

LANCASTER UNIVERSITY

Minutes of a meeting of the Council
held on 23 November 2001

PRESENT: Mr J. B. Heron (in the chair), Vice-Chancellor, Professor N. Abercrombie, Mrs E. M. Blamire, Mr D. Boyle, Mr R. Daly, Professor R. B. Davies, Mr W. M. Davies, Mr P. R. Elliott, Mr R. Emslie, Dr P. G. S. Entwistle, Professor K. A. O. Fulton, Mr R. W. Goodall, Mr M. Hart, Professor S. Henig, Mrs C. T. Hensman, Councillor P. C. Jackson, Mr G. Johnson, Lord Judd, Professor R. Macdonald, Ms T. McGrath, Mr H. Morris, Mr H. Nichol, Dr C. C. Park, Professor M. I. Reed, Professor P. Rowe, Mr A. Whitaker, Ms J. M. Whiteside.

IN ATTENDANCE: Mr C. Adams, Ms F. M. Aiken, Mrs M. E. McClintock, Mr E. T. McGregor, Mr A. Madeley, Ms E. Nutt, Ms V. Tyrrell, Mrs V. Watkins.

APOLOGIES FOR ABSENCE: Mr H. Dawson, Mr A. Dick, Mr J. C. Dunning, Dr R. B. Henig, Ms C. A. Johnson, Councillor P. Lee, Mr K. Royales.

CO.2001/67 Minutes

The minutes of the meeting held on 5 October 2001 were approved.

CO.2001/68 Matters arising

CO.2001/50: Finance and General Purposes Committee

The Pro-Chancellor proposed that Mr R. Turner be co-opted to the Council and appointed to the chair of the Finance and General Purposes Committee for the period 1 August 2001 to 31 July 2004.

Members of the Council noted that information about Mr Turner had been circulated to members of the original search committee and the Nominations Committee, and that the Vice-Chancellor and the Director of Finance had met Mr Turner and supported the recommendation.

The Council resolved to approve the proposal.

CO.2001/54: Nurse Unit

Document: CR/01/42

THE COUNCIL RESOLVED to:

- (i) receive and approve the recommendations as set out;
- (ii) invite the University Secretary to draw up a template for consideration by the Council on the operation of working groups and other ad hoc bodies of the Council.

CO.2001/54: Nolan report: policy on serious malpractice and abuse

Document: PS/01/849

THE COUNCIL RESOLVED to approve the text of a document on whistle-blowing as set out in the second supplementary agenda, and to thank those who had worked on the preparation of the policy.

CO.2001/54: LU Archaeological Unit

THE COUNCIL RESOLVED to note that the ownership of the LUAU had been transferred to the Oxford Archaeological Unit Limited on 31 October 2001.

CO.2001/54: Appointment of Vice-Chancellor

The Pro-Chancellor reported that from sixty applications and thirty nominations a long list of nine candidates was being considered. It was hoped to hold the second round of interviews in late January 2002.

CO.2001/59: Audit Committee: Management Development Division

Document: VC/01/R326

The Council received a paper by the University Secretary on conflicts of interest, and were invited to note that related but more specific matters were still being considered by the Audit Committee. In answer to a question about the level of responsibility being placed on heads of departments concerning the activities of their staff, the Council was told that the primary obligation was on individual members of staff to respond fully to requests for information. The intention of the current paper was to separate issues concerned with outside consultancy from those involved with conflicts of interest.

THE COUNCIL RESOLVED to:

- (i) approve the policy and procedures as set out in the document, subject to consideration of whether the obligation about conflicts of interest should extend to staff other than those on academic and academic-related grades;
- (ii) invite the University Secretary to prepare a supplementary statement.

CO.2001/60: Health and Safety Committee: major emergency

See CO.2001/74 for the discussion of this issue.

