



Council

Date and time	Thursday 13 December 2001 at 4.00 pm
Place	The Senate Room, Administration Building
Present	Dame Yvonne Moores (<i>in the Chair</i>), Ms W C Allanach, Sir David Cooksey, Professor P J Curran, Mr R J Davies, Professor I D Diamond, Dr S Duckworth, Mr S Edwards*, Mr C Gordon, Professor J K Hammond, Mr A R Hodgson, Mr A J Jukes, Mr J Kness, Professor Dame Jill Macleod Clark, Dr A E Mitchell, Professor H S Roe, Mrs J Round, Professor A F Rutherford, Dr B G Smith, Mr R Symons, Professor W A Wakeham, Mr A J Walker, Professor A A Wheeler and Mr G Whitehead
With	The Secretary and Registrar, Director of Estates and Buildings, Director of External Relations, Director of Finance, Director of Human Resources and Ms C J Gamble

(* Members not present for the Restricted Section of the Agenda.)

Welcome

Dame Yvonne welcomed the following members to their first meeting of Council:

Professor Bill Wakeham
Professor Ian Diamond, who was attending his first meeting as a Deputy Vice-Chancellor
Dr Stephen Duckworth
Mr Stephen Edwards
Mr Andrew Jukes
Dame Jill Macleod Clark
Professor Howard Roe
Professor Andrew Rutherford

Unrestricted

1 Obituary

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

Ioannis Stavropoulos, second-year MEng Electronics and Computer Science student:
20 June 2001

David Paton, second-year MEng Electronics and Computer Science student:
25 July 2001

Margaret Youngs, Faculty of Mathematical Studies: 14 August 2001

Graeme Anthony Fox, first-year Medicine student: 7 September 2001

Ian McComb, Systems Manager, Language Centre: 17 November 2001

Arijit Banerjee, third-year Law student: 6 December 2001

2 **Standing Orders of Council** (Agendum 2)

Received A copy of the Standing Orders for the academic session 2001-2002, dated December 2000.

The Secretary and Registrar reported that no amendments had been made to the Standing Orders since last year.

Resolved That the Standing Orders of Council be confirmed.

3 **Minutes (unrestricted) of the meeting held on 3 July 2001**

Resolved That the Minutes (unrestricted) of the meeting held on 3 July 2001 be approved and signed.

4 **Matters arising**

4.1 *6 June 2001*

Amendments to the Charter and the Statutes (Minute 47)

The Secretary and Registrar reported that approval had been received from the Privy Council for the amendments to the Charter and the Statutes.

4.2 *3 July 2001*

4.2.1 **Interim Estate Strategy and long-term maintenance** (Minute 57 (i))

The Secretary and Registrar said that he had written to the Chief Executive of Southampton University Hospitals Trust about the long-term maintenance schedule at the Hospital, enquiring about the areas used by the University in the South Academic Block which would be affected. The University had requested the information so that an assessment could be made of the level of funding which would be required to meet its share of the estates obligations at the Hospital. He hoped that a response would be received early in the New Year.

4.2.2 Naming of the Cancer Sciences Research Building (Minute 60)

Secretary and Registrar stated that due diligence had been carried out in respect of the donation for the Building and that there were no concerns about the source of the funding. The Cancer Sciences Research Building would officially be named the Somers Building.

Resolved To confirm the decision that the Cancer Sciences Research Building be named the Somers Building.

5 The Vice-Chancellor's report

The Vice-Chancellor reported that Professor Bob Fryer, Director of University of Southampton New College, was to take up the post of Chief Executive Designate of the provisionally named National Health Service University. This new national initiative would take forward the training of staff in the National Health Service, excluding pre-registration courses.

The Vice-Chancellor gave a presentation on a number of items which were highlighted in the Annual Report (Agendum 27). He said that it was timely for the format of the Report to be changed. In the past it had been prepared as a formal report to the Council and Court, for alumni of the University and for a wider audience in the community and region, serving as a general promotional document. In future, the material would be tailored to the interests of the particular groups.

