

THE UNIVERSITY OF LANCASTER

Minutes of a meeting of the Council
held on 8 December 2006

PRESENT: Mr B. M. Gray (in the chair), Vice-Chancellor, Dr L. J. Banton, Councillor A. C. Bryning, Mr A. Dick, Mr P. R. Elliott, Mr R. Emslie, Mr J. Hadfield, Professor S. Henig, Dr M. M. Lee, Mr S. A. J. Leyton, Mr G. Middlebrook, Mr H. Morris, Ms S. Palmer, Professor A. Siewierska, Professor D. B. Smith, Professor K. J. Stringer, Mr R. Turner.

IN ATTENDANCE: Miss F. M. Aiken, Professor A. G. Chetwynd, Mr P. M. Graves, Professor R. D. McKinlay, Professor T. J. McMillan, Mr A. C. Neal, Mr T. Roca, Ms V. Tyrrell, Ms V. C. Walshe.

APOLOGIES FOR ABSENCE: Mr G. Johnson.

CO.06/69 Presentation by the Pro-Vice-Chancellor for Research

Document: AR/2006/809

The Pro-Vice-Chancellor for Research, Professor McMillan, made a presentation on the University's research activities. He stated that Lancaster's achievements in research were central to its reputation as a leading UK University, and stressed the breadth and quality of Lancaster's research activity: comparisons with other universities suggested that in most areas Lancaster performed well above the median in the main indicators of research quality. The outcome of the 2008 Research Assessment Exercise would be of vital importance to the future of the University, and he drew attention to the implications of a new grading system, which would indicate for each institutional Unit of Assessment the proportion of the research undertaken that was classed under each of four quality levels (1* to 4*). Other key issues included the importance of collaborative activities (both internal and external), the new use of a full economic costing (FEC) methodology to determine the element of research council grants intended to cover overhead costs, the future use of metrics to assess research quality in science and technology, and the government's concern to promote stronger links between H.E. research and industry. He concluded by outlining the key research elements in the

University's strategic plan, which included improving Lancaster's research infrastructure, increasing participation in research partnerships (of which the current N8 Northern Way initiative was a good example), increasing the number of postgraduate students, and improving the career progression opportunities available to new researchers.

In response to questions the Council was told:

- (a) that although the overhead element in bids to the UK research councils was a fixed quantity, it was important to set these costs at an optimum level when making bids for research funding from industry and in the international context;
- (b) that Lancaster's RAE 2008 submission was likely to be stronger overall than that made for the previous exercise, although much would depend on the comparative progress made by other universities;
- (c) that the main areas of potential weakness were lower than desirable research student numbers and the comparatively small size of some of Lancaster's Units of Assessment;
- (d) that the Research and Enterprise Services Unit was the main focus in the University for supporting external collaborative research activities;
- (e) that the new grading system had reduced the perceived benefits of making strategic staff appointments in the period immediately preceding the RAE.

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

CO.06/70 Minutes: 6 October 2006

Document: AR/2006/793

THE COUNCIL RESOLVED to approve the minutes as set out.

CO.06/71 Rolling schedule of business

THE COUNCIL RESOLVED to note the rolling schedule of business.

CO.06/72 Vice-Chancellor's Report

Document: VC/06/R134

The Vice-Chancellor drew particular attention to the following items of business:

- (a) the forthcoming outcome of the recent HEFCE quinquennial assurance review of the University's arrangements for governance, audit and finance (which was expected to be very positive);
- (b) the continuing rise in the entry grades achieved by Lancaster's undergraduate intake;
- (c) the likely regional impact of the government's policy for creating new school trusts and academies;
- (d) the introduction of a new A* grade for A-levels and the encouragement given to schools who might wish to introduce the International Baccalaureate;
- (e) the possible opportunities for the University arising from the recommendations of the recent Leitch Report (which had reviewed skills training provision in England);
- (f) the proposal in the new Further Education bill that F.E. Colleges be given the opportunity to apply for degree awarding powers at foundation degree level: Universities UK had raised concerns about the implications of this proposal and the lack of prior consultation, and there were possible implications for the future of Lancaster's links with regional F.E. providers and participation in lifelong learning networks;
- (g) the decision by HEFCE to ring-fence £60m of the QR funding allocated for 07-08 for business and industry related research (which could lead to a reduction in the QR funding received by Lancaster).

THE COUNCIL RESOLVED to receive and note the report.

