

**THE UNIVERSITY OF LANCASTER**

Minutes of a meeting of the Council  
held on 16 June 2006

**PRESENT:** Mr B. M. Gray (in the chair), Vice-Chancellor (by telephone), Dr L. J. Banton, Mr D. Branch, Professor A. G. Chetwynd, Mr A. Dick, Mr J. C. Dunning, Mr P. R. Elliott, Mr R. Emslie, Mr J. Hadfield, Professor S. Henig, Mr G. Johnson, Dr M. M. Lee, Mr S. A. J. Leyton, Mr G. Middlebrook, Mr H. Morris, Professor C. C. Park, Mr K. Royales, Professor A. Siewierska, Ms C. Smith, Professor D. B. Smith, Mr R. Turner.

**IN ATTENDANCE:** Miss F. M. Aiken, Professor C. Cooper, Mr S. Hogarth, Mrs M. E. McClintock, Professor T. J. McMillan, Mr A. C. Neal, Mr R. O'Brien, Professor M. Pidd (*for* CO.06/39), Ms P. Rowell, Mr M. Swindlehurst, Ms V. Tyrrell, Ms V. C. Walshe.

**APOLOGIES FOR ABSENCE:** Sir Christian Bonington, Councillor A. C. Bryning, Professor M. W. Kirby, Professor R. D. McKinlay, Ms S. Palmer, Ms V. Robertshaw, Professor K. J. Stringer.

CO.06/39 Management School: presentation

*Document: AR/2006/467*

Professor Michael Pidd, Associate Dean for Research in the Management School, made a presentation on behalf of the Dean concerning the work of the School. He highlighted its achievements, including world rankings in the *Financial Times*, its financial trends, its balanced income profile, the high quality of its staff and students, some recent developments, its priorities and issues for resolution, and some activities supporting leadership and third mission. The challenges facing the School included a period of consolidation after rapid growth, staff retention and incentivisation, the maintenance of income streams in a highly competitive market, the upholding of Lancaster values and especially the linkages between research and practice, and the further development of the School's international reputation worldwide strategic partnerships and alliances.

In response to questions the Council was told:

- (a) the departments of the School had had a long tradition of working as a loose federation before the present School had been formed in 1986. It had been fortunate in having a longer experience of agreeing common policies across departments than other areas of the university e.g. a single research assessment entry for the School from 1992 onwards;
- (b) the present size of the School was not sufficient to compete globally on a sustained basis, and after a period of consolidation, further growth should be expected. In the meanwhile, opportunities for new developments were exploited as they arose.

THE COUNCIL RESOLVED to receive the report and to thank Professor Pidd for his presentation.

CO.06/40 Minutes: 23 April 2006

*Document: AR/2006/449*

THE COUNCIL RESOLVED to approve the minutes as set out.

CO.06/41 Matters arising: rolling schedule of business

*Documents: AR/2006/450; AR/2006/442*

The University Secretary reported that further discussions had been held about the future resourcing of the Staff Learning Centre, including reassurance about the continuation of the proportion of its funding that came from the university. She had also presented a paper to the Budget Review Group, and could confirm that priority support would be offered to red-circled staff.

THE COUNCIL RESOLVED:

- (i) to receive and note the matters arising;
- (ii) to note the rolling schedule of business.

CO.06/42 Vice-Chancellor's report

*Documents: VC/06/R064; VC/06/R070*

(a) *Vice-Chancellor's written report*

Professor McMillan briefly explained the current national debate around RAE 2008 and whether metrics should be used as a basis for future research evaluation and resourcing, especially in the STEM subjects (science, technology, engineering and medicine). Initial calculations indicated that Lancaster might lose up to £1 million of QR funding under a metrics-based system, depending on the option selected. A consultation document had been issued and the period for views to be submitted was until 13 October.

THE COUNCIL RESOLVED to receive and note the report.

