

# Minutes Unrestricted

**Meeting title:** Council

**Date:** Thursday 24 November 2011

**Time:** 4.00pm

**Location:** The Council room, George Thomas Building

**Present:** Dame Valerie Strachan (*Chair*), Mr M Burrow, Professor I Cameron, Mr R Henderson, Professor R Holdaway, Mr M Killingley, Mr S Ling\*, Professor D Nutbeam\*\*, Mr T O'Brien, Ms R Rivaz, Mrs H Smith, Professor P Smith, Dr G Spittle, Mr J Trewby and Professor A Wheeler

**In attendance:** The Registrar\*\*, the Chief Operating Officer, the University Secretary, the Director of Communications and Marketing\*\*, the Director of Finance, Professor P Nelson, and Dr K Piggott

\* not present for restricted business    \*\* Present for the discussion recorded under minutes 27, 28, 29 and 32

The Chair welcomed members to the meeting, particularly Ms Pook, the Director of Finance, attending her first full meeting of Council. She explained that as the Vice-Chancellor and the Registrar had to leave the meeting early to attend the Times Higher Education awards ceremony in London, a number of items on the agenda would be taken 'out of order' where the Vice-Chancellor's presence was needed for the discussion. (Note the minutes are recorded to match the order of items as presented on the agenda rather than the order in which the business was conducted).

## 23 Obituary

The Chair reported with regret the death of the Emeritus Professor Sir Gordon Higginson, former Vice-Chancellor, in November 2011, and invited members to stand as a mark of respect.

## 24 Minutes of the meeting held on 26 September 2011

**Resolved** That the Minutes (unrestricted) of the above meeting be approved and signed, and that the non-confidential minutes may now be published on the SUSSED group site.

## 25 Matters arising (not covered elsewhere on the agenda)

### 25.1 Amendments to Ordinances (minute 8)

It was confirmed that the proposed amendments to Ordinances 2.3 (titles of academic units in the Faculty of Engineering and the Environment) and 2.6 (titles of academic unit in the Faculty of Medicine) had been endorsed by Senate on 16 November and had been amended accordingly (see also agendum 14.1).

## 26 Publication of unrestricted papers

The Chair advised that the papers for agenda items 6 and 13 were circulated as confidential to Council and should not be published on the open access site.

**Resolved** That with the exceptions set out above the papers circulated for the meeting on 24 November should now be published on the open access SUSSED site.

## 27 Follow-up from the Council awayday 26-27 September 2011 (agendum 5)

**Received** A paper from the Vice-Chancellor 'Follow-up from the Council awayday', 16 November 2011.

The Vice-Chancellor indicated that a fuller report on progress with follow up actions from the awayday would be presented to the January meeting; he had however wished to present this working document and make an oral report to assure Council that actions were planned to take forward issues arising from what had been a very productive discussion. Seven areas for action had been identified:

- **Student Support:** A substantive paper would be brought to Council in January for approval, which would then form the basis of the submission to OFFA. The aim was to take a more flexible approach, offering students, where possible, a choice between fee relief and bursaries, and to provide a wider range of support to students during their time with the university.

- **Student assessment and feedback:** Work was being undertaken to investigate the nature and timing of feedback received by students, and to ensure there was a common understanding of the nature of assessment and feedback between staff and students so that expectations about feedback were clear
- **Student Evaluation & NSS:** All current students would have the opportunity to give their views in an online survey in the next weeks and months (either through the ibarometer survey which was currently live or the National Student Survey for final year students, which would go live in January). The University's Students in Free Enterprise (SIFE) society had been commissioned to conduct focus groups and one to one interviews with students in each Faculty. In both the areas of feedback on assessment and student evaluation, discussions were involving the Students' Union in a very productive way.
- **Employability:** The University was currently identifying and learning from, best practice at other institutions and would make changes to service provision where these were indicated.
- **Student Profile and Portfolio Review:** The University was looking closely at the programmes it offered, to consider whether any reshaping of the portfolio was required. A proposal would be brought to Council in January 2012 if it was concluded that it would be appropriate to cease particular activities. In response to a query from Mr Spittle the Vice-Chancellor confirmed that the initial focus of this activity was on undergraduate programmes,
- **Raising the University Profile:** A wide range of new and additional activities are planned commencing in 2012, particularly focussing around the University's Diamond Jubilee would be particularly important.
- **Rebuilding the agenda around our enterprise activity:** Several initiatives were identified to support and extend the university's enterprise activities.

**Resolved** To note the report, and the Vice-Chancellor's intention to bring a more detailed written report to Council in January.

