



Council

Date and time	Thursday 11 December 2003 at 5.00 pm
Place	The Senate Room, Administration Building
Present	Dame Yvonne Moores (<i>in the Chair</i>), Professor M J P Arthur, Ms W C Allanach, Ms B Barker, Dr W G Brooks, Ms H Chadwick, Professor P J Curran, Professor A D Fitt, Mr C Gordon, Professor P J Gregson, Professor A P Hamlin, Professor J K Hammond, Professor R Holdaway, Mr B Hudson*, Mr A J Jukes, Mr A S Kent, Mr J B Kness, Ms V Lawrence, Professor K E McLuskie, Dr A E Mitchell, Mr B Purkiss, Dr M P Read, Mr M J Snell, Mr R H M Symons, Professor W A Wakeham, Mr A J Walker, Mr J Walsh* and Professor A A Wheeler
By invitation	Ms B E Halliday, Head of Legal Services, Mr R A Spencer, Deputy Director of Finance and Mr P Staniczenko, Head of Planning
With	The Secretary and Registrar, Director of Student Services, Director of Corporate and Marketing Services, Director of Finance, Director of Human Resources, Director of External Relations and Ms C J Gamble

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

Welcome

Dame Yvonne welcomed Ms Barker and Professor Arthur (the Senate representative *vice* Professor Rutherford) to their first meeting of Council as members. Dame Yvonne also welcomed Ms Halliday, the Head of Legal Services, Ms Phillips, the Director of Student Services, and Mr Staniczenko, the Head of Planning.

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:

Mr Peter Watkins, Business and Community Services: 26 June 2003;

Ms Susan Bond, undergraduate student, Physiotherapy: 22 July 2003;

Mr Darren Renwick, Estates and Facilities: 30 July 2003;

Mr Die Liang Guo, undergraduate student, Electronics and Computer Science:
20 August 2003;

Mrs Surindar Kaur-Hira, Business and Community Services (New College):
5 November 2003;

Ms Kathryn L McGrath, undergraduate student, Philosophy: 21 November 2003.

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

Received A copy of the Standing Orders of Council for the academic session 2003/04, dated July 2003.

The Secretary and Registrar stated that there were no amendments to the Standing Orders that he wished to present. He invited Council to approve the document.

Resolved That the Standing Orders of Council be approved.

3 **Minutes (unrestricted) of the meeting held on 10 July 2003**

Resolved That the Minutes (unrestricted) of the meeting held on 10 July 2003 be approved and signed.

Minutes (unrestricted) of the Special Meeting held on 24 September 2003

Resolved That the Minutes (unrestricted) of the Special Meeting held on 24 September 2003 be approved and signed.

4 **Matters arising**

10 July 2003

Dr Read asked whether progress was being made towards achieving the strategic plans which had been outlined at the Council meeting in July 2003. The Vice-Chancellor responded that it was too early in the academic session to present a full picture of developments. He reminded Dr Read that investment in the plans had been made only three months previously and that results would be expected over a longer period of around three years. The Vice-Chancellor added that there would be an opportunity for further discussion on this subject under Agendum 14, when the five-year strategic plans would be considered.

5 **The Vice-Chancellor's report** (Agendum 5)

Received The Vice-Chancellor's periodic report.

The Vice-Chancellor was delighted to announce that Professor Arthur had been offered the vice-chancellorship at the University of Leeds. Professor Arthur planned to leave the University to take up his new role in August 2004. He also announced the departure next year of Professor Ulph, a former Deputy Vice-Chancellor. Professor Ulph had accepted the post of Dean of the Faculty of Humanities and Vice-

President of the University of Manchester which he would take up in April 2004. Members of Council congratulated Professors Arthur and Ulph on their appointments and wished them every success in their new roles.

The Vice-Chancellor highlighted a number of items in his report:

Higher Education Bill

Members of the Russell Group continued to lobby the Government on the proposals contained in the draft Bill. The Secretary of State for Education and Skills, Mr Clarke, had indicated that in the event that support for the increased level of fees was not forthcoming from Parliament, there would be no uplift in funding for the higher education sector.

