

Minutes Unrestricted

Meeting title: Council

Date: Wednesday 25 November 2009

Time: 4.00pm

Location: The Council Room, George Thomas Building

Present: Dame Valerie Strachan (*in the Chair*), Professor N H Foskett, Mr R Henderson, Professor J Kilburn, Mr M Killingley, Mr A Morgan, Mr T O'Brien, Professor D Nutbeam, Mr S O'Reilly*, Professor W Powrie, Dr M Read, Mr M J Snell, Mr J Trewby, Professor A A Wheeler and Mrs J Wood

In attendance: The Registrar and Chief Operating Officer, the Director of Finance, Professor A D Fitt, Professor D Humphris, Professor P A Nelson, the University Secretary and Dr K A Piggott

By invitation Dr N Smith (Environment Manager) for agendum 10 (minute 24)

* not present for restricted business

Dame Valerie welcomed members to the meeting, particularly the new Vice-Chancellor Professor Nutbeam, attending his first meeting as a full member, and Mr Trewby, a new member in Class 2. She reported that Professor Kelly had now resigned as a Senate representative on Council, as he was no longer serving on Senate. The process was in hand for Senate to appoint a new representative. Professor Williams had been reappointed as a Senate representative as his period as Dean of Medicine, Health and Life Sciences had been extended.

Dame Valerie also reported that Dr Spittle had not been able to attend the last three meetings of Council, and that in accordance with Statute 17(6) Council was required to authorise continuation of his membership.

Resolved That the membership of Council of Dr Graham Spittle be continued.

Section A: Presentations

Members received two presentations:

- (i) DVC Professor Phil Nelson on the University Strategic Research Groups
- (ii) The Vice-Chancellor gave an update on strategy planning

Section B: Minutes and Reports

Members were invited to declare any conflicts of interest. The Director of Finance, the Registrar and Chief Operating Officer and the Treasurer each declared an interest as a Trustee of the Pension & Assurance Scheme for Non-Academic Staff (PASNAS) (minute 20).

18. Obituary

Dame Valerie reported with regret the deaths of the following members of the University and invited members to stand as a mark of respect:

- Samantha Verschueren, MPhil/PhD Music
- Carlo Cavani, M Eng Ship Science
- Peggy Read, Lecturer School of Humanities

19. Statement of Primary Responsibilities (agendum 2)

Received A paper from the Registrar and Chief Operating Officer and Director of Finance headed 'Responsibilities of Vice-Chancellor and Council towards HEFCE and Other Bodies' dated 4 November 2009.

The Vice-Chancellor indicated that since his arrival he had been asking questions about his role and

responsibilities, particularly in relation to the roles of the University Executive Group (UEG), Senate and Council. In the current committee structure UEG (a joint committee of Senate and Council) had a pivotal role in decision making, received reports from executive committees and reported to Senate and Council. This was very different from his previous experience and raised for him a number of concerns. For example, he alone signed the annual assurance return to HEFCE; this was not a shared responsibility with UEG. Also what would be the position if he and UEG disagreed? He therefore planned a review of the governance/committee structure, with the aim of moving to a system whereby UEG had a strategic/executive role rather than being a focal point for decision making and reporting. In the meantime, reflecting this approach, reports from UEG to Council would form part of the Vice-Chancellor's report.

Resolved To note the paper and the plans for a review of the governance and committee structure.

20. **Minutes (unrestricted) of the meeting held on 29 September 2009 and publication of papers**

- Resolved**
- (i) That the Minutes (unrestricted) of the above meeting be approved and signed, and may now be published on the SUSSED open access group site.
 - (ii) That the following papers on the unrestricted agenda for 25 November 2009 will not be published on the open access site: Agendum 5 HEFCE Five Year Financial Projections.

21. **Matters Arising**

21.1 **Code of Practice to Ensure Freedom of Speech** (minute 4.5)

The Registrar and Chief Operating Officer reported that the Head of Legal Service would be in contact with Mr Henderson shortly to discuss the Code of Practice to Ensure Freedom of Speech.