## 28 University of Southampton Malaysia Campus (USMC) Progress Report (Agendum 6)

**Received** A paper headed 'University of Southampton Malaysia Campus (USMC) – Progress Report' (*This paper was circulated as commercial in confidence*)

Members were advised that the project had moved through some critical stages. It had now been possible following detailed project management, scoping and pricing, to make a more accurate assessment of the full costs, and the revised financial position was set out in the circulated paper. It was explained that the very significant increase in IT costs was because the costs of configuring the campus as a teaching and learning environment at a distance had not been adequately understood in the original business case.

Identified risks were being actively managed. The greatest risk at present was under-recruitment, as initial responses from prospective students had been disappointing, in part because of concern that the campus and accommodation for students was not yet built. Forthcoming recruitment exhibitions and the ability now to seek scholarships in Malaysia should see interest increase and recruitment improve.

The Vice-Chancellor reminded members that the scale of activity in phase 1 of the development was sub-optimal, and work was already on-going within the University to undertake a cost-benefit analysis of scaling up the development to involve other Faculties. The current intention was to bring forward a proposal on this issue to Council in July 2012, provided that sufficient information was available at that time to enable a decision to be taken. There was a brief discussion regarding the possibility of future expansion, including the scope for collaboration with the University of Newcastle (which had exclusive rights to offer programme in medicine, but was also looking to expand into other areas).

In response to a query about the likely success of the EduCity development overall members were advised that there had been considerable investment in the area from Singaporeans. The LegoLand project was also on schedule, both of these developments were seen as crucial to the long-term success of the development.

Members requested a further brief update at the January 2012 meeting.

**Resolved** (i) To note the progress, risks and mitigation set out in the progress report.

- (ii) To note the revised financial projections and the adjusted maximum cash outlay (maximum cumulative loss) of £6.05m (as opposed to £4 million), which would be built into the University financial plans, and would (all other things being equal) reduce scope for other strategic investments in the next three years within the agreed strategic investment fund.
- (iii) To note that a business case for Phase II expansion including recommendations on the option to buy additional land will be brought to the July 2012 meeting of Council
- (iv) To request that a further brief update report be presented to Council in January 2012.

**29 Financial Statements 2010/2011 (agendum 7)**

**Received** The University financial statements 2010-11, together with a business analysis of the financial statements prepared by the Director of Finance, dated 15 November 2011. (The External Auditors' management letter was made available to members via SharePoint).

The Director of Finance confirmed that the external auditors' management letter highlighted no control issues, but did recognise that the University restructuring had had an impact on finance staff, who were placed under additional pressures; however this had not resulted in any significant issues or errors.

The circulated business analysis explained the main variances from the original budget, which had led to a surplus for the year of £15.1million, compared with the original budget for a small deficit and forecast surplus in the June management accounts of £8.9million. This result was consistent with the target in the University financial strategy for a minimum surplus on ordinary activities of 2% of turnover. The University was focussed on positioning itself for the future in the light of public expenditure cuts and changes to the fees regime. For the first time, Faculties had been permitted to retain 100% of their surpluses, and had now developed plans to spend against these surpluses to invest in strategic priorities.

The Treasurer confirmed that this was a good result for the University, and the cash position was also strong. It was imperative that the University continued to achieve surpluses at at least this level in future. Mr Burrow, as Chair of the Audit Committee, confirmed that the committee had discussed the financial statements in detail, and unreservedly recommended their approval.

The Director of Finance sought approval to issue letters of support to a number of University subsidiary companies, committing the University's financial support for a period of twelve months from the signing of the accounts. This was agreed by Council.

Council thanked the Finance Team for all their work over the past year, particularly given the additional pressures created as a result of the restructuring.

- Resolved**
- (i) To approve the financial statements for 2010/11.
  - (ii) To approve the issuing of a letter of support from the University committing financial support for a period of 12 months from signing the accounts to the following subsidiary companies:
    - University of Southampton Holdings Limited
    - Southampton Innovations Limited
    - Southampton Asset Management Limited
    - University of Southampton Consulting Limited.

**30 University Financial Forecasts and Commentary to HEFCE (agendum 8)**

**Received** The financial forecasts and commentary to be submitted to HEFCE dated 14 November 2011.

Members were advised that on this occasion HEFCE had asked universities to submit the forecasts in two stages - forecasts for 2011-12 by 1 December, and for 2012-13 to 2014-15 by 20 June 2012. The Director of Finance highlighted changes since the 2011-12 budget had been set, including:

- A projected increase of £1m in international fee income.
- A reduced forecast for salary expenditure, given the slower than anticipated rate of making new appointments.
- The results of the acquisition of the Broadlands Archive: the archive would be capitalised as a non-depreciating fixed asset and held on the balance sheet at an estimated valuation of £5.6m. Grants/donations (£5.1m) received to support the purchase would be recognised as income in 2011/12.

