



Council

Date and time	Tuesday 14 December 2004 at 5.00 pm
Place	The Senate Room, George Thomas Building
Present	Dame Yvonne Moores (<i>in the Chair</i>), Ms B Barker, Professor I T Cameron, Ms H Chadwick, Professor P J Curran, Dr S J Deuchar, Professor A D Fitt, Professor A P Hamlin, Professor J K Hammond, Professor R Holdaway, Mr A J Jukes, Mr A S Kent, Professor J D Kilburn, Professor J Labanyi, Mr B Purkiss, Dr B G Smith, Mr M J Snell, Dame Valerie Strachan, Mr R H M Symons, Professor C A Thomas, Professor W A Wakeham, Mr A J Walker, Professor A A Wheeler, Professor D M Williams, Mr A Wilson* and Professor L Yardley
By invitation	Dr H G Harley, Dr A E Hill (for Agendum 47), Mr P Staniczenko, Head of Planning (for Agendum 15) and Mr O A Slater (for Agendum 26)
With	The Secretary and Registrar, Director of Corporate and Marketing Services, Director of Finance, Director of Human Resources and Ms C J Gamble

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

Unrestricted agenda

Welcome

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

Professor Caroline Thomas, Deputy Vice-Chancellor
Dame Valerie Strachan
Dr Stephen Deuchar
Professor Jo Labanyi
Professor Lucy Yardley
Professor Ian Cameron
Professor Jeremy Kilburn
Professor David Williams

Dame Yvonne also welcomed Dr Helen Harley who had been invited to attend the meeting as an observer.

Dame Yvonne requested members' approval that a report from the Nominations Committee be included in the unrestricted agenda (Agendum 23). There was also a change in the starring of Agendum 25; it should be single starred rather than double starred. Members agreed to the request and noted the change in starring.

Ms Chadwick said that she felt uncomfortable discussing a number of the matters on the agenda because the accompanying papers had been tabled. Dame Yvonne said that she understood her concerns and apologized for the lateness of the circulation. It was unusual for papers to be tabled and efforts would be made to avoid this in future.

1 Obituary

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

Roger Bingham, undergraduate, School of Health Professions and Rehabilitation Sciences: November 2004;

Jacqueline Bickerstaff, postgraduate, School of Psychology: October 2004;

James Jeremy Cattell, undergraduate, School of Geography: 12 September 2004;

Mrs Lolita Dominguez, member of staff in Estates and Facilities: 12 September 2004;

Mr Patrick Hayes, lecturer, Social Work Studies (1974-1997): August 2004;

Brian Gillow, postgraduate, School of Education: 16 October 2004.

2 Standing Orders of Council (Agendum 2)

Received A copy of the Standing Orders of Council for the academic session 2004/05, dated December 2004.

The Secretary and Registrar explained that, in line with the changes made to the Statutes in September 2004, the periods of office of the lay officers, set out in Standing Order 34 (1), had been revised to state two terms of three years. The length of the term of office of the Chancellor had also been added for the sake of clarification.

Resolved That the revised Standing Orders of Council be approved.

3 Minutes (unrestricted) of the meeting held on 8 July 2004

Resolved That the Minutes (unrestricted) of the meeting held on 8 July 2004 be approved and signed.

4 **Matters arising**

The Secretary and Registrar wished to raise a matter that had been included on the agenda, the Timing of Council meetings (Agendum 25.2). He reported that the majority of lay members preferred a late afternoon (5.00 pm) start to meetings. The current arrangements would remain unchanged.

5 **The Vice-Chancellor's report**

The Vice-Chancellor presented his report:

Research Assessment Exercise

The Chief Executive of the Higher Education Funding Council for England (HEFCE), Sir Howard Newby, had recently addressed a meeting of the Russell Group at which a number of topics were discussed, among other things, the structure of the next Research Assessment Exercise in 2008. One of the matters examined in general was the use of research output measures and metrics in the Arts and the Sciences. It was not known at this stage how the individual research quality profiles, drawn up for institutions participating in the Exercise, would translate into funding.

Flotation of Synairgen plc

In late October 2004 *Synairgen plc* had been floated on the London Stock Exchange's Alternative Investment Market at a valuation of £28.2m. This was the second spin-out from the University in the last eighteen months that had successfully reached the stage of an initial public offering. The University was at the forefront of this area of activity in the sector.

Science Learning Centre

Lord Sainsbury, the Minister for Science and Innovation, officially opened the new Science Learning Centre South East at the University. The Centre was part of a national network which sought to bring innovation and inspiration to science teaching in schools and colleges. The Vice-Chancellor encouraged members to visit the Centre.