21.2 **Nominations Committee – appointment of Mr Peter White** (minute 11)

Mr White was no longer able to take up the appointment on Council because of unexpected work pressures, but was still very interested in pursuing a relationship with the University in other ways. A recommendation to fill the resulting vacancy would be brought forward in due course.

22. **Vice-Chancellor's report**

Received A written report from the Vice-Chancellor, dated 25 November 2009 (tabled).

The Vice-Chancellor indicated that in future he would present a written report to each meeting, circulated in advance. He drew particular attention to the following items in the report:

- *Higher Ambitions: The future of universities in the knowledge economy*: A number of issues arising from the 'Higher Ambitions' report were highlighted.
- *Issues discussed at and decisions taken by UEG, for Council attention*: specifically:
 - The commencement of the fundraising campaign in connection with the Broadlands Archive.
 - The future strategy and creation of the new Institute for Life Sciences.
- *Research successes*: notably a £1.9m Engineering and Physical Sciences Research Council grant won by the School of Engineering Sciences to fund a Centre for Multi-disciplinary Computer Assisted Tomography.

The Vice-Chancellor was also pleased to advise that the University had entered a more positive phase in its relationships with Lloyds Register; he was optimistic that a solution would be reached which would enable the Boldrewood development to move forward.

Resolved To note the Vice-Chancellor's report

23. **Report from the President of the Students' Union**

Received The report from the President of the Students' Union.

Mr O'Reilly presented the report, and drew particular attention to:

- *The fees debate*: SUSU was getting involved in the fees debate at national level. There would be consultation with Lord Browne's fees review group to consider how the views of the non-affiliated Students' Unions could be brought into the process.
- *Governance review*: In line with the requirements of the Charity Registration Act 2006 SUSU was engaged in a governance review, holding consultations to establish its mission, vision and values.
- *Non-affiliated Students' Unions*: Following a conference for the non-affiliated Students' Unions it had

now been agreed to form a non-political support group, for mutual benefit. Dame Valerie commented that she was sure that the decision not to appeal the denying of an application for a later license for the Cube nightclub, but rather to work on developing good relationships with local residents and apply again later, was the right one under the circumstances.

The Vice-Chancellor emphasised that the decision whether or not to raise tuition fees was a political one. In public speeches his aim was to state the case for the need for adequate funding for higher education; he was not championing increases in fees or an open market.

Noted The President's report.

Section C: Principal items for discussion and decision

24. University Travel plan (agendum 10)

Received An executive summary of the travel plan, prepared by Dr Smith (Environment Manager).

Members were advised that the travel plan had been presented in July 2009 for note but was now submitted for approval; formal endorsement by Council would be beneficial for planning control and related legal purposes. Dr Smith explained the rationale for developing a new travel plan, and the importance of having a mix of measures (both 'carrots' and 'sticks') to encourage alternatives to car usage. In discussion the following issues were raised:

Several members suggested that the targets should be more ambitious targets. Dr Smith said that the intention was for them to be challenging yet achievable rather than aspirational. A good number of staff and students had already moved away from car usage, and so greater effort would be required to change the behaviour of those who were still driving into work. The targets would be kept under review and could be revised upwards if appropriate.

Encouraging cycling was beneficial, but there were safety concerns. Dr Smith commented that brochures were being designed setting out the safest cycle route between campuses, and the possibility was being explored of a 'cycling buddies' scheme.

Attainment of the targets would be measured by travel surveys, although these would provide approximations only, as not everyone would respond. Measuring CO₂ emissions was difficult - some universities used an emissions calculator in their travel survey, but this would only be an approximation. The University's carbon footprint for business travel was currently unknown; however a project being undertaken through Procurement should assist with these calculations. Mr Henderson suggested that if it was intended to encourage car sharing for business travel then the wording of any related policy should be legally checked.

Dr Smith confirmed that an equality impact assessment had been conducted; the proposals in the plan were largely neutral but the parking policy was found to have potentially detrimental effects for staff with carer responsibilities. Work was ongoing to assess whether parking spaces could be guaranteed for such staff, although there would be difficulties in policing such a system.

