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FOR THE MEETING OF STRATEGY AND RESOURCES COMMITTEE, 10 MARCH 2006

Investing in Excellence at Sussex

A paper from the Vice-Chancellor

Executive Summary

This paper outlines the progress made towards the development of a new Corporate Plan for the University which will chart the institution's course to 2010 and beyond. It sets out the main themes and key characteristics of the new Plan as informed by Council's discussions in December 2005, and the process since then for assembling and scrutinising an evidence base on the University's academic and financial performance and the ensuing dialogue with Deans on that evidence that has led to the development of outline academic plans for each of the six Schools. The paper rehearses the main challenges the University expects to face in the five years covered by the period of the plan and the principal issues that must be tackled if those challenges are to be overcome. Central to the prescription of what needs to be done to address these issues is a clear vision of what constitutes academic excellence at Sussex by 2010. The paper attempts to offer such a vision within the framework of our existing Schools and sets out the steps we intend to take to achieve that excellence. The paper is underpinned by four main Annexes: (1) the Deans' plans for their Schools; (2) the financial policy implications of the Investing in Excellence at Sussex strategy; (3) the HR implications of implementing the strategy; (4) summary recommendations on the Plan from the Vice-Chancellor's Executive for investment and disinvestment.

Background

- 1.1 In my presentations to Senate and Council in the Autumn Term 2005, I made clear that the University is at an important turning point – perhaps the most important in my time as Vice-Chancellor. The University faces some stark choices and some uncomfortable decisions as it contemplates the way forward – central to these are the answers to some key questions: how does the University want to be distinctive; should the University concentrate its efforts and resources on key institutional strengths and if so what should we identify as those areas of strength; what performance profile would we have if we achieved our strategic aims; which areas of performance really matter to us?
- 1.2 Senate and Council's discussion was comprehensive and thorough, informed by drafts and options, a clear set of operating principles that underpinned the proposals for a new Resource Allocation Mechanism and a new framework for strategic planning. During the discussion, academic and other members of staff, students and independent members of Council agreed there was a need to shift the emphasis away from 'them and us' and for better joint working and trust, focussing everyone's

efforts on a commonly agreed agenda. The key elements of that agenda were identified as:

- (a) the need to be decisive and agree as a matter of urgency investment in areas of academic strength – both teaching and research - using measures of performance appropriate at discipline as well as at institutional level;
- (b) the consequential need to withdraw from areas of relative academic weakness;
- (c) to be unequivocal in our aim to be research-led and research intensive with a very high proportion of staff producing research at the highest quality (3* and 4* in RAE 2008);
- (d) sustaining and supporting high quality teaching and improving the quality of the student experience including strengthening employment opportunities and life skills, and by enhancing the estate and campus infrastructure;
- (e) maintaining a broad base to our academic activity with excellence in science, social sciences and the humanities;
- (f) expanding in subjects where we recruit most strongly and at the highest standards – our academic ‘flagships’;
- (g) improving our financial performance, particularly by reducing our dependence on state funding through growth in income from a wider diversity of sources – especially from industry, from fees for CPD and vocationally oriented postgraduate provision and from overseas markets;
- (h) revealing and eliminating unplanned cross-subsidy between activities;
- (i) becoming much more customer-oriented and professional in the ways in which we go about our business and the services we provide, including better exploitation of new technologies;
- (j) improving our HR policies and practice giving greater recognition, reward and development opportunities to performance that is aligned to strategic goals.

1.3 Armed with this strong steer from Senate and Council, my Executive team comprising the Deputy Vice-Chancellor, Pro-Vice Chancellors, Registrar & Secretary, Directors of Finance and HR, met for two and a half days in January at Roffey Park. We focussed on a detailed analysis of the University’s financial health – its current status, the origin of the deficit position and the major financial issues contained within the approved forecasts. This area is examined in more detail at section 2 (c) below.

1.4 Additionally, the Executive undertook during this meeting, a systematic evidence-based investigation of the academic performance of each School and its component departments using comparator institution and subject performance data wherever possible. This investigation was informed by summary profiles of their Schools provided by the Deans together with their commentary on the data. A financial profile of each School and departments was provided using the new RAM. The discussion of academic strengths and weaknesses was also informed by papers and data that had been submitted to the Science Strategy Review working party which I chaired during the Autumn 2005. Although there was discussion about other key investment issues for the University beyond the academic sphere, and of the need for investment in some areas of the professional services and in academic support infrastructure, the

focus of the meeting at Roffey Park was on the plan for core academic activities carried out in the Schools recognising that alignment of services would need to follow.

