

# UNIVERSITY OF WARWICK

## Joint Council and Senate Strategy Committee

Minutes of the Meeting of the Joint Council and Senate Strategy Committee held on 9 June 2003

Present: Professor S B Palmer (in the Chair), Professor S Bassnett, Mr P Dodd, Professor R G Dyson, Professor A Easton, Mr G Jones, Professor J Jones, Mr J Leighfield, Professor M McCrae, Professor A Mullender, Dr I Nussey, Professor M Whitby.

Apologies: Mr C Foy, Ms V Gooding, Ms S J Hobson, Professor I Lauder, Professor H Thomas, Vice-Chancellor, Mr B Woods-Scawen, Deputy Registrar.

In Attendance: Registrar, Administrative Secretary, Estates Officer, Finance Director, Deputy Finance Director.

16/02-03 Minutes

RESOLVED:

That the minutes of the meeting held on 24 April 2003 be approved.

17/02-03 Estate Development Plan (minute 12/02-03 refers)

REPORTED:

- (a) That a Group co-ordinated by the Director of Student and Ancillary Services had been established to prepare proposals for the schedule of activities to be located within National Grid House and the allocation of space to each of those activities for consideration and approval by the Vice-Chancellor and Registrar and the Accommodation Review Group.
- (b) That it was expected that the costs of relocation of activities to National Grid House could be contained within the overall costs of purchase, which were incorporated within the Financial Plan, subject to no other substantial unforeseen costs arising associated with the purchase of the building.

18/02-03 Faculty Advisory Boards (minute 13/02 -03 refers)

REPORTED:

That the dates of the first meetings of the Faculty Advisory Boards of Arts and Social Studies had now been scheduled, during June and September respectively, and that the Science Faculty Advisory Board would hold its first meeting in the Autumn term.

19/02-03 University Financial Plan (minute 14/02-03 refers)

CONSIDERED:

The draft University Financial Plan for the period 2003/04 to 2006/07 together with an oral report from the Finance Director noting that the projected surplus in 2003/04 and 2004/05 represented less than one per cent of total University turnover (S.36/02-03).

## REPORTED:

- (a) That the HEFCE had recently confirmed that a further £5.3m formula funding would be made available to the University between 2004 and 2006 for capital developments associated with teaching, learning, IT, science and engineering teaching laboratories and special needs, all of which would require a 10% matched contribution from the University, with the exception of the special needs funding allocation, and which would need to be incorporated within the Financial Plan.
- (b) That the Vice-Chancellor had indicated that he would support a Financial Plan which projected a small additional surplus in 2003/04 after the transfer of 1% of unrestricted income into a University Endowment Fund and an increasing projected surplus from 2004/05 onwards.

## RESOLVED:

- (a) That the following assumptions, proposed new policies and items of new expenditure recommended by the Budget Sub-Group be incorporated within the draft University Financial Plan, noting that a number of further items had yet to be incorporated within the Plan including finalised budgets for the Warwick Business School and the Warwick Medical School, forecasts for AdsFab Limited and the National Academy for Gifted and Talented Youth. It was not proposed to include the effects of potential merger with Horticulture Research International in this year's Plan.
  - (i) Changes to the HEFCE 'T' grant to reflect the new HEFCE methodology, increases in 'R' grant following the 2001 RAE and a prudent view on future growth of specific HEFCE grants for HR initiatives.
  - (ii) The introduction of a £3000 Home/EU undergraduate fee with effect from 2006, pending the outcome of the Government's White Paper proposals in the Autumn.

(Note: this would be excluded - as required by HEFCE - from the forecasts submitted to HEFCE)
  - (iii) In the light of current HEFCE policy no significant growth in Home/EU undergraduate student numbers
  - (iv) Further increases in forecast overseas student numbers and fee income, noting that the forecasts had been adjusted for an assumed entry of Cyprus into the EU in 2004/05, but this assumption would be excluded from the HEFCE version of the Plan.
  - (v) Increases in research grant and contract income over the period of the Plan, to reflect the new PAG contract won by WMG and a general increase in other areas of 10% per year, and an increase in the overhead contribution from Research Council funded projects from 19% to 25% from 2005/06 pending the finalisation of the new OST methodology.
  - (vi) Provisional estimates of budgets for AEG and CRAG activities noting that final forecasts would be incorporated in the final Plan.
  - (vii) Safety Factors on AEG/Crag activities of £721k in 2003/04, £1030k in 2004/05, £1595k in 2005/06 and £4481k in 2006/07.