Resolved That the Travel Plan be approved, but that the targets be kept under review, with the possibility of revising these upwards if it appeared they would be easily met.

25. University Financial Statements for 2008/2009 (Agendum 11)

Received The Financial Statements for 2008/2009, with a business analysis of the statements dated 16 November 2009 prepared by the Director of Finance.

The Director of Finance presented the financial statements and drew attention to the following:

- He was very pleased with the overall financial results for the year, and that the statements showed results consistent with the projections previously given to Council. The original effective underlying position predicted for 2008/09 was a break even budget, and the eventual result was a £4 million surplus on normal operations, after an increase in depreciation on 2007/08 of £6.3 million, which implied an improvement against the original budget of around £10 million.
- The final receipt of the insurance claim funds (less directly attributable additional costs of working incurred in 2008/09 as a result of the fire) was shown as an exceptional item. There would be no

further exceptional items relating to the claim. The increase in depreciation resulted largely from the purchase and commissioning of replacement clean room equipment.

- The University had substantially increased its cash and near cash assets, ending the year with £127 million in cash or near cash, an increase of £36 million on 2007/08. This had the effect of reducing net debt to the lowest net debt figure since 1992/93.
- He paid tribute to the expertise of Mr Grice and Mr Shutler in Finance for their work on in-year financial information and the financial statements respectively.

The Treasurer commented that although the statements showed a £40 million surplus after the recognition of exceptional items, the surplus on normal activities was £4 million. Some careful explanations might be needed to ensure that the difference was properly understood.

Mr Morgan, Chair of the Audit Committee, confirmed that the Audit Committee had received a detailed report from the external auditors in November, and had been kept fully briefed on key issues. The Committee agreed with the judgments made, and was pleased with the University's achievements, particularly the level of net debt. This placed the University in a good position to face what would clearly be an uncertain financial future. On behalf of the Audit Committee he endorsed the recommendation that Council approve the financial statements.

The Director of Finance drew attention to the need for letters of continuing financial support to be provided for five subsidiary companies. Photonic Innovation Limited was added to the list included in the circulated paper, as it had recently received a small sum of cash from a shares sale.

Dame Valerie congratulated the University on securing this positive financial outcome for the year. This had been a difficult period, in terms of activities to improve productivity, but the measures taken had proved effective. It would be important to remain vigilant, so that costs did not begin to increase again.

- Resolved**
- (i) That the financial statements be approved for submission to the Court.
 - (ii) That letters of support be issued to Southampton Asset Management Limited, Southampton Innovations Limited, University of Southampton Holdings Limited, Photonic Innovation Limited and University of Southampton Consultancy Services.

26. HEFCE Five Year Financial Projections (agendum 12)

Received The 'HEFCE 'Single Conversation' Annual Accountability Returns 2009 Financial Commentary on Past Performance and Future Prospects' dated 25 November 2009.

The Director of Finance presented the paper and explained that the forecasts were based largely on the 'moderate case' set out in the paper presented to Council in July 2009 (minute 136). The core assumptions were that HEFCE funding would reduce by 2% per annum in real terms each year and Research Council funding by 4% in each of 2011/12 and 2012/13. HEFCE expected the University to take a realistic view; hence the need to reflect public funding cuts in the assumptions made.

The Treasurer commented that previous good stewardship now placed the University in a better place to face the difficult period ahead. A break-even position would not however enable the University to reinvest in key areas, or develop the capital programme – future strategy would need to address this.

In discussion the following points were raised:

- A continued growth in student numbers, particularly international students, had been assumed. Full-time home/EU student numbers would increase in 2010/11 as the result of a previous successful bid to HEFCE; the outcomes of two further smaller bids for additional funded numbers were still outstanding.[post meeting note – the University was successful in securing a total of 90 additional funded students from HEFCE]
- With regard to the view stated in the return that 'Higher Ambitions' was a positive document for the University it was questioned whether any associated risks had been assessed. It was emphasised that the projections assumed no financial benefit arising from 'Higher Ambitions'.
- It was confirmed that it remained the target to reduce salary costs to 56% of income by 2010-11 although it was possible that this would be achieved in 2009/10.
- Issues related to USS and PASNAS raised significant concerns, which were explored briefly.

