

GAZETTE

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Oration by the retiring Vice-Chancellor

We are a few weeks past the 300th anniversary of the birth of Samuel Johnson. He was a student at Pembroke College, and later awarded an honorary doctorate by the University. He wrote: 'Sir, a desire of knowledge is the natural feeling of mankind; and every human being, whose mind is not debauched, will be willing to give all that he has, to get knowledge.' And also: 'People have now-a-days got a strange opinion that everything should be taught by lectures. Now, I cannot see that lectures can do so much as reading from books from which the lectures are taken. I know nothing that can be best taught by lectures, except where experiments are to be shewn ... you might teach the making of shoes by lectures!' His philosophies of learning remain as practically relevant to our mission today as they were in the eighteenth century.

Today is the fifth anniversary of my introductory address to Congregation, and as such it is the last time I shall have the privilege of delivering this annual Oration. In this address, I intend to review achievements and developments that have marked the 2008–9 academic year, to reflect on aspects of evolution and change within the University during the last five years, to reflect on the serious challenges we face, and in conclusion to honour those who are demitting office and those who sadly are no longer with us.

Achievements and Related Developments 2008–9

Every year inspirational achievements by colleagues receive many forms of external recognition. In the past year Her Majesty bestowed honours on eight colleagues. Once again the scholarly societies found much in the Oxford firmament to commend: seven new Fellows of the British Academy; three new Fellows of the Royal Society; four new Fellows of the Academy of Medical Sciences; and two new Fellows of the American Academy of Arts and Sciences. Four colleagues were among the Royal Society's award-winners: the Sylvester Medal was awarded to Professor Sir John Ball, the Michael Faraday Prize to Professor du Sautoy, and the Rosalind Franklin Award to Professor Gupta, while Professor Blakemore was nominated to give the 2009 Ferrier Lecture. The British Academy awarded the Derek Allen Prize to Dr Metcalf, Emeritus Fellow of Wolfson College.

Many other colleagues received notable prizes and distinctions. By way of illustration, I shall mention just two. Dr Jennifer Bizley, a JRF in the Department of Physiology, Anatomy and Genetics and Dr Nathalie Seddon, a Royal Society Research Fellow at the Edward Grey Institute in the Department of Zoology, both received L'Oréal-UNESCO Women in Science Fellowships. Only four of these awards to celebrate exceptional female scientists in the UK and Ireland are made annually.

Our students too were widely recognised last year for their successes in a diverse range of activities. The following examples amply demonstrate the range of their achievements. The British Council named Matthew Morton, a D.Phil student at Green Templeton College, 'International Student of the Year' for his work with the Youth Development Project. His D.Phil explores youth development and organisational behaviour in the Middle East. A team of graduate students won first prize in the Environment Young Entrepreneurs Scheme Competition with their plan for a business to save threatened bee populations. And a team of five law students were UK champions in the White and Case UK Philip C. Jessup International Law Moot Court Competition. One of them, Richard Hoyle of Brasenose College, was declared the competition's best 'oralist'. In another excellent year for Oxford rowing, both the men's and women's crews defeated their old rivals, while an enthralling and high-scoring men's rugby match, rated one of the best for decades, saw Oxford hang on to break its succession of three losses with a narrow victory.

Earlier this year the results of the 2008 RAE were published. Oxford had returned 2,246 scholars under forty-eight units of assessment. Unsurprisingly, this was the most powerful submission in the sector. The nature of the results is such that they lend themselves to multiple interpretations. It is worth reminding ourselves that the system exists to provide assurance about research quality and to allow the formulaic distribution of HEFCE's QR pot of money. When quality was adjusted for numbers submitted, the University ranked top in seventeen units of assessment and second in six, and its QR financial settlement was the highest in the sector. While the result was impressive in its confirmation of the broad-based quality of the research and the scholarship undertaken by colleagues throughout the University, it did also highlight some areas where research strength might be enhanced. Divisional boards, in conjunction with the relevant University committees, are working through those implications in detail. Perhaps most gratifying were the excellent results achieved by History, Geography and Plant Sciences, where in each case the University had provided considerable investment following the 2001 RAE.

Growth in funded research in recent years has been remarkable. Last year, the second successive year when just under £390 million of new contracts were signed, I postulated that the annual rate of growth of research revenues might well slow and stabilise during the period ahead, especially given the current funding pressures on research sponsors. Surprisingly, that has not been the case. In 2008–9 research revenues were £340 million, an

increase of 19 per cent over 2007–8, and new contracts signed totalled £467 million, up 21 per cent on the previous year. These remarkable figures give cause for optimism about the University's potential to continue to increase its research and contract income. Larger grants, often predicated on the formation of a research centre or institute, or a doctoral training centre, are increasingly frequent. By way of illustration, just one example in the past year is the £8 million grant from the Wellcome Trust and EPSRC to Professor Tarassenko and his colleagues in Biomedical Engineering. The grant is to fund the creation of a centre of excellence within which personalised healthcare services will be developed to treat conditions such as cancer and diabetes.

