

**GAP/2008/0745**

**THE UNIVERSITY OF LANCASTER**

Minutes of a meeting of the Council  
held on 13 June 2008

**PRESENT:** Mr B. M. Gray (in the chair), Vice-Chancellor, Dr L. J. Banton, Ms H. Child, Mr A. Dick, Professor S. Henig, Professor G. Johnes, Mr G. Johnson, Councillor G. Marsland, Mr G. Middlebrook, Mr M. Payne, Mr T. Roca, Professor A. Siewierska, Professor H. Thomason, Mr R. Turner, Ms L. Willis.

**IN ATTENDANCE:** Miss F. M. Aiken, Professor A. G. Chetwynd, Professor C. Cooper, Professor A. C. Gatrell, Mr P. M. Graves, Mr A. Johnston, Professor R. D. McKinlay, Professor T. J. McMillan, Mr A. C. Neal, Mr R. O'Brien, Mr M. Swindlehurst, Ms V. Tyrrell.

**APOLOGIES FOR ABSENCE:** Mr A. McCarthy, Mr H. Morris, Professor D. B. Smith, Professor K. J. Stringer.

CO.08/50 Declaration of interests

Bryan Gray declared a potential interest in item CO.08/56(B) as chair of the North West Development Agency and Gill Gardner in item CO.08/55 in her capacity as legal adviser for LUSU.

CO.08/51 Presentation: Dean, School of Health and Medicine

*Document: GAP/2008/0634*

The Dean of the School of Health and Medicine, Professor Tony Gatrell, gave a presentation on the strategic aims of the new School, which would come into formal existence with effect from the start of the 2008-09 academic year. He stated that the School would bring together existing strengths at Lancaster in medical education, biomedical life sciences, health research and health-related areas in social sciences, with the following aims:

- to develop a blend of expertise and academic disciplines that would give Health and Medicine at Lancaster a unique identity in the H.E. sector;
- to establish a free standing and innovative programme of medical education at Lancaster that is informed by social, biomedical and management sciences;
- to develop a distinctive and strong portfolio of translational research and teaching in biomedical and life sciences;
- to develop further Lancaster's research reputation in the social science of health;
- to establish an attractive range of postgraduate provision in selected areas of health research.

A number of new academic appointments had already been made (some of which had been supported by funding from external bodies, including the North Lancashire Teaching Primary Care Trust and the Bowland Trust), and further appointments were pending. On the basis of the new appointments already made, the number of academic staff who would be in the School had increased by 33% compared with the base number in May 2008 and further appointments were pending.

He presented a slide showing the current breakdown of the School's research funding sources, and stated that the School would aim to increase the proportion of its research funding received from the EU and from UK commerce/industry. He stressed the need for the School to be selective in selecting areas for future development and in this context identified the following prospective research areas for the school:

- Organisational Health and Well-being
- Rural Health
- Ageing
- Voluntary Sector.

There were also some major opportunities for future collaborations with the NHS.

He summarised the major opportunities and advantages for the new School as follows:

- the immediate external impact of the creation of a new School of Health and Medicine at Lancaster;
- the enthusiasm of the staff who will be in the new School, and the strong interest shown externally in the posts that had been advertised;
- the interest shown in the School by alumni and potential donors;
- potentially strong niche areas of research;
- a good basis on which to develop further quality postgraduate taught programmes, with innovative modes of delivery;

- the prospect of eventually taking over full responsibility for the delivery of the undergraduate medical degree (which was currently delivered by Lancaster on behalf of Liverpool University) and the opportunities arising.

