

THE UNIVERSITY OF LANCASTER

Minutes of a meeting of the Council
held on 21 March 2003

PRESENT: Mr J. B. Heron (in the chair), Vice-Chancellor, Mr D. Boyle, Mrs J. Clements, Mr L. Danby, Mr H. Dawson, Mr A. Dick, Mr P. R. Elliott, Mr R. Emslie, Mr M. Hart, Mrs C. T. Hensman, Mr G. Johnson, Ms C. Johnston, Dr M. M. Lee, Mr S. A. J. Leyton, Mr G. Middlebrook, Mr H. Morris, Mr H. Nichol, Dr C. C. Park, Professor P. Rowe, Mr K. Royales, Professor D. B. Smith, Dr K. J. Stringer, Mr R. Turner, Ms J. M. Whiteside.

IN ATTENDANCE: Professor N. Abercrombie, Mr C. Adams, Ms F. M. Aiken, Mr A. Burnett-Scott (Ashurst Morris Crisp) (for CO.2003/11), Professor R. B. Davies, Mr G. P. Fielding, Mr M. King, Mr W. S. Lunn, Mrs M. E. McClintock, Mr E. T. McGregor, Professor R. Macdonald, Mr A. Madeley, Ms G. Marshall, Mrs S. Randall-Paley, Ms V. Tyrrell, Mr A. Whitaker.

APOLOGIES FOR ABSENCE: Professor K. A. O. Fulton, Professor S. Henig, Councillor P. Lee, Mrs V. Watkins.

CO.2003/1 New members

The Pro-Chancellor, on behalf of the Council, welcomed the following new members:

Mrs J. E. Clements
Ms C. Johnston
Professor D. B. Smith
Dr K. J. Stringer.

CO.2003/2 Farewell to departing officer

The Pro-Chancellor, on behalf of the Council, wished Mr McGregor every success on his appointment as Director of Finance at the University of Sheffield. On behalf of all present Mr McGregor was thanked for the leadership and energy he had put into many important projects for the university, and for his considerable contribution to the university's recovery from an earlier period of financial difficulty.

CO.2003/3 Minutes

The minutes of the meeting held on 22 November 2002 were confirmed.

CO.2003/4 Matters arising

CO.2002/64: search committee for Pro-Chancellor

The Council received a report that the Court, meeting on 8 February 2003, had confirmed the recommendation by the Council to appoint Mr Bryan Gray as Pro-Chancellor for the period 1 August 2003 to 31 July 2008.

CO.2003/5 White Paper: The Future of Higher Education

Refs: CA.3; Cd. 5735; documents: VC/03/R082; AR/2003/364; AR/2003/362

The Vice-Chancellor, commenting on key features of the White Paper, drew particular attention to the following:

- (a) the Government's acknowledgement of a shortfall in higher education funding of £9.9 billion, of which additional funding would account for £3.7 billion plus a further £1.5 billion if full top-up fees were charged across the sector;
- (b) the importance to Government of the reform of student funding. A considerable political debate was however under way about top-up fees, including an Early Day Motion signed by 173 M.P.s, so that it seemed wise for the university to wait on the outcome before commencing its own discussion;
- (c) the debate around the Access Regulator included a feeling that universities needed to be involved in the definition of its powers. This was difficult, however, as it was unclear whether the Regulator would be a person or a committee, and whether the operation would be independent or report to the chief executive of the HEFC(E);
- (d) the emphasis on concentration of research, with some hundred departments of equivalent who had achieved 5* in both 1996 and 2001 being given additional funding for 2003-04. This action, funded from £20 million removed from 4-rated units, was having a large sectoral impact, but there were rumours that a further £20 million might be removed in the following year;
- (e) the stated intention to give universities more freedom, while at the same time using the White Paper as a vehicle by which to introduce additional controls.

The University Secretary drew attention to the draft institutional response for submission by 30 April and noted the intention for the university to use its reply as a means of lobbying. The text, when agreed, could also be used as the basis for replies to other external bodies, focussed on the issues that were most important to the university, including critical mass, mechanisms for research funding, the relationship of teaching and research, and knowledge exchange.

The Vice-Chancellor reported that, in the course of several meetings with Minister Margaret Hodge and also one with the Secretary of State, Mr Charles Clarke, it was clear that some parts of the White Paper were already firm policy, including the sections on tuition fees, on the split between teaching and research, and on regionalisation. Where there was some scope for negotiation included the sections on effective ways to handle research concentration and how to manage collaboration between institutions. The opposition of research-led universities to the designation of post-92 institutions in the sphere of technology transfer had been clearly indicated. Mr Dawson, M.P., confirmed the Government's commitment to the student funding mechanism as set out in the White Paper and encouraged anyone with views to send them in.

THE COUNCIL RESOLVED to:

- (i) approve the despatch of the institutional response by the Vice-Chancellor and Pro-Chancellor, subject to editing of it by the University Secretary to be more succinct and direct;
- (ii) endorse the point about technology transfer being confined to the post-92 universities;
- (iii) circulate the LUSU response to the White Paper with the Council minutes.