- 1.5 The proposals contained in this paper embrace the work done by the Executive during its residential meeting but have been developed and extended considerably by an intensive process of dialogue between the Executive and with Deans in the four weeks that have followed and in turn by discussions that Deans have held individually with their Heads of Departments. The result is outline academic development plans for four out of the six academic Schools with associated recommendations on each from the Executive. These are set out at **Annex 1**. Further work is required to reach this stage with two out of the six Schools.
- 1.6 The proposals in this paper and its annexes set out how my senior colleagues intend to build and shape the University over the next few years. They carry the support of the Executive and Deans and I know from talking to many Heads of Department that the analysis and the general direction of travel contained by these plans carries their support too. The papers have intentionally been kept at a high level, dealing with the major issues facing the University or in the case of the two outstanding areas, those that await further concentrated work. However, sufficient financial and academic planning has been undertaken to enable detailed recommendations on investment and disinvestment and the costs of change to be prepared alongside the broad thrust of the plan. In some areas of academic activity more work needs to be done before we can be confident about the strategy as it affects that area. Should these proposals command the support of Strategy and Resources Committee, followed by Senate and Council, detailed planning discussions will be held within the University and with key external stakeholders to ensure that the assumptions on performance contained within the emergent plan are rigorously tested and that the plan's outcomes are sufficiently ambitious as well as realistic.

The Challenge

(a) Scanning the horizon

- 2.1 Following the Government's milestone decision to introduce variable tuition fees for full-time UK/EU undergraduates, the Higher Education policy landscape has shifted significantly and possibly irrevocably with a much higher share of the cost being borne by the graduate rather than by the state. The argument has predictably moved on to when the cap will be lifted on tuition fees for full-time undergraduates rather than whether the policy would be subject to reversal. Although there is a commitment by the present Government not to re-open the debate until 2010, it seems likely that policy on public funding of higher education will maintain the trajectory set by the arrival of tuition fees given that the increased costs of delivering high quality higher education will be adequately met by present revenues. Writing this in the year of introduction of tuition fees, it is still too early to say what the medium and long term effect of the policy on University admissions will be although in general terms it seems most likely that, as in any market, the universities and degree programmes with the strongest brand and reputation will continue to be able to command premium prices and select from the brightest and best. There is very clear evidence that universities are already responding to student expectations for more clarity about standards and quality of service, more student involvement and more responsiveness on the part of those planning and delivering the curriculum to legitimate concerns about employment prospects and value of their investment. Universities which fail or who are slow to respond to such trends risk trading on a rapidly ageing brand and reputation out of line with modern student expectations.

- 2.2 The future for maintaining a strong well funded research base across the sector by 2010 looks very uncertain. Notwithstanding a funding regime that was intended to provide some degree of continuity between one research assessment exercise and the next, the last five years has seen, as a result of improvements in research quality in RAE 2001 and with a strong steer from Government to protect resources for the highest quality research, the unit of resource funding grade 4 departments worsened significantly in order to reward the growing number of research departments with a grade 5 or 5* profile. The result has been to sustain growth in higher graded research, and stronger departments have been able to recruit selected faculty and post-doctoral researchers from weaker departments and institutions. The critical mass established through such growth also sustains the strongest doctoral research training programmes. Research funding is highly selective: over 75% of research funding is directed into 25 universities, and nearly half of Research Council expenditure is directed to 10 universities. Institutions in this group have been lobbying hard to become further detached or autonomous by arguing for RAE-2008 to be the last of its kind. The 'quality profiles' introduced for RAE-2008 may reduce the 'funding cliffs' in the current research grade funding differentials, but the policy of highly selective funding outcomes will be maintained. The introduction of full economic costing of research will favour successful research universities with a high proportion of their activities supported by grant and contract income from Research Councils or from other sources. Those without critical mass and therefore without the ability to spread overheads; those with only pockets of research excellence; and those which are currently not competing successfully for grant and contract income, will find it increasingly difficult to secure adequate recurrent funding for research and to acquire funds for research infrastructure (SRIF) unless the research base in those institutions can be sustained through alternative earned income activity in a mixed economy.
- 2.3 The introduction of tuition fees and the associated rise in expectations of students and staff and continued research concentration seem set to combine to maintain strong and powerful differentials within the UK higher education sector. Such differentials if made manifest in the quality of the work/study environment are likely to lead to increased movement on the part of the best staff and students and those who are economically and geographically most mobile.

(b) Academic performance

- 2.4 Given this national context, where is Sussex placed? On a number of key measures the trend in the University's performance is showing a worrying decline. In research quality, Sussex performed less well in the RAE 2001 than was hoped - the University moved from 13th nationally in 1996 to 18th in 2001 with no area identified as having 5* activity. Although the proportion of staff submitted in RAE 2001 was slightly higher at 91% than in 1996 (87%) the overall volume decreased by around 7%.