- There was a message to be conveyed across the University that the financial environment would become still more difficult. Public funding cuts could be greater than those predicted in the forecasts. Much had already been achieved to cut costs and increase income, but greater productivity would be required. Mr Morgan commented that this view had been shared by the Audit Committee.
- Dame Valerie proposed the deletion of the final sentence in the commentary, which referred to 'an acknowledgement that the institution is not financially sustainable', as open to misinterpretation, and this was agreed.

Members were again reminded that the projections in the document were based on plans which were broadly focussed on 'business as usual' and took no account either of the new strategic plan or any additional mitigating action which the executive was likely to take in the light of public spending cuts.,

Resolved That, subject to the deletion of the final sentence in the commentary, the annual accountability return and commentary be endorsed for transmission to HEFCE.

27. **Financial monitoring 2009/2010: October 2009 Management Accounts** (Agendum 13)

Received The October 2009 Management Accounts, with a covering paper from the Director of Finance dated 13 November 2009.

The Director of Finance commented that there had been a good start to the year. International Student fee income appeared likely to be in the region of £36 million against an income target of £34.5 million. Once the staff budget was adjusted to recognise that the level of the pay award was likely to be below the 3% originally assumed the staff budget would reduce to £236m, and current estimates were that the staff cost figure would be in the range £234m - £236m for the full year. October 2009 was the first month of the increase in USS employer contribution rates from 14% to 16%.

Resolved To note the management accounts as at October 2009.

28. **Update on the Capital Programme** (agendum 14)

Received An update on the capital programme from Professor Wheeler, dated November 2009.

Professor Wheeler presented the report, commenting that the focus was now on planning for the end of the current programme and the possible next phase. A key issue was the need for a new Data Centre, and proposals would be brought to Council in February. He confirmed that these would take into account broader issues about the IT infrastructure needed to provide data security for the University and would be set in the context of future financial projections. The Data Centre work was outside the scope of the current capital programme, and so additional funding would be required to take this forward.

In response to a query about the risks associated with the decommissioning and demolition of Boldrewood Professor Wheeler explained that this was a two-stage project, with the first stage being a series of surveys and studies to understand the risks. A contract would then be placed to decontaminate the building, with a subsequent separate contract for demolition.

Mr Trewby regretted that difficulties in the relationship with the Southampton University Hospitals NHS Trust had caused problems in relation to the works at the hospital; he was optimistic that a solution had now been reached, and that relationships would improve.

It was questioned why issues related to the Data Centre did not appear in the list of key risks in the paper, given that this had previously been flagged as a high risk area. It was explained that the risks listed were those associated with the current phase of the capital programme –the Data Centre was not part of this. The Registrar and Chief Operating Officer confirmed that the University's full risk register included reference to the Data Centre issues. (See agendum 39 circulated for Council July 2009).

Resolved To note the update report on the capital programme.

29. **Audit Committee Annual Report to Council** (agendum 15)

Received The Annual Report from the Audit Committee for the year ended 31 July 2009, together with the Annual Internal Audit Report, 2008-2009 compiled by KPMG.

Mr Morgan commented that there had been good progress in the internal control environment over the past year, highlighting particularly:

- the increased focus on the Risk Register as a management tool;
- the importance being placed on the quality of data submitted to HEFCE
- the work of the InEx project so far in reducing costs and increasing income.

The committee had worked closely with both the internal and external auditors, and appreciated the openness with which University management was willing to discuss issues. With regard to the Internal Auditors' report, *Accounts payable* had been downgraded from high to low risk following a further review this year, but two high risk areas had been identified: *maintenance of the residential estate* and *business continuity planning*. In both cases the issues were under active discussion and a report from the Registrar and Chief Operating Officer was expected for the March meeting.