Referring to the Report, the Vice-Chancellor highlighted first the news about the University's success in the recent Research Assessment Exercise (RAE); the results for the individual units of assessment would be tabled under Agendum 16. He extended congratulations to Sir Howard Newby, the former Vice-Chancellor, and all those involved in the Exercise.

The University's applications to the Science Research Investment Fund had been particularly successful; approximately £18m had been awarded in grants, the tenth highest total in the country. The University had also been successful in securing in the region of £12.5m under a series of Government initiatives, the Higher Education Innovation Fund. The money awarded would provide for a range of activities, all of which would enhance the University's standing and the role of the Centre for Enterprise and Innovation. Awards had also been received for Research Council and industry-led projects on e-science and the Grid. Further streams of funding had been secured from the Joint Infrastructure Fund which would be used to establish a new Research Centre for Social Statistics and a new centre of excellence in combinatorial chemistry.

On the teaching side, the University now hosted two subject centres which formed part of the national Learning and Teaching Support Network. The first Centre in Languages, Linguistics and Area Studies, was based in the School of Modern Languages while the second for Social Work Studies was located in the Faculty of Social Sciences.

Under the Higher Education Funding Council for England's Rewarding and Developing Staff initiative, the University had had its Human Resources Strategy fully accepted and had received funding which would help bring about improvements in employment activities, such as the move towards a single pay spine for the sector and ensuring equal pay for work of equal value. The funding made available by HEFCE under this initiative was limited to three years, thereafter the costs of introducing a single pay spine through job evaluation would transfer to the University.

Looking ahead, the Vice-Chancellor outlined a number of issues which he believed would be of great significance for the University, and the sector, next year. The first was the level of financial reward for institutions based on their performance in the RAE. The Board of the Funding Council had not yet determined the level of funding for each grade of research. What was clear was that, overall, institutions had achieved better results and that would place greater demands on the amount of funding made available by Government, particularly if the level of resource was not increased.

The Government's stated aim of increasing participation rates of 18-30 year olds in higher education to 50 per cent by 2010 would place further pressures on the system. On the basis of current statistical information, the demographic groups from which the largest number of potential students would be drawn were socio-economic classes IIIM-V.

In conclusion, the Vice-Chancellor emphasized there would be many challenges for the University to face in the near future.

Resolved That the Annual Report for the University for the year ended 31 July 2001 be approved for submission to the Court.

6 **Report from the President of the Students' Union** (Agendum 6)

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

Mr Edwards presented his report. He reported that the Students' Union redevelopment project was under way; the target date for completion was September 2002, to coincide with the start of the next academic year.

A number of new initiatives had been developed at the Winchester School of Art. A Sports Officer had been elected who would promote the sports clubs at the School. The Freshers' Ball was held for the first time at Winchester and a RAG week was planned, also for the first time, in the City.

The Athletic Union had done well in the BUSA leagues in sailing, tennis, football, rugby, golf and fencing.

Student Community Action (SCA) had continued its work with the local community; over 120 students had volunteered to be involved in 54 different projects with local organizations. The Student Advice and Information Centre had been awarded the preliminary Community Legal Service Quality Mark in recognition of its work. It was one of the first Centres, run by Students' Unions, to achieve this standard.

The Performing Arts Union had produced a series of successful shows during the year, from Jazzmanix, performing in the Turner Sims Concert Hall, to Theatre Group plays. Referring to the loss of performance equipment earlier in the year, Mr Edwards expressed his appreciation of the help extended by the Secretary and Registrar to secure compensation for the loss. He hoped that the problems encountered with the performance and rehearsal space would be resolved as soon as possible.

The Vice-Chancellor said that the dual use of space in Building 2 – for academic purposes and by the Performing Arts Union – did create difficulties but a solution would be sought which satisfied the requirements of all parties.

Resolved That the President's report be noted.