In response to a query as to whether any in-year reduction in HEFCE grant was to be expected, the Chief Operating Officer indicated that any such announcements would come in the December 2011 BIS funding letter to HEFCE

**Resolved** To approve the financial forecasts for 2011-12 for submission to HEFCE.

### 31 **Audit Committee Annual Report to Council**

**Received** The annual report from the Audit Committee 2010/11, including the Internal Auditors' Annual Report and an Annual Value for Money Report.

Mr Burrow, as Chair of the Audit Committee, presented the report and drew attention to the following:

- The new internal auditors, PricewaterhouseCoopers LLP, were being very diligent, and offering appropriate challenges to test the financial and other risks of University operations. The most significant risk identified continued to relate to the University's Disaster Recovery and Business Continuity Planning, in particular concerns about the DataCentre (recovery of computer data and systems). The University had plans in place now to address this by building an off-site primary data centre in 2012 and 2013 and using the existing DataCentre in Building 54 as secondary DataCentre in the short term (see also agendum 13). Overall the Internal Auditors had given moderate assurance on the design, adequacy and effectiveness of the system of internal control.
- There continued to be improvements in the University's approach to risk management and there was closer alignment between the risk register and Council agenda items. The University key performance indicators also continued to be helpful and thorough.
- Since year end there had been ongoing discussions about the Treasury Management Policy, in the light of the Fitch downgrading from AA- to A of a number of financial institutions with which the University had cash deposits. There was a need both to review and refresh the policy and to explore other investment options. The Director of Finance would be taking this forward.
- The committee had received a schedule of all major data returns and a commentary on any concerns from the relevant member of University staff. On the basis of the work of the relevant University officers and the internal auditors, the committee expressed confidence in the management and quality assurance of the data returns.

Members questioned what actions the University would need to have taken for the internal auditors to have given 'high assurance' about internal control mechanisms, and it was suggested that having the new DataCentre in place would be a major step forward. The Chief Operating Officer indicated that in the meantime the University was following a mitigation strategy of investing in 'patch and mend' operations on the existing Building 54 DataCentre. Dr Spittle expressed concern that this was not a mitigation strategy and felt strongly that the University should place back-ups of business critical data with a third party pending the new DataCentre coming on stream.

[Post meeting note: It has been confirmed that the University takes nightly back-ups of business critical data and systems and these are stored in a secure location 20 miles from the University using the facilities of a specialist third party.].

Mr Henderson asked whether the committee had taken any action within its term of reference to oversee the institution's policy on fraud and irregularity, and was advised that there had been two minor incidents which were dealt with satisfactorily. In one instance the University had been a third party in a fraud perpetrated on another body; this had not resulted in financial loss for the University, but the Chief Operating Officer had reported the position to HEFCE, in line with the Financial Memorandum. The other incident had been investigated and it was concluded that no fraud had occurred.

**Resolved** To note the Annual Report from the Audit Committee for the year ended 31 July 2011.

### 32 **Vice-Chancellor's report** (agendum 12)

**Received** The Vice-Chancellor's report, dated 24 November 2011.

The Vice-Chancellor's written report was received under the following headings:

- **Announcement**  
The Vice-Chancellor was delighted to announce that the University had been awarded a Queen's Anniversary Prize for Higher and Further Education for its innovation and world-leading expertise

in performance sports engineering.

The University had also been selected as one of three to receive a 2011 Scopus Fostering Young Researchers Institutional Award.

- Times Higher Education Awards 2011
- Times Higher Education (THE) League tables 2012  
The University had unfortunately dropped from 90th to 127th in the Times Higher Education World University Rankings for 2011/2012. This could largely be explained by a fall in performance in the subjective academic reputation survey conducted by THE – on objective measures used in the ranking the University as still performing well. There as a brief discussion about ways in which the University could enhance its reputation – for example through the use of social media.
- Confucius Institute opened
- International Visits  
Dalian Campus  
Portus Rome
- Industrial Action - 30th November  
The University had contingency plans in place for any potential disruption, but was expecting to be operating normally on the collective day of industrial action.
- Office of Development and Alumni Relations (ODAR)
- Selected New Awards  
*H. Colin Slim Award*  
*Leukaemia & Lymphoma Research*  
*£250,000 Royal Society Brian Mercer Award for Innovation 2011*  
Professor Tim Leighton and Dr Peter Birkin had been awarded the Royal Society Brian Mercer Award for Innovation 2011, which was the Royal Society's premier award.