CO.2001/53: Minutes of 22 June 2001

In response to a question about a framework for future financial strategy, the Council was told that the framework for action was implicit in the financial projections later in the agenda and was dependent in part on the outcome of RAE 2001 and bids to external funding bodies. The Vice-Chancellor expected that there would be positive news about additional funding in January. Nevertheless, there continued to be a significant funding gap for the university to address, which had not been affected by the additional student numbers recruited in October 2001. The departments had produced their strategic plans and, as reported to the Senate on 14 November, each one would be told the financial projection that flowed from each plan, and these would be built up into an institutional projection.

THE COUNCIL RESOLVED to invite the Vice-Chancellor to present a statement and recommendations on the university' financial strategy at its meeting in March 2002.

CO.2001/65: College principals

THE COUNCIL RESOLVED to approve the following re-appointments as recommended by the search committees established by the Council:

Cartmel College: Professor J. A. Hughes for the period 1 August 2001 to 31 July 2004;

Pendle College: Mr R. S. Gould for the period 1 January 2002 to 31 December 2004.

Documents: AR/2001/1265; AR/2001/1266

PROPOSAL (Review Group): that the Council, as the second and final stage of the formal consultation process, approve the amendments to the Charter and Statutes as set out, subject to such amendments as the Privy Council may require.

The University Secretary indicated that the review process would, if confirmed by the Council, have reached the final stage before submission to the Privy Council. She reported that the Senate had however not accepted the Council's recommendations concerning the appointment of members of the Senate under Statute 11, Class II. On the basis of two motions on which votes had been taken, the Senate had agreed to reinstate the appointment of staff members by college syndicates and boards of studies (faculties) and not to approve the LUSU proposal for student members to be appointed by a campus-wide ballot. She invited the Council to approve the revised Charter and Statutes for despatch to the Privy Council.

A lay member expressed concern that LUSU's proposal, agreed by the students, had not been supported by the Senate. The LUSU Vice-President for Education and Welfare expressed the Students' Union disappointment that the Senate had not accepted the students' decision and the lack of notice Senate had taken of JCR vice-presidents who had voted for such post-holders not to sit on the Senate. The Council was told that it was the inalienable principle of those who are represented to have the right to choose how that was to be done. The students had also been concerned about the proportion of postgraduate representation on the Senate in relation to their student numbers: they could be seen as more far-sighted than the members of the Senate who had resisted change.

Other points made in discussion included the following:

- (a) that the procedures for appointing student numbers of Senate also had a bearing on the appointment of staff members;
- (b) that the collegiate nature of the university should be reflected in appointments to the Senate;
- (c) that the number of boards of studies (faculties) and colleges varied over time, and the present numbers were there to that extent arbitrary.

The University Secretary reminded the Council that without the concurrence of the Senate the revised Charter and Statutes could not be presented to the Privy Council. It was suggested that placing the method of appointment of junior and senior members into an Ordinance would enable the revision to proceed and allow the Senate to vary its position from time to time: that alteration would in turn need the agreement of

the Senate. The numbers of the appointments would not be varied, merely the method of appointment. The Council noted that the issue of appointments to the Senate was the only outstanding issue that remained.

THE COUNCIL RESOLVED, on a show of hands with two votes against, to approve the second special resolution except that, subject to the concurrence of the Senate, the numbers of staff and student appointments to the Senate should remain as previously stated (fourteen and nine respectively), but the method of appointment in both cases should be the subject of an Ordinance.

CO.2001/70 Vice-Chancellor's report

The Vice-Chancellor and others reported on the following matters of significance.