CO.2003/6 Strategic planning exercise

Ref: CA.4; documents: VC/03/R074; VC/03/R050; AR/2003/373

The Vice-Chancellor gave a presentation to members of the Council about the form and content of the strategic planning exercise and the timescale to which it was operating. First twenty-four groups had met to consider business processes and the reports of their findings had been discussed at a residential workshop of senior managers. The subsequent draft plan had been discussed at departmental and faculty meetings, had been to the Senate and had been discussed with a group of external stakeholders, prior to the present meeting of the Council. The intention was that feedback from these and other discussions would be used to edit a revised document, including the process of producing action plans, for discussion by the Council on 2 May, in order that by the October meeting completed action plans could be presented.

The Vice-Chancellor drew particular attention to the relative success of the university at research, teaching, A Level scores, and proportions of I and II(i) results, and the relative lower rating of its amenities and sports. Lancaster was exceptional in the extent to which it was widening participation and retaining its students, and was the only institution in the North West to score well on both. He noted key value factors for the university, including the quality of the teaching and research capability, the ability to create multidisciplinary teams and to collaborate, and responsiveness to customer needs. The operating environment and culture appropriate to a research-led university should include space for personal initiative and creativity, time for ideas to mature, openness in debate, and hospitality towards novelty. Any university of standing was probably operating up to eight separate businesses simultaneously, and the mapping for Lancaster showed areas requiring attention that included increases in research student recruitment, in the management of the contract and consulting aspects of the university and in the development of high-tech ventures. Key themes for the university's mission included status, benefit to society, multi-disciplinarity, flexibility and distinctiveness. The Vice-Chancellor compared the previous mission statement with the new one to demonstrate how the latter was more explicit about the university taking the initiative and in being inclusive in the range of students for whom it made provision. The external stakeholders had however suggested that the university might catalyse wealth creation and social well-being rather than make a contribution to it.

In order to fulfil the mission, seven goals had been identified, the first two of which were strongly people-orientated. The external stakeholders had given useful feedback, including on such issues as the importance of distinctiveness and of focus on key objectives, and had also highlighted the university's particular weakness about the need to make its current brand profile visible regionally and nationally and to achieve critical mass. The long-term drivers in a competitive market included positioning Lancaster as an institution with an international reputation that also delivered locally, considering a reduction in the range of disciplines while accepting that breadth was important for the region, providing more administration outside departments, and positioning academic services as central provision. An answer to the question about what the university would look like in 2008 included having all units of research assessment rated 5 or above, with several foci for international research excellence, the creation of a network of partners in the UK and overseas, and another of business partners, more research and overseas students, better overhead recovery, sustaining learning and teaching and a range of internal mechanisms and processes. Finally, the Vice-Chancellor asked whether the Council believed the university was broadly on track for the plans it should be making for the future.

In discussion the following points were amongst those made:

- (a) the goals needed to build on the Vice-Chancellor's forward-looking statement by setting out a process for the encouragement and development of new activities and alliances;
- (b) both the regional and international roles of the university needed to be made explicit, together with a statement about the significance of the university's location;
- (c) the quality of the university's response to regional problems should be of international standing;
- (d) the final form of presentation should highlight key goals rather than list too many of the consequential actions; furthermore, fewer actions might mean that a greater proportion of them would be achieved.

THE COUNCIL RESOLVED to:

- (i) receive and note the documentation about the strategic planning process and to thank the Vice-Chancellor for his presentation on it;
- (ii) invite members of the Council to send comments and suggestions on the process or content of the plan direct to the Planning Officer, Mr C. Adams.

CO.2003/7 Vice-Chancellor's report

Ref: CA.5; documents: FO/03/33; AR/2003/378

The Vice-Chancellor reported as follows.

- (a) Universities UK

The spring conference at Birmingham had included a speech by Professor Sir Howard Newby, who had focussed particularly on four points. The first was the encouragement of institutional diversity, coupled with collaboration, the next was the concept of centres of excellence for research, coupled with research fellowships for the post-92 institutions, the third was centres of excellence for teaching that would be both subject led and clustered around generic themes, and the last a warning that institutions should anticipate culture shock for the future. Other issues that had been discussed included alternative progression routes around the higher and further education interface, where Lancaster already had a distinguished record, or via industry, in all cases offering early stage university experience and improved ease of movement between educational levels. There had been a focus on the modernisation of the sector in relation to human resource management, especially about additional resources for pay. The lack of consultation with the National Union of Students about

student feedback on teaching had been highlighted, and there were now press reports about concern over sample sizes that put reliance on this measure in doubt. The indications given about the Access Regulator were that the idea had evolved late in the White Paper process and the details of how the process worked were critical, particularly if it served to open wider issues about the role of the HEFC(E).

The Pro-Chancellor noted the concern of the Conference of University Chairmen about the apparent inclination of the Government to overlook the status of universities in relation to their governance and their ability to manage their own affairs.

(b) Recurrent grant, 2003-04

A summary analysis was laid before the Council. Apart from an increase of 2.8% for Foundation Degrees, almost all the additional funding received was related to research. Lancaster was fortunate to have had a slight increase in its funding for teaching, since some leading institutions, including Warwick, Southampton and Bristol, had suffered a reduction in their allocations for teaching.

(c) Science Research Infrastructure Fund

The university had received an allocation of £9.1 million, an increase of 44% over the first SRIF round, which it would match with 10% from its own funds. The outcome was favourable for Lancaster.