With regard to issues raised by HEFCE's recovery of funding from London Metropolitan University it was noted that substantial work had been undertaken by the Audit committee over the past year in the area of the quality of data returns, such that the committee was able to give the required assurances relating to the effectiveness of the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), HEFCE and other funding bodies. Professor Humphris as Chair of the Student Academic Administration Board, indicated that the Board was continuing to work on enhancing the quality of data management.

In response to a query about the length of time the engagement partner for the internal and external auditors had been in place the Director of Finance advised that this was the third year for the partner for Mazars; under the HEFCE Code of Practice the engagement partner should serve for no more than five years. There was no standard term set for the internal audit engagement partner; the current partner had been in place for six years. Market testing for the internal audit firm would take place next year, and so the issue of succession/rotation planning could be discussed at that point.

Resolved To note the Audit Committee Annual Report for the year ended 31 July 2009.

30. **Key Performance Indicators: update on 'Red' KPIs** (agendum 16)

Received A paper from the Head of Corporate Planning headed 'KPI 2008 - update' dated 19 November 2009.

Members were reminded that it had been agreed that an update on progress with 'red' KPIs would be presented to each ordinary meeting of Council. On this occasion issues raised in the report had been covered elsewhere on the agenda.

Resolved To note the update on 'red' KPIs.

31. **Proposed Changes to the University of Southampton Honorary Degree Structure and Process** (agendum 17)

Received A paper from the Registrar and Chief Operating Officer, dated 20 November 2009 and headed 'Proposed Changes to the University of Southampton Honorary Degree Structure and Process' (additional item not referenced on the original agenda)

The Registrar and Chief Operating Officer presented the paper, which had also been considered by the Honorary Degree Committee (HDC) at its meeting earlier that morning. The purpose of the proposals to tighten the criteria for the award of an honorary degree and introduce a 'fellowship of the University of Southampton' was to develop a system to preserve the integrity of Southampton academic awards while enabling a different type of recognition to be given to those whom the University wished to honour for their service. Dame Valerie commented that HDC had supported the proposal that the University should be more discriminating in selecting honorary graduands and possibly make fewer awards, but had felt that 'distinction' in this context should cover not only academic distinction but also real distinction in a candidate's career/field of expertise. HDC had also agreed that it was appropriate to recognise service to the University by means of a different type of award. The views of Senate would need to be sought on the revised criteria - the proposal had been shared with Senate in outline at its meeting on 18 November, and members had been broadly supportive (see agendum 23).

- Resolved** (i) That new criteria for the award of Honorary Degrees should be established to make clear that only real distinction in their field of expertise would qualify a candidate for an award; and that the criteria would be presented to Senate and Council in February.
- (ii) That nominations for Honorary Degrees in 2010 using new the new criteria should then be sought from Schools, Faculties, and Council members.
- (iii) That the Registrar and Chief Operating Officer should work with the Secretariat to develop the “Fellow of the University of Southampton” process with proposals being brought to Senate and Council in February, for application in December 2010.

Section D: Reports from Committees

32. Report from the meeting of Senate 18 November 2009 (agendum 23)

Received The unrestricted report from the above meeting of Senate.

Resolved That the report from the above meeting of Senate be noted.

33. Minutes of the meeting of the Audit Committee

33.1 21 September 2009 (agendum 24.1)

Received The minutes of the above meeting of the Audit Committee.

Resolved That the minutes of, and decisions taken by, the above meeting of the Audit Committee be noted and endorsed.

33.2 12 November 2009 (oral report)

Mr Morgan indicated that the key issues discussed at the meeting related to the financial statements and annual audit report, brought to Council as substantive items. The committee had also discussed the reports on InEx and Procurement circulated to Council as annexes to the HEFCE ‘Single Conversation’ Annual Accountability Returns 2009 (Agendum 12).

34. Report from the meeting of Health and Safety Audit Committee, 2 November 2009 (agendum 25)

Received A report from the above meeting of the Health and Safety Audit Committee.