(b) *Salary negotiations*

The Council received a proposal concerning the intention to impose a local pay settlement if national negotiations broke down after the forthcoming ballots and strike action were resumed. The University Secretary, endorsed by the Vice-Chancellor, stressed the need for a local contingency plan in order to fulfil the duty of care to all staff over the triennium. There was no intention to enter local negotiations if the national settlement broke down.

Points made in discussion included the following:

- (a) that the proposed settlement could be seen as enabling part of the public sector that had fallen some way behind in salary terms to catch up;
- (b) that the proposal could be seen as damaging to internal university relationships at the present time;
- (c) that the language of the proposal and of messages to staff was of great importance;
- (d) that the proposed settlement was at the limit of affordability and the proposal seemed fair;
- (e) that the university should use its influence to ensure that the promised review was undertaken with the appropriate level of care and seriousness.

THE COUNCIL RESOLVED that, if the final stages of the current national negotiations broke down, the university should proceed to the implementation of the pay settlement on the terms set out in the Vice-Chancellor's letter of 6 June 2006 to all staff.

CO.06/43 LUSU President's report

*Documents: AR/2006/466; AR/2006/468*

- (a) The President of the LU Students' Union, Mr Branch, drew attention to his written report as set out in the agenda.
- (b) The President of the LU Students' Union invited the Council to approve the LUSU budget for 2006-07, as set out, and noted:
  - (I) that the Union Council had approved the budget on 14 June 2006;
  - (II) that the Union Council and the chairman of the Audit Committee had approved the appointment of KPMG as external auditors to LUSU for a period of three years, commencing with the 2005-06 accounts.

THE COUNCIL RESOLVED:

- (i) to receive the LUSU President's report;
- (ii) to approve (I) and (II) above;
- (iii) to thank Mr Branch and his officers for their excellent contributions to the work of the Council during 2005-06.

CO.06/44 Strategic Plan, 2006-11

*Document: AR/2006/461*

THE COUNCIL RESOLVED to approve the plan, subject to minor editorial changes, for publication over the summer.

CO.06/45 Finance

The Director of Finance and Resources introduced the following items:

(a) Report of the director

*Document: FO/06/59*

THE COUNCIL RESOLVED to receive and note the report.

(b) Headline budget, 2006-07

*Document: FO/06/56 and Appendices I to III*

Mr Neal reminded the Council that the financial year 2006-07 had been recognised in advance as a particularly difficult period, for reasons that included the first of three years of the variable fee regime, rising energy prices, and a national pay settlement higher than in recent years. It was important that the university strove for longer-term stability and sustainability, and also upheld a secure asset ratio of at least 1:1.35, a minimum surplus in 2006-07 of £3.6 million, and a clear demonstration of the ability to resume a 4% surplus for 2007-08. There would be regular reports to Council during the year, including on the moves towards further structural cost savings, for which a restructuring fund would be set up.

The chairman of the Finance Committee indicated that, while a reduction in surplus would not be sustainable in the longer term, in the particular circumstances and subject to regular review he and the Finance Committee felt able to recommend the budget as set out to the Council. His view was endorsed by a lay member of the Finance Committee, who also drew attention to the need for investment in areas affecting Lancaster's position in national league tables.

THE COUNCIL RESOLVED:

- (i) to approve the headline budget for 2006-07 and the financial forecasts to 2010 as set out;
- (ii) to invite the Director of Finance and Resources to report to the Finance Committee and the Human Resources Committee in September concerning the updated projection of income for 2006-07 and the emerging shape of restructuring plans;

- (iii) to invite the Vice-Chancellor and the Director of Finance and Resources to report to the Council as appropriate on the impact of the national pay position and the response of the university to it.

(c) Capital programme, 2006-09

*Document: FO/06/61*

The Council was told that the attached paper proposed amendments to the forward capital programme, including the re-setting of priorities, as detailed in the paper before the Council, and the re-purchase of a parcel of land that would represent a long-term consolidating investment. The risk and mitigation factors were also set out.