11 **Final Accounts for 2000/2001** (Agendum 11)

Received The audited accounts and Treasurer's report for the University and its subsidiary companies for the year ended 31 July 2001, together with a covering report from the Director of Finance.

The Director of Finance presented the final accounts for the year ended 31 July 2001. The consolidated income of £214.3m had increased by approximately nine per cent since the previous year whereas expenditure had risen by around eight per cent. This had resulted in a small uplift in the year-end surplus to £2.49m. Although this was an improvement on the financial forecast, it should be noted that the lion's share of the profit had been provided by the sale of Chilworth Manor Limited and Richard Newitt Hall. Without the sale of these assets and the slippage in expenditure on repairs and maintenance, a deficit at year end would have been recorded.

Under the section which summarized the major items of income and expenditure, the Director of Finance drew attention to the welcome increase of 17 per cent in the University's income from research grants and contracts. This source of funding had been highlighted in the Strategic Plan as one on which efforts would be concentrated to achieve an uplift and the increase in the net contribution from £7.8m to £9.5m was thus particularly pleasing.

On the expenditure side, staff costs continued to account for 55 per cent of total expenditure; the actual figure however had increased by 8.7 per cent. The rise in salaries was attributed to a number of elements: national pay awards, incremental drift and an increase in the number of staff, particularly more highly paid staff, employed to run the additional research contracts.

With regard to the Balance Sheet, the Director of Finance pointed out that the figure of £59.4m under the sub-heading 'Reserves' represented the accumulated reserves which the University had built up over the years and had been used in the main to pay for capital projects.

A number of questions were raised by members:

- whether the deferred capital grants of £54m could be released for use? In response, the Director of Finance said the majority of grants had been received

from the Funding Council for capital buildings and that the money was not available for other purposes.

- whether the amount of approximately £17m in equity and fixed interest investments could be used to ameliorate cash flow problems. The Director of Finance confirmed that the investments could be used to enhance the cash flow if the need arose.

Referring to the year-end financial monitoring statement (Agendum 12), the Director of Finance said that many of the budgetary groups had met their targets. However, the Faculty of Science had experienced a difficult year and its particular situation would be monitored closely by the University Management Group. Although the position at year end had shown a surplus, that achievement was largely due to better than expected results from the Faculties of Arts, Medicine, Health and Biological Sciences and New College. It was vital that the strong performance in the majority of budgetary groups continued.

The Treasurer said that the year-end position was satisfactory and the balance sheet healthy. With a view to the future, he highlighted three issues which would impact on the University's financial planning: funding following the outcome of the 2001 Research Assessment Exercise; the level of student recruitment; and the possible ending of the PASNAS pension holiday for employer's contributions. The University would take steps to be prepared to face these and other developments during the year. The aim was to reduce reliance on public funding and generate surplus funds to create headroom for future academic and physical investment.

- Resolved**
- (i) That the Audited Accounts and the Treasurer's report be approved for submission to the Court.
 - (ii) That the year-end financial monitoring statement for 2000/2001 be noted.

12 **Year-end financial monitoring 2000/2001** (Agendum 12)

The matter was dealt with under Minute 11 above.

13 **Financial monitoring 2001/2002** (Agendum 13)

- Received** The financial monitoring statement for the year ending 31 July 2002 as at November 2001.

The Director of Finance introduced the monitoring statement for the current academic year which included a comparison of the groups' performance against the targets agreed during the planning exercise in the summer, 2001. The budgetary profile set the deficit at around £1.44m for the year. It had been agreed at the beginning of the year that the loss of funding which would result from the under-recruitment of students should be apportioned across budgetary groups, taking into account each group's financial strength and actual student numbers. This particular loss of funding had originally been estimated at £1.2m and the figure had been included in the monitoring statements; however, current estimates set the shortfall at £1.8m, thus

requiring a further apportionment of an additional deficit of £600k. There were also two external factors which had reduced the income stream to the University: interest rates had fallen thus the return on the cash reserves had dropped and the insurance premium for the institution had risen by £200k.