In Ms Rivaz’s absence Professor Powrie presented the report and drew attention to the following:

Amendment to Title and Terms of Reference: It was confirmed that the proposed amendments to the title and terms of reference had been endorsed by UEG. Mr Henderson commented that he had serious reservations about the setting of health and safety targets by UEG - they should be set by Council. It was agreed that, pending the outcome of the committee review, the point should be addressed by deleting ‘set by UEG’ from the relevant term of reference. He was also concerned about possible overlap with the work of the Safety and Occupational Health Committee (SOHC). The Registrar and Chief Operating Officer explained that SOHC was an internal management committee, while H & S Audit committee’s role was oversight and governance. The proposed change in SOHC’s reporting lines should help to clarify the position (see minute 35).

Director’s report and update - health and safety training: The Committee was seeking to work with the Director to achieve ownership of and commitment to health and safety, and training was an important element of this; however training needed to be constructive and meaningful.

Health and Safety reporting: In suggesting that the University move to monthly rather than quarterly reporting the Committee’s intention was not to increase the amount of reporting but rather to encourage a ‘little and often’ approach to ensure health and safety was embedded within the culture.

- Resolved** (i) That the Committee’s title be changed to ‘Health and Safety Audit and Assurance Committee’, and that the terms of reference be amended as set out in appendix 1 of the circulated paper, subject to the deletion of the words ‘set by UEG’ in term of reference (iv) (inadvertently numbered (iii) in the circulated paper).
- (ii) That the report be noted.

35. **Report from Safety and Occupational Health Committee (SOHC), 4 November 2009** (agendum 26)

Received A report from the above meeting of Safety and Occupational Health Committee.

It was noted that the report included a proposal for an amendment to the reporting lines for SOHC. This had been endorsed by UEG. The Registrar and Chief Operating Officer again emphasised that SOHC was a management committee and as such should be linked to the executive group rather than to Council. The Vice-Chancellor commented that health and safety was an area in which it was important to be able to demonstrate collective responsibility, and in which a direct link with the executive group was appropriate. This would be taken into account in the committee review. In response to a query from Mr Henderson the Registrar and Chief Operating Officer confirmed that the University thought it appropriate for its higher level committees to be able to report directly to Council/Senate if necessary, but the expectation was that this would be used exceptionally.

- Resolved**
- i) That the committee structure be amended such that, rather than reporting directly to Council, SOHC reports to UEG while retaining the right to report directly to Council when appropriate; and that the committee structure diagram be amended accordingly.
 - (ii) That the terms of reference of SOHC be amended as set out in appendix 1 of the circulated paper.
 - (iii) That the report be noted.

Section E: Other items for note and formal approval

36. **Deregulating the University governance arrangements: proposals for the University** (agendum 29)

Received A paper from the University Secretary dated 11 November 2009 and headed 'Deregulating our governance arrangements'.

The paper set out the background, plans and timetable for, the deregulation project, under which items in the Statutes not defined by the Government to be of significant public interest (as explained in the paper) would be moved into Ordinances, thus removing the requirement for future changes to these items to be approved by the Privy Council. This would give greater flexibility for change in future. The University Secretary commented that the paper had also been discussed at Senate (see agendum 23). Senate had been reassured that the proposed changes would have no impact on its rights and powers, and that the arrangements currently in place for seeking revisions to the University's constitution would continue as at present, including the requirement for consultation with the Senate.

Resolved That the plan and timetable for the deregulation process be noted and supported.

37. **Amendments to the Laws of the Students' Union** (agendum 30)

Received A paper from the President of the Students' Union headed 'Amendment to Laws of the Students' Union', seeking approval for an amendment to the Laws of the Students' Union to permit the award of the title of Honorary President.

Mr Reilly confirmed that the intention of the proposal was to create a new honour solely and specifically to recognise the outstanding contribution of the individual named in the new clause, who had retired from the Students' Union in 2009 after 30 years of service to SUSU.

Resolved That the laws of the Students' Union be amended as set out in the circulated paper, to add a new clause 3 (viii) Honorary President.

38. **Sealing of Documents** (agendum 31)

Received A paper listing the documents sealed since the meeting of Council on 9 July 2009.

Noted The list of sealed documents.