Closure of Department of Chemistry, University of Exeter

The University of Exeter had announced that it planned to close its Department of Chemistry and, as a result of this, the University had received a number of enquiries from students wishing to transfer. The Vice-Chancellor reminded members that chemistry was one of the subject areas to which institutions were finding it difficult to recruit students. The Secretary of State for Education and Skills had invited HEFCE to provide advice on a range of such subjects, deemed to be of strategic importance.

Development agenda and fundraising

The Vice-Chancellor reported that he and the Secretary and Registrar had visited three universities on the west coast of the United States in September to learn from their experiences in fundraising. Development activities and fundraising were areas of priority in the forthcoming year.

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

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

Mr Wilson highlighted the following items in his report:

- Increasing the level of student representation on a range of committees, including Student/Staff Liaison committees, thus strengthening the Union's contribution to the debate of academic and topical issues, was a priority for the year.
- The Students' Union's Advice and Information Centre would relocate to the new wing of the George Thomas Building on its completion in the summer of 2005.
- A campaign had commenced to lobby local Members of Parliament and Government Departments on the increase in the cost of extending visas. It was feared that the uplift would deter international students from studying in the UK.
- There had been success in a number of areas over the last six months: the Travel Centre had been awarded 'Best University Travel Agent'; *Wessex Scene* had won 'Best Student Website' and SURGE radio station had been nominated one of the top five radio stations in the UK. There had been a series of sporting achievements, too, particularly noteworthy of which was the fact that seven past and present Southampton students had represented Great Britain in the 2004 Olympics.

Resolved That the report be noted.

7 Final Accounts for 2003/2004 (Agendum 11)

Received The audited accounts, which included the Treasurer's report and a statement on corporate governance, for the University and its subsidiary companies for the year ended 31 July 2004, 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 final accounts for the year ended 2003/04. The statements recorded a solid financial performance overall. The

income and expenditure figures had increased by ten per cent and 9.4 per cent, respectively, resulting in a surplus of £6.9m, of which £2.7m represented the profit on the sale of Offshore Hydrocarbon Mapping Limited shares. Setting aside the sale of shares, the remaining surplus amounted to approximately £4m which was less than two per cent of the annual turnover.

Referring to the Management Letter, the Director of Finance drew attention to two items: the provision of £1m against the failure to collect outstanding tuition fees; and the VAT provision originating from July 2002, the detail of which was set out in the section entitled 'Audit and accounting issues' (p12). In both instances the External Auditors concurred with the University's prudent approach to dealing with these matters. The Director of Finance added that since the end of the financial year progress had been made in recovering a considerable proportion of the tuition-fee debt. (The background to the matter was explained in the Annual Report of the Audit Committee, Agendum 13.)

The Treasurer commented that, overall, the results were satisfactory. There had been some volatility in the flows of income and, without close management, that year-end figure would not have been achieved. He thanked Mr Spencer, the Assistant Director of Finance, who had headed up the Department of Finance for six months prior to the current Director taking up his post.

Mr Kent asked about the background to the insurance claim which involved the Winchester School of Art, highlighted in the External Auditors' Management Letter. The Director of Finance said that it was a claim submitted for consequential losses after the flooding of the campus some years ago. Since the Auditors had prepared their report, the amount outstanding had reduced to approximately £60k.

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

8 **Financial monitoring 2004/2005** (Agendum 12)

Received The financial monitoring statement for the academic year 2004/05 as at December 2004.

The Director of Finance introduced the financial monitoring statement for the first quarter of the academic year 2004/05. In setting the context, he reminded members of the deficit (net £5.89m) Council had agreed in July 2004 as part of the five-year financial plan for the period 2004/05 to 2008/09. The initial forecast for the year was disappointing. The estimated deficit at this point in the year for the end of the session was around £2m higher than planned. The

principal reason for this financial set-back was the level of international student recruitment which had not progressed according to the Strategic Plan.

The Vice-Chancellor stated that institutions across the sector had been affected. He highlighted some of the reasons that had been put forward in the review of the admissions process, carried out by Professor Thomas (Agendum 21.4 refers) in response to the news on student numbers. Enrolment on one-year, full-time Master's programmes in the Schools of Law and Management had been particularly badly affected because many of the students were recruited from overseas. The recruitment of undergraduate Home/EU students had also been lower than expected. A corollary of this was that the aim to raise the matriculation requirements had been achieved more quickly than had originally been envisaged. The Vice-Chancellor emphasized that the market for each School was different and that the individual characteristics of each area of recruitment had to be taken into account when considering what central strategic action could be taken to address the problems.