Lambert Review

The Review had praised universities for the links that they had developed with the business sector and had cited the University as an example of how HEIs could find private support for spin-outs without depending on public funds. The University had also been cited as example of good practice in matters of governance. The Vice-Chancellor expected that the findings would inform the Spending Review.

Institutional Audit

Professor Wheeler announced with great pleasure that the Quality Assurance Agency had confirmed that the University would be awarded the top rating in the report of the Institutional Audit visit which had taken place between 1-5 December 2003. The QAA had what was termed 'broad confidence' in the University's quality assurance processes and practice.

Professor Wheeler wished to thank all the staff who had been involved in the preparations for the visit and the visit itself, in particular all the members of the Educational Development Service, and those students who had participated in the exercise.

Salary update

The Vice-Chancellor summarized the background to the current negotiations between UCEA, the Employers' Association, and the Trades Unions in the higher education sector on the terms and conditions of employment, including the introduction of a single pay spine for all members of staff. One of the Trades Unions, the Association of University Teachers (AUT), had rejected the proposals. Despite this development, the University had worked together with local Union representatives and agreed that the pay award for 2003/04 should be implemented and backdated salary payments made. The Vice-Chancellor thanked the TU representatives for their cooperation in this matter.

As soon as the national negotiations had reached a satisfactory conclusion, the transfer of staff at Southampton from their current employment categories to a new

job family structure would begin. The new arrangements would allow for the payment of performance-related awards.

Resolved That Council record its thanks to all staff and students who were involved in the preparations for the Institutional Audit and in the visit by members of the Quality Assurance Agency.

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

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

Mr Hudson was pleased to report that the Students' Union had made a successful start to the academic year with achievements in the areas of sport and community action, and awards from the media for the website set up for *Wessex Scene*, the student newspaper, and the student radio, SURGE. The number of students currently involved with Student Community Action (SCA) had risen from approximately 120 two years ago to over 350.

The Union continued to be opposed to the introduction of 'top-up' fees for home and EU students and, in respect of international students, on the new arrangements for visa applications. The Home Office now levied a fee for the issuance of visas whereas previously they had been provided free of charge. The Students' Unions of the Russell Group universities had declared their opposition to the new charges.

The Secretary and Registrar explained that Universities UK, the body that promoted the interests of the sector, had taken the matter up with the Department for Education and Skills, drawing attention to the fact that the changes were at odds with earlier declarations made by the Prime Minister that the UK wished to attract greater numbers of international students.

Mr Walsh invited Council to support the Students' Union's campaign against the introduction of visa application fees for international students. Dame Yvonne, on behalf of Council, said that the campaign was a worthy one and one to which Council should lend its support.

Resolved That the report be noted.

7 **Final Accounts for 2002/2003** (Agendum 11)

Received The audited accounts, which included the Treasurer's report, for the University and its subsidiary companies for the year ended 31 July 2003, together with a covering summary of the financial information from the Director of Finance and a management letter prepared by the External Auditors.

The Director of Finance presented the audited accounts for the year ended 2002/03. He explained that the published version would be circulated to members in the New Year.

He drew attention to an amendment to the consolidated accounts which had been highlighted in his summary report: the end-of-year surplus totalled £5.3m which reflected an increase of 6.6 per cent compared with the previous year's results. It represented, however, a small percentage of the annual turnover which had risen to approximately £250m.

Referring to the Treasurer's report, the Director of Finance highlighted a selection of the headline figures: the number of overseas students had increased significantly during the year, lifting the fee income from this group by 27 per cent to approximately £12m; the income derived from research contracts had remained at a similar level to last year's at £71m – the income from such contracts did not adequately contribute to the full indirect costs of the research undertaken; total expenditure had risen by approximately eight per cent, much of which was attributed to the increase in staff costs; and cash flow from operating activities amounted to £17.9m. The balance sheet figures indicated that overall the financial position of the institution was healthy.

