

Minutes

Meeting title: Council

Date: Wednesday 20 May 2009

Time: 4.00pm

Location: The Council Room, George Thomas Building

Present: Dame Valerie Strachan (*in the Chair*), Professor I T Cameron, Professor N H Foskett, Professor R Holdaway, Mr A J Jukes, Professor M H Kelly, Mr P Lester, Professor J D Kilburn, Mr M Killingley, Mr A Morgan, Mr T O'Brien, Professor W Powrie, Dr M P Read, Ms R Rivaz, Dr G Spittle, Ms A Tanfield* Professor W A Wakeham, Mr A J Walker, Professor A A Wheeler and Professor D M Williams

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

* not present for restricted business

Unrestricted

Dame Valerie was pleased to welcome two new members of Council in class 2, Mr Turlogh O' Brien and Mr Alan Morgan each attending their first meeting.

She reminded members that this meeting of Council would be following a different format. Formal business would be considered first, and on this occasion would be confined to urgent or time-limited business only; with the exception of the Nominations Committee, where there were appointments for approval, all committee reports had therefore been deferred to the July meeting. There would then be a PowerPoint presentation on Creating Our Future from Deputy Vice-Chancellor Wheeler, after which the meeting would transfer to Birchwood for an informal discussion of the issues raised in the presentation.

Dame Valerie asked members aware of conflicts of interest relating to any items on the agenda to make these known. The Vice-Chancellor highlighted that all members of University staff would have a conflict in respect of items related to the pension schemes.

112. Obituaries

The Chair announced with regret the death of the following members of the University and asked Council to stand as a mark of respect:

Mr Mike Edwards, Security Guard at Glen Eyre Halls, in April 2009.

Mr Philip Newcombe, Manager of the Primary Care Mid Wessex Research Management and Governance Unit, division of Community Clinical Sciences, School of Medicine, in April 2009.

113. Minutes (unrestricted) of the meeting held on 26 March 2009

Resolved That the unrestricted Minutes of the meeting held on 26 March 2009 be approved and signed.

113. Matters Arising

113.1 University Enterprise Network (UEN) (minute 78.3)

The Vice-Chancellor reported that discussions about the University Enterprise Network were ongoing. About a month ago the University had been asked to sign an agreement to provide funds to match the contribution from SEEDA; however, he had declined to sign, as the amount of the SEEDA contribution had not been defined. Further correspondence on this matter was awaited.

113.2 **Vice-Chancellor's report: changes to EPSRC Peer Review Process** (minute 79)

The Vice-Chancellor indicated that the EPSRC had now re-thought its policy on the exclusion of repeatedly unsuccessful applicants. The system would not be introduced for another year, and the algorithm for selecting those on the 'exclusion list' would be different. The University had not yet received a list of those staff members who would be affected under the revised scheme.

113.3 **Vice-Chancellor's report: Student activities – Freedom of Speech:** (minute 79)

The Registrar and Chief Operating Officer indicated that the film *Fitna* had been shown, followed by an open debate chaired by Pro Vice-Chancellor Humphris. A number of issues had been raised recently relating to the University's obligations with regard to freedom of speech, and he proposed that Council receive a presentation on this in the Autumn term.

Resolved That Council would receive a presentation on the University's obligations under Section 43 of the Education (No. 2) Act 1986 to take such steps as are reasonably practicable to secure freedom of speech within the law.

113.4 **Health and Safety Issues** (minute 87)

The Vice-Chancellor was pleased to advise that the new Director of Health and Safety had now been appointed – further details would be given as part of the restricted agenda.

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

The Vice-Chancellor reported under the following headings:

UCU Ballot: The Vice-Chancellor advised members of the issues behind the recent calling-off of the UCU ballot on industrial action. The withdrawal of the ballot meant that there could now be no industrial action which would affect the holding or marking of this summer's examinations. UCU had indicated that there could be a new ballot in the Autumn. He also reported on the outcomes of the last meeting of the National Negotiating Forum, emphasising that it was not possible for UCEA to enter into a national agreement on the avoidance of redundancies, as requested by UCU, as this was a matter for individual institutions.

Swine flu: The University's Crisis Management Team had been meeting, and was taking account of the advice from the Government and the Strategic Health Authority.

Budget: The Vice-Chancellor highlighted that in the April Budget it had been announced that £400m would be cut from the DIUS budget. HEFCE had indicated that in 2009-10 the Higher Education sector would lose £65million and it was likely that cuts would be greater in the following year. This would clearly affect the University's forward planning.