Mr Jukes asked whether information could be provided on the extent to which the 'A' levels scores of students enrolled this year had improved. Professor Thomas responded that that data could be drawn together and presented in due course.

Dame Yvonne invited members to note the increased deficit reported in the paper and stated that a further analysis of the position would be presented to the next meeting of Council.

Resolved That the financial monitoring statement for 2004/05 be noted.

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

Received The Annual Report from the Audit Committee for the year ended 31 July 2004, together with the Annual Internal Audit, compiled by KPMG, dated 29 November 2004.

In presenting the Annual Report from the Audit Committee, Mr Symons drew attention to the work that had been undertaken as part of a review of the financial implications of the introduction of a new student records system, particularly the collection of tuition fees. The Committee had been satisfied that the University was fully aware of the seriousness of the risk of failing to recover the fees and that adequate provision had been made to cover the possibility that the full amount would not be collected.

Referring to the report of a theft on campus (section 8.2), Mr Symons said that the Committee had endorsed the action taken by the University to prevent such incidents in the future.

Mr Symons said that there was one final point to which he wished to draw attention: the change in the name of the External Auditors. From 31 August 2004 Mazars had converted to a limited liability partnership and

operated under the name Mazars LLP. The terms of appointment remained unchanged.

- Resolved**
- (i) That the Annual Report from the Audit Committee for the year ended 31 July 2004 be noted.
 - (ii) That the change in the name of the External Auditors to Mazars LLP from Mazars be noted.

10 **Corporate Strategy and review** (Agendum 14)

- Received**
- A tabled copy of the presentation given by the Vice-Chancellor to Council in July 2004, entitled 'Strategic Planning, 2004-2010', which had been modified, together with a review of a subset of the Russell Group corporate strategies.

The Vice-Chancellor explained that members of the Policy and Resources Committee had been invited to consider the boundaries of the individual elements of the Corporate Strategy now that its broad thrust had been established. It had emerged during discussion that a number of modifications should be made to the Strategy, such as the inclusion of regional and international perspectives to the themes set out. The report from the committee (Agendum 21.1) summarized the points that had been raised. The presentation had been amended accordingly.

Turning to the review of a subset of corporate strategies of Russell Group members, the Vice-Chancellor said that although the universities were active in similar areas, each institution's strategy displayed unique features. Noteworthy was that for those institutions based in London location played an important role in their plans. The purpose of carrying out the review had been to ascertain whether the University's strategic thinking matched that of its fellow members of the Russell Group. It was considered that, overall, its approach was comparable and thus no significant changes would be proposed.

Mr Snell commented that the summary of the review of the University's Strategy did not reflect the work he understood was being undertaken with local further education colleges. The Vice-Chancellor confirmed that those activities were of great importance to the University but, in terms of strategy, there were other areas that were a higher priority, such as improving the academic quality of the student intake.

- Resolved**
- That the revised presentation entitled 'Strategic Planning, 2004-2010' and the review of a subset of Russell Group corporate strategies be noted.

11 **Performance indicators** (Agendum 15)

Received A revised set of performance indicators, together with a summary prepared by the Head of Planning, dated 9 December 2004.

Professor Wheeler presented the set of performance indicators, stating that the views expressed by Council at its meeting in July 2004 had been taken into account when revising the document. Additional information had also been added to the tables: a column indicating the progress made in working towards each strategic aim had been included. Professor Wheeler invited members to consider two issues:

- How often should the performance indicators be presented to inform Council what progress was being made, bearing in mind that there would probably be no perceptible change in the indicators if they were presented too frequently? Professor Wheeler suggested an annual cycle, ideally towards the end of the calendar year after the strategic planning round.
- It had been proposed that the information provided could be linked to the data that was used for risk management purposes. The details of how that would be done would be presented at a later date.

In discussion, the following points were raised:

- A scale that indicated the relative importance of each of the strategic aims would have been useful. It would have provided a focus. The Vice-Chancellor stated that progress in all of them was expected, although some would be more difficult to achieve than others.
- The first three appeared to be aspirational in nature and achieving them did not lie entirely in the hands of the University. Were they statements of vision rather than a series of objectives? The Vice-Chancellor said that at the heart of the statements were actions that the University could take. These particular steps, such as improving 'A' level scores, would help the University achieve the strategic aims. It was clear which factors influenced how a University was rated in the league tables. What was more complex was anticipating how such tables would evolve over the next five years.
- In respect of promoting a diverse student body with fair access for all (strategic aim 5), how did the University's performance compare with what other institutions in the Russell Group were doing? Professor Wheeler said that some of the larger institutions would probably spend more on the initiatives aimed at achieving diversity. The University intended to use part of the increased tuition fees to improve the educational environment in addition to providing bursaries and scholarships.