CO.06/73 LUSU President's report; LUSU Accounts

Documents: AR/2006/979; AR/2006/798

The President of LUSU, Ms Palmer, drew attention to her written report and stated that there had been some positive subsequent developments, including a firm commitment by the University to the aim of providing social facilities as part of the redevelopment of Grizedale College and a productive meeting concerning the future development of Lancaster's sporting facilities. She reminded the Council of LUSU's continuing campaign against the new higher tuition fees and drew attention to the pleasing increase in turnout in the recent LUSU elections.

The President stated that the LUSU accounts for 2005-06 before the Council had been approved by all relevant bodies.

THE COUNCIL RESOLVED:

- (i) to receive and note the President's report;
- (ii) to approve the LUSU accounts for 2005-6.

CO.06/74 Audit Committee

Documents: VC/06/R127; VC/06/R119; AR/2006/817

The chair of the committee, Mr John Hadfield, introduced:

- (a) a report of the meeting of the Audit Committee held on 10 November 2006;
- (b) the audit committee's annual report for the 2005-06;
- (c) the report of the internal auditors for 2005-06.

He drew attention to the view of the Committee that the University's systems for internal control, risk management and securing economic efficiency were all adequate and in compliance with HEFCE requirements and guidance.

THE COUNCIL RESOLVED:

- (i) to receive and note the annual report of the Audit Committee and the report of the internal auditors for 2005-06;
- (ii) to receive and note the report of the meeting of the committee on 10 November 2006;
- (iii) to thank Mr Hadfield and the committee for their work.

CO.06/75 Finance

Documents: FO/06/109; FO/06/113; FO/06/112; FO/06/110; FO/06/93; FO/06/102; AR/2006/799; FO/06/114

(A) **DIRECTOR'S REPORT**

The Director of Finance and Resources drew attention to his written report before the Council.

(B) STUDENT RESIDENCES: PHASE 4

The Director of Finance and Resources reported that an excellent occupancy rate of 99.4% had been achieved for all the UPP built residences (with an overall occupancy rate of 99.1% for all residential accommodation).

The paper before the Council, however, set out some difficulties that had delayed the achievement of commercial close for Phase 4. Although the last meeting of the Council had agreed to give authority to the Authorised Signatories Group to approve underwriting the risks of commencing work prior to financial close, the risks of doing so in the absence of an agreed construction contract had proved unacceptable. This situation meant that Grizedale College would now have a planned delivery date of September 2008 instead of September 2007 as had originally been hoped. Notwithstanding this delay, all other elements of Phase 4 were still on schedule for their originally planned completion dates.

Any decision on the proposed refinancing of the existing bank debt and financing of Phase 4, and the associated proposal to extend the lease term from 38 to 48 years, would now be deferred until the next Council meeting. It was anticipated that the University's possible share of the refinancing gain would be in the region of £1M-£1.5M and work was being undertaken to assess whether this represented good value for the University, given the proposed extension of the lease term and the consequent loss of associated rental income. The transfer of risk and costs from the University to UPP also had to be taken into account when making this judgement.

In response to questions, Council members were informed:

- (a) that there were no implications for the University's relationship with Ambac;
- (b) that all discount calculations had been based on prevailing long-term interest rates.

(C) POSTGRADUATE STATISTICS CENTRE

The University had been awarded funding (which included both the capital costs and recurrent costs for the first five years) to establish a new Centre of Excellence in Teaching and Learning. The project had been approved by the Finance Committee, and there was a business plan in place for the centre to become self-sustaining over the longer term. Flexibility had been built into the design of the building to ensure that it could potentially be used for a variety of purposes.

(D) STATUTORY UNIVERSITY ACCOUNTS FOR 2005-06

The accounts had been approved by all the relevant university bodies. Attention was drawn to the underlying stability in staff numbers, the improved level of cash generation and the much improved debt to income level of 28.3%. The only area of minor concern was a possibly high current asset ratio of 1.77, although this was expected to fall over the next two years. Overall the University had achieved a surplus of 4.1% in line with its financial strategy.

(E) MANAGEMENT ACCOUNTS AS AT 31 JULY 2006 AND 30 SEPTEMBER 2006

No major variances had come to light over the first three months of the financial year.

In response to a member's question, the Council was informed that any proposed changes to the Universities Superannuation Scheme were not likely to affect the 2006-7 budget, although the costs of financing early retirement schemes were likely to increase over the longer term.

(F) PROPOSED PARTICIPATION IN N8 COLLABORATION

A proposal was before the Council.