(d) ISR Staff Survey

The survey had closed on 14 March with a response rate of 62%, representing over 1200 people, and with no major difference in response rates between functional areas. A report on the feedback from the survey would come to the Council in June.

In answer to a question, the Council was told that the definition of staff used for the survey did not include those whose hours per week fell below a set threshold.

(e) Succession planning

Two advertisements would appear in the national press over the next ten days, one for a Director of Finance and Resources and the other a Director of Enterprise and Commercialisation, with the intention that interviews for both posts would take place in mid-May. In the meanwhile the Vice-Chancellor had talked to every senior member of staff in the Resources Division about both the

interim and longer-term arrangements, and the information would be made public within a few days.

(f) Schedule of Council business

A schedule updated to October 2003 was received.

THE COUNCIL RESOLVED to receive and note the Vice-Chancellor's report.

CO.2003/8 LU Students' Union

Ref: CA.6

- (a) The President of the Students' Union, Mr Danby, indicated that students believed differential fees were intrinsically bad, and this position was strongly held by LUSU. Students welcomed the return to a form of grant, but the level provided was inadequate and there was no justification for a three-fold increase in fees nor any explanation of how the additional funding would reach students. Similarly, while the increase in the threshold for repayment was good news, it did not nullify the overall level of debt. Fair access to higher education should not be dependent on the White Paper, but steps should be taken to educate potential students from a young age. There was particular concern about how choices of Part I subjects would be made if students felt obliged to choose courses that led to less expensive Part II schemes of study.
- (b) Mr Danby further noted that elections for sabbatical officers for 2003-04 had taken place.
- (c) Mr Danby handed a student petition about Pendle College to the Pro-Chancellor and referred to a tabled emergency motion that proposed the lay-down area adjacent to Pendle College for InfoLab21 stopped being placed where it was proposed with immediate effect. He explained that a few days earlier an area adjacent to Pendle College bar had been marked out for an HBG lay-down area. This arrangement was at variance with the minute of the Estates Committee and took away a stretch of land that was used for casual recreation and outdoor social events by the students of Pendle College, who lived nearby. There had been no consultation about the construction of either temporary or permanent structures, and students were asking that the compound be moved northwards, to an area formerly earmarked for use by Jarvis but no longer required by them, even if it meant spending money to do so.

The Vice-Chancellor noted that the designated lay-down site for InfoLab21 had not moved, and the reason why Jarvis had not used the space earmarked for their use as a car park was that a civil engineering survey had shown that it would not be fit for purpose unless work were undertaken on it. The car park had therefore been moved to an area north of The County College, whose students had made representations to him and Mr Whitaker before Christmas. If the HBG compound for InfoLab21 were moved as suggested, it would be to an area known to be unsuitable, thus incurring significant additional cost and causing environmental damage. While there might be some ambiguity about what 'behind the George Fox Building' meant, the HBG compound would still be 50 metres away from Pendle. There were additional important issues of health and safety to consider if contractor's traffic were passing close to a recreational area.

Mr Whitaker reported that a meeting had taken place earlier in the week, involving a member of staff from the Estates Office, the Press Officer and the principal of Pendle College and a realistic appreciation had been reached of why the arrangements had been made. The area concerned was not part of the college but of the university, although colonised for student activity. The compound was temporary and the area would be restored in October 2004 when InfoLab21 was complete. The issue about communication was however hard to disagree with.

The Director of Finance reminded the Council that the Master Plan had been presented to the Estates Committee, showing how the area involved would be used for the future, and not as a long-term recreational space. Because of the constraints on the use of land other than inside the perimeter road, all areas of the inner space would be developed, with planned green spaces between the built areas. The scale of capital development planned by the university would put pressure on all parts of the university, and each project would require a lay-down area that would have to comply with health and safety legislation and with the need to manage traffic flows. The relevant planning applications showed the lay-down areas, and in the present instance the proper procedures had been followed. There was furthermore a requirement to show, by 31 March 2003, how £1.6 million of expenditure related to InfoLab21 had been committed, and hence the site compound and the mobilisation for InfoLab21 had been brought forward. The Council was of course not in a position to determine where lay-down areas should be placed.

In discussion, the strength of feeling by students about the issue was noted, together with renewed concern about the quality of internal communication. While the Council could not adjudicate on how the matter should be resolved, a member suggested it was in a position to ask the Vice-Chancellor to find the means to do so.

THE COUNCIL RESOLVED to ask the Vice-Chancellor, the Pro-Chancellor and the chairman of the Estates Committee to enter into a discussion with the President of the Students' Union that would result in a decision about the location of the HBG compound for InfoLab21.

CO.2003/9 Third Mission: presentation

Ref: CA.7

Professor Davies recalled that, in 1998, he had been given a brief to create an outreach capability for the university in order to enable knowledge transfer to take place, but on condition there was no negative impact on the university's research assessment ratings, and no additional cost.

An initial proposal to the HEFC(E) for HEROBC funding had resulted in an initial sum of £550,000, and in 2001 £1.5 million of ERDF funding had been secured for the support of companies. This had enabled the university's departments to become involved, and a further £1 million from the same source in 2002 meant that critical mass had been achieved. Considerable team work had gone into the preparation of the applications and into building the capacity to deliver them.