In respect of the statements for the individual groups, the Faculty of Engineering and Applied Science was faced with a number of events which would adversely affect the group: the consultancy and advisory units within the Institute of Sound and Vibration Research had long-standing financial difficulties; and a transfer of £250k to the Optoelectronics Research Centre was due.

Overall, the financial position of the budgetary groups, after having absorbed the effect of the loss of additional student number income, was close to the targets which had been established last year. The statement therefore presented a reasonably optimistic forecast for the year ahead. Groups would remain focused on achieving their targets and action would be taken to reduce or eliminate adverse variations to those levels.

Resolved That the financial monitoring statement be noted.

14 **Audit Committee: Annual report** (Agendum 14)

Received The Annual Report from the Audit Committee for the year ended 31 July 2001, including the Annual Report from the Internal Auditors, together with a statement from the Vice-Chancellor on the effectiveness of the financial controls operating within the University.

Mr Hodgson, the Chair of Audit Committee, presented the Annual Report. For reasons related to the change of Internal Auditor, fewer reports than usual had been received by the Committee. Nevertheless, the key controls had been covered. Although there had been some minor points arising from the core audits, there were no material control issues to consider. The Internal Auditors had concluded that, based on the work carried out, the established systems and controls were, overall, generally adequate to achieve the management objectives. The Vice-Chancellor had given the appropriate assurances to the Committee about the systems in place.

Resolved That the Annual Report from the Audit Committee for the year ended 31 July 2001 be noted.

15 **Strategic and key policy issues** (Agendum 15)

Received A paper which set out the steps which would be taken to establish the strategic direction of the University for the next decade and the timetable of discussions.

Dame Yvonne explained that the purpose of the paper was to encourage debate about the level of involvement members wished to have in the review of the University's strategic direction, recently initiated by the Vice-Chancellor.

The Vice-Chancellor summarized the background to the current strategic review. The external circumstances influencing the higher education sector were changing and current political initiatives were encouraging institutions to widen participation and enhance links with business, industry and the community. It was not possible for the University to ignore these developments. The initial discussions about the future vision and strategy had taken place at the PRC pre-sessional meeting in September. This had been followed by a two-day meeting in November of Heads of Departments and Schools, Heads of Budgetary Groups and all members of PRC at which the principal issues facing the University were debated and views expressed about possible future directions. All the points made during that session would be analyzed, collated and brought together in a discussion document for another meeting of the November group in January. Thereafter, draft proposals would be formulated for consideration by PRC prior to Council being invited to consider a revised strategic plan at the end of the current session. The Vice-Chancellor asked members how they would like to be involved with the process and whether any particular areas should be highlighted in the new strategy.

The following points were made:

- The University should take a strong lead in the knowledge economy. Enterprise and innovation was an area in which developments were expected. The possibilities of increasing the flow of funding from initiatives in this area were promising and would, it was hoped, enable the University eventually to gain a greater independence from Government.
- The cultural role of the University in the city and the region should be emphasized. The links between the academic departments and the arts should also be strengthened. Although the University acknowledged its responsibilities in respect of the arts, there were, however, difficulties inherent in promoting the arts throughout the region: there were no earmarked sources of funding provided to the University for this purpose.
- Some of the key questions identified would be greater interest to members than others. For example, questions about bi-polarity in the higher education sector and resources might generate more debate from members than issues such as 'A' level and tariff scores.

A special briefing session would be arranged to take place before the next meeting of Council which would be designed to allow members to engage completely in the discussion of key strategic issues. It was agreed that, although it would be difficult for members to join the discussions halfway through, an invitation should be extended to members to attend the January meeting of Heads of Departments and Schools, Heads of Budgetary Groups and members of PRC.

Resolved That the Secretary and Registrar should make the necessary arrangements to invite members to the January meeting and to organize a special briefing session in March.

16 **Research Assessment Exercise (Agendum 16)**

Received A special edition of *Bulletin* setting out the results of the 2001 Research Assessment Exercise.