- The performance indicators helped link the progress towards achieving the strategic aims with the budgetary information.
- It was suggested that any drastic developments should be flagged in the document, for example if the status of an objective was recorded as 'red' with the lowest number (3) for progress. This would help Council focus on areas where there were particular difficulties. Professor Wheeler said that recommendations could be brought forward on the stage at which attention should be drawn to changes in the progress rating of an activity.
- The reputation of the University was built in part on perceptions. A strategy aimed at promoting the University would be a useful tool in achieving the goals in other areas. Dame Yvonne said that work was under way on developing a Marketing Strategy (Agendum 21.4 refers) which would encompass various strands, including a Communications Strategy.

Members agreed that the set of performance indicators should be presented annually to Council, commencing in December. Further consideration would be given to the stage at which attention would be drawn specifically to changes in progress, and a report made as soon as possible.

- Resolved**
- (i) That the set of performance indicators be approved, and reported annually to Council, commencing in December 2005.
 - (ii) That Professor Wheeler should arrange for a report to be presented to Council on the monitoring process of changes in the activities measured by the 'traffic light' system.

12 **Report from the meeting of the Senate held on 1 December 2004**
(Agendum 20)

Received The report of the meeting of Senate held on 1 December 2004.

Resolved That the comments and information provided by Senate be noted.

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

13.1 **8 September 2004** (Agendum 21.1)

Received The report from the meeting of the Policy and Resources Committee held on 8 September 2004.

The Vice-Chancellor introduced the report, drawing attention to:

Strategic themes: Student-centredness (Item 1.2)

The Vice-Chancellor explained that the briefing paper on student-centredness would be promulgated across the University.

Professor Cameron said that, his view as Head of School, was that members of staff would need to discuss the document in detail in order to achieve a good understanding of the concept. Professor Fitt reported that there had been much debate in the School of Mathematics where it had been concluded that much of what was highlighted in the last section of the Annex was already being done. In many instances it would not be necessary to change what was being done but instead conduct those activities more rigorously.

The Vice-Chancellor stated that the first national survey of student opinion would be carried out early in 2005 by HEFCE. It was the final element of the so-called 'lighter touch' teaching quality assurance process. The information gathered would be made publicly available. It was important that all the final year students who would be invited to participate did so because their views would help promote the reputation of the University. Mr Wilson said that the Students' Union was of the opinion that the content of the survey was not sufficiently objective. It was however encouraging students to participate because the information could potentially affect the University's standing in the league tables.

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

13.2 13 October 2004 (Agendum 21.2)

Received The report from the meeting of the Policy and Resources Committee held on 13 October 2004.

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

13.3 10 November 2004 (Agendum 21.3)

Received The report from the meeting of the Policy and Resources Committee held on 10 November 2004.

The Vice-Chancellor drew attention to the section on full economic costing (Item 5.3). The first step in moving towards recovering all the costs involved in carrying out research funded by the Research Councils would be taken in 2005.

Referring to the subject of the Marine Innovation Centre (Item 6), the Secretary and Registrar said that the matter was a long-standing,

important objective for the University. He hoped that it would prove possible to bring the project to fruition.

(Note: Item 5.1, Access Agreement, was discussed as part of Agendum 21.4 below.)

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

13.4 **8 December 2004** (Agendum 21.4)

Received The report from the meeting of the Policy and Resources Committee held on 8 December 2004.

Commenting on Item 1, Glen Eyre Blocks K, L and M, the Secretary and Registrar said that consideration was being given to disposing of less popular Halls of Residence in order to offset the costs of refurbishing Glen Eyre.

Dr McCaig gave an overview of the Marketing Strategy (Item 3), the outline of which was appended to the report. He said that there was a strong correlation between the ranking of a university in the league tables and how that institution was perceived. Being listed in the top ten, for example, helped an institution to attract students and staff, therefore, if the University could achieve a higher ranking, the perception of it would also improve. The purpose of the Marketing Strategy was to align all of the individual approaches to marketing across the University. It would focus on all sectors of the higher education market, but particularly on the UK undergraduate sector.

Dame Yvonne stated that this was the first draft of the Strategy to which other elements would be added. A full presentation would be given later in the academic year.