A hub and spoke model had been used, with a Business Enterprise Centre located in Bailrigg House as the focus for work with industry that needed to be run and coordinated. Several departments had been supported and the centre had become an industry-friendly shop window, with nearly thirty staff, half of them with industrial backgrounds, providing a single means of access for enquiries and tracking the progress of particular projects. This in turn had led to the ERDF Project Support Unit, setting operational procedures and standards for outreach centres in Computing, Engineering, Geography, the Management School, and the Lancaster Environment Centre. Links with external businesses had been set up through the Small Business Services of the North West, East Lancashire and Cumbria, although it was hoped in time also to involve larger companies. By these means a knowledge transfer pipeline had been created, including business support, the upgrading of skills for consultancy training, teaching company schemes and student placements. Major strategic developments were under way, including InfoLab21, the Lancaster Environment Centre, and the forthcoming Institute for Entrepreneurship. The Lancaster Environment Centre would include a technology transfer group for teaching, innovation, development and

enterprise that would involve academics and reach new markets. There was also to be a Blackpool Centre, linked with work on the environment, that would complement the CERTT. InfoLab21 would involve Computing, Communications Systems and the Management School, with other supporting departments, and would include a business knowledge centre. This development would be aided by the recent advances in broadband computer networking in the sub-region. Overall, there was a vision of substantial regional impact flowing out of the cutting-edge technology that was being deployed.

Mr Dawson, M.P., thanked Professor Davies for bringing about the best economic news for the Lancaster region in a century. The contribution to the city and to the university, and the breaking down of barriers between organisations, had been profoundly good for everyone involved.

THE COUNCIL RESOLVED to receive and note Professor Davies' presentation and to thank him for it.

CO.2003/10 Finance and estates

Ref: CA.8

The chairman of the Finance and General Purposes Committee, Mr Turner, introduced the following items.

(a) *Future capital programme*

*Documents: FO/03/32; FO/03/36; FO/03/39; FO/03/37;
VC/03/R085*

PROPOSALS:

- (1) funding implications of the prospective capital programme, for the Council to note;
- (2) the capital programme as at 12 March 2003, for the Council to approve;
- (3) funding approval for the Pre-School Centre, for the Council to:
 - note the contents of the paper
 - approve the inclusion of the development in the capital programme
 - approve capital expenditure of £340,000 on the project;

- (4) proposed development of The Quad Building for LEC 2, for the Council to:
 - note the contents of the paper;
 - approve its inclusion in the capital programme;
 - approve the capital expenditure as set out;
- (5) refurbishment of University House, for the Council to approve the UMAG recommendation that the budget for the work be increased to £350,000.

The Director of Finance drew attention to a covering paper, setting out the implications of the proposed programme of future capital expenditure and putting it into context. The university had sought in recent years to strengthen its capability to invest from its resources for its future needs. This position had now been reached and the university had excellent opportunities to enhance its own resources by obtaining additional funding from elsewhere. Nevertheless, the university was still carrying substantial borrowings and continued to be at capacity in this respect. Over time, as income increased, a more comfortable situation would emerge, but in the meanwhile the university still could not increase its absolute level of funding and hence there was a need for off-balance sheet transactions for student residences and utilities. Although the White Paper promised additional funding, it would be 2008 before the full impact of the addition was felt and funds could be committed.

There were many competing projects to consider and the questions of how to prioritise them, not over-commit the university, and ensure that running costs for the new activities were taken into account were difficult. Each project had to undergo a financial appraisal for a return on investment, coupled with an ability to rank them that included the wider academic and social benefits. The Finance and General Purposes Committee had begun the process, and since then the out-turn review ahead of the budgeted position and the HEFC(E) settlement for 2003-04 had given confidence about what could be spent from the university's own resources.

A critical aspect of the calculations had been to safeguard the position for the university's covenants, especially the minimum ratio of current assets to current liabilities of 1.2:1. In assessing the headroom, however, it had been necessary to take account of the uncertain external environment and the potential for unexpected internal events, such as the failure of the main boiler plant. A risk margin of 3% of turnover, i.e. about £3 million, had therefore been included which, while not generous, was realistic. The attached schedules showed three scenarios for the future, depending on the year-end results, and the level of proposed investment for each. The Council was therefore being asked to

approve specific items as well as changes to the capital programme, indicating at this stage the level of overall funding that would be needed for the Management School and social facilities on the South-West Campus. Alongside these discussions, the requests for SRIF projects were being evaluated in time for the deadline of 31 May 2003 and some allowance was being made for additional funds for teaching and learning. These had still to be announced but could be as much as £1.5 million.