THE COUNCIL RESOLVED:

- (i) to approve the priorities as set out for the use of available headroom;
- (ii) to invite the Director of Finance and Resources to report back to the Council on the consequences for the capital programme if Phase 4 of the student residential accommodation project should proceed;
- (iii) to establish an approvals group, consisting of the Vice-Chancellor, the chairman of the Finance Committee, and the chairman of the Estates Committee, to authorise the prospective land purchase.

(d) University House refurbishment: Phase 1

*Document: FO/06/57*

The Council was told that the prime motivation for the programme was to move the careers service to a position that fronted Alexandra Square, to make it more visible and accessible to students. Ancillary benefits in terms of services for students and an improved reception area for the university would also accrue. The proposal had been approved by the Finance Committee.

The Council was told that the Students' Union welcomed the move of the careers services.

THE COUNCIL RESOLVED to approve the proposal.

(e) Student residential accommodation: Phase 4

*Document: FO/06/63*

The Council's attention was drawn to the need to consider whether to approve two substantive proposals set out in the paper. Once approval had been given to negotiate, there would be engagement with other parties to the deal, including Ambac. The formal resolution asking UPP (Lancaster) Limited to proceed would, as appropriate, be brought to the Council at a later date.

The Director of Estates pointed out the ways in which it had been possible to improve the Phase 4 design over the original concept, and there had been welcome input into the process in recent months from the Students' Union and the colleges. The intention was to create affordable accommodation, using materials and construction methods that were environmentally friendly and would lead to lower running costs over the lifetime of the buildings, in a series of town houses. The university was also working with the City of Lancaster about the possible impact of Phase 4 on local landlords.

A lay member of Council, Mr Middlebrook, drew attention to the extensive work already undertaken and the need to deliver some new accommodation within a tight timescale. He was told in relation to the current financial modelling that while some elements were clear, others were still moving e.g. the cost of lending. The whole package would be recommended to the Council only if all the elements were right.

Members noted the Students' Union support for the new Phase 4, and the overall increased support for it as a consequence of fuller consultation.

THE COUNCIL RESOLVED:

- (i) to authorise the serving of a Phase 4 election notice on UPP (Lancaster) Limited, to request them to seek finance for Phase 4;
- (ii) to ask the Director of Finance and Resources and the Director of Estates to pursue negotiations and to report to Council in October 2006;
- (iii) to congratulate all those involved in the progress made to date.

(f) Establishment of new companies

*Document: FO/06/58*

Mr Gray declared an interest in both projects.

The Council was told the proposal that the university should in principle participate in the formation of the Daresbury International Science and Technology Park (DISTP) was straightforward. In the case of the National Microsystems Packaging Centre (NMPC), the intention was to set up an approvals group, consisting of the Vice-Chancellor, the chairman of the Finance Committee and the chairman of the Estates Committee, to undertake a due diligence exercise over the summer.

THE COUNCIL RESOLVED:

- (i) to recommend approval of the DISTP company structure;
- (ii) to establish the above approvals group to consider the results of due diligence on the NMPC.

(g) Management accounts

*Document: FO/06/66*

THE COUNCIL RESOLVED:

- (i) to receive and note the management accounts as at 31 May 2006;
- (ii) to ask that, during 2006-07, the reports should include information on the university's fulfilment of its external covenants.

(h) Finance Committee, 19 May 2006

*Document: AR/2006/452*

THE COUNCIL RESOLVED to receive and confirm the actions of the Finance Committee at its meeting on 19 May 2006.

CO.06/46 Human resources

*Documents: VC/06/R069; AR/2006/462*

THE COUNCIL RESOLVED:

- (i) to note the result of the ballots of trade union members on the pay modernisation proposals and to confirm its approval of the proposals;
- (ii) to receive the report of a meeting of the Human Resources Committee held on 19 May 2006 and confirm the actions taken on its behalf.

The Council was assured that part-time staff would be assimilated *pro rata* to the new pay framework.

CO.06/47 Estates

*Document: AR/2006/445*

THE COUNCIL RESOLVED:

- (i) to receive the report of the meeting of the Estates Committee held on 19 May 2006 and to confirm the actions taken on its behalf;
- (ii) to approve a proposal that the Knowledge Business Building of the Lancaster Environment Centre should be named in honour of the late Professor Gordon Manley.