Economic Challenge Investment Fund: Unfortunately the University's bid to the Economic Challenge Investment Fund had not been successful. Feedback had been sought but the information received in response had been somewhat vague; this was now being taken up with the Regional Funding Adviser to secure some more specific information.

Report to the Development Trustees: The Trustees would be receiving a report at their meeting on 21 May, and this would then come forward to Council in July.

Pensions: The Vice-Chancellor emphasised that this was a key issue for all Universities and would require further consideration by Council in the future.

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

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

Ms Tanfield presented the report, and drew particular attention to the following:

- The report highlighted that there were a number of student complaints which had not been dealt with within the agreed timescales because of delays in input from Legal Services. Most of the individual cases had now been resolved; however there were still issues to take forward in terms of

ensuring regular communication between those involved, and addressing the cause of the delays. The Registrar and Chief Operating Officer commented that he was aware of these difficulties – the issues were about volume of work and prioritisation, and a better system of workflow management within Legal Services had now been established.

- Southampton had hosted the National Student Television Awards, which had been very successful.
- Varsity day in February, in which SUSU competed in sporting events against Portsmouth University, was the largest student sporting event in the South. Southampton had beaten Portsmouth 24 – 5!
- The RAG Community Festival had been a great success, particularly due to the visit from Emeritus Archbishop Desmond Tutu. Ms Tanfield wished to record thanks to all those in the University who had helped to make this visit possible.
- Mr George Clegg, the Permanent Secretary of the Students' Union, would be retiring after 30 years of service. SUSU was now advertising for a 'General Manager' as a replacement, and it was hoped to have someone in post by the beginning of September.
- The SUSU elections had been held at the end of February; over 6000 votes were cast, breaking the UK record for percentage and real vote turnout across all Students' Unions in the UK.
- As previously indicated by the Registrar and Chief Operating Officer, it seemed that issues related to Freedom of Speech were likely to increase, and there was some concern among students about the need to follow the Code of Practice, which appeared to be complex and time-consuming. There was also a concern that the current system was heavily reliant on the President or another sabbatical officer to identify issues where freedom of speech might be an issue.

Noted The President's report.

116. March 2009 Management Accounts (Agendum 11)

Received The March 2009 Management Accounts (including an analysis of the financial aspects of the Capital Plan, and the University cash flow and investment deposit) with a covering paper from the Director of Finance.

The Director of Finance presented the management accounts and was pleased to report that the University was achieving its key financial targets for the year.

The University's cash position remained strong, and the projects currently in hand as part of the capital programme were progressing well, and within the envelope of the capital plan; there were however risks associated with new projects outside the scope of the original plan.

In summary, the financial position for the current year was good, but significant difficulties could be anticipated in the coming years, given the state of public finances, global economic conditions, and cost pressures such as pensions.

The Director of Finance confirmed that the April management accounts which had now been produced confirmed the view of an improved performance, and without further abnormal transactions (eg any significant voluntary severance payments in the current financial year), the University should achieve a better result than the projection given to HEFCE of a £4.3 million deficit. It should be remembered that the original budget was for a deficit of £11 million. The Director of Finance reminded Council that the reason for the deficit in 2008/09 (and likely continued deficit in 2009/10) was caused by the recognition of depreciation charges on the replacement of equipment in the clean rooms. If this additional depreciation was stripped out, the underlying position was about £10 million better than the reported deficit figure.

In response to a comment that salary costs appeared still to be increasing (up by c. 6% on this time last year) the Director of Finance reminded members that there had been a national salary award of 3% in May 2008 and a further 5% in October 2008, so the natural rate of growth of staff costs was above 6%. Without tight controls the salary cost would have been considerably higher because of these pay settlements.

Under this heading Senior Deputy Vice-Chancellor Wheeler gave an oral update on progress with the capital programme. He was pleased to report that all the projects were moving forward. The Institute for Life Sciences building project was operating to budget and to time. The current economic climate was advantageous, with the VAT reduction and cuts in construction costs. However the financial viability of contractors was being monitored carefully. He was pleased to advise that the new Mountbatten building

had been nominated for a Royal Institute of British Architects award and Building 16 for a Royal Institute of Chartered Surveyors award.

Resolved To note the Management Accounts March 2009 and the oral report on the capital programme.

117. **HEFCE Assessment of Institutional Risk** (agendum12)

Received The HEFCE Assessment of Institutional Risk, with a covering note from the Director of Finance.