FTE numbers (%) not returned in RAE 1996 and RAE 2001

	1996	2001	Change
submitted in RAE	553.4	514.4	-7%
non-returners	81.4	51.9	-36%
	<u>634.8</u>	<u>566.3</u>	
% of returners	87%	91%	

There was also differential performance with a much higher proportion of grade 5 activity in the sciences than elsewhere:

	Science	social sci	humanities	total	science	social sci	humanities
grade 5	209.3	64.5	59.8	333.6	86%	34%	44%
grade 4	15.8	105	60	180.8	6%	56%	45%
non-returners	19.2	17.9	14.8	51.9	8%	10%	11%
	244.3	187.4	134.6	566.3	100%	100%	100%
average	4.54	3.96	4.00	4.22			
	Social science includes Education and SPRU			Humanities includes Media			

Using the latest data (2005/06), if we express HEFCE research grant income as proportion of total HEFCE grant, Sussex sits marginally below the average 1994 Group but significantly lower than the average performance of Russell Group institutions and is ranked 17th of the English universities on this measure:

2005-06 HEFCE grant (UK only, £M)	US	1994 Group	Russell	England ave	US overall rank (England only)
T	25.726	358.338	909.763		
R (QR + capability)	16.407	239.204	813.075		
HEFCE T+R grant	42.133	597.542	1722.838		
% R	38.9%	40.0%	47.2%	26.1%	17th

However, if we factor in the volume of research activity funded not by HEFCE but by grant and contract income then the position worsens sharply – and Sussex moves to 44th position out of the English universities. Looking at the data the problem of our relative exposure to movements in HEFCE R funding is shared with other 1994 Group institutions:

2003-04 R income (£M)	US	1994 Group	Russell	UK average	US overall rank in UK (England only)
Grants & contracts	21.035	317.69	1673.998		
HEFCE R grant	13.685	205.978	771.389		
TOTAL R	34.72	523.668	2445.387		
HEFCE R %					
TOTALR	39.4%	39.3%	31.5%	32.6%	61st 44 th

There is also evidence to suggest that research activity at Sussex is spread across too many areas in comparison with our peers. The average number of Units of Assessment entered by 1994 Group universities in the last RAE was 23. Sussex submitted in 29 UoAs (Warwick, 26; East Anglia 24; York 23; Surrey, 19). (The 29 submissions included 4 submissions from modern languages departments which no longer exist at Sussex.) Although the research base is much larger in the Russell group institutions (average UoAs 38.5), the number of staff returned per UoA submitted is also much larger (average 28.3) than the 1994 Group average (19.5) and the Sussex position (17.7):

Number of Units of Assessment submitted into by 1994 and Russell Group institutions in RAE 2001

	Sussex	1994 Group				Russell Group			
		minimum	Average	median	maximum	minimum	average	median	maximum
UoAs	29	12	23.4	23	37	12	38.5	43	49
		LSE			Exeter	LSE			Edinburgh
staff per submission	17.7	12.4	19.5	18.1	33.2	17.8	28.3	26.2	53.2
		Exeter			LSE	Newcastle			Imperial

Whilst Sussex shares many of the difficulties being experienced by the small research intensive universities that comprise the 1994 Group, the above data do seem to indicate that against the performance of our peers, the trend at Sussex is downward on indicators of research quality and volume; that we have underlying differentials in research performance within the institution; that we are overexposed to shifts in the distribution of HEFCE R grant because of the weakness of our grants and contracts research base; and that we are seeking to compete across a broader range of activity than might be advisable – we are already spreading the jam too thinly.

- 2.5 In the area of student recruitment, the message is more positive. The review of the curriculum at Sussex in recent years; admissions policies targeted at improving intake quality; and the efforts in Schools and the centre to professionalise our marketing and recruitment and outreach activities have borne fruit. Out of 15 1994 Group universities Sussex ranks 8th in terms of the quality of A-level entrants. Although the University has a reputation for being international in outlook and is very well known abroad in certain fields of study, the number of international (non UK/EU) students is low as a proportion of the student body (11.3%) against the median of 15.6% and significantly lower than the upper quartile (30%) for the peer Group. Much work, including new and exciting initiatives such as the partnership with Study Group International, are underway to address this. Similarly, with a few notable exceptions, Sussex has been slow to expand into areas of taught postgraduate and CPD activity in contrast to growth in this area of the sector since the early 1990s – the proportion of PGT students at Sussex is 15.0% in contrast to a Group median of 17.5% and an upper quartile performance of 21.6%.
- 2.6 We performed relatively poorly in the first National Student Survey in 2005 and that has prompted extensive discussions within departments and with the student community about issues concerning the student experience and the standards of teaching and learning at Sussex. We should recall that the NSS was first mooted in 2001 in preparation for the Government’s White Paper on the future of higher education in 2003 that preceded the new legislation on variable tuition fees, and that it is seen as a key element of the revised quality assurance framework for higher education and public accountability, gathering feedback on the quality of students’ courses and helping to inform the choices of future fee paying applicants. An important message from the first survey is that we need, as an institution, to invest specifically in the quality of the student experience and to communicate effectively our expectations of staff and students engaged in that experience – in terms of the quality of the teaching provided, the development of the teaching staff, the learning support infrastructure, and the social, welfare facilities and development opportunities that are afforded. An equally important message, is that we should reflect at length on whether the results of the first survey came as a surprise or not and whether our systems for gauging the opinions of our student customers and developing from them an action agenda are adequate. To ignore or pay insufficient attention to the results of the survey in our investment plans would run counter to key elements of the University’s mission and purpose. We would also be failing in our responsibility to