CO.06/48 Key performance indicators

- (a) *Health and safety*

*Document: AR/2006/464*

The University Secretary drew attention to some nationally-rated indicators on which the university was ahead of the higher education sector in its performance. The design and maintenance of the buildings were noted as factors that also affected these indicators.

THE COUNCIL RESOLVED to receive the report and to congratulate the Health and Safety Office on it.

(b) Human resources

The Director of Personnel Services reported that higher education benchmarks had been used where available and briefly outlined some of the key indicators.

In discussion members noted:

- (A) the continuing low proportion of staff who were annually appraised; as part of a broader issue of staff development;
- (B) the issue of how non-academic staff who were graduates should be appropriately developed;
- (C) the differing average age of categories of staff in the university.

THE COUNCIL RESOLVED to receive the report and thank the Director of Personnel Services for it.

(c) Finance

The Director of Finance and Resources drew attention to the key financial indicators and noted their positive and consistent trends.

THE COUNCIL RESOLVED to receive the report and to thank the Director of Finance and Resources for it.

CO.06/49 Key institutional risks

*Document: FO/06/60*

The Director of Finance and Resources indicated that UMAG had considered functional risks at a recent meeting, and noted the extent to which the relative significance of the risks was moving around. In answer to a question about risks that were national rather than specific to Lancaster, the Council was invited to note that while their origins were different, the university had the ability to modulate the impact of nationally-generated risks by actions taken locally.

THE COUNCIL RESOLVED to receive the report and to note the continuing process of refinement of key institutional risks.

CO.06/50 Audit Committee: meeting of 26 May 2006

*Document: VC/06/R065*

THE COUNCIL RESOLVED:

- (i) to receive and note the report of a meeting of the committee held on 26 May 2006;
- (ii) to approve the reappointment of Deloitte and Touche as internal auditors to the university for the period 1 August 2006 to 31 July 2008.

CO.06/51 Senate: meeting of 24 May 2006

*Document: AR/2006/455*

THE COUNCIL RESOLVED to receive and note the report of a meeting of the Senate held on 24 May 2006.

CO.06/52 Directors and officers: indemnity

*Document: VC/06/R066*

THE COUNCIL RESOLVED to receive and note the current indemnity cover for directors and officers.

CO.06/53 University appointments

*Document: AR/2006/465*

THE COUNCIL RESOLVED to note the following actions:

- (i) the appointment of Dr Reuben Edwards as principal of Furness College for the period 1 August 2006 to 31 July 2009;
- (ii) the appointment of Father Hugh Pollock as Principal of Grizedale College for the period 1 August 2006 to 31 July 2009;
- (iii) the appointment of Professor Tony Gatrell as a university trustee to the Ruskin Foundation in the room of Mr Alan Whitaker.

CO.06/54 Departing officers and members

The Pro-Chancellor noted that if the Privy Council approved the revised Statutes, the reduced Council would come into operation on 1 October 2006.

He wished to place on record the thanks and appreciation for their contribution to the work of the Council to the following members and officers who would be leaving:

Sir Christian Bonington  
Mr D. Branch  
Mr D. Brockbank  
Mr J. C. Dunning  
Professor M. W. Kirby  
Ms E. Lomax  
Mr H. Morris  
Mr K. Royales  
Ms P. Rowell.

He noted that the Vice-Chancellor would separately contact the Senate-appointed members of the Council.

In addition he wished to thank Marion McClintock, who was retiring, for her exquisite paperwork and the style and panache she had brought to the Council's business.

CO.06/53 Council meetings, 2006-07

The dates of Council meetings in 2006-07 are:

Friday 6 October 2006  
Friday 8 December 2006  
Friday 2 February 2007  
Friday 23 March 2007  
Friday 27 April 2007  
Friday 22 June 2007  
Friday 13 July 2007 (if necessary)