It was also important to be aware of the potential risks, although these should be overstated, which included:

- possible ‘boundary issues’ with other areas of the University carrying out medical-related work;
- not being close enough to regional centres of excellence in industry-related biomedicine;
- a possible lack of clear external identity resulting from the current physical fragmentation of the divisions making up the School

The following points were made by the Dean and others in response to questions from Council members:

- (a) the School would be in a very good position to capitalise on links with the planned Science Park development;
- (b) it was an important long-term objective for the School to be contained within a single location, and consideration was being given to possible sources of capital funding to support this;
- (c) it would be important that any new building or space provided for the School allowed for possible future expansion;
- (d) the Dean was confident that the School would achieve financial sustainability;
- (e) it was recognised that it would be important that the objective of further developing health and medicine at Lancaster was recognised and supported by all the main political parties;
- (f) there were important regional centres of excellence in dermatology (Carlisle), neurology (Preston) and cardiovascular disease (Blackpool).

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

CO.08/52 Minutes: report of meeting on 2 May 2008

*Document: GAP/2008/0657*

THE COUNCIL RESOLVED to approve the minutes as set out, subject to the addition of apologies for absence from Stanley Henig.

CO.08/53 Rolling schedule of business

*Document: GAP/2008/0659*

THE COUNCIL RESOLVED to note the rolling schedule of business.

CO.08/54 Vice-Chancellor's report

*Document: VC/08/R060*

The Vice-Chancellor drew attention to his written report and the following points:

- (a) one member of Lancaster's staff had been in south-western China at the time of recent earthquakes but had returned safely to the UK; he commended the successful efforts of students to raise money to help the victims of the earthquakes;
- (b) it was clear from a recent meeting between the Vice-Chancellor and the Government's School Commissioner, Sir Bruce Liddington, that the potential role of H.E. institutions in the future development of School Academies would continue to be the subject of national debate;
- (c) the group set up to review future activities in the Department of Continuing Education was due to make an initial consultation report in early July.

THE COUNCIL RESOLVED to receive the report.

CO.08/55 LU Students' Union

*Documents: GAP/2008/0656; GAP/2008/0641; GAP/2008/0642; GAP/2008/0655*

(A) **PRESIDENT'S REPORT**

The LUSU President, Mr Tim Roca, stated that as this was his last Council meeting he would attempt to summarise the progress that had been made in addressing some of the issues of concern to students he had highlighted in his address to the annual meeting of the University Court:

- the latest phase of the student residences project had resulted in a better balance between ensuite and non-ensuite on-campus accommodation, and although there were still some snagging issues to be addressed the new build was of a high quality;

- the level of room deposits had been frozen and progress had been made towards addressing the issues of concern to students on the way in which possible damage to rooms was assessed;
- constructive discussions were taking place on finding equitable ways of encouraging greater energy efficiency in student residences;
- the Court event that had been held to discuss H.E. funding and student tuition fees had been an excellent example of constructive co-operation between the University and LUSU;
- although students continued to be well represented on formal University committees, he believed that more needed to be done to ensure that students were involved as appropriate when working groups outside of the University's formal governance structures were set up to take forward specific projects.

Overall he believed that good progress had been made during the past year although, as always, there was still more to be done.

He concluded by expressing his gratitude to all those who had helped him during her period of office, including Pro-Vice-Chancellor for Colleges and the Student Experience, Mandy Chetwynd; the University Secretary, Fiona Aiken; the Director of Estates, Mark Swindlehurst; the Deputy Vice-Chancellor, Professor Bob McKinlay; the Director of Governance and Planning, Paul Graves; and Angela Pearson of the Secretariat.

The LUSU President-Elect for 2008-9, Michael Payne expressed his warm appreciation of Tim Roca's work as LUSU President, in particular the priority he had given to maximising the quality of the student experience at Lancaster and the long-term strategic approach he had taken in addressing key issues.

On behalf the Council, the Chair thanked the LUSU President for the measured and balanced contributions he had made to Council meetings during his term of office and wished him well for the future.

(B) **LUSU BUDGET**

The LUSU budget was for 2008-9 before the Council for formal approval.

**(C) LUSU SERVICE COMPANY LTD.**

The Council was asked to approve an alteration to the capital and issue of shares with respect to LUSU Services Company Limited.