tackle the issues that lie behind the NSS data – such as the worryingly high proportion of undergraduates leaving during their first year of study (8.8% against a median of 5.2% and an upper quartile performance of 3.6%) or a relatively weak performance in the employment of our graduates following completion – 13th out of 15 in the 1994 Group for 2003-04.

- 2.7 Against this background, the University has much to do in improving its performance and very limited time to do it. In several important respects, we are playing 'catch-up' with many of our competitors who are themselves not standing still. All the evidence from scanning the environment and from examining the results of the strategies being adopted elsewhere point us in the direction of improving our academic performance from within a more limited range of activity with clear well thought through strategies for achieving excellence and with effective and able management to secure their delivery.

(c) The Financial Challenge

- 2.8 The University is well understood to be in a difficult financial position with a series of Income and Expenditure deficits realised since 2002/03 and persisting according to last year's financial five year plans for at least a fourth year. The University has moved from end of year cash surplus to cash deficits covered by overdrafts.
- 2.9 Analysis of the results discussed more fully in the financial annex (**Annex 2**) shows that the underlying deficits actually began as early as 2000/01 but were obscured by a series of non-recurrent positive events (property sales, a landmark VAT tribunal victory, surpluses on insurance proceeds and so on) which could not be relied upon to continue indefinitely. Beneath the headline results, the University's costs have grown faster than income.
- 2.10 Specifically there have been only small increases in grants which have not required us to increase expenditure (BSMS inception and growth, Rewarding & Developing Staff Initiative for modernising pay and conditions for staff, HEIF funds for developing enterprise and innovation income). Though it should be recalled that the University was not in a strong recruitment position at the turn of the new century and that recent performance following the creation of the new Schools has much strengthened recruitment on the existing student numbers, it remains the case that the University has not sought to expand its student numbers as have other HEIs in an attempt to stave off the decline in Unit of Resource funding by increasing volume of activity and maximising efficiency of delivery. Research contribution, adjusted again for volume increases (e.g. the inclusion in the University's books of the former MRC Cell Mutation Unit), has at best been static over the past four years, which means real terms decline of contribution income which is required to fund University infrastructure. Despite the increasing competition in the sector, this effective loss of market share does not sit comfortably, and decline in some areas has been relatively dramatic. Development of consultancy, licensing and other IP income has been weak, especially in areas which are pre-eminent in these activities at other HEIs.
- 2.11 Against this background, staff unit costs have grown well above inflation, and we have had to take on extra staff funded by earmarked grants, increasing our cost base. Initial costs of creating the new Schools have been tempered by reductions in costs through less requirement for teaching out the old curriculum and through ER/VS activity last year. But staffing costs, and indeed total expenditure have grown by 6% when income has not grown at that level consistently and has been near static in some years.

- 2.12 In addition, the University has made capital investments which have not been met in full by the total inflow of loans, disposal proceeds and grants. The University's cash balances have funded the difference, and taking the cash outflow from capital investments and a series of deficits, the depletion of cash balances has reduced income earned and increased loan interest payable; the effect of these plus the increased depreciation charges but less the increased income from new residences has placed further strain on Income and Expenditure and cash flow.
- 2.13 The series of results planned last July for the next five years are, for various compelling reasons, at the boundaries of acceptable financial performance. In particular only by 2009/10 does this meet the objectives of arriving at around 3% Income and Expenditure surplus on turnover and thus achieving results comparable with competitors, and emerging from overdraft to fund recurrent activities.
- 2.14 Unavoidable increases in costs and realistic assessments of income from our existing cost base have identified that in order to meet this target of 3% surplus by the end of the plan and protect the new income over the coming years from capped variable fees and FEC for genuine investments, the University needs to make significant improvements in financial performance, in the order of £4m per annum from as soon as possible. The amount of investment at stake is around £2.9m in 2005/06, £5.4m (cumulative) in 2006/07, £7.0m in 2008/09 (cumulative), and £7.4m (cumulative) pa from 2009/10. Plans will, additionally, have to allow for costs of change (impossible to meet in addition to current activity within these Income and Expenditure targets) and for the speed with which the required £4m of improvements can be achieved.
- 2.15 This therefore constitutes the de minimis position in terms of our financial challenge. We need to improve via a combination of reducing costs and increasing income to the value of no less than £4m p.a. by the end of the plan. Failure to do so puts at risk the investment so evidently necessary within the academic staff to achieve the improved performance required and to upgrade and extend our infrastructure and services. The key HR aspects of these changes arising from reductions in the cost base are set out at **Annex 3**.