In discussion the following points were amongst those made:

- (a) in answer to concerns about whether there was sufficient management resource for such a far-ranging capital programme, the Council was assured that a range of staff in the Resources Division were able to take projects forward, and the replacement post would bring in a high level person. Thought would however be given about whether additional people should be brought in;
- (b) the approved style of working in the Resources Division meant that for all projects worth more than £1 million, separate external project managers were retained, and a designated officer in turn managed them on behalf of the university. Nevertheless, there was concern that the volume of special projects could place in jeopardy the normal estates activity;
- (c) the intention was that the social facilities at Barkers House Farm should be student-centred and would rely on complementary provision between the colleges and the farm complex. Colleges that agreed to relocate might share facilities by agreement;
- (d) the key to enhanced facilities for sport and recreation was the acquisition of external funding, although cooperation on an ad hoc basis with the local community was also useful. Maintenance work would continue in the meanwhile, including the replacement of the Astroturf areas;
- (e) the level of night-time lighting by the university, including on the outdoor sports pitches, had been approved by the Planning Authority.

In a discussion about the building to be inserted in the quadrangle of the IENS building, and the adverse effects it could have on teaching, research and working conditions, the Council was told that in the search to find space for additional people being relocated by the NERC, items such as the lecture theatre on the north side of the ground floor had to be retained, while a temporary building attached to feature ends of landmark buildings would not be appropriate. The relevant dean and heads of departments had been fully involved. If on reflection the departments were prepared to be more flexible, then changes

could still be made, but all staff had known what the Lancaster Environment Centre would entail.

THE COUNCIL RESOLVED to approve the proposals, including immediate approval for the extension to the Pre-School Centre and the erection of the Quad Building, subject to specific approval of business plans at the June meeting for the other proposals under consideration.

(b) Future student residential accommodation

See CO.2003/11

(c) Out-turn review, 2002-03

Document: FO/03/18

THE COUNCIL RESOLVED to note the satisfactory mid-year position.

(d) Budget-setting methodology, 2003-04

Document: FO/03/10

THE COUNCIL RESOLVED to approve the budget-setting methodology for 2003-04 as set out.

(e) Risk management and internal control

Documents: FO/03/38; FO/03/04

THE COUNCIL RESOLVED to receive and endorse an attached risk register and to approve the risk management policy as set out.

CO.2003/11 Future student residential accommodation

Documents: AR/2003/397; AR/2003/398; AR/2003/399; AR/2003/400; AR/2003/401; VC/03/R104 (tabled)

11.1 PROPOSALS (as amended by VC/03/R104):

11.1.1 To approve in principle the entering into of:

- (a) the project (as described in the papers attached to the agenda for the meeting of the University Council (the 'Project') on 21 March 2003);

- (b) the project documents in relation to the Project (as described in the papers attached to the agenda for the meeting of the University Council (the 'Project Documents') on 21 March 2003);
- (c) the Phase 1A project (as described in the papers attached to the agenda for the meeting of the University Council (the 'Phase 1 Project') on 21 March 2003);
- (d) the project documents in relation to the Phase 1A Project (as described in the papers attached to the agenda for the meeting of the University Council (the 'Phase 1A Project Documents') on 21 March 2003),

by the University.

- 11.1.2 To delegate in accordance with Statute 13.1 the taking of any necessary further steps in relation to the Project and the Phase 1A Project which shall include without limitation the conclusion of negotiations by the Student Residential Accommodation Council Project Executive, as defined below, subject to compliance with resolution [3] in relation to both the Project and the Phase 1A Project and resolution [6] in relation to the Project and resolution [7] in relation to the Phase 1A Project.
- 11.1.3 The actions of the Student Accommodation Council Project Group shall be confirmed by the Authorised Signatory Group (defined below) by way of a Certificate signed by at least four members of the Authorised Signatory Group of whom at least one shall be a lay member and such confirmation shall include confirmation of the Project Documents and the Phase 1A Project Documents and the Authorised Signatory Group shall agree any variations, amendments and modifications to the Project Documents and the Phase 1A Project Documents that the Authorised Signatory Group in their absolute discretion consider necessary subject to resolution [6] (in relation to the Project) and [7] (in relation to the Phase 1A Project) below. Confirmation of the Project Documents and the Phase 1A Project Documents and any variations, amendments and modifications thereto shall not require any subsequent confirmation by the Council provided that they are confirmed by the Authorised Signatory Group. All such confirmations shall be binding on the University.

11.1.4 To constitute a group which shall be called the Authorised Signatory Group to carry out the resolutions of the council in relation to the Project and the Phase 1A Project and to act from 19 July 2002 to the date of financial closure of the Project and/or the Phase 1A Project whichever is later.

Membership of the Authorised Signatory Group shall be as follows:

- (a) Vice-Chancellor or Pro-Vice-Chancellor (Colleges and Student Affairs);
- (b) Pro-Chancellor or a Deputy Pro-Chancellor;
- (c) Chairman of the Finance and General Purposes Committee or Chairman of the Estates Committee;
- (d) President of the Students' Union;
- (e) Director of Resources or Director of Estates;
- (f) University Secretary.

Any four of whom shall be as a group of people authorised to carry out the resolutions of the Council subject to the following conditions:

- (a) at least one of the four must be a lay member of Council;
- (b) the decision of the group of four must be unanimous;
- (c) the minutes of the meeting of the Group of four shall be circulated to the Council.

11.1.5 To constitute a group which shall be called the Student Residential Accommodation Council Project Executive to carry out and conclude negotiations with the Project Company, the Project Company's funders and sponsors and the Project Company's and the Project Company's funder's professional advisers and to authorise them to make and agree to any variations, amendments and modifications to the Project Documents and the Phase 1A Project Documents as they in their absolute discretion consider necessary subject to confirmation of their actions by the Authorised Signatory Group.