In response to a query about the impact of the introduction of FRS 17 on the University's pension schemes, the Director of Finance confirmed that the defined benefit scheme, PASNAS, was not directly affected by the regulation. The University had ended the pension holiday and had reinstated full contributions from 1 August 2003. It was likely that the level of contributions would have to be increased slightly during the next academic year.

- Resolved**
- (i) That the External Auditors' Management Letter and the action in train be noted.
 - (ii) That the Audited Accounts and the Treasurer's report be approved for submission to the Court.

8 **Financial monitoring 2003/2004** (Agendum 12)

Received The financial monitoring statement for the academic year 2003/04 as at December 2003.

A summary of an oral presentation given by Professor Gregson, entitled 'Financial monitoring', which was tabled.

Professor Gregson presented his summary of the changes introduced to the financial monitoring statements. The aim was to show in greater detail the allocations made under the Strategic Resource Allocation Model (SRAM), to provide full economy statements, to explain the different components of the statements, and, overall, to improve the clarity of the information presented. The statements had been revised to reflect the new organizational structure of the University. The Policy and Resources Committee had approved the detail of the new format at its meeting in November, subject to the inclusion of some additional information on academic activities.

Referring to the detail of the document, Professor Gregson explained that by colour-coding the columns the different strands of income – SRAM, research grants and contracts and Services Rendered – could be tracked at a glance. The final section recorded the projected figures for the consolidated accounts. Table 2 provided the

reconciliation of the monitoring figures for the individual budgetary groups at School level and for the University.

Members of Council expressed their satisfaction with the revised format for the presentation of the monitoring statements and felt it was a considerable improvement on the previous layout. Mr Snell asked whether there were plans to move towards presenting what he referred to as 'single box' analysis. Professor Gregson responded that he would raise this point with the Finance Policy Committee in due course. The Vice-Chancellor suggested that a special session on the detail of the University's finances might be of interest to members. It could be arranged to fit in with the programme for the next scheduled meeting of Council. Members endorsed the proposal.

Turning to the content of the statements, Professor Gregson drew attention to the end-of-year deficit which was forecast to amount to approximately £1.5m. He reminded Council of the discussions held at the meeting in July 2003: the budgetary allocations for the current year had indicated a deficit of £1.558m. The model for the new statements enabled a closer monitoring of a budgetary group's financial position and, thus, a closer correspondence between budgetary and actual figures. The monitoring figures for Professional Services had not been included because the grouping had not yet embarked on its strategic planning round. The first step to complete that process would be taken early in the New Year. A similar breakdown of figures would be presented for the individual Services in the next set of statements.

In response to a query about the financial position of the Winchester School of Art, Professor Gregson said that the group conducting the current review had brought forward a number of academic options (see Agendum 21.2, Item 3) which had been discussed in detail. Financial information would be prepared in due course which would supplement those options individually. A further report would be forthcoming to Council at its next meeting. Professor Curran commented that the target figure for the School (Table 2) had been set during a time of great change with a commensurate degree of uncertainty regarding income and expenditure.

Professor Gregson thanked the Director of Finance, the Deputy Director of Finance, the staff within the Department of Finance, the Treasurer and Professor Hamlin for their hard work involved in introducing the new method for monitoring the University's finances.

- Resolved**
- (i) That the new format of the financial monitoring statement be approved.
 - (ii) That the financial monitoring statement for 2003/04 be noted.
 - (iii) That the Secretary should organize a special presentation on the University's finances, in consultation with the Director of Finance, on 1 April 2004.
 - (iv) That Council record its thanks to the Director of Finance, the Deputy Director of Finance, the staff within the Department of Finance, the Treasurer and Professor Hamlin.

9 **Audit Committee: Annual report** (Agendum 13)

Received The Annual Report from the Audit Committee for the year ended 31 July 2003, together with the Annual Internal Audit, compiled by KPMG, dated 29 October 2003.

Mr Symons, Chair of Audit Committee presented the Annual Report, summarizing the work undertaken by the Committee during the year. He drew attention to the Internal Auditors' conclusions which stated that the University had in place satisfactory arrangements to ensure the adequacy and effectiveness of the processes for risk management and financial control.