With many of the University's major research sponsors experiencing tighter budgets, it is interesting to examine trends in the sources of colleagues' research funding. A study by Dr Conway, Associate Director Research Services, and Dr Bell, Director of International Strategy, has established that in research, as in so many other facets of the University's endeavour, Oxford is one of the most international of universities. In 2007–8 colleagues received £51.4 million of research funding from sources outside the UK. This amount accounted for 18 per cent of the University's research income, a proportion that is increasing considerably faster, year on year, than the proportion of funding from any other source. In these more straitened times, Research Services is working with scholars throughout the University to raise awareness of potentially attractive international funding sources.

Collaborations with colleagues in other institutions are becoming a more popular mechanism to leverage both national and international research funding. Indeed, there are many examples of research sponsors themselves encouraging collaborations. An analysis of the Web of Science for the period 2004–8 reveals scholars at Oxford to be among the most internationally collaborative in comparison with those at international peer institutions. Eighteen per cent of Oxford academics' papers are co-authored with colleagues in the United States; other significant collaborations are with scholars from Germany, France, Italy, and Canada. Institutionally, the single largest group of collaborators with Oxford scholars is located at Cambridge, followed by UCL, the Oxford Radcliffe Hospitals Trust, and Imperial College. Half of Oxford's top twenty collaborating institutions are international, headed by Harvard University, the University of Toronto, and Johns Hopkins University. Seed funding provided by the John Fell OUP Research Fund has been important in the development of many of the current collaborations, and the twice-termly thematic Research Forums also seem to have been beneficial. All in all, increased international funding and the engagement by colleagues in research collaborations, along with the University's growing expertise in supporting both, hold considerable promise in an increasingly challenging economic environment.

As a department of the University, Oxford University Press plays a vital role, through its worldwide publishing, in furthering the University's objective of excellence in research, scholarship and education. Its geographic spread and diverse academic and educational publishing activities have enabled it to perform most creditably in these troubled economic times. Its sales grew by 4.8 per cent in the last year (on a like-for-like basis) to £578.7 million. The

International and ELT Divisions both recorded strong growth, as did journals, Oxford Scholarship Online and academic publishing outside the UK. In the US, sales of monographs to institutional libraries and to the retail market were hit hard by tightening budgets and the reduction in discretionary consumer spending. Nevertheless, OUP's surplus from trading increased from £82 million in 2007–8 to £86.8 million. The Press's strong liquidity allowed the transfer to the rest of the University, including an advance payment of the annually profiled special capital transfers, to total £100.7 million.¹

The Chief Executive and Secretary to the Delegates, Dr Reece, retired this year following a distinguished eleven-year tenure at the helm. In the decade preceding his appointment, the amount transferred to the rest of the University had totalled £67 million. During his leadership, the total transferred was £478 million. That sum has significantly supported recurrent activities, as well as the Clarendon Scholarships, the John Fell OUP Research Fund, and capital projects, among them the acquisition of the ROQ site and the land for the Bodleian's book storage facility.

Dr Reece consistently held the financial performance of the Press to be the outcome of the efficient and effective fulfilment by the Press of its mission in support of the University's academic objectives. In that respect, the *American National Biography* (1999), *Oxford English Dictionary Online* (2000), *Oxford Reference Online* (2002), *Oxford Scholarship Online* (2003), *Oxford Dictionary of National Biography* (2004) and *African American National Biography* (2008) are just some of the major publishing launches during his leadership. More than £60 million was invested in OED and ODNB alone during that period, a level made possible by the superior financial performance of the Press. In each year of his tenure, the Press won numerous prizes and awards for its publications, including five Pulitzer Prizes. Sales growth averaged 6 per cent a year and the surplus from trading increased from 5 per cent of sales to 15 per cent. The Press now has offices in fifty countries and an indirect presence in almost fifty more. By any standards, Dr Reece's tenure has been truly impressive, and the University should be indebted to him for all that he and his colleagues have achieved. On behalf of Congregation, I offer him sincere gratitude and warm good wishes for the future.

There are three reviews currently being conducted for Council. Professor Goudie, the Master of St Cross College, has chaired the Review of Sport. Sport has long been integral to the life of the University. With over eighty sports now making use of the facilities at Iffley Road, many of them involving athletes and participants up to international level, there are serious policy and infrastructure issues to be resolved. The review report makes recommendations about governance of sport in the University, and about the investment in the University's facilities that is required to bring them up to the standards and the capacity for current levels of participation. It also proposes new mechanisms for better coordinating the use of existing facilities among colleges, and between colleges and the University. The Review of Visiting and Associate Students, being chaired by the Principal of Linacre Col-

¹ Base transfer £25.1 million; John Fell OUP Research Fund £5 million; Clarendon Scholarships £7.5 million; capital transfer, including advance payment on annually profiled schedule, £63.1 million.

lege, Professor Slack, arose from the Review of Permanent Private Halls. It should report in Michaelmas Term, as will the Divisional Review of Social Sciences.

In a separate exercise, Professor McKendrick is chairing a working group on behalf of Council that is defining the criteria that would have to be met by any society that in future aspired to college status. Should such an aspiration eventually materialise it ought to do so in a context of clarity and certainty. Naturally, the criteria that are agreed as the result of the working group's recommendations would need to be updated periodically to accommodate the evolving circumstances of the University and its colleges.