Membership of the Student Residential Accommodation Council Project Executive shall be as follows:

- (a) Vice-Chancellor;
- (b) Pro-Vice-Chancellor (Colleges and Student Affairs);
- (c) Two lay members of the Council;
- (d) Representative of the senior academic staff of the Senate;
- (e) Representative of the college principals;
- (f) Member of the Shadow Syndicate;
- (g) LUSU President (ex officio);
- (h) A member of LUSU Council;
- (i) Director of Finance (ex officio);
- (j) Director of Estates (ex officio).

11.1.6 In relation to the Project, the Authorised Signatory Group and the Student Residential Accommodation Council Project Executive shall not act on behalf of Council where the effect of the Project Documents, when concluded:

- (a) leads to the Project having to be accounted for on the University's balance sheet to which a letter from the University's auditors confirming off-balance sheet treatment shall be conclusive evidence; or
- (b) is to adversely affect the VAT or direct tax treatment of the Project to which a letter from the University's tax advisers shall be conclusive evidence that there is no adverse treatment; or
- (c) results in the modelled ground rent once the development phase is completed being less than £750,000 in real terms which means excluding the effect of inflation to which the Financial Model entered into at closing shall be conclusive evidence; or
- (d) results in the average actual rent per room in the academic year commencing 2003 for new accommodation owned by the Project Company being greater than £68.00 per week at September 2002 levels without indexation to which the Financial Model entered into at closing shall be conclusive evidence; or
- (e) results in the total number of rooms leased to the Project Company once development is completed being greater than 4,500 rooms; or
- (f) results in the threshold Internal Rate of Return to the Project Company at which the University receives a 50 per cent share of refinancing gains being greater than 15 per cent, calculated on a commitment basis to which the Financial Model entered into at closing shall be conclusive evidence; or

- (g) results in approval by AMBAC Assurance UK Limited for the transaction being withheld and to which approval by AMBAC Assurance by letter or otherwise shall be conclusive evidence.

11.1.7 In relation to the Phase 1A Project, the Authorised Signatory Group and the Student Residential Accommodation Council Project Executive shall not act on behalf of the Council where the effect of the Phase 1A Project Documents, when concluded:

- (a) leads to the Phase 1A Project having to be accounted for on the University's balance sheet to which a letter from the University's auditors confirming off-balance sheet treatment shall be conclusive evidence; or
- (b) is to adversely affect the VAT or direct tax treatment of the Phase 1A Project to which a letter from the University's tax advisers shall be conclusive evidence that there is no adverse treatment; or
- (c) results in the average actual rent per room in the academic year commencing 2003 for new accommodation owned by the Project Company being greater than £68.00 per week at September 2002 levels without indexation to which the Financial Model entered into at closing shall be conclusive evidence; or
- (d) results in approval by AMBAC Assurance UK Limited for the transaction being withheld and to which approval by AMBAC Assurance by letter or otherwise shall be conclusive evidence.

11.1.8 To authorise the Student Residential Accommodation Council Project Executive and the Authorised Signatory Group to continue to instruct and take the advice of the current professional advisers which shall, from 4 April 2003, include Mr E. T. McGregor in his capacity as adviser to the University, in connection with the Project and the Phase 1A Project.

11.1.9 To authorise, subject to the provisions of the Charter and Statutes of the University, the Student Residential Accommodation Council Project Executive and the Authorised Signatory Group to do all such things and execute all necessary documents to charge the University's assets which are subject to the Project and/or the Phase 1A Project or provide security in connection with the Project and/or the Phase 1A Project as well as

the creation of security over any properties substituted for those currently charged to AMBAC Assurance UK Limited.

- 11.1.10 To approve the execution of the Project Documents and the Phase 1A Project Documents under seal by the University Secretary and one member of the University Council in accordance with Ordinance 2.3 as conclusive evidence of the University's approval of the Project Documents and the Phase 1A Project Documents which execution will bind the university and which approval shall be evidenced by a certificate signed by at least four members of the Authorised Signatory Group at least one of whom shall be a lay member.
- 11.1.11 To authorise the Authorised Signatory Group to do all other acts and such things so as to carry into effect the purposes of the above resolutions and to sign and deliver on behalf of the University all documents which may be required to effect the Project and the Phase 1A Project which the Authorised Signatory Group may in their absolute discretion think fit.
- 11.1.12 To authorise for the purposes of these resolutions, the Director of Estates, together with Mr E. T. McGregor in his capacity as Director of Resources for the period until 4 April 2003 and in his capacity thereafter as adviser to the University or any substitute appointed by the Authorised Signatory Group jointly to represent and act on behalf of the Student Residential Accommodation Council Project Executive and the Authorised Signatory Group but only for the purposes of liaising with the relevant parties and their advisers and the University's advisers. Neither party shall sign any documents on behalf of the Authorised Signatory Group but, for the avoidance of doubt, either party may sign documents as a member of the Authorised Signatory Group until 4 April 2003 and thereafter Mr E. T. McGregor shall cease to be a member of the Authorised Signatory Group.
- 11.1.13 To authorise the clerk of the Council:

- 11.1.13.1 to issue and certify as true and up-to-date copies of the Charter, Statutes and Ordinances of the University of Lancaster;
- 11.1.13.2 to issue copies of the minutes of this meeting and to certify that such copies are true and that the resolutions passed at this meeting will remain in full force and effect;
- 11.1.13.3 to issue a certificate setting out the names and signatures of the persons authorised to affix the University seal and to execute all documents which require to be executed by the University in connection with the Project and the Phase 1A Project.