Members were also advised that a THE article on research grant awards from the Research Councils (excluding the Science and Technology Facilities Council) had stated that the University was 'the most successful significant applicant...awarded £41 million at a success rate of 34 per cent' (THE, 24.11.11 article by Paul Jump). Members requested for the next meeting an update on the current position on research income, in relation to the performance of the University's comparator group.

- Mozart Requiem K626
- Southampton University Laser Sintered Aircraft (SULSA)
- Senior Appointments: Director of Finance
- Selected press coverage since the last meeting of Council
- Decisions for Council attention

- Resolved** (i) To note the Vice-Chancellor's report.  
(ii) That an update on research income performance, in relation to the performance of the University's comparator group, be presented to the next meeting.

**33 Six month update on capital programme and property issues (agendum 13)**

**Received** A report from the Chief Operating Officer headed 'Update on University Capital Plan and Property Issues' dated 14 November 2011 (*circulated as commercial in confidence*)

In response to a query the Chief Operating Officer gave additional information about the potential consequences of a shortfall in residential accommodation and the steps which would be taken to address this.

In relation to energy efficiency for new build, he confirmed that consistent with the estates strategy, all new build was designed to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) rating of 'very good' ( a decision had been taken that the benefits of achieving an 'excellent' rating did not justify the additional expenditure which would be required).

**Resolved** To note the Six month update on capital programme and property issues.

**34 Senate matters**

### 34.1 Report from the meeting of Senate 16 November 2011 (agendum 14.1)

**Received** The unrestricted report from the above meeting of Senate.

The report was received under the following headings:

- Revisions to Ordinances to reflect new academic structures (see also minute 25.1).
- Education and the Student Experience (Education Strategy: update, Knowing Our Students framework, Degree classification system)  
In the Vice-Chancellor's absence the Provost and Deputy Vice-Chancellor drew attention to the discussions on the degree classification system and the alternative system of Grade Point Average (GPA), which was more widely used internationally. Senate had agreed that Pro Vice-Chancellor Humphris would arrange for preliminary work to be undertaken to explore the possible use of the GPA system in the future, and the consequences for the University of doing so. She would engage closely with students in taking these discussions forward. Ms Rivaz emphasised the importance also of engaging with employers, to consider what type of outputs would be of greatest benefit to them.
- Annual report from the Senate Appeals Committee  
The Provost and Deputy Vice-Chancellor was pleased to draw to members' attention that all student appeals submitted in 2010-11 had been considered and completed within the agreed time-scales, and there was no backlog of cases. This was a significant improvement on the previous year.
- Annual report from Senate to Council
- Code of Practice to Secure Freedom of Speech within the Law

**Resolved** To note the unrestricted report from the meeting of Senate on 16 November 2011.

### 34.1 Annual Report from Senate (agendum 14.2)

**Received** The first annual report to Council from Senate, dated October 2011.

Members were reminded that, as one of the recommendations from the 2010 Council Effectiveness review, it had been agreed that Council would receive an annual report from Senate in addition to the report submitted from each Senate meeting. Members welcomed the report, which fulfilled the terms of what had been initially requested; however members suggested Council would in future benefit from receiving further, more 'textured,' information about the academic work of the University, and whether there were any problems or issues arising, for example in connection with the work of Academic Quality and Standards Committee. The Provost and Deputy Vice-Chancellor explained that the underlying quality of the academic offer within Faculties was evaluated by UPC through the annual Learning and Teaching Enhancement Review and Action Plan (LTERAP) process – no issues of particular significance had arisen through the process in 2011. The University was now engaged in preparation for the QAA Intitutional Review, and this year's LTERAP process would play an important part in testing readiness. Members were encouraged to let the Registrar know if they had further thoughts on the format of the report.

It was pointed out that Senate was very large, and it was questioned how this compared with other institutions. The University Secretary commented that many institutions were now reviewing the size of their Senate, and seeking to reduce – the University might opt to consider this in its planned review of Senate's effectiveness, to take place in 2012.

- Resolved** (i) To note the annual report from Senate.  
(ii) That members should let the Registrar know if they had further thoughts on the format of the annual report.

### 35 Reports from the President of the Students' Union (agendum 15)

**Received** The report from the President of the Students' Union, together with a copy of the Students' Union Plan to 2015.