The Task Force on Academic Employment has continued to progress its deliberations through a sequence of consultative exercises and with the benefit last November of a Discussion in Congregation. It is striving to work with the grain of academic opinion in formulating its proposals. At its last meeting Council had a preliminary discussion of the definitive proposals from the Task Force. Council will consider those proposals in detail in Michaelmas Term. In the course of the forthcoming year, the Task Force will analyse the responses to the consultation on academic duties and formulate proposals on them, and on the other subjects germane to its terms of reference. I am indebted to the Principal of Somerville, Dame Fiona Caldicott, for chairing the Task Force, and to all who have served on it and contributed to its work.

Last year the University was the subject of a periodic Quality Assurance Agency institutional audit. The audit report was generally highly complimentary about Oxford's practices. In a few areas, however, the audit panel advised that enhancements would be desirable. These include: oversight of equity of practice across colleges where this affects student progression; suitable and consistent complaints and appeals procedures across the University and colleges; and the process of oversight of legal arrangements covering collaborative provision, particularly to ensure the currency of such agreements at all times. Among a number of other suggestions was the need for the University to continue to identify and address reasons for the gender gap in final-year examination performance. Education Committee, in conjunction with the Conference of Colleges, will assume responsibility for addressing those matters. I should like to thank all who contributed to the audit, especially Professors Fallaize and McKendrick, Mr Sibly, Mr Zimmerman, Mr Hughes and Ms Hirsch.

It is appropriate that I should highlight some of the developments with undergraduate admissions. Applications for 2008–9 increased by 12.5 per cent year-on-year to 16,047. This increase was higher than that of our major peer institutions. Our access and admissions processes continue to be improved. The Outreach Database developed in 2007–8 allows much better coordination of the wide range of access and student recruitment work undertaken throughout the collegiate University. A total of 1,308 events was recorded during the 2008–9 academic year, 150 more than the previous year. The University has increased its investment of time, energy and money in outreach to teachers. The regional teachers' conferences, developed as a trial this year, attracted 382 participants, while the twice-termly e-newsletter for teachers and guidance counsellors now has over 2,000 subscribers. With the expertise of colleagues in Public Affairs, new media com-

munications are proving increasingly important too. Admissions pod-casts mounted on iTunes U² were downloaded 26,039 times by 23 August. Audio tours of the colleges and the University, designed for the benefit of potential students and their parents, also attracted considerable download interest.

In 2008–9 the use of the paper Oxford Application Form was discontinued in favour of an online form, with the result that Oxford is one of only six UK institutions to have gone online, four years in advance of 2013 when UCAS will end its use of paper-based materials. Helpfully, the electronic data the University receives from UCAS is now customised to incorporate contextual information for tutors. In the international arena, the student recruitment team has engaged in a number of events to promote the University to potential students. Participants in the trial use of video-conferencing and other technologies to support admissions interviews for international students thought them highly successful. Their future more general use should reduce the need for itinerant face-to-face interviews. Domestically, a new bequest from the Helsington Foundation will fund a major scale-up of the Year 12 summer schools programme, so successfully developed with the assistance of the Sutton Trust throughout the past eleven years. We are grateful to both the Trust and the Foundation for their support. I compliment Mr Nicholson and his colleagues in Admissions who, along with colleagues in the Public Affairs Directorate, Business Services and Projects, and International Strategy, have enabled such impressive, recent progress.

On the estates front, the ROQ master-plan was agreed with the City Council last December. Demolition and related archaeological work are nearing completion. Planning and fund-raising continues for the Mathematical Institute and the Humanities Stage One buildings. However, I believe Council has been correct to delay decisions on major capital projects, preferring to protect the University's substantial liquidity until there is greater clarity about the economic environment and its impact on the future funding of the University. With the development of a ten-year capital plan and detailed maintenance plans, the near-completion of master-plans for each area of the University Estate, and the recent progress with refurbishments and new projects, flexibility in the estates timetable is much more readily achieved.

In other developments, the Park Hospital land, adjacent to Medical Sciences' research buildings on the Churchill Hospital site, is in the throes of acquisition from the Mental Health Trust. The addition of that land will enable future phased development of Medical Sciences' research facilities. The Ashmolean Museum will reopen in November following its major expansion and refurbishment, while the remodelled and much improved entrance to the Pitt Rivers was completed earlier in the year. Construction of the new Earth Sciences Building in South Parks Road is proceeding well, and a start has been made on the Oxford Molecular Pathology Institute Building at the Dunn School. There have been significant refurbishments of research space throughout the Science Area, including in Plant Sciences, Zoology, Physics, and Physiology. The excellent new teaching and research space for Queen Elizabeth House at 3 Mansfield Road has been completed and opened. Land at Swindon was acquired for the

² Total downloads from Oxford's iTunes U site passed one million on 11 August.

Bodleian's book storage facility. Planning approvals soon followed, and the project, which has already started, should be completed in Michaelmas 2010. Temporary storage for special collections and rare books is being created in the stacks of the Radcliffe Science Library. This provision will ensure all classifications of holdings are adequately stored for the duration of the refurbishment of the New Bodleian. The majority of the funding for that project has already been raised through the generosity of the Garfield Weston Foundation, Julian Blackwell, and the Delegates of the Press. Finally, the new Biomedical Sciences Building was successfully completed and commissioned.