**(D) LUSU CONSTITUTION**

The Council was asked to approve a revised constitution for Lancaster Students' Union.

**THE COUNCIL RESOLVED:**

- (i) to receive the President's Report;
- (ii) to approve the LUSU budget for 2008-09;
- (iii) to approve the proposed alteration to the capital and issue of shares with respect to LUSU Services Company Limited as set out;
- (iv) to approve a revised constitution for LUSU as set out.

CO.08/56 Strategy

*Documents: GAP/2008/0660; GAP/2008/0645*

**(A) MEETING OF THE ACADEMIC PLANNING COMMITTEE AND FOLLOW-UP ACTIONS**

The Vice-Chancellor reported that the Academic Planning Committee had met over two days in March to consider priority issues that have been identified as key to progressing the University's strategic plans. The meetings had been split into three sessions each focussing on major theme, as follows.

*Increasing research impact post 2008*

The APC had identified increasing business-related research income as an important priority and agreed that the University would need to find ways of maximising citations of its research outputs.

*Growth strategy*

It been agreed that the University would need to grow for the following reasons:

- pressures on the University's cost base (in particular those relating to salary costs) were inevitably going to increase over the next few years;

- in the context of increasing national and international competition, Lancaster needed to maintain and improve its current position in the H.E. sector;
- to enable investment to be made in existing and new academic activities and for the infrastructure of the University to be maintained on a sustainable basis;
- it was thought unlikely that there would be significantly increased government expenditure on H.E. in real terms over the short to medium term.

The meeting had highlighted the following areas as potential drivers of growth in the University:

- the new School of Health and Medicine;
- the Lancaster Institute for the Contemporary Arts;
- the Management School,

It was thought that there were particular opportunities in these areas to establish major new collaborative research projects and international partnerships and achieve additional OS student recruitment.

*The flexibility and productivity of the University*

The APC had agreed that the University needed to subject its administrative structures and processes to the same level of scrutiny and review as has been applied to its academic structures over the last few years and that there should be less reliance on key individuals and informal networking.

\* \* \*

All the main points made would be carried forward into the Council discussion meeting in July, and would contribute to the next revision of the University Strategic Plan. However, the Vice-Chancellor had also taken the opportunity to move towards more rapid implementation of some of the key points that had been raised in the APC through the following actions:

- Trevor McMillan as Pro-Vice-Chancellor for Research would be working with the Director of Research and Enterprise Services and the Faculty Deans to produce specific plans for diversifying Lancaster's research income streams and (in particular) intensifying interactions with the private sector.
- Each Faculty would be asked to review its administrative structure before the end of 2008 on the basis of indicative target savings that would be advised.

- The Deputy Vice-Chancellor had been asked to lead a group to look at the basic structure of the administrative divisions and report to the Vice-Chancellor in early Autumn. Any savings targets would be considered and agreed after a future organisational structure had been decided.

(B) **SCIENCE PARK**

The Pro-Vice-Chancellor for Research and the Director of Research and Enterprise Services drew attention to a document before the Council giving a progress report on a possible Lancaster Science Park development, and made the following additional points:

- on the basis of a recent report it seemed likely that any traffic issues arising from the development could be addressed through some relatively minor changes to local road routes;
- the City Council would be the lead organisation for any development, with the University strongly involved in the design and planning process as a partner organisation.

The Vice-Chancellor stressed the importance of the proposed project for both the University and the region, particularly in terms of the new jobs it would generate.

THE COUNCIL RESOLVED to receive the reports.

CO.08/57 Finance

*Documents: FO/08/72; FO/08/41 (previously circulated); FO/08/55 (previously circulated); FO/08/69; FO/08/71; FO/08/74; FO/08/70; FO/08/75; GAP/2008/0664*

(A) **REPORT OF DIRECTOR OF FINANCE AND RESOURCES**

The Director of Finance and Resources drew attention to his written report and also reported that the latest version of the Agresso finance system (5.5) had now gone live.