The Prescription

- 3.1 The Executive has been working with Deans to address the agenda set by the challenges described in section 2. Deans have prepared outline academic plans accordingly (Annex 1) – a headline summary of which are set out below. In discussion with Deans, the Executive has made detailed recommendations on each of the Dean's plans and these recommendations are set out at the end of each plan and in composite form at **Annex 4**. These constitute the Executive's proposals for Investing in Excellence at Sussex in the period up to 2010. Before outlining the proposals in each School, it is worth making some general observations on shape and size and performance.
- 3.2 **Shape.** The current proposals represent significant development of the University, but in terms of the academic portfolio do not constitute a radical re-shaping of the University either in terms of academic portfolio or structural organisation. The balance of activity between the sciences, social sciences and humanities will remain largely unaltered. With the exception of a major change in the portfolio of the School of Life Sciences, the subjects currently represented continue over the initial period of the plan but in a limited number of flagged academic areas further scrutiny is required before their development strategy can be determined and investment can take place. In most subjects however the proposals make an explicit commitment that Sussex

believes excellence to be attainable in that subject and that it will work with that goal in mind. This should do much to lift the uncertainty that presently exists amongst staff and which is so damaging to morale. Structurally, Schools will continue to operate as the principal cost centres and departments as units within Schools. Within the existing framework however, the plans prepared by the Deans make clear the academic themes that will be evident across their Schools - in some cases these will involve some internal re-organisation appropriate to the School. In others, collaborative activity will be needed between departments or with other Schools, or via joint working with partners, in particular the University of Brighton. Regarding the latter, it is likely that more joint academic planning with colleagues at Brighton will take place. This may lead to more joint appointments and further collaboration at School level.

3.3 **Size.** The plans recognize that in some areas of academic activity 'size matters'. A critical mass of academic staff, research staff, research students is required to achieve excellence and sustain adequate technical and support staff structures and a viable relationship with its undergraduate and postgraduate student base. Before making proposals on investment or disinvestment in these areas, much thought has been given to whether or not this critical mass can be achieved over the period and to the related question of distribution of undergraduate intake quota (with associated resources) in the light of patterns of current and likely future demand. The plans contain a shift of undergraduate quota from one School to another; elsewhere quota shifts are likely to be kept within Schools. This strand will constitute an important area of the detailed planning phase to be started once approval has been given to the outline. The effect on the pattern of intake is unlikely to be felt until 2007/08. Central also to our thinking, has been ensuring we have the right platform to seize the opportunities for growth. As has already been identified, Sussex is too small and too stretched to sustain critical mass where it is needed. It needs to grow. Subject to the outcomes for higher education of the forthcoming Comprehensive Spending Review there may be further opportunities for bidding for additional student numbers and resources and the University needs to compete more effectively in any such competitions and to develop strategies with partners in the region that are of mutual advantage. More importantly perhaps, it needs to enter more vigorously than at present markets that are not quota controlled and where fees and prices can be set by the University according to the demand for and reputation of the programme, consultancy or research services rendered. Unregulated markets still offer growth opportunities for postgraduate, international, vocational training and professional development and research contracts with industry. The detailed planning phase to be embarked upon after SRC, Senate and Council will include close scrutiny of these opportunities and what is needed institutionally and within Schools to make the most of them – there will therefore, in this phase of planning, be a strong emphasis on attainable growth. The new RAM provides a vital incentive to Schools in this area given that earned income from these activities will flow directly to Schools.

3.4 **Performance.** The need for performance improvements will be shared across Schools and Professional Services based pro-rata on existing cost bases. The £1m required savings from non-academic groups need to be found from 2006/07, in advance of detailed strategic planning and in the first instance may be tactical rather than sustainable long term strategic savings. Academic improvements of at least £3m will of necessity phase in over a few years since they are reliant in some cases on growth of activities; but the faster savings can be made the earlier the University can afford to invest. The level of investment allowable from the existing amount allocated for investment can be augmented by re-profiling the current academic staff base, and replacing staff leaving with different staff with higher income earning potential. In turn, the entire academic enterprise needs to be better managed and focused and held accountable for delivering increased income which has been elusive in the past. In

short, the University's cost base in the early years of a new plan will be little unchanged from the present, but needs to be more fit for purpose and centred on the challenge of achieving a mixed economy with a range of strong income sources which will allow the University to meet progressively higher targets for academic and financial performance. Thus the realigned cost base should be in a position to deliver more than existing growth in the draft plans put before the Committee later in this paper. The more detailed planning round which will follow-on from SRC, Senate and Council will have a clear agenda to come up with realistic but challenging targets to exceed the levels of growth in the existing plans and demonstrate in a detailed way the improvements in performance which can be required from Schools working on their realigned activity and cost base.