11.2 The following documents were received by the Council:

- (1) a summary of the changes made to the transaction since the meeting of the Council on 19 November 2002, including the context for why confirmation is sought from the Council in relation to the 402-room transaction (Phase 1A), and the key issues of the main deal;
- (2) a revised project summary, showing the changes made to the document since it came to the Council on 19 November 2002;
- (3) a revised project summary, incorporating the changes highlighted under (2) into a clean text;
- (4) a project summary of the 402-room transaction (Phase 1A);
- (5) a risk matrix in relation to the 402-room transaction (Phase 1A);
- (6) the minutes of the Student Residential Accommodation Project Executive held on 3 March 2003;
- (7) amendments to the proposals (VC/03/R104), incorporated in the text set out above.

11.3 The Director of Finance reported that, as indicated to members of Council in December (AR/2002/1634), Jarvis UPP had been on site at risk for the delivery of 402 rooms by 26 September 2003. The original intention had been to enter into the main transaction and, only if that failed, to enter into the small transaction (Phase 1A) instead. In practice the position had been reversed, as set out in 11.1.7 above, and the Council's approval was therefore sought for entry into Phase 1A, and subsequently into the main transaction (the Project). He indicated that Ambac would be involved both as the guarantor to the banks within the Project and on a continuing basis as guarantor for the debenture stock. He was able to report that Barclays and the Royal Bank of Scotland would share the loans for the Project equally. There was one outstanding issue to resolve, relating to the detailed relationship between the Project Company and Jarvis Construction, before the Ambac credit

committee was asked for approval for the main transaction (the Project). The two credit rating agencies were well advanced on the work to rate the Project, and the process had been helped by the Standard and Poor's overall rating of the university as A- with a positive outlook.

Mr Burnett-Scott gave an assurance to the Council that the proposals as presented did not move outside the parameters already agreed by the Council on 19 July 2002 and 22 November 2002. The conclusion of the Project could be delegated to the Student Residential Accommodation Council Project Executive and the Authorised Signatory Group, and he drew attention to the arrangements that would be put in place after 4 April 2003 (Clauses 8 and 12). In answer to a question, he explained that September 2002 was the date at which the rental price was fixed, subject to movements in the retail price index, and that the modelling had used £67.50 rather than £68.00 as the baseline.

11.4 THE COUNCIL RESOLVED to approve 11.1.1 to 11.1.13 as set out above.

CO.2003/12 Audit Committee

Ref: CA.9; document: VC/03/R066

PROPOSAL: that the Council receive and note the attached minutes of the meeting of the Audit Committee held on 28 February 2003.

Particular attention was drawn to the following:

- the change by Pricewaterhouse Coopers to become a limited liability partnership from 1 January 2003;
- the recommendation that the membership of Mr J. Hadfield and Mr B. McKenzie be extended for a further three years from 1 August 2003.

THE COUNCIL RESOLVED:

- (i) to receive and note the minutes of the meeting of the Audit Committee on 28 February 2003;
- (ii) to approve the resignation on 31 December 2002 of Pricewaterhouse Coopers as the university's external auditors and the appointment of Pricewaterhouse Coopers LLP in that capacity from 1 January 2003;
- (iii) to approve the recommendation about the renewal of Mr Hadfield and Mr McKenzie.

CO.2003/13 Health and Safety

Ref: CA.10; documents: SO/03/1C; SO/03/02; SO/02/06

PROPOSAL: that the Council receive and note the following:

- (a) the annual report of the Safety and Radiation Protection Officer for the calendar year 2002;
- (b) the minutes of meetings of the committee held on 22 October 2002 and 3 February 2003.

THE COUNCIL RESOLVED to approve the proposal.

CO.2003/14 Human resources

Ref: CA.11; documents: PS/02/842; VC/03/R080

PROPOSALS (University Secretary): that the Council approve the following:

- (a) capability policy and procedure;
- (b) fee waivers for staff of the university undertaking work for part-time research degrees.

THE COUNCIL RESOLVED to approve the proposals, subject to noting:

- (i) that the reference to assistant staff should be to non-academic staff;
- (ii) that relevance to work for fee waivers must be confirmed by the head of department for tax reasons.

CO.2003/15 Annual meeting of the Court: collegiate system

Ref; CA.12; document: AR/2003/360

PROPOSAL (Deputy Pro-Chancellor): that the Council resolve as follows:

- (a) to consider how the collegiate system can be better utilised in the university's recruitment strategy;
- (b) to investigate, in conjunction with the Alumni Relations Office and the Alumni Association, ways in which Lancaster alumni could be encouraged to donate funds specifically for the benefit of their former college;
- (c) to investigate, in conjunction with the college syndicate, ways in which Lancaster alumni could have a continued input into college governance;

- (d) to issue a clear statement on how the new residential developments will affect the colleges;

and report back to the Court in time for the 2004 meeting.

