ultimately weaken the University brand. It was agreed that the primary brand had to be the University. Brands at a local level had to recognise that they were identifiers of the University brand, and could only be used where expressly needed and approved. In short, it was the University's name that should lead, with College/subject descriptions following. From a student and more general marketing perspective it was the discipline offering that was relevant, and the 'plumbing and wiring' of internal organisational structure was irrelevant. It was also recognised that identity and alignment of academic staff to their disciplines were important, and needed careful attention also; research students were also influenced by these connections. The Dean of Undergraduate Studies noted that the Flexible Combined Honours programme had not as yet been formally located organisationally within the new structures and this needed addressing.

The Change Manager was thanked for an excellent paper and for the very encouraging start made to the transition.

10.09 TRAC 2008/9 Return

The Committee **RECEIVED** a report on the TRAC (Transparent Approach to Costing) return for 2008/9 (SPRC/10/07).

TRAC was a prescriptive sector-specific costing methodology which aimed to identify the costs of Teaching and Research. Because public funding of these activities in part depended on the annual results of the exercise, there had been increased auditing of and general attention to the process.

The Committee **APPROVED** the TRAC Return of January 2010, ratifying the conclusions reached by VCEG and confirming that it was content with the compliance statement in the TRAC return.

10.10 Financial Memorandum Consultation

The Committee **CONSIDERED** a report from the Director of Finance and Corporate Services (SPRC/10/07a) which detailed the consultation HEFCE had entered into on the Financial Memorandum (FM). The consultation was due to be submitted by 5 March 2010.

The FM set out the conditions under which HEFCE provided funding to higher education institutions. All institutions must comply with the FM. The consultation introduced to the FM a number of areas that had not previously been covered, and re-written rules on longer term commitments. The Committee was asked to note that the University was uncomfortable with many of the new proposals.

In discussion it was noted that the Funding Council appeared to have adopted a reactive position to events that had unfolded at London Metropolitan University, and that these were largely inapplicable to well managed institutions, and that the principle of risk-based regulation and reporting appeared to be severely compromised by these proposals. Special concern was registered at the proposals that HEFCE could effectively force a governing body to remove a Vice-Chancellor, which would undermine the autonomous nature of HEIs.

The Registrar and Deputy Chief Executive noted that there was a process of discussion now taking place to bridge the legitimate concerns of HEFCE and those of HEIs, so that a sensible accommodation could be reached. The Committee welcomed this intelligence.

The Committee **APPROVED** the draft response to the consultation.

10.11 Student Numbers

The Committee **RECEIVED** for information a report from the Director of Planning Services (SPRC/10/08) which provided confirmation of the student numbers position for 2009/10, and also presented the current application position for 2010 entry.

10.12 Cornwall Campus Strategy Group

The Committee **RECEIVED** for information a report from the Cornwall Campus Strategy Group meeting held on 19 January 2010 (SPRC/10/09)

10.13 Ethics Committee

The Committee **RECEIVED** for information a report from the meeting of the Ethics Committee held on 26 November 2009 (SPRC/10/10)

10.14 Safety Committee

The Committee **RECEIVED** for information a report from the meeting of the Health and Safety Committee held on 21 January 2010.

10.15 Authority to Sign

The Committee **APPROVED** the recommendations for the authority to sign contained in paper SPRC/10/12.