- 3.5 These steps will allow the University to move faster towards the objectives of making surpluses for investment in capital and restoring cash balances to eliminate dependency on overdraft for ongoing activities. Future financial planning will allow for decisions on further phases of investment and need to factor in a comprehensive capital programme aligned to the strategic priorities of the University.
- 3.6 In summary, the Executive's proposal seeks to match a tranche of early investment (to be released April 2006) to secured savings and income improvements; this may be augmented to match with a second wave of investment (from September 2006), contingent on delivering broadly matching savings within Schools. The costs of change will worsen the financial out-turn in 2005/06 and 2006/07. However, it is widely expected that the realigned cost base will permit the University to improve results over current plans later in the five year cycle, detailed planning on which will be brought to next term's committees following detailed planning with Schools in the Spring. Further investments in future years will follow and need to factor in strategic planning for professional services groups in Autumn 2006 and a need for an integrated capital plan incorporating Long Term Maintenance and new capital build to match the University's strategic objectives.

Summary of academic development plans

- 3.7 **School of Life Sciences.** Central to the plan for Life Sciences is the proposal to withdraw from teaching and research in mainstream Chemistry, and to transform the existing Chemistry Department into a smaller Department of Chemical Biology which will be submitted to the Biochemistry sub-panel in the 2008 RAE. This new Department has benefited from recent investment in facilities, and from recent appointments and it has the potential for excellence. The other three departments in Life Sciences are strong, though some staff turnover is needed if the School is to deliver on its ambitions. The proposed investment programme builds on substantial past investments and on established academic excellence in Biological Science, including Neuroscience, in Biochemistry, including the Genome Centre, and in Psychology.

The proposed withdrawal from mainstream Chemistry is regrettable in the light of the extraordinary achievements of Chemistry at Sussex over the past 40 years, but the logic of the proposal is compelling. We cannot make a Chemistry submission to the 2008 RAE, and the rest of the proposal for Chemistry follows from that. Although what is proposed is a major refocusing of the Department, not closure, there is a risk that the decision will be seen externally as simple closure. It is therefore important that the plan for the academic development of the School announces a clear commitment by the University to performance at the highest international standards in Science.

- 3.8 **School of Science and Technology.** The Departments in Science and Technology are at different stages on the path to delivering excellence. Following very significant staff losses in recent years, the Mathematics Department is now focused on Applied Mathematics and it is academically strong. However, it lacks critical mass (and does not have enough faculty to support a full curriculum), and substantial investment is needed immediately to build on existing strength and achieve a viable scale. Physics is already largely focused on a small number of research areas and is performing strongly. There is some scope for tightening of its research focus, and stronger student recruitment is highly desirable. The current regional study of Physics provision in the South East should explore whether collaboration can address the issue of critical mass; or whether more radical regional consolidation of Physics provision is needed.

Sussex has a strong reputation for the quality and innovative nature of its work in Informatics. The Department has suffered significant losses of leading faculty in the past year. While there are difficulties nationally in student recruitment into computer science and IT, we are convinced that this remains an area of distinctive Sussex strength, and that significant re-investment is justified, including the external appointment of a new Head of Department.

The Department of Engineering needs thorough regeneration, and the key proposal is the external appointment of a new Head to lead a radical transformation of the Department. A new relationship with Engineering at the University of Brighton, which too is seeking a new Head to lead a restructuring of Engineering, is one option to be considered for achieving the scale of change needed to deliver the level of performance in teaching, research and income generation that should characterise a top-class Engineering department.

- 3.9 **School of Humanities.** Humanities is a successful School. Most of the departments were rated 5 in the 2001 RAE, and have strong undergraduate student recruitment. Many of the departments are relatively small; issues of critical mass are not as relevant here as in other academic areas, particularly given the strong emphasis on School-wide interdisciplinarity, but consideration needs to be given to whether internal reorganisation would save administrative costs. There is some scope for regeneration through academic staff turnover. Further work needs to be done to achieve a sustainable financial position in Languages and in Linguistics. Because of the strong commitment to interdisciplinarity, it is important that the academic development of the School is not shaped mechanically by departmental financial outturns, and thus the Executive endorses the Dean's recommendation for an investment in Music which is driven by the academic plan rather than immediate financial imperatives. The full scale of the total academic investment programme which can be afforded cannot be established at this stage, but it is clear that a broad-based investment in strength is justified in Humanities, and the first stage of that programme includes commitments to English and History (including American History).
- 3.10 **Sussex Institute.** Social Work has transformed its position with great success since 2001 on the back of substantial investment in posts, and additional investment is not proposed at this stage. Education too has performed well in recent years, is financially strong, and provides a secure base for additional investment in excellence.