The University's deposit exposure to three Icelandic banks, in the main part a legacy investment issue, was unfortunate. Although we have received an initial distribution from the administrators of one bank, the investments will result in a provision against full recovery of £12 million in the accounts for last year. On a somewhat more positive note, prudent portfolio management by the University's Chief Investment Officer, Ms Robertson, and the Investment Committee protected the endowment from the worst impacts of the financial crisis. Overall the endowment was down 5.8 per cent during the year to 31 July, but is up 2.9 per cent since January. Ms Robertson has also made pleasing progress in aggregating to the University's endowment for investment purposes contributions from college endowments and from the endowments of trusts and societies related to the University. In addition, she has launched a new fund, the Capital Fund, with shorter-term liquidity options to encourage further aggregation for those with more immediate liquidity requirements.

These are difficult economic times, which have naturally had a dampening impact on fund-raising momentum. Nonetheless, owing to the remarkable generosity of our donors, well over £120 million was raised during the year, bringing the Campaign for Oxford total, raised during the past five years, to the impressive sum of £770 million.

The total was most recently augmented by a generous gift of £5 million from the Campaign Chair, Dame Vivien Duffield. Dame Vivien's gift will assist her college, Lady Margaret Hall, the restoration of St Mary's Church, the Oxford Institute of Ageing, and the Ashmolean Museum. We thank her for her benevolence.

A Campaign highlight was Dr James Martin's pledge of US\$50 million to match other donors' gifts to the James Martin Twenty-first Century School. Assessment of a significant number of potential matching donations is in progress. Despite the understandable caution of donors in this environment, other major donations are in various stages of discussion. They should underpin the progress of the Campaign in the period ahead. I thank warmly all who have supported the Campaign in the past year, and all of those volunteers and colleagues who have worked to ensure its continuing success. £770 million is a remarkable achievement in so short a time.

Continuity and Change 2004–9

This brings me to my reflections on the last five years at Oxford. In previous Orations I have characterised the evolution and ongoing development of the University as a story of continuity and change: continuity of certain perennial academic values on the one hand and successful responses to new academic opportunities and societal expectations of the institution on the other. The past five

years have been marked by numerous examples of change, and I intend to highlight just a few.

Financial, academic and strategic planning has been formalised, bringing better integration of plans and policies for teaching, research, and the use of resources (including estates). The University is now a much larger financial entity. External research income has effectively doubled over the five years to £340 million. Total revenues have grown by 71 per cent to £844 million; if the Press is included, growth has been 61 per cent, to £1.42 billion.

Research growth, which has allowed many colleagues better opportunities to realise their scholarly aspirations, has also allowed the creation of almost fifty new centres and institutes. Funding for them has come from a broad range of sponsors: domestic and international, public, philanthropic, and private.

Many new graduate programmes have been introduced in response both to market and research demand, and to increasing sub-disciplinary and interdisciplinary foci. Graduate student numbers increased by around 30 per cent in the five years from 2003–4. Academic staff numbers increased 23.4 per cent in the same period, stimulated in major part by the recent research growth.

The governance mechanisms of the Conference of Colleges have been refined and better integrated with those of the University. This development has allowed steady progress with projects such as embedding graduate studies, agreement about student number planning, improving integration of research-only staff into the life of the collegiate University, agreement about the Principles and Protocols for Fundraising and their successful operation in support of the Campaign, and the design and implementation of the Common Framework for Admissions. It has also provided the institutional framework within which it has been possible to formalise the JRAM and CFF³ for resource allocation, and to settle the future of the college Contributions Scheme with a sophisticated and time-limited tax and transfer model, accompanied by the parallel creation of a long-term investment fund to which the University is contributing £11 million. The introduction of the JRAM for the 2008–9 year was long overdue, following too many years of process-deficient, bargained settlements. In addition, my sense is that there is increasingly improved dialogue between the divisions and the colleges on fundamental matters of academic and research policy. Many colleagues have contributed to these advancements and I am indebted to them all.

I come next to changes in the administration. In Michaelmas Term 2004, the University's administration was under considerable stress. As a result the institution was exposed to an unacceptable level of risk. This was symbolised by failings with the two major systems projects (Isidore and Osiris), but it ran much deeper, through many facets of the administration. In my view, the primary cause of that was serious and serial under-investment in its administration by the University for far too many years, during which institutional growth and complexity had far outstripped the administration's capacity and capability. Indeed, that was graphically symbolised at the time the RAM was introduced. Its focus was on the allocation of funding to the academic divisions without due consideration of the existing funding requirements

³ College Funding Formula.

of the administration. They were, in effect, deemed to be residual and, as a result, were left uncontested and inadequately funded.