Professor Thomas presented the detail of the Access Agreement (Agendum 21.3, Item 5.1) and the item in the report on tuition fees and bursaries. The intention was to devote approximately 23 per cent of the income from tuition fees on bursaries and scholarships; this figure was in line with the guidance issued by the Office for Fair Access to Higher Education (OFFA). The financial modelling had indicated that the additional fee income for the first year from 2006 would amount to approximately £5.5m. Support would be given to a wide range of students, defined by OFFA as 'low economic status', in addition to offering regional bursaries as part of the widening participation initiatives. Professor Thomas pointed out that a minor modification had been made to the number of bursaries which would be awarded. The agreement had been sent in draft form to OFFA. Universities were not permitted to discuss their plans with other HEIs thus it was

not possible to state how Southampton's proposals compared in detail with those drafted by other institutions.

- Resolved**
- (i) That the decision to introduce tuition fees of £3k *per annum* for a range of programmes of study from 2006, subject to approval by OFFA, be approved.
 - (ii) That the report from, and the decisions taken by, the Policy and Resources Committee be noted and endorsed.

14 **Report from the meeting of Standing Committee of Council held on 10 November 2004** (Agendum 22)

Received The report from the meeting of Standing Committee of Council held on 10 November 2004 which was tabled.

The Secretary and Registrar drew attention to the recommendations in respect of the current election process to select non-teaching staff to serve on Council (Item 8).

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

15 **Report to Council from the meeting of the Nominations Committee held on 10 November 2004** (Agendum 23)

Received The report from the meeting of the Nominations Committee held on 10 November 2004 which was tabled.

Resolved That Sir John Parker be appointed to Council, Class 2 membership, for an initial period which would run from 1 January 2005 until 31 July 2007.

16 **Governance and the CUC Guide for Members of Higher Education Governing Bodies in the UK** (Agendum 25)

Received A copy of a document entitled 'Governance Code of Practice and General Principles' which was an extract from the recently revised 'Guide for Members of Higher Education Governing Bodies in the UK', published by the Committee of University Chairmen (CUC).

An accompanying explanatory note prepared by the Secretary and Registrar which was tabled.

Dame Yvonne announced that a copy of the complete guide would be sent to Council members in the near future.

The Secretary and Registrar proposed that the subject of compliance with the Governance Code of Practice should be debated at the next meeting of Council after the matter had been discussed by PRC.

- Resolved**
- (i) That the Secretary and Registrar should arrange for a paper to be brought forward on the subject of compliance with the guidelines set out in the document 'Governance Code of Practice and General Principles' to the March 2005 meeting of Council.
 - (ii) That the CUC publication 'Governance Code of Practice and General Principles' be noted.

16.1 Effectiveness of the committee structure (Agendum 25.1)

Received A paper entitled 'Review of committee arrangements', prepared on behalf of the Secretary and Registrar, dated 1 December 2004.

The Secretary and Registrar explained that, following the radical revision of the committee structure last year, a number of minor revisions had been made to the set up. He invited members to approve the amendments which were described in the paper.

Resolved The revised arrangements set out in the paper on the effectiveness of the committee structure be approved.

16.2 Council: Timing of meetings

(This item was discussed under 'Matters arising' above.)

17 Review of the management of key risks (Agendum 26)

Received A review of the management of key risks, together with a copy of the revised Risk Management Policy and the Corporate Risk Register for the period 2004/05 to 2008/09.

In presenting the review and accompanying documents, the Vice-Chancellor commented that the Risk Register was based on a model drawn up by HEFCE. Consideration might be given in future to adapting the model.

- Resolved**
- (i) That the draft Corporate Risk Register and the revised Risk Management Policy be approved.
 - (ii) That the current objective of achieving full integration of risk management with strategic planning be endorsed.

18 **Equality and diversity monitoring report for staff and students**
(Agendum 27)

Received A document entitled 'Equality and diversity monitoring report for staff and students, including race', dated 14 December 2004.

Professor Curran introduced the report which was the first annual review on race equality. The document covered three areas: progress during the year, the Race Equality Action Plan, 2004/05 and monitoring. The detail of these three topics was the subject of a separate report (Agendum 28).

Resolved That the Annual Report be noted.

19 **Impact Assessment Review Group** (Agendum 28)

Received A report from the Impact Assessment Review Group,

Mr Purkiss, the Chair of the Impact Assessment Review Group, presented his report. He set out the legislative background, both national and European, to the work being undertaken in respect of equality and diversity monitoring, and compliance with the requirements of the Race Relations Amendment Act (2000). He said that he was pleased with the progress to date and now that the preparations had been completed, the Review Group could embark in earnest on its work.

Resolved That the report from the Impact Assessment Review Group be noted.

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