Mr Gray declared an interest as chairman of the North West Development Agency.

(G) FINANCE COMMITTEE'S REPORT OF A MEETING HELD ON 3 NOVEMBER 2006

The report of the meeting was before the Council.

THE COUNCIL RESOLVED:

- (i) to receive and note the Director's report, the report on Student Residences Phase 4, and the management accounts as at 31 July 2006 and 30 September 2006;
- (ii) to approve the proposed capital project to establish a new Postgraduate Statistics Centre as set out;
- (iii) to approve a proposal that in principle the University should become a shareholder in N8 Limited and that authority to approve the company documentation be delegated to the Vice-Chancellor and the Chair of the Finance Committee;
- (iv) to approve the annual accounts for 2005-06 and authorise the Vice-Chancellor and Director of Finance and Resources to sign a letter of representation to this effect;
- (v) to confirm the actions taken by the Finance Committee.

CO.06/76 Estates: Report of the meeting held on 12 October 2006

Document: AR/2006/800

THE COUNCIL RESOLVED to confirm the actions taken on its behalf.

CO.06/77 Corporate governance

*Documents: VC/06/L174; AR/2006/807; VC/06/R091; VC/06/R086
(revised)*

(A) **LEADERSHIP FOUNDATION FOR H.E.: GOVERNOR DEVELOPMENT PROGRAMME**

The University Secretary invited Council members who were interested in attending any of the seminars listed in the programme to contact her for further details.

(B) **DRAFT ORDINANCES 3 AND 10**

The Ordinances before the Council had arisen from the report of the Working Party on Corporate Governance and were intended to clarify the terms of office for Co-opted members of the Council and Senior Officers of the University. The Senate had considered them at its meeting on 22 November 2006 and concurred with what was proposed.

(C) **NOMINATIONS COMMITTEE**

The Council was informed that the Nominations Committee, at its meeting earlier in the day, had agreed to recommend that Mr Gordon Johnson be reappointed as a member of the Council.

THE COUNCIL RESOLVED:

- (i) to receive and note the Governor Development programme;
- (ii) to approve the revised Ordinances 3 and 10;
- (iii) to approve the reappointment of Mr Gordon Johnson as a member of the Council for the period 10 February 2007 to 9 February 2010.

Documents: AR/2006/808; AR/2006/801

(A) **PEOPLE STRATEGY, 2006-2011**

The Director of Personnel introduced the strategy and stated that it was ambitious in scope, covered a 5 year period and was based on the objectives laid out in the University's strategic plan. It was inclusive, covering all categories of staff, and aimed to build on the University's current strengths, which included a strong sense of community and collective endeavour, whilst also addressing areas of known weakness such as the low participation rate in the appraisal system. Two overriding principles had been the protection of academic freedom and the recognition of staff diversity. The key challenges would be coping effectively with the burden of employment legislation, meeting staff expectations, responding to changes as in the H.E. sector, and ensuring that the University was competitive in the job market. The role of Heads of Department would be crucial in meeting these challenges, and it was acknowledged that this raised issues concerning the support available to them and the means by which they were appointed. She drew attention to the strategy's five main headings (Talent Management, Total Reward, Employee Relations, Professional Leadership Development and the HR Function) and stressed that the term Talent Management was inclusive and not used in any elitist sense. The intended outcomes included the attraction and retention of high quality staff, establishing appropriate performance management systems, good management of work/life balance issues, and putting in place a modernised health and safety framework (including an effective policy for handling stress-related issues). For these outcomes to be achieved it was essential to gain the support of all staff in implementing the strategy and acceptance by them of the principles enshrined within it.

The University Secretary reported on the discussion of the strategy that had taken place at the meeting of the Senate on 22 November 2006. Concerns had been raised by Senate members concerning the ambitious timetable for implementation, the danger of undermining staff goodwill and collegiality through too mechanistic an approach, the expectations that would be laid on faculty deans and heads of departments in implementing the strategy and the need to address bullying and harassment issues.

In discussion, the following points were amongst those made by Council members:

- (a) the importance for the University of meeting the challenges laid out in the strategy, and the need to review the University's Human Resource functions to ensure they were fit for purpose;
- (b) that there should be an effective consultation process regarding any proposed changes to the University Statutes arising out of the strategy;
- (c) that there might be a need to review the current system of rolling appointments for academic HoDs;
- (d) that account needed to be taken of the international nature of the academic job market;
- (e) the importance of addressing the issue of staff on short-term contracts;
- (f) concern about the possible consequence if the existing national pay bargaining system were to collapse;
- (g) that discussions with the Trade Unions concerning the strategy had still to take place.