- (a) *QAA subject review: Educational Research:* the Vice-Chancellor reported that the department had achieved a perfect score of 24 overall. Taken together with similar recent ratings, this result would have a beneficial impact on Lancaster's position in league tables.
- (b) *RAE 2001:* the results would become publicly available on 14 December, and internally on 12 December. It had been widely reported that, because of the drift of 20% to 30% of units of assessment that would be rated 5 or 5*, the HEFC(E) could not cope with the cost implications. It was therefore very likely that the financial implementation of the results would be delayed for one year i.e. until August 2003. In the meanwhile the results would have an immediate impact on the university's reputation and its ability to promote itself.
- (c) *Student registration, recruitment and accommodation:* the University Secretary drew attention to the registration figures included in the agenda (AR/2001/1179). She reported that the Senate had agreed an entry target of 2347 home/EU undergraduates for October 2002, together with overseas targets spread over all areas of 220 undergraduates, 400 for taught postgraduates, plus research students. A small working group was discussing how the residence guarantees might be varied in 2002 to give the institution more flexibility. Mr Whitaker further reported that he was seeing a range of people about the report he was writing on issues concerned with immediate student accommodation, and some changes of procedure would be implemented to improve the situation for 2002 prior to consideration of his report.

- (d) *NERC*: the Vice-Chancellor reminded the Council that in 1997 when environment and informatics had been announced as part of HEFC(E) restructuring, he had indicated that there could be a second phase to the collaboration with the NERC beyond bringing Merlewood to Bailrigg. He was pleased to report that he had received news that the NERC the previous day had agreed such a second phase in principle. He assured the Senate that action was also being taken in respect of developments for social sciences and management, and for arts and humanities. (See minute CO.2001/72(e) for further discussion of computing and communications research.)

THE COUNCIL RESOLVED to:

- (i) receive the Vice-Chancellor's report;
- (ii) congratulate all those connected with the Educational Research subject review on the outcome;
- (iii) invite Mr Whitaker to present the report on the management of existing student accommodation at the March meeting of the Council.

CO.2001/71 LUSU: president's report; annual accounts

The President of the Students' Union, Ms McGrath, reminded the Council that at its previous meeting there had been considerable concern about the temporary accommodation in which some students were placed. Most of them had since been housed and were happy: others however were still in the Health Centre or in shared accommodation in Bowland Tower, in situations that were far from ideal. The university had been lucky that very few people complained: unfortunately that could be so because people had thought it would be a waste of time.

The Students' Union had been glad to learn that £50,000 had been restored to the Library as a result of the success in student recruitment. While this was welcome, it was nevertheless worth remembering that the Library was still receiving £50,000 less than in 2000-01 when the Lancaster student population was at its highest ever.

The greatest topic of intrigue and trepidation was undoubtedly the new development plans for student residences, bringing a combination of unease and excitement to the Union Council and a wider source of discussion among the general student population. The President thanked the university, especially the Director of Finance, for allowing her to take part in the project. While it was easy to understand the university's anxiety in discussing matters of obvious sensitivity to the Students' Union, she was aware of how quickly information gaps were filled by the student population by strange and imaginative ideas. She hoped the university would look very closely at what information it wished to restrict, since

she believed it would be useful to be able to relay some elements of the project, at least to the Union Council. The student officers did not want the student rumour mill to start, and she was sure Council would not either. Over the next two weeks the Union Council would decide its political viewpoint on the project, and there was also to be a national networking day at Lancaster when sabbatical officers from across Great Britain would meet to share experiences, concerns and strategies for dealing with private finance and the development of student accommodation.

The President was pleased to report that the university had received £204,000 over three years to increase voluntary involvement by students and staff in the local community. This was an exciting development for the Students' Union, since Lancaster was behind other student unions that already had elaborate volunteering schemes. She hoped that Council would welcome this initiative as a way of improving the university's community image and relationships.

Ms McGrath indicated that the Students' Union was happy with its relationship to the university at present. On behalf of students she thanked the university for organising a firework display that had been cancelled and for helping to launch the alcohol-free social space.

Some information about students from the tracker group and related questionnaires showed that 80% of students believed they would need to find a job during their period of study at Lancaster, a rise of 5% on the previous year. Most students were looking forward to student life, and while they were dreading the financial struggle, there was a surprising lack of awareness of the level of debt they were likely to have acquired by the time they graduated.