The Registrar recently presented a paper to Council, now available on the intranet, summarising the major developments within the administration during the past five years.⁴ I commend it to you. I shall quote briefly from the section on finances to give a flavour of the position in 2004: '(T)here were no University-wide management accounts and departmental income and expenditure could not be reconciled with the statutory accounts produced once a year. There was no comprehensive list of capital expenditure commitments and there was no clear system to allocate capital according to the University's strategic priorities.' The financial management and accounting problems were symbolised both by the ten and a half months it took to finalise the 2003–4 accounts following the end of the financial year, and by the dramatic fall in cash balances. From my perspective at the time the situation was dire.

Modest investment by the University and very hard work by many dedicated colleagues have transformed that situation. In a period that has been marked by sustained institutional growth, that investment has allowed, inter alia: very substantial enhancement of organisational capability throughout the administration, much-needed systems development in support of academic priorities, and planning of the activities of each administrative function in support of the academic priorities of the divisions and, as appropriate, the colleges. Again, I refer you to the Registrar's paper for a fuller description of those developments. I wish sincerely to thank all colleagues who have contributed to them. For many, this has been a difficult task in an environment too often, unfortunately, tarnished by gratuitous criticism, rather than stimulated by constructive dialogue. As I said at the time of my arrival, the administration exists to serve the academic mission of the University and the scholarly aspirations of its academic staff and students. Today, I believe Oxford has an administration infinitely better equipped, skilled, and motivated to do just that. My departing hope is that all members of Congregation will come to respect and support it.

Allow me now to touch on governance. Council had mandated the review of Governance to coincide with my arrival, which I thought then, and certainly think with hindsight, was unfortunate. I said at the time I would ideally have preferred it to start a year later and, as it happens, that may also have allowed greater exposure of some of the weaknesses in governance that led to the excessive financial and other risks faced by the University in 2004.

I do not intend to rehearse the governance debates; Congregation's decision was clear. However, I would be remiss if I did not record my *personal* concern that the current structure of governance is potentially vulnerable, especially in the context of managing institutional risk in all its dimensions. This is a large institution that is organisationally and financially complex. With its collegiate mix and disciplinary span, its research scale, its international stretch, the historic academic resources held in its museums and libraries, its endowments, its intellectual property activity, and with Oxford University Press as a major department, it is arguably the most complex of

universities. Because of that complexity and scale, I retain the view that unicameral governance on behalf of Congregation is a layer too thin to handle thoroughly the extraordinary array of academic, financial, commercial, control, and organisational issues. While the development of the Audit and Scrutiny Committee's mandate has been important, that committee plays an *ex post* role. It is the accuracy of the full range of *ex ante* decisions that is more important; indeed mission critical. At present, I believe the assurance of that accuracy places too much responsibility on a relatively few, highly talented, and loyal colleagues.

Related to this, I also believe that a unicameral Council of twenty-eight⁵ members that does not determine what skills and experience are desirable before refilling vacant positions—other than when filling its four lay membership positions—and that has had sixty-six members during my five-year tenure alone,⁶ only two of whom at the end of my tenure were there when I started,⁷ is unlikely to possess that special combination of skills, experience, institutional knowledge and memory, that would be desirable in helping to mitigate governance risks. In consequence, I think Congregation would do well to reconsider the unicameral anomaly before too many years pass for, as we have seen especially in respect of the finances, but more broadly too, the risks are real. To my mind, that is no less than this very special institution, a national and international treasure, warrants.

My views on governance will not come as a surprise. What may surprise those whose view of Oxford is shaped by the media, is that governance was not at all the prevalent agenda within the University during the past five years. I will remember those years overwhelmingly as a period when colleagues worked together to advance Oxford's core research and teaching mission, with singular success. External research income has doubled. Our research and scholarship activity has expanded excitingly. Oxford recorded the best RAE outcome and settlement in the UK. The Campaign has raised £770 million and has strong momentum. We have maintained our world-class tutorial teaching. Our portfolio of postgraduate programmes has been significantly expanded. We have radically improved our administration and financial management. There is much greater transparency. We have reinvested wisely in our physical infrastructure, and laid comprehensive plans for the future. More people than ever before want to study here: undergraduate applications are up 24 per cent and postgraduate over 80 per cent. Our admissions processes have been substantially enhanced. Following the recent acquiescence of the *Sunday Times*, Oxford now tops every domestic league table. We should take considerable collective pride in what we have accomplished.

Before I conclude by thanking departing colleagues and welcoming their successors, allow me to comment on the funding we need to underpin this great University into the future.

⁵ Twenty-seven pending Sir Paul Nurse's tenure commencing in Michaelmas Term 2010.

⁶ The number could have been higher had at least one colleague not been co-opted to another slot when already a member, and if Professor Sir Paul Nurse had taken up his appointment when it was made, rather than delaying by eighteen months.

⁷ One has just demitted, leaving only one member from 2004–5 on Council for 2009–10.

⁴ Ref.: www.admin.ox.ac.uk/council/C0965.pdf.

The Funding Challenge for Oxford

Funding currently comes from HEFCE in the form of a teaching component, a QR component, additional specific sums like the Old and Historic Buildings Premium, funding for museums and libraries, and a triennial SIF⁸ allocation for infrastructure investment. It also comes from: student fees; research sponsors; endowment income and direct donor grants; and transfers to the rest of the University from entrepreneurial activities such as those of OUP in the publishing arena, and those that are related to intellectual property, generated by Isis and Oxford Spin-out Equity Management. The income picture is similar for the colleges. In their case income comes from their JRAM/CFF allocation, from accommodation receipts and from graduate fees, from research revenues, from endowment income and donor grants, and from their entrepreneurial activities.