For Law, a plan which addresses both student recruitment (particularly international) and research would be needed to justify new investment.

The Centre for Continuing Education is an important component of the University's regional mission. Some areas of its activity are threatened by the new undergraduate

funding regime, and it spreads itself too thinly. Inevitably the research base of CCE is not as strong as the rest of the University, and a higher proportion of core funding invested in CCE goes to support teaching and administration than elsewhere. I therefore recommend on strategic grounds a reduction in the size of CCE and a refocusing of its activities.

- 3.11 **School of Social Sciences and Cultural Studies.** The social sciences at Sussex have been particularly impacted by the post-2001 changes in research selectivity, because most of the School's activity was graded 4 in 2001. Notwithstanding the RAE grades, Sussex has a strong external, indeed international, reputation in the social sciences, focused particularly on development studies and international studies. The School plan will not be driven mechanically by the financial model, but given the financial position of the School, all areas of potential strength and weakness need to be thoroughly explored, and plans for addressing weaknesses developed, before a plan for investment in excellence can be agreed. Building stronger links with IDS and SPRU should be a significant part of a plan for excellence, and joint appointments between IDS and the University should be supported. In the very tight timetable of the work leading up to the development of the proposals in this paper, it has not proved possible to do all the work needed in order to agree a forward-looking investment plan for Social Sciences. An internal reorganisation in the area of Politics and Contemporary European Studies was agreed last term, with the aim of securing a very strong outcome for an RAE submission in European Studies. Economics will obviously be a key component of a campus-wide strategy in Development Studies. The University's commitment to investment in excellence in the social sciences and to creating critical mass are signalled by the planned transfer of core teaching funds from CCE to Social Sciences. These are the building blocks of an interim initial investment programme; a fully developed agreed plan will be the subject of immediate further discussions.
- 3.12 **SPRU.** In the case of SPRU also, it has not proved possible in the time available to agree a strategic plan. SPRU has lost a number of strong researchers (and research groups) in recent years and a significant re-investment would be needed to restore its pre-eminent role in its distinctive area. The University needs to consider how to develop undergraduate studies in business and management. SPRU's current role leading that programme gives the programme a distinctive character and a base in academic excellence that would be very hard to achieve in a free-standing programme. On the other hand, responsibility for a substantial undergraduate programme does not sit entirely happily with SPRU's core mission of research and graduate studies in science and technology policy. An initial investment in research leadership in SPRU is proposed; and the development of an agreed plan for SPRU will be the subject of immediate further discussion and consultation.

Outcomes

- 4.1 It will be important to provide a profile of the projected academic outcomes by 2010 expected from these proposals. This work will be undertaken once detailed planning gets underway with Schools after March following this outline approval stage, and once in particular the results of the mock RAE are fully analysed and income from growth in fees and from grants and contracts has been scrutinised in depth.

Next Steps

- 5.1 The anticipated sequence of events following discussion by Strategy & Resources Committee on 10 March is as follows:
- Immediate and on-going meetings/discussion with staff and students affected and with trade unions
 - Vice-Chancellor's meetings with Deans and their senior management teams
 - Consideration by Senate (17 March) and Council (24 March)
 - Budget setting for 2006/07 and detailed planning to 2009/2010 commences - setting projected undergraduate intake quota; postgraduate targets; international fees targets; research grants and contracts targets.
 - Pre- 31 March, Phase 1 investment for October 2006 commences
 - ER/VS scheme launched – April
 - ER/VS scheme closes – June
 - Reports to Senate and Council in July on the Corporate Plan to 2009/10
 - Pre- 30 September, Phase 2 investment for Spring 2007 commences
 - October 2006. New PVCs on VCEG fully operative with work commencing on detailed strategies for research, learning and teaching, knowledge transfer and enterprise)
 - D/PVC Resources leads development of support strategies on Finance, HR, Estates and Information Services
 - Autumn 2006 - Professional Services formal restructuring.