In answer to a question about possible student involvement in excessive involvement in entertainment and the use of alcohol, the Council was invited to take note of the positive effects on the Lancaster economy of the university and its students.

Finally, the President moved that the Council approve the LU Students' Union accounts for the year ending 31 July 2001.

THE COUNCIL RESOLVED to:

- (i) receive and note the LUSU President's report;
- (ii) approve the LUSU accounts for the year ending 31 July 2001.

Mrs Hensman, who took the chair of the Finance and General Purposes Committee at its meeting on 2 November 2001, introduced the following items.

(a) Annual accounts of the university for the year ending 31 July 2001

The Council's attention was drawn to the statement of its responsibilities. Mrs Hensman congratulated the Director of Finance and his team on the production of the accounts at an earlier date than ever before. She drew attention to the increase in staff costs of almost 9%, a rate of growth that outpaced revenue and an investment that must show a proportionate return, and she noted that intellectual property was to date the least exploited of the university's assets. The accounts satisfied statutory requirements: members of the Council were likely to find the monthly management accounts informative on a regular basis.

The Director of Finance reiterated the importance of either curbing costs or generating growth in income year on year as the biggest challenge facing the university. He predicted that whatever the outcome of RAE 2001 the university would not be better off financially and hence the indirect benefits for its reputation were important.

The balance sheet was continuing to improve and was healthy, relative to a sector where the performance of other institutions was tending to decline. Nevertheless, the university did not have substantial reserves and if the university was to grow in the future, these must be built up. The university was continuing to carry a high level of external borrowing, and the capital programme illustrated the potential level of expenditure that could be foreseen.

The Director of Finance indicated that the annual accounts were likely to be formally qualified, which was a matter for regret. The difficulty had arisen over the implementation of FRS.17, and the changes in the rules for disclosure of pension fund assets. In the USS scheme there was a standard contribution rate by the employer of 14% and because particular assets could not be attributed to individuals, the university had not had to report any movements in assets except for the level of contribution. In the LGO scheme via Lancashire County Council for secretarial, clerical and technical staff, however, the contribution was variable by each participating party and so it was possible to attribute the future underlying assets and liability assessments. There had been uncertainty in the sector about how this should be treated, and the partner from the university's external auditors with responsibility

for Lancaster had been relaxed about the treatment for 2000-01. The matter had however been referred to the firm's national technical committee and a statement was expected that Lancaster and other universities were in breach of FRS.17. Lancashire County Council had been unable to supply information on the matter. The problem was not of the university's making and should have been dealt with at a national level, but the consequence was either that the accounts would be amended or, more probably, the external auditors' opinion in the accounts would be altered. It was not known when a decision would be reached. By next year it was hoped that either an exemption would have been agreed or there would be guidance on how to deal with the matter, although the timing of the local authority financial year might affect the situation.

The Council was assured that the implementation of the standard did not affect either the integrity or security of any pension scheme, or the university's credit rating, but might be used unhelpfully by people who did not understand the issue and would probably create a further level of variability in the annual accounts.

The chairman of the Audit Committee confirmed that it was satisfied with the annual accounts, subject to appropriate action in relation to FRS.17.

THE COUNCIL RESOLVED to:

- (i) approve the accounts, subject to (ii);
- (ii) delegate to a sub-committee consisting of the Pro-Chancellor, the Vice-Chancellor, and the chairpersons of the Finance and General Purposes Committee and the Audit Committee the decision on how to present the consequences of FRS.17 in the accounts.

(b) Management accounts

Document: FO/01/79

The Director of Finance drew attention to the management accounts as at 31 October 2001 that had been published earlier in the day and showed the university's position for the first quarter of the financial year. The cash balance was the most healthy the university had experienced, but the fall in interest rates meant that investment income had fallen by up to a quarter of the previous year's rates. The key risks had not substantially altered but the Council's attention was particularly drawn to the likely additional annual costs of the USS scheme from January 2003 after the triennial revaluation, and the impact of the events of 11 September

2001 on the extent of cover available and the rise in the cost of premiums.