In my original 2004 address I observed about Oxford that: 'the cost of providing a world-class university and the revenue available to fund that cost are not in harmony.' Regrettably that remains true today. For the fourth year in a row the University is budgeting for a loss, again in the vicinity of £8 million or around 1 per cent of revenues. The situation is serious for the physical sciences and even more serious for the humanities, unjustifiably disadvantaged by the HEFCE's RAE settlement bias to the sciences. College budgets too are under pressure owing, in particular, to endowment volatility.

On the infrastructure side, there has been considerable progress during the past decade in rejuvenating both the estate and related research infrastructure. SRIF/SIF funding from the government has been critical for that. Capital transfers from OUP, and the generous support of donors and research sponsors have also been important. Nonetheless, across the disciplines, many of the University's facilities remain unfit for purpose for the current and projected levels of research undertakings and graduate study. By my calculation, the investment that would be required to bring the University's estate up to 'world-class' standards for its current activities is quite considerably in excess of £1 billion. If that is to be achieved during the next decade or so, considerable funding ingenuity and organisational development will be required. This is at a time when colleges too have substantial capital funding demands.

Colleagues from the University and colleges have undertaken detailed exercises to determine the cost of undergraduate teaching. Our time-honoured commitment to tutorial based and small-group teaching costs around £8,000 per undergraduate per year more than the £8,750⁹ we receive, on average, from student fees and from HEFCE teaching funding. In essence, this 'gap' is financed by endowment income, the OUP transfer to recurrent income, other entrepreneurial revenues earned by the colleges, and internal cross-subsidies from QR and research overheads. The last of these places considerable pressure on research competitiveness because other universities with lower-cost teaching provision are able more fully to invest their QR revenues in their research competitiveness. Unlike some of the leading Russell Group universities, Oxford has not (to date) succumbed to the temptation to fill out its teaching revenues by very sub-

stantially increasing its proportion of full-fee international undergraduates at the expense of Home/EU student numbers. Neither has it resorted to reducing its teaching costs by disproportionately placing responsibility for undergraduate teaching with graduate students and temporary college lecturers, although the pressure to do so is intense.

From a financial perspective these are genuinely worrying times. Government budgets are over-stressed and endowments are extremely volatile, as are the markets for our entrepreneurial activities. The HEFCE teaching grant for 2009–10, only just over twice the value of the recurrent transfer to the rest of the University from OUP, diminished by 2 per cent relative to the grant for 2008–9. In a salami-slicing move in advance of the fees review, HEFCE is currently consulting the sector about the Old and Historic Buildings Premium and the Small and Specialist Institutions Premium. Both arose from what we were then told was a permanent agreement struck with the Secretary of State in late 1998 when the college fee was abolished. HEFCE is also deliberating about library funding and is undertaking a review of museum funding. The risk is that the outcomes will be negative for Oxford. In both cases current allocations are grossly inadequate in relation both to the scale and national/international significance of Oxford's collections and to the allocations to other major 'national' collections that are funded by DCMS.¹⁰

On the research funding side, the slightly quixotic combination of 80 per cent FEC¹¹ funding, some QR recovery for UK charities research funding, QR itself, and SIF, is approaching an institutional funding-cost equilibrium. The retention of QR and SIF at current levels coupled with an increase in FEC to 90 per cent would help to achieve that equilibrium. Consequently, introduction of the REF¹² and any subsequent policy developments will have to be watched very closely. Colleagues will be aware of the forthcoming REF consultation and of its importance to the institution and the sector.

In the current context, therefore, the approaching review of fees assumes critical importance. I have written in earlier Orations about this University's fundamental commitment that all students with the potential to succeed at Oxford must be able to come, irrespective of their financial circumstances. In 2007, I went on to add: '(T)his, in turn, requires a regime where payment of the fee is deferred by way of a loan with no repayments due until after graduation; and at that point the repayments must become income contingent. Further a combination of student loans, bursaries and grants must be available to cover reasonable living costs during attendance at the University. Bursaries and grants are necessary because lack of money presents, for many, a serious impediment to their tertiary study intentions. And, any increase in the cap on fees must be carefully phased through time, with the ultimate objective of recognising the different institutional costs of quality in a widely differentiated sector, and of sharpening institutional competition.'

There are three further points I would make about the imminent review. The first is that it must be framed comprehensively to include fully the interests of students and

⁸ Strategic Investment Fund.

⁹ Approximately £8,100 net of Oxford Opportunity Bursary costs.

¹⁰ Department for Culture, Media and Sport.

¹¹ Full Economic Costing.

¹² Research Excellence Framework.

their families, the funding required by institutions to retain their international standing that is so important to this country's future, and the funding capacity of government. The second is that the language of the debate has to change away from a single point focus on headline fee levels to a broader dialogue about affordability and maximum levels of post-graduation indebtedness, recognising the commitment institutions will have to make to the provision of bursaries, grants and, in all probability, loans. The third point is that all of this does importantly require an institutional regulator.