The Pro-Chancellor, in summarising the debate, stated that many of the issues raised by Senate and Council members were matters best addressed through the monitoring of the strategy's implementation that would be carried out by the Human Resources Committee, rather than by revisiting the document itself (which already had been through a lengthy consultation and approvals process); successful implementation of the strategy would ultimately be dependent on the active support and involvement of all staff.

THE COUNCIL RESOLVED:

- (i) to approve the People Strategy as set out;
- (ii) to request the Human Resources Committee receive a full report of the discussions of the strategy at the Senate and the Council;
- (iii) that the Committee should be asked to take account of the issues raised when overseeing the strategy's implementation.

CO.06/79 Strategy: Long Term Trends

THE COUNCIL AGREED to defer this item until the February meeting.

Documents: VC/06/R133; VC/06/R128

(A) PROPOSALS FOR NEW KPI STRUCTURE

The University Secretary introduced a proposed 'balanced score card' that would allow the Council to view the latest data relating to the KPIs listed in the strategic plan on one A4 sheet, and to see the progress made towards individual goals by the use of a traffic light coding system. It was proposed that an updated version of the score card should be presented to each meeting of the Council, accompanied by a summary report highlighting any changes to the data, and that annual thematic reports on each of the overarching KPIs should be received at appropriate times in the year. A recent CUC conference had considered a new report that provided a possible template for the production and use of KPIs by governing bodies, which recommended a similar approach to that being proposed to the Council. The CUC report also included some useful suggestions on the type of high-level questions governing bodies might ask of university management when considering KPIs.

(B) REPORT ON CORPORATE GOVERNANCE KPIs

A report on KPIs relating to Corporate Governance, with a particular focus on attendance by members of key committees, was before the Council.

THE COUNCIL RESOLVED:

- (i) to approve the use of the new KPI score card and the proposed system of annual thematic reports, as set out;
- (ii) that the accompanying summary reports should indicate any significant relationship between individual KPIs and the risk register;
- (iii) that the Council should always discuss any indicators that were highlighted in red;
- (iv) to ask that an executive summary of the possible high level questions proposed in the CUC KPI report be circulated to Council members;
- (v) to receive and note the report on Corporate Governance KPIs.

CO.06/81 Freedom of Speech: code of practice

Document: VC/06/R115

The University Secretary stated that the new code had been updated in the light of the most recent relevant legislation, recent guidance from UUK and the experiences of staff and students in working with the existing code. The primary aim of the code was to protect freedom of speech, and the criteria used to judge the appropriateness of meetings had been changed from an assessment of the degree of controversy that a meeting might entail to whether there were 'reasonable grounds for believing that serious disorder might occur'. The code had been subject to extensive consultation and had been approved by the Senate at its meeting on 11 October 2006.

In discussion, the following points were amongst those made:

- (a) concern was expressed that, notwithstanding the code, the University might have a legal obligation to host political meetings during election periods;
- (b) that the Senate had approved a policy on controversial meetings that aimed to facilitate peaceful and legal protests without disorder or prevention of the meeting itself;
- (c) that 14 days notice was required for the external booking of university rooms, which allowed time for the head of security to make an initial assessment of the possibility of serious disorder and alert the University Secretary as required.

THE COUNCIL RESOLVED (on a show of hands) to approve the code, whilst asking that checks be undertaken on any possible implications for its operation arising from electoral laws.

CO.06/82 Discipline: membership of Disciplinary and Grievance Procedures Panel

Document: AR/2006/803

THE COUNCIL RESOLVED to approve the membership of the Disciplinary and Grievance Procedures Panel, as set out.

CO.06/83 Key institutional risks

Document: FO/06/111

THE COUNCIL RESOLVED to note the key institutional risks, as set out.

CO.06/84 Senate: 11 October 2006

Document: AR/2006/802

THE COUNCIL RESOLVED to receive and note the report of the meeting of Senate on 11 October 2006.

CO.06/85 Dates of future meetings

THE COUNCIL NOTED a report that the change of date and time of the June meeting to Monday 18 June 2007 at 1.00 p.m. had been confirmed.

CO.06/86 Review of current meeting

Members expressed a preference for the boardroom style seating arrangement now being used.