Summary of Executive's proposals

- 6.1 The Deans' outline academic plans at Annex 1 contain recommendations from the Executive. These are provided in composite form at **Annex 4** for ease of reference.
- 6.2 The proposals tackle head on the issue of Investing in Excellence at Sussex. They make clear the areas of strength in which we intend to direct resource to maintain and further improve quality and provide the platform for growth. They also identify the areas where we can, in the foreseeable future, have no realistic ambition for achieving excellence and from which we must disinvest. In some cases, notably in the social sciences, in some parts of humanities and in business and management there is much more work to be done before we can affirm the strategy and decide the way forward. Our plans in these areas are therefore very much limited at the moment to immediate measures that can be taken to bring the cost base in line and reduce the deficits being incurred. In others, such as in Engineering we are taking first steps towards implementing a major re-shaping programme. In some, such as Physics, only first steps are being undertaken because of wider considerations – in this case, the HEFCE-funded study of Physics provision in the South East region. Projects such as this also have a national context which we need to take into account – the scrutiny by HEFCE and Government being given to the future of strategically important shortage or 'vulnerable' STEM subjects (Science & Technology, Engineering & Maths).
- 6.3 In financial terms, the proposals make paramount the overriding objective of improving the performance of the University by reducing costs and increasing income by around £4m p.a. by the end of the plan. Around £750K of this total will come from discontinuation or diminution in particular areas – currently Chemistry, Continuing Education. Through the outline academic planning phase we have already made

- significant progress towards determining where the balance of £2.25m in the Schools will come from. We have yet to begin to look seriously at the element to be borne by the professional services calculated at around £1m. Given this encouraging start and the pressing need to invest in teaching and research, we are able to recommend the release in April 2006 of 40 academic posts into selected areas of strength, a total investment of £1.517m in 2006/07 allowing for likely start dates of recruits. Full year costs from 2007/08 of these posts will be in the order of £2.336m (Annex 2, para 49 and Table 6). This is Phase 1 of the investment plan.
- 6.4 In Phase 2, the University will seek to make additional annual savings of some £2.386m in staff costs (which may equate to around 45 posts) – of which only half this total may be achieved in cash terms in 2006/07. Conditional upon achieving these further savings, we intend to invest in a further 35 posts at a cost in 2006/07 of £1.026m (and full year from 2007/08 of £2.105m). (Details in Annex 2, Table 6). The precise areas of investment in Phase 2 will be subject to the rigour of the Investing in Excellence policy in conjunction with the actual distribution of the savings achieved in this phase.
- 6.5 This would make a total investment in 75 academic posts (or around 15% of the total number of academic staff), comprising full year annual costs of some £4.4m. Crucially, we regard this as a substantial change in the academic base which would do much to help all staff meet the objectives of the University's plan. We believe that Sussex can and will attract high-calibre academic staff during these phases of investment.
- 6.6 In relation to the expected academic outcomes from these proposals, it needs to be emphasised that the appointments proposed in this paper are an investment in excellence, not a filling of vacant slots; that many of the appointments may be filled by head-hunting rather than advertisement; and that it is more important to make strong appointments than to make them quickly. We will give particular emphasis at appointment and through ongoing supportive management to recruit and reward those with a track record of high performance in attracting diverse new income streams in relevant areas.
- 6.7 In order to meet the level of change required, in both shape and size (especially in disinvestment areas), and in required savings in academic posts, the University will need to spend up to £3.7m in costs of change. (Note that these costs will be tempered by £800k of over-achievement of target in one year of the plan (Annex 2, para 42). In addition, further improvements on the current year [2005/06 result] may further mitigate the total increase in expenditure over the full plan period. Thus the total additional loss for which approval is being sought is less than £3m over the period of the plan).
- 6.8 At this stage it is too early to quantify the additional net income which could be expected as a result of making these investments. Nevertheless, with stringent recruitment and more rigorous performance management of all staff, it will be certain that performance will be improved over above the existing financial plan. As stated in section 4.1 above, we will be able to provide an estimate of the improved outcomes once detailed planning is concluded and targets have been set and agreed with Deans.
- 6.9 In conclusion, the purpose of this outline academic plan and the proposals it contains is to provide a strategic overview and to be frank and open with the University community as to where our priorities are seen to lie. Because time is so pressing we have marshalled an investment/disinvestment plan against those priorities - the first phase of which can get underway almost immediately. The Executive and the Deans

will of course wish to discuss the proposals with the University community but we believe that our analysis is sound. As I have stressed to staff around the University in discussions about our strategic planning so far, the status quo is not an option: using scarce resources to bolster recurrent deficits is no road to recovery let alone a strategy for excellence. I started by saying that we are at an important turning point and that we need to grip decisively some long standing issues as we move forward. I believe that this plan is a decisive step in the right direction.

Alasdair Smith
Vice-Chancellor

List of Annexes

Investing in Excellence at Sussex:

- Annex 1 Deans' outline academic development plans with recommendations from the Vice-Chancellor's Executive to Strategy and Resources Committee.
- Annex 2 Financial assessment and implications
- Annex 3 Human Resource aspects of change
- Annex 4 Summary of Executive's recommendations to Senate and Council