THE COUNCIL RESOLVED:

- (i) to approve the proposal;
(ii) to note that the Vice-Chancellor, Mr Whitaker and the University would present joint proposals to the Council by no later than the final meeting of the 2003 calendar year for a report to the Court in early 2004.

CO.2003/16 Appointment of Chancellor

Ref: CB.1; document: VC/03/R078

THE COUNCIL RESOLVED to note the action proposed to appoint a successor to Princess Alexandra.

CO.2003/17 Interpretation of Statute 8, Part I

Ref: CB.2

PROPOSAL (Vice-Chancellor): that, in order to enable the Court to complete its membership with respect to institutions of higher education, the following ten universities situated in the North or the North-West each be invited to appoint a member to the Court:

Central Lancashire
Durham
Leeds
Liverpool
Liverpool John Moores
Manchester (Victoria)
Manchester Metropolitan
Newcastle-upon-Tyne
Sheffield
York.

THE COUNCIL RESOLVED to approve the proposal.

CO.2003/18 Independent review of student complaints

Ref: CB.3

PROPOSAL (University Secretary) that the Council note that the White Paper includes a proposal for the Office of Independent Adjudicator to consider student complaints and approve the action by the university set out below.

The Council noted the announcement by ministers that the office should be introduced in advance of legislation, which meant that participation by higher education institutions would be voluntary. Universities UK had however stated that institutions whose Visitor falls under the jurisdiction of the Privy Council Office or the Lord Chancellor's Department would be required to participate, even while it was voluntary.

The legal advice for Lancaster was that the Visitor should forward any case submitted to the Independent Adjudicator, but the university should not take part on its own initiative with a mechanism that it had not classified as internal. If the Visitor chose to do that, the complainant would still have recourse to the Visitor if dissatisfied with the outcome from the Independent Adjudicator. The Senate had received and noted similar advice (S.2003/31).

A member queried whether the above course of action might be disadvantageous to students and might take longer than direct recourse to the Visitor. The Council was told that, because Lancaster's Visitor was H.M. The Queen, students were directed to the Lord Chancellor's Office, who acted on her behalf, and hence there was pressure from Universities UK for Lancaster to use the proposed system, pending the introduction of a Bill.

THE COUNCIL RESOLVED:

- (i) to adjourn the item for a more detailed discussion at its meeting in June;
- (ii) to ask the University Secretary to respond to Universities UK by telling them of the Council's concern and the intention to examine the matter more fully.

CO.2003/19 Space allocation: procedures

Ref: CB.4; document: VC/03/R009

PROPOSAL: that the Council ratify the revised procedures as set out, as approved by the Academic Planning Committee at its meeting on 14 March 2003.

THE COUNCIL RESOLVED to approve the proposal, subject to noting that space for postgraduate students was included in the procedures.

CO.2003/20 UM Association (Terrorism) Limited

Ref: CB.5

PROPOSAL: that the Council note that the Finance and General Purposes Committee, meeting on 21 January 2003, agreed to make a loan facility of £2 million, renewable on an annual basis, to UMALT, and ratify the action taken on its behalf.

THE COUNCIL RESOLVED to approve the proposal.

CO.2003/21 Sale of property

Ref: CB.6

PROPOSAL (Mr Alan Dick): that the Council approve, subject to fulfilment of the appropriate procedures, the sale of 27 and 27A Chapel Street, Galgate.

THE COUNCIL RESOLVED to approve the proposal.

CO.2003/22 Disability: policy and report

Ref: CB.7; documents: St.S/04/03; St.S/17/02

PROPOSALS: that the Council:

- (a) approve the revised university policy on disability;
- (b) receive the annual disability report for 2001-02.

THE COUNCIL RESOLVED to approve the proposals.

CO.2003/23 Written reports of meetings

Ref: CB.8

THE COUNCIL RESOLVED to receive the following reports, for information and, where appropriate, confirmation.

- (i) Senate, meeting on 26 February 2003 (AR/2003/372);
- (ii) Finance and General Purposes Committee, meetings on 17 January 2003 (AR/2003/55) and 21 February 2003 (AR/2003/259);

- (iii) Estates Committee, meeting on 6 February 2003 (AR/2003/183);
- (iv) Student Support and Welfare Policy Committee, meeting on 30 October 2002 (St.S/20/02).

CO.2003/24 UKCOSA 2002: The Council for International Education

Ref: CB.9

The Council resolved to ratify Lancaster's membership of the above organisation, a company limited by guarantee, with effect from 2 January 2003.

CO.2003/25 CERTT Limited

Ref: CB.10

THE COUNCIL RESOLVED:

- (i) to ratify Lancaster's membership of the above organisation, a company limited by guarantee which had been set up to develop a centre for applied research and innovation in environmental technologies to benefit the economy of all or part of East Lancashire or any other region of the United Kingdom;
- (ii) to appoint Professor Ray Macdonald as a member's director.

CO.2003/26 Harassment Network: annual report

Ref: CB.11; document: St.S/18/02

THE COUNCIL RESOLVED to receive and note an attached annual report for 2001-02 from the Harassment Network.