Mr Ling presented his report under the following headings:

- Development  
The Students' Union plan was intended as a living document, which would be reviewed every year and adapted while keeping the 'core' principles and activities.

- Governance (including Charity Registration)

There was a brief discussion about the progress with charity registration and the decision to pursue the option of registering as an Incorporated Company with Charitable Status. Mr Ling commented that he was aware of other Students' Unions which were taking a similar approach, and SUSU had received good advice from their solicitor. (See also agenda item 20).

- Projects (including the Facilities Master Plan)

- Other News

The work to refurbish level 4 in the Students' Union building had been completed to time and on budget, and the space was now being used all day, in very creative ways.

**Resolved** To note the report.

### 36 Recommendation from Senior Salaries Committee on University Objectives (agenda item 16)

**Received** A paper from Dame Valerie, as Chair of Senior Salaries Committee (SSC), headed 'Recommendation from Senior Salaries Committee on University Objectives' dated 16 November 2011.

The members of UEG present all declared an interest in respect of this item, and it was agreed that they would play no part in the debate.

The Chair reminded members that this paper was presented to follow-up Council's request at the September meeting for further information about the mechanisms the SSC would use to determine the performance-related elements of pay (PRP) for the senior team. The PRP of senior staff had a personal performance element (how successful they had been personally) and a University performance element (relating to the University's overall success), and the circulated paper set out the University objectives which SSC would use to assess the University performance element. She explained that while there were clearly further improvements which could be made to the process, setting specific objectives was a major step forward for the work of the committee, and was a significant step forward over previous practice. In future it was intended that these would be set earlier, and would be tied more explicitly to the key performance indicators. With regard to student satisfaction she pointed out that no new data would be available at the point the SSC was taking decisions; however it had been thought important to set an objective in this area, and on this occasion the SSC would take account of the action the University had taken to improve its position. In future it was likely that a 'multi-year' target for improvement would be set, both in absolute terms and in relation to comparators.

There was considerable discussion about the objectives – in particular a number of members were concerned that there were too many objectives (three to five top-level items was suggested as an optimum number, perhaps with an external focus). Nor was there any clear prioritisation, or consideration of what approach might be taken if the University achieved most of the objectives overall but was not successful in some key areas (for example, if the University succeeded financially but performed poorly in terms of its reputation).

The Chair emphasised that the SSC, on behalf of Council, would always be exercising an element of judgement and would not review attainment of the objectives purely in a mechanical way. She explained that the list of objectives covered the work of a number of key individuals and hence needed to be far-reaching. The list should probably be reduced for next year, but she was reluctant for changes to be made at this point. The approach for the future would need to be debated by UEG in the first instance.

**Resolved** (i) To endorse the list of University Objectives for use by the Senior Salaries Committee to assess the University performance element of Performance-related pay for senior staff.  
(ii) To consider in future shortening and prioritising the list of objectives.

37 **Report from the Nominations Committee, 24 November 2011** (agendum 17)

**Received** A report from the above meeting of the Nominations Committee (tabled).

[The Chair left the room for this item. In the absence of the Vice-Chair and the Vice-Chancellor, in accordance with the Standing Orders Council agreed that the Treasurer should take the Chair.]

The Treasurer invited members to consider the proposal set out in the tabled paper that Dame Valerie's period of office as Chair be extended until 31 July 2011. This would bring her appointment into line with her period of office as Pro-Chancellor, and give additional time to appoint a new Chair. Members approved this unanimously. The Treasurer also reported on progress with seeking a new Chair to replace Dame Valerie.

**Resolved** That Dame Valerie's period of office as Chair of Council be extended from 24 March 2012 until 31 July 2012.

38 **Minutes of the Audit Committee 21 September 2011**

**Received** The minutes of the above meeting of the audit committee (circulated on 14 October 2011).

**Noted** The minutes of the meeting of the Audit Committee 21 September 2011.

39 **Review of the Laws of the Students' Union** (agendum 20)

**Received** A report from the Registrar headed 'update on the review of the Laws of the Students' Union, dated November 2011 (see also agendum 15).

**Noted** The report.

40 **Sealing of Documents**

It was noted that the list of sealed documents had only just become available, because of staff illness, and would be circulated with the minutes.

41 **Valediction**

The Chair advised members that Professor Makhoul had decided to stand down as a member of Council appointed by Senate, immediately following this meeting, in order to concentrate on his role as Rector of Winchester School of Art. On behalf of Council she thanked Professor Makhoul in his absence for all his contributions to Council during his period of office.

Senate was putting in place the process for appointing his successor.