The level of premium increase at Lancaster was not as high as some other institutions, but nevertheless was likely to result in up to 30% or £100,000 p.a. The institution would review its insurance cover and would be likely to absorb bigger excess rates.

THE COUNCIL RESOLVED to receive and note the management accounts for October 2001.

(c) Revised capital programme and budget

Document: FO/01/77

The Director of Finance drew attention to the total predicted cost of the programme of £36 million over three financial years, of which £14 million would come from the university's own resources, thus demonstrating a good rate of leverage between internal and external sources of funding. The financial year 2003-04 was at present forecast to show a drop in activity after the completion of some large-scale projects. Nevertheless, the Council should note that the whole programme was dependent on the university generating sufficient annual surpluses to sustain the programme.

THE COUNCIL RESOLVED to approve the revised capital programme and budget as set out.

(d) Lancaster Environment Centre

The Director of Finance reported that the final revised sealed bid from the preferred contractor was expected by 12 noon on Monday 26 November 2001. The result would be in line with what was expected, and the contractor would have to apply his commercial judgement to the final version. There was likely to be a funding gap of about £200,000 and if it was at that level and with minimal attached conditions, then it would be reasonable to reduce the construction contingency from 5% to 3%. The proposal would be presented to the NERC on the afternoon of 28 November, the leases having been signed earlier in the day, and agreement with the contractors could be finalised by the end of the week. Work on site would begin in late February or early March with a probable completion date of June 2003.

In answer to a question about the potential extra burden on the Library if subsequent additional links with the NERC were negotiated, the Council was told that the use of the space designated for library use in the present plans was likely to be

modified if the second phase came about. There was however no assumption that the University Library would provide extra space for the extra numbers of people.

The Council resolved to approve the action being taken for the Lancaster Environment Centre.

(e) InfoLab21

Document: FO/01/76

The Council received a paper setting out five options for its consideration concerning the action to be taken in relation to the funding available.

The Council resolved to approve Option 5 i.e. the design team to be briefed to progress the project to scheme design stage, in conjunction with the users, on a modified basis to reflect a defined funding envelope of £9.5 million, subject to presentation to the Council in June 2002 of the fully revised project.

(f) Future student accommodation

Documents: AR/2001/1177; CR/01/42

Mr Whitaker noted that a detailed process of activity on future student accommodation, led by the Director of Finance and the Director of Estates, was under way. The aim of the group he was chairing was to examine the contextual issues surrounding the development in order to bring about an honest sharing of information and the readiness to face some difficult issues. The views of the group would be fed into the deliberations of the Council Executive Group, and because there was some overlap in membership between the two groups, the resolution of sensitive issues would be assisted. Council would be kept fully informed of progress.

In answer to a question about the future role of estates and maintenance staff, both in relation to the programme of future student residence but also to the outsourcing of multi-utilities, the Council was told that the two programmes were separate but there would be an interface between them. The infrastructure of the utilities had reached a stage where upgrading and replacement were essential and a transfer to a multi-utility provider was under discussion. As previously indicated, the university was not entering the negotiations with a view to transferring staff employment to an external body. While the hard facilities for the student residences was expected to be transferred to an external provider, the partner might in practice revert to the university for

such services, and some variability between the utilities was likely to be the outcome. On the soft facilities management, including such services as cleaning, the best economic outcome was likely to be that the university would continue as before: if Council received a different proposal, that would be considered on its merits but not on the basis of an intention at the start of the process to transfer staff. The Director of Estates was holding briefing meetings with his managers, who in turn would discuss the issues with their staff, especially when negotiations with a preferred bidder was under way.