The solution through time to Oxford's funding privations clearly lies in a combination of factors. Increasingly the University must take responsibility for its own financial future. That requires the culture, organisational expertise, and intra-Oxford cooperation to achieve steadily higher rates of alumni giving, along with the attainment of consistent, upper quartile endowment investment returns. It is salutary that our wealthiest college's endowment per student is a little over half that of Harvard University's, and that the median college's is around a tenth. The Campaign, and the potential for endowment aggregation for investment purposes that the formation of the Investment Office now allows, are both designed to assist with that quest. In my view fees must increase subject to the 'needs-blind' and total indebtedness points I have already specified as absolutes, which is why bursaries have been one of the three major Campaign priorities. And, comprehensive, stable, sustainable public policy frameworks for teaching, infrastructure, and academic collections, rather than the incessant indecision at the margins we are currently witnessing, are essential. Without such frameworks, the risk to this University's global standing must be grave; the consequences of that for the UK are, I should think, plain.

Comings, Goings and Remembrances

Dame Fiona Caldicott, Principal of Somerville, retires as Pro-Vice-Chancellor Personnel and Equality, a role she has held for the past five years. As a Pro-Vice-Chancellor she has chaired Personnel Committee from the time of its inception in 2000. Her contributions to the work of that committee, to Council and to numerous other bodies within the University have been substantial. On Congregation's behalf I offer sincere gratitude to her for the responsibilities she has carried and for her many achievements for the University. During 2009 she assumed the Chair of the Oxford Radcliffe Hospitals Trust, a role that is important in guiding the closer integration of the research, teaching and clinical activities of the Trust with those of the Medical Sciences Division. In April, Professor Ian Walmsley, Hooke Professor of Experimental Physics and Head of Atomic and Laser Physics, took up the role of PVC Research. I should like to thank Professor Iversen for willingly serving as Acting PVC Research during Michaelmas and Hilary Terms. And I should also like to thank Mr Hay, who has contributed extensively, in a part-time capacity, to the development and introduction of the JRAM and to the development of the Type 1-2-3 costing methodology for University services. Having completed these projects, he has elected to re-retire.

Last year I commented upon the progress made by the Conference of Colleges in redefining its Secretariat and governance arrangements. The Master of Pembroke, Mr Henderson, has chaired the Conference throughout this

transition, a period during which the JRAM and the CFF, along with the revised College Contributions arrangements were established. I thank him for the leadership he has provided. The Principal of Lady Margaret Hall, Dr Lannon, will succeed Mr Henderson as Chair, and the Dean of Christ Church, the Very Revd Dr Lewis, will be her Deputy for the next year.

Professor Mingos, FRS, FRSC, retires as Principal of St Edmund Hall. On Congregation's behalf, I thank him for his prolonged and effective leadership of the University's Health and Safety Committee. In any organisation, this can be an under-valued and relatively thankless task, in spite of its fundamental importance. The University should therefore be grateful for the commitment and expertise Professor Mingos brought to the role. His successor at St Edmund Hall, Professor Gull, CBE, FRS, F.Med.Sci, is Professor of Molecular Microbiology in the Dunn School. Professor Silverman, FRS, will retire from the Mastership of St Peter's College at the end of Michaelmas Term. A member of Council, Professor Silverman has willingly and effectively undertaken a full load of committee and related University responsibilities. His successor at St Peter's is yet to be announced. Sir Tim Lankester, President of Corpus Christi College, will also retire at the end of Michaelmas Term. His leadership, several years ago, of the Review of Undergraduate Admissions was instrumental in the establishment of the Common Framework for Admissions. Professor Carwardine, FBA, Rhodes Professor of American History, will succeed him. At New College, Professor Ryan, FBA, has retired as Warden and has been succeeded by Professor Sir Curtis Price, most recently Principal of the Royal Academy of Music. On Congregation's behalf I offer gratitude to each of the retiring Heads of House and good wishes for their post-Oxford years. I also welcome their successors to their new roles.

This year has seen the retirement of many distinguished colleagues who have contributed to the University's intellectual life over the years: Professor A. Atkinson, Professor of Economics; Professor I.D. Campbell, Professor of Structural Biology; Professor S. Castles, Professor of Migration and Refugee Studies; Professor D.J.H. Cockayne, Professor of the Physical Examination of Materials; Professor H.G. Dickinson, Sherardian Professor of Botany; Professor R. Dwek, Professor of Glycobiology; Professor W.R. Eatock-Taylor, Professor of Mechanical Engineering; Professor E.A. Fallaize, Professor of French; Professor S.D. Fuller, Professor of Macromolecular Structure and Assembly; Professor J.C. Green, Professor of Chemistry; Professor C.A. Greenhalgh, Professor of Applied Economics; Professor R.E.M. Hedges, Professor of Archaeology; Professor A.G. Hopwood, American Standard Companies Professor of Operations Management; Professor J.S. Kelly, Professor of English Language and Literature; Dr M.H. Pelling, Reader in Social History of Medicine; Professor C.W.G. Redman, Professor of Obstetric Medicine; Professor F.J. Stewart, Professor of Development Economics; Professor G. Walford, Professor of Educational Psychology; Professor J.R.C. Wright, Professor of International Relations; Professor D.A. Wyatt, Professor of Law; and Professor D. Zancani, Professor of Italian.