- (viii) Inflation of 2.5% and pay awards of 3.5% per year (4% for manual staff).
- (ix) An annual staff vacancy rate of 5.5% and provision for a non-recurrent pay 'spike' of approximately 2% of payroll costs in 2005/06 and 2006/07 this being the anticipated cost of implementation of a job evaluation scheme in line with the University's approved HR Strategy.
- (x) Change to the annual increment date for all staff from 1 October to 1 August at a cost of £160k per annum from 2004/05 and extension of a merit pay scheme for all staff from 2003/04 at a cost of £370k in each of the years 2003/04 and 2004/05 and £200k in each of the years 2005/06 and 2006/07, in line with the University's approved HR Strategy.
- (xi) Provision of new academic development funding, to be allocated by the Estimates and Grants Committee, of £86k in 2003/04, £468k in 2004/05 and £850k in 2005/06, subject to the Estimates and Grants Committee bringing forward proposals to effect savings in the costs of research support staff currently met from general University funds of approximately 10% each year through transfer of these costs to income from externally funded research projects.
- (xii) Provision of additional funding for the Library in 2003/04 and a notional increase in the annual Library budget of £300k from 2004/05 onwards in anticipation of proposed changes to Library Services being brought forward by the new University Librarian.
- (xiii) Provision of Overseas Postgraduate Student Fee Waivers of £122k in 2003/04 rising to £391k in 2006/07.
- (xiv) Updating of costs and timings of the existing Capital Programme including the acquisition of National Grid House.
- (xv) Provision for the following additional items of capital expenditure:
  - (A) £350k for an expansion of the Chaplaincy facilities to include a Muslim prayer room in 2004/05 to be supplemented by funding raised by the users.
  - (B) £2.5m for the rationalisation of premises at Westwood in 2004/05 and 2005/06.
  - (C) £2m for external works associated with the new Estate Development Plan; £500k in each of the years 2003/04 and 2004/05 and £1m in 2005/06.
  - (D) £8m for construction of Phase 3 of the Warwick Business School, to be funded 50% from external donations to the Business School and 50% from the WBS development reserve, with construction scheduled to commence in 2005/06, subject to agreement on a new design for the building and achievement of the fund-raising target.
- (xvi) A forecast increase in insurance costs of £142k to £900k in 2003/04 reflecting a significant increase in premium rates.

- (xvii) No increase in the employer's contribution rate to the University of Warwick Pension Scheme pending the actuarial valuation scheduled for 2004.
  - (xviii) The incorporation of cumulative savings on non-pay expenses of 1.5% each year following implementation of the University's Procurement Policy.
  - (xix) An increase in funds allocated to the Development and Alumni Office of £126k in 2003/04, £485k in 2004/05, £380k in 2005/06 and £400k in 2006/07 to support the expansion of Development Office activities with no inclusion in the Plan, at this stage, of income arising from fund-raising activities and noting that the Director of Development would submit an annual report on Development Office activities to the Council each year.
  - (xx) Provision of £20k in 2003/04 and £100k in 2004/05, over and above those sums previously agreed and incorporated within the Financial Plan, to support an expansion of the University's promotional activities in North America.
  - (xxi) Expansion of the activities of the Student Recruitment and Admissions Office to implement a new University admissions strategy at a cost of £174k in 2003/04 rising to £312k in 2006/07.
- (b) That the Budget Sub Group re-examine the current provision made in the Plan for 2003/04 for the rate of expenditure on IT, noting however the removal of the previously agreed £500k contribution from academic departments to ITS costs in 2003/04 and future years.
  - (c) That the Science Research Investment Fund 2 (SRIF2) capital programme be incorporated within the Plan but that the Budget Sub Group re-examine the provision within the Plan of £1.9m matched University funds for equipment purchase and building refurbishment, as its required contribution to SRIF2, to establish whether further savings might be made through off-setting these costs against non SRIF funded capital projects contained within the Plan or other contributions.
  - (d) That a University Endowment Fund of 1% of unrestricted income be established and included within the Financial Plan from 2003/04.
  - (e) That detailed proposals for the operation and management of the University Endowment Fund be brought forward for consideration by the Strategy Committee during the Autumn Term.
  - (f) That the Plan currently showed surpluses which are too small, and the Budget Sub-Group re-examine and bring forward a revised University Financial Plan, including recommendations on what elements of the existing draft Plan should be removed, potential savings or deferred expenditure and which provided for a target surplus of a minimum of 1% of turnover in 2003/04 and 2004/05 (representing £2.3m - £2.5m) before the allocation of 1% of unrestricted income to the University Endowment Fund, for consideration by the Strategy Committee at its next meeting on 26 June.