In answer to questions, the Council was told that a net extra 500 rooms were expected, either to allow for a larger student body or to enable the university to house a greater proportion of its students in its own accommodation. The ownership of land was expected to revert to the university after twenty-five years, except that consideration of whether this was total in the case of less sensitive peripheral areas might be a point of negotiation. The SW campus site in particular would only be disposed of if the university received commensurate value from such disposal. The level of en suite accommodation would depend in part on the length of the anticipated period of setting; the shorter the period, the more other income streams would be required and the accommodation need to be attractive to other markets.

THE COUNCIL RESOLVED to:

- (i) receive and confirm the actions taken by the Council Executive Group;
- (ii) receive and note the discussions being conducted by the Estates Strategy Group;
- (iii) invite Mr Whitaker to consider whether to include a member of the estates and maintenance staff on the Estates Strategy Group.

CO.2001/73 Audit Committee

Documents: report of external auditors; HEFC(E) Audit Service Report; VC/01/R339

The chairman of the Audit Committee, Mr Davies, briefly introduced the above documents, and noted that a letter of representation to the external auditors had also been agreed. He reported that the Audit Committee continued to believe that value for money considerations should be considered service by service and that a general review of this element was not best practice; nevertheless the committee had undertaken to reconsider the matter. The committee would also pursue the issue of succession planning.

THE COUNCIL RESOLVED to approve the above documents and the actions taken by the Audit Committee.

CO.2001/74 Health and Safety Committee

Document: minute SC/01/27; SO/01/6

The University Secretary drew attention to the discussion at the committee about the way in which the university would work with regional services, integrated by Lancashire County Council, in cases of major emergency. Any other event was unlikely to involve the whole university and appropriate procedures were in place and tested; for example, the speedy and effective evacuation of complete buildings. The university might in the future be invited to take part in a table-top emergency evacuation exercise.

THE COUNCIL RESOLVED to receive and note the above reports.

CO.2001/75 Finance and General Purposes Committee

Ref: CB.1; document: AR/2001/1238

THE COUNCIL RESOLVED to ratify the business recorded in the minutes of the meeting of the committee held on 2 November 2001.

CO.2001/76 University solicitors

Ref: CB.2

The University Secretary reported that the university's legal service had been put out to tender with the intention of appointing a panel of firms. A list of eight firms had been reduced to four from which two had been selected. Subject to final negotiation, Eversheds (at Liverpool and Leeds) and DLA (at Manchester and Liverpool) would be appointed with effect from 1 January 2002 in the first instance. Each would be asked to appoint a lead partner for Lancaster and while primary responsibility for particular services would be earmarked e.g. commercial and property issues for DLA, the university reserved the right to ask the other firm for input on particular issues and to go out to additional firms as appropriate.

THE COUNCIL RESOLVED to approve the actions taken.

REPORTS

CO.2001/77 Appointments and resignations

Ref: CC.1; document: AR/2001/1171

The Council received the following reports:

- (a) new appointments;
- (b) extensions of appointment;
- (c) determined or determining appointments;
- (d) resignations;
- (e) death in service.

CO.2001/78 Grants in aid of research

Ref: CC.2; document: AR/2001/1169

The Council received a report of recent grants received for research.

CO.2001/79 Written reports of meetings

Ref: CC.3

The Council received the following reports for information and, where appropriate, confirmation:

- (i) Senate, meeting on 10 October 2001 (AR/2001/1285);
- (ii) Academic Planning Committee, meeting on 26 October 2001 (NC/01/R323);
- (iii) Estates Committee, meeting on 11 October 2001 (AR/2001/1133);
- (iv) Committee on Relations between the University and the Students' Union, meeting on 30 October 2001 (CR/01/41).

CO.2001/80 Harassment Network

Ref: CC.4; document: AR/2001/1246

The Council received a report on harassment issues in 2000-01.

CO.2001/81 Student Support Services

Ref: CC.5

The Council received the annual report of Student Support Services for 2000-01 and congratulated those involved for their dedication and care.