The Vice-Chancellor presented the results for the University of the RAE. Four out of five research-active staff were based in departments which had received either a five or five star rating, the two highest grades for research quality. Compared with the results of the last Exercise in 1996, the number of units of assessment awarded the two highest grades had jumped from 13 to 24. Based on the results, it was expected that the University would be ranked in the top ten of multi-faculty institutions in the country. The sector was awaiting the announcement from HEFCE about the funding which would be allocated to each grading.

Dame Yvonne said that the University had achieved remarkable results in the Exercise and, on behalf of members, congratulated everyone involved in the submission and its preparation.

Resolved That the results of the 2001 Research Assessment Exercise be noted and congratulations extended to all staff and to those who were involved in the preparations for it.

17 **Report from meeting of Senate held on 6 December 2000 (Agendum 20)**

Received The report from the meeting of Senate meeting held on 6 December 2001.

The Vice-Chancellor drew attention to the error in Item 1: Professor Alan Hamlin's name appeared incorrectly as Professor Tony Hamlin.

Referring to Item 2 of the report – Amendment to Ordinance 2.5. The Faculty of Mathematical Studies – Dame Yvonne proposed that, for the sake of the neatness of drafting, the amendment to the Ordinance be re-numbered (f) and that subsection (f) be re-numbered (g). That section of the Ordinance would read:

- (f) All members of the non-academic staff working in the Department of Mathematics with an appointment extending over a period exceeding one year.
- (g) Such additional persons if any as may be appointed annually by the Senate on the recommendation of the Board of the Faculty of Mathematical Studies.

It was noted that the proposed amendments to Ordinance 2.10 and 2.9 reflected the developments at New College.

- Resolved**
- (i) That the honours and distinctions reported by Senate be noted with pleasure.
 - (ii) That the proposed amendments to Ordinances as set out in the report be approved, subject to the above amendment, with immediate effect.

- (iii) That declaring 29 April 2002 as 'Charter Day' on which no teaching would be timetabled be approved.
- (iv) That, subject to (i), (ii) and (iii) above, the comments and information provided by Senate be noted.

18 **Reports from meetings of Policy and Resources Committee**

18.1 **26 September 2001** (Agendum 21.1)

Received The report from the pre-sessional planning meeting of the Policy and Resources Committee held on 26 September 2001.

The report had been considered as part of Agendum 15 (Strategic and key policy issues).

Resolved That the report from the Policy and Resources Committee be noted.

18.2 **24 October 2001** (Agendum 21.2)

Received The report from the meeting of the Policy and Resources Committee held on 24 October 2001.

The Vice-Chancellor drew attention to the success of the University in attracting funding under the bids to the HEFCE Initiative in Enterprise and Innovation.

Sir David Cooksey congratulated the University, commenting that the achievement in this area was particularly pleasing given the previous failure to attract seed-corn funding.

Resolved That the report from, and the decisions taken by, the Policy and Resources Committee be noted and endorsed.

18.3 **21 November 2001** (Agendum 21.3)

Received The report from the meeting of the Policy and Resources Committee held on 21 November 2001.

Resolved That the report from, and the decisions taken by, the Policy and Resources Committee be noted and endorsed.

19 **Report from meeting of Standing Committee of Council held on 21 December 2001** (Agendum 22)

Received The report from the meeting of Standing Committee of Council held on 21 December 2001.

Dame Yvonne reminded members that the first two items in the report were confidential.

Resolved That the report from, and the decisions taken by, Standing Committee of Council be noted and endorsed.

20 **Annual Report to Council for year ended 31 July 2001** (Agendum 27)

The matter was dealt with under Agendum 5 above.

21 **Annual Abstract of Statistics 2000/2001** (Agendum 28)

Received The Annual Abstract of Statistics for the year 2000/2001.

Resolved That the Annual Abstract of Statistics be noted.

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The meeting finished at approximately 6.10 pm.

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