Other colleagues, whose service to the University deserves recognition, have retired from academic or research posts: Mr R. Briggs, Mr A. Coren, Mrs J. Elvins, Mrs C. Gray, Dr J.M. Gurd, Dr C.A. Haigh, Mrs E.B. Howard, Dr J.D. Howard-Johnston, Dr A.B. Hunt, Dr T.S. Kemp, Dr J.S. Know-

land, Dr J. Langton, Dr P.A. Leigh, Ms L.Y.L. Lindsell, Dr T.T. Liu, Mr M.J. Machacek, Ms M. Maclean, Dr R.C. Ostle, Dr E.A.I. Pasternak-Slater, Ms V. Peto, Dr N. Shrimpton, Dr W.B. Stewart, Dr S. Watkinson, and Dr F.W. Zimmerman.

I should also mention those colleagues who have retired from important administrative, library or service posts in the University: Mr R.S. Kidd, Mr J.P.A. Kirwan, Mr D.J. Miller, Ms C. Merry, Mr A.M.R. Newman, Mrs C.M. O'Connor, Mr D.J. O'Driscoll, Ms G. Pritchard, Ms V.K. Ross, Mr P.N. Smith, and Mr P.A. Ward-Jones.

This year the University community has lost valued colleagues whose early deaths have been a source of great sadness: Dr N. Knight, Researcher in the Centre for Anthropology and Mind and Lecturer in the Institute of Cognitive and Evolutionary Anthropology; and Dr J. Sherman, University Research Lecturer in Hebrew and Jewish Studies.

We pause to remember the contributions of those colleagues who have died in retirement over the past year: Mrs J.M. Allison, Mr J.B. Bamborough, Dr J.M. Barry, Professor J.M. Brown, Mrs B.M. Burden, Miss E.M. Buxton, Mr H.J. Case, Mr J.A. Foster, Dr K.J. Garlick, Mrs E.L. Harley, Dr P.E. Hodgson, Professor G.A. Holmes, Miss G.M. Ledger, Mr P.R. Lever, Dr E. Lightfoot, Dr R.L. Lucas, Professor J. Mandelstam, Professor J.D. North, Mr P.H. Nye, Mr R.H. Parsons, Professor D.F. Pears, Mr G.W. Perry, Lady E.E. Richards, Mr R.J. Smurthwaite, Dr J.H. Solomon, Mr M.H. Soper, Professor N.W. Tanner, Mr J.B. True, and Mrs M.E. Varley.

As this is my final Oration, it is fitting that I should thank all of those colleagues—academic, administrative, and lay—with whom I have worked so closely throughout my tenure. I especially wish to thank the Registrar, Dr Maxton, the Director of Finance, Mr Kerr, and all of the Pro-Vice-Chancellors and Heads of Division who have served during the past five years. In addition I thank Mr Sibly, Mr Harris and the other senior officers of the University, Bodley's Librarian, Dr Thomas, the Regius Professor of Medicine, Professor Sir John Bell, and Mr MacDonald, my Private Secretary, and the other staff in my immediate office. These have been exciting and challenging times that have required all of them constantly to work and contribute well beyond what might be considered reasonable by any organisation. In my view, the University has been immensely well served by them all.

I should also like to thank those colleagues, among them Heads of House, including the non-functional Pro-Vice-Chancellors, the Faculty Chairs, Heads of Department, Heads of the Academic Services and University Collections, and the numerous others, who give freely of their time and expertise for the betterment of the affairs of the University. In a similar vein I also thank the lay members of Council and of its committees, and the many other lay members who contribute to advisory and other bodies throughout the institution. Their expertise and judgement are invaluable to the University's enduring success. So too are those of the Chancellor, Lord Patten. His involvement in the activities of the University and of the colleges is frequent and always greatly valued. On behalf of Congregation I wish to thank him for all that he does to enhance the life of the University.

I am confident that my successor, Professor Hamilton, FRS, is inheriting a highly professional administration and an outstanding academy. I warmly welcome him to Oxford, and I wish him every success as he assumes the Vice-Chancellorship as the next step of a distinguished academic career that led him most recently to serve as Provost of Yale University. We are fortunate that he has chosen to return to his homeland and to a collegiate fold.

I bid all colleagues a productive and fulfilling year and future. May this outstanding, historic University continue to thrive and prosper through the application of your individual and collective brilliance and wisdom.

Finally, I wish to thank Congregation for entrusting me with the role of Vice-Chancellor for the past five years. It has been a rare privilege. When I was inaugurated, it was with the blessing of the Maori people of my former University. As I depart I say just this in their tongue:

He toa ... takatini ... toku toa

Ehara ... i te toa ... takitahi

He whakaiti ... he whakaiti ... he whakaiti

I am but one among many and have been supported by the knowledge and skills of all those around me. I am humbled, thrice humbled, to have been able to be of service to this institution.

JOHN HOOD
6 October 2009