Members were reminded that there were only two possible outcomes from the HEFCE assessment of institutional risk; Southampton was regarded as 'not at higher risk', which was the standard assessment. The letter from HEFCE was more detailed than in previous years, and included both a warning about the future tightening of public finances, and comparative data based on the most recent financial statements and five year forecasts. HEFCE had specifically asked that the letter be presented to Council.

The Director of Finance indicated that Council would receive at its July meeting two revised five year forecasts based on different assumptions (one moderately pessimistic and the other very pessimistic), to compare with the forecast submitted to HEFCE in November 2008.

Noted The HEFCE Assessment of Institutional Risk.

118. **Update on InEx**

Senior Deputy Vice-Chancellor Wheeler gave an oral update on progress with InEx. He was pleased to report that the University remained on track to meet its research income target for the year. The target for 2010 was very challenging (£97million) but it was hoped that at least £95million could be achieved. Income of £34million from international student fees was currently projected for next year, which was ahead of target; this was however a risky area and income was not known until the students had actually enrolled at the beginning of the academic year. There were particular potential threats associated with the Government's changed visa requirements. On the expenditure side of the project the Communications Phase 2 restructuring had taken place at the beginning of May, and business change continued in iSolutions. There was now a much clearer picture as to how the very complex area of student academic administration might be restructured. With regard to 'closing the gap' the University had clear plans to remove £5million from budgets for 2009/10. However achieving the greater savings of £10million or £15million would require more fundamental business change.

In discussion the following points were raised:

A saving of £5million was not sufficient – the University needed to plan for the greater savings (ideally £15million). It was however emphasised that there was no further scope to 'trim back' activities in Schools – fundamental changes would be needed, (such as reducing the number of academic areas in which the University was engaged), which would require strategic decisions.

In response to a query as to whether the recession was having an effect on research income, it was indicated that this did not appear to be the case at present. Where there were specific references in the March management accounts to Schools not meeting targets because of delays with large grants, the problems were associated with delays in signing contracts etc, not with the availability of the funding. Currently the science and technology aspects of Government spending had been protected, although there were ongoing problems with funding from the Science and Technology Facilities Council. Professor Cameron commented that there were risks to funding from charitable grants, because of a fall in charitable giving.

Noted The oral report from Deputy Vice-Chancellor Wheeler.

119. **Voluntary Severance scheme** (agendum 14)

Received A paper from the Acting Director of Human Resources dated 11 May 2009 and headed 'Voluntary Severance Scheme'.

The Registrar and Chief Operating Officer presented the paper for note by members of Council,

explaining that the scheme, which was based on one in operation at the University of Bristol, had already been introduced. He emphasised that applications for voluntary severance would be considered only if they were in the management interest, and there must be a demonstrated financial saving to the School/Service budget within two years. The purpose of introducing the scheme was to reduce staff costs without requiring the significant investment in time and the length of processes associated with compulsory redundancies. Having a scheme also helped to get the message across to all staff that the University was facing difficult times financially. The costs of voluntary severance would be met from a fund established from an aggregation of the existing restructuring fund, the School element of the £5million saved through 'closing the gap' (see minute 118) and part of the HEFCE moderation funds available to the University for one year.

Noted The report on the objectives and operation of the Voluntary Severance Scheme for staff.

120. Reports from the Nominations Committee

120.1 **26 March 2009** (agendum 20)

Received A report from the meeting of the Nominations Committee held on 26 March 2009.

Dr Read, as Vice-Chair, took the Chair for the item relating to the reappointment of the Pro-Chancellor.

Resolved

- (i) That Dame Valerie Strachan be reappointed as Pro-Chancellor for a further term of office to run from 1 August 2009 until 31 July 2012.
- (ii) That Mr Mike Killingley be appointed as Treasurer for an initial term of three years which would commence on 1 August 2009 and run until 31 July 2012.
- (iii) That Professor Richard Holdaway and Ms Ros Rivaz be reappointed to Class 2 membership of Council for a period of three years from 1 August 2009 until 31 July 2012.

120.2 **20 May 2009** (agendum 21)

Received A tabled report from the meeting of the Nominations Committee held on 20 May 2009.

Resolved That Mr Roger Henderson be appointed to Class 2 membership of Council for an initial period of three years, commencing on 21 May 2009.

121. Valediction

Dame Valerie advised members that this was Ms Alex Tanfield's last meeting as President of the Student's Union, as she was unable to attend the July meeting. On behalf of Council Dame Valerie thanked Ms Tanfield for all her contributions and wished her well for the future; members endorsed these good wishes whole-heartedly.

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