Mr Symons thanked all the members of the Committee for their contribution to the work of the group during the year, and the external auditors, Mazars, and the internal auditors, KPMG, for their expertise and guidance.

Members of Council were content with the report and did not wish to raise any issues.

Resolved That the Annual Report from the Audit Committee for the year ended 31 July 2003 be noted.

10 **Five-year strategic plans, 2003/04-2007/08**

10.1 **Schools' plans** (Agendum 14.1)

Received A report on the planning process for the period 2003/04-2007/08, together with a commentary on the individual Schools' plans.

In introducing the report, Professor Gregson said that, although the Schools had submitted ambitious plans, it had not been possible, unfortunately, to support all of the initiatives from the Strategic Development Fund. Some of the proposals, in any event, had fallen outside the ambit of the University's Strategy Plan. The detail of the report informed the content of the following item on the University's five-year plan (Agendum 14.2).

Mr Jukes highlighted a statement in the report in the section entitled 'Finance' (page 4) on the Schools' achieving balanced or surplus budgets and asked why the monitoring statements (Agendum 12 above) did not record out-turns that were closer to the target figures. Professor Gregson explained that the statement should be considered in the context of the planning process and that at a consolidated level it was possible to achieve a surplus overall. The aim of the planning process was to bring groups into either a break even position or a surplus over the five-year period.

Dr Read suggested that as part of the planning and monitoring processes a series of criteria might be introduced against which the success of particular initiatives could be gauged. The Vice-Chancellor said that he would consult

on which performance measures should be used for this purpose and would report to the next meeting of Council.

- Resolved**
- (i) That the Vice-Chancellor be invited to take the action set out above.
 - (ii) That the information contained in the report on the Schools' plans for the period 2003/04-2007/08 be noted.

10.2 **University plan** (Agendum 14.2)

Received A report which set out the consolidated five-year financial plan for the University over the period 2003/04-2007/08, together with financial projections.

Professor Gregson presented the five-year financial plan. He reiterated that the figures were not yet available for groups within the Professional Services (Minute 8 above). Information on the balances held by the Schools was also being prepared; it had not been possible to transfer the details directly from the old organizational structure to the new because in some Faculties former Departments had been brought together under one School (Table 2).

Professor Gregson highlighted a number of points:

- Surpluses were achieved throughout the period at the consolidated level.
- The cash flow position and loan performance were both strong.
- No account had been taken of the introduction of higher fees which had been proposed in the Government's draft Higher Education Bill or additional Research Council income.
- Capital expenditure had been set at what was considered to be a minimum level of £1m *per annum*.

Professor Gregson explained that the projections provided the financial envelope within which the Heads of School and the Executive were expected to manage the activities of the University. With regard to the monitoring of specific projects, lay members of Council would be more closely involved in this process by virtue of their membership of the new Policy Committees.

- Resolved**
- (i) That the format of the five-year University strategic plan, 2003/04-2007/08, be approved.
 - (ii) That the five-year University strategic plan, 2003/04-2007/08, be approved.

11 **Corporate Strategy** (Agendum 15)

Received The Corporate Strategy for the University for the period 2003-2010.

In inviting Council to approve the Corporate Strategy, the Vice-Chancellor stated that a number of minor textual amendments had been made following discussion of the document at the recent meeting of Senate in respect of elements of equal opportunities and the recruitment of overseas students.

Resolved That the Corporate Strategy for the period 2003-2010 be approved.

12 **Strategic development funding** (Agendum 16)

Received A paper entitled 'Strategic Development Funding, 2003/04-2007/08'.

Professor Gregson outlined the focus of the paper which compared the aims of the Corporate Strategy with the detail of the current five-year plan. It set out a proposal to invest a further £10m in academic activity, in addition to the £5m agreed in the five-year plan, to ensure that the University was thoroughly prepared for the next Research Assessment round, to maintain at least its position *vis-à-vis* other institutions, and to achieve the vision detailed in the Corporate Strategy. The proposal did not further constrain the capital programme. The University Executive Group would undertake to scrutinize each project before agreeing sponsorship and Council would be kept informed of the rationale of the investments. The consequences for the University of not investing additional sums over the next five years would be grave. He invited members to comment on the proposals.

While members supported the plans in general, two particular points were made: the importance of monitoring the success of initiatives in which money had been invested; and the necessity of investing any year-end surplus to further the interests and standing of the University. (In comparison with an annual turnover of approximately £250m, £2.5m invested on average each year was very modest.)

Resolved That the proposals set out in the paper on strategic development funding over the period 2004/05-2007/08 be approved in principle.

13 **Report from the meeting of Senate held on 3 December 2003** (Agendum 20)

Received The report of the meeting of Senate held on 3 December 2003.

Resolved

- (i) That the honours and distinctions reported by Senate be noted with pleasure.
- (ii) That the comments and information provided by Senate be noted.

14 **Reports from the meetings of Policy and Resources Committee**

14.1 **22 October 2003** (Agendum 21.1)

Received The report of the meeting of the Policy and Resources Committee held on 22 October 2003.

The Vice-Chancellor introduced the report and drew attention to Item 3.1: the section about the Annual Fund Campaign (p3, third paragraph) should have included a statement to the effect that the target figures had been achieved.

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

14.2 **19 November 2003** (Agendum 21.2)

Received The report of the meeting of the Policy and Resources Committee held on 19 November 2003.

Dame Yvonne thanked the lay members who had agreed to serve on the new Policy Committees. Referring to Item 3, Winchester School of Art, Dame Yvonne thanked Professor Hamlin and Professor Curran for the work they had undertaken as part of the review process of the School. The University Executive Group would discuss the matter again in the New Year as soon as the detailed costings for the individual options had been drawn up and the matter would be submitted thereafter to Senate and Council.

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

14.3 **Estate Strategy** (Agendum 21.3)

Received A report from the Estates Policy Committee, detailing a set of proposals concerning the revision of the Estate Strategy.

In presenting the report, the Secretary and Registrar explained that it included an enclosure which had been circulated in error: the last two pages of Appendix 2 should be removed. He reported that the timetable for the revision of the Estate Strategy indicated that it would be presented to Council at the end of the academic year.

Resolved That the report on the framework for the development of the revised Estate Strategy be noted and endorsed.

15 **Report from the meeting of Standing Committee of Council held on 19 November 2003** (Agendum 22)

Received The report from the meeting of Standing Committee of Council held on 19 November 2003.

Resolved That the report from Standing Committee of Council be noted and endorsed.

16 **Equal Opportunities Regulations (Agendum 25)**

Received A report on the implementation of European Equal Treatment Directives from the Human Resources Policy Committee.

Dame Yvonne invited Council to approve formally the policies presented to them.

Resolved That the following policies be approved:

Freedom of Religious Belief Policy;
The Gender Dysphoria and Transsexuality Policy; and
The Sexual Orientation Policy.

17 **Report to Council from the Southampton University Development Trust (Agendum 26)**

Received The annual report from the Director of the Development Trust on the work of the Trust.

Resolved That the report from the Southampton University Development Trust be noted.

18 **University Report for year ended 31 July 2003: Vice-Chancellor's Statement (Agendum 27)**

Received The University Report for the year ended 31 July 2003: Vice-Chancellor's Statement which was tabled.

Vice-Chancellor stated that the format of the Annual Report was under review. In the interim an overview of the developments and events that had taken place during the year had been compiled.

Resolved That the Report for the year ended 31 July 2003 be approved for submission to the Court.

19 **Abstract of Annual Statistics, 2002/2003**

The Vice-Chancellor explained that the Abstract of Annual Statistics had not been submitted to the meeting because the restructuring of the University part way through the year had altered the configuration of the figures. He proposed that the current format be reconsidered and a new statistics report be presented to a future meeting of Council. Members endorsed the proposal.

Resolved That a revised Abstract of Annual Statistics be presented to Council in the future.

+++++

The meeting finished at approximately 7.30 pm.

Ref CC9/3

j:\sally\word\council\minutes\unrestrdec03\doc