(B) **MANAGEMENT ACCOUNTS AS AT 31 MARCH 2008 AND 30 APRIL 2008**

The Director of Finance and Resources drew attention to the most recent Management Accounts (previously circulated to Council members) which continued to be in line with the latest outturn projections.

**(C) HEADLINE BUDGET**

As previously reported, the University's financial forecasts had been adversely affected by a number of factors, which included:

- a reduction to Lancaster's HEFCE grant resulting from the Government's withdrawal of funding for ELQ students;
- a greater than expected rise in the R.P.I.;
- increased utilities costs.

As a result, it was proving more difficult than expected to achieve the target 4% surplus and the Headline Budget for 2008/09 currently showed a surplus of circa £4.8m (3% of expected gross income) leaving a gap to be bridged of £1.6m. Although the University had already identified savings to address the first two issues identified above, which would increase the projected surplus to 3.5%, at this stage it had not proved possible to absorb the latest expected level of increased utilities costs. The Budget Review Group was to consider detailed options for further savings to enable the 4% target surplus to be achieved.

Council was therefore asked to approve the current Headline Budget on the understanding that further management decisions would be taken during the course of the year to ensure that the University achieved its minimum target surplus of 4%.

The following points were noted in discussion:

- (a) Council members stressed the importance of ensuring that an appropriate balance was maintained over the longer-term between salary and non-salary costs and addressing any associated structural issues;
- (b) the University would give a high priority to improving its energy efficiency and sustainability;
- (c) the University was confident that it would meet its admissions targets for 2008 entry.

**(D) RESIDENCES PHASE 5**

The Director of Finance and Resources stressed the significance for the University of the proposals being put forward, and reminded the meeting of the reasons why the Council had originally agreed that Lancaster should embark on the student residence project. These had included an urgent need to address a major maintenance backlog that had built up during the previous decade and a concern that the deteriorating quality of the estate had begun to have a deterrent effect on

student applications. After extensive discussion, it had been agreed that a partnership approach should be adopted, in which responsibility for building and maintaining student residences was transferred to a third party together with the associated rental income, but with the University continuing to be strongly involved in the day-to-day management of the residences and retaining control over the setting of rents and the letting of rooms. He believed that this approach had led to a successful major transformation of the quality of the campus environment and the residential stock. Council was now being asked to agree that the project be brought to completion in a final phase.

In summary it was proposed:

- that the lease for the majority of the University's retained estate should be transferred to UPP in return for an expected net inflow of £40m to the University's capital budget and a ground rent of 0.7m p.a. indexed to the R.P.I;
- that the lifecycle and facilities management costs for the residences concerned should be transferred to UPP.

The proposed arrangements were intended to ensure the proper long-term maintenance of all the University's residential estate, whilst also providing a cost effective means of raising the capital required for the University's planned investment for future growth. They would also remove the current requirement for the University to make top-up payments to UPP if target occupancy rates for student rooms were not achieved. All other arrangements with regard to the respective roles of UPP and the University in managing the student residences would remain unchanged. It was also proposed that the University should consider purchasing a 20% share holding in UPP to help ensure that the University had an ongoing role in the overarching management of the transferred estate and a share of any greater than expected profit, whilst also looking at possible alternative mechanisms to achieve these objectives.

The paper before Council included an analysis of alternative options for raising the required capital, comparing these with the proposal being put forward. Although in pure monetary terms the latter was not necessarily the cheapest option, it was important to take account of the transfer of risk from the University to UPP and the other benefits arising for the University. The options analysis, together with the proposals made in the paper, would be subject to checking and a value for money assessment by KPMG.

After giving careful consideration to the proposals, the Finance Committee had recommended that the Council should delegate authority to an Authorised Signatory Group to take all further actions necessary to conclude the terms of the Project and to reach Financial Close, subject to a range of conditions set out in the detailed resolution before the Council.

The following issues were amongst those raised in discussion by Council:

- (a) Council members stressed that there should be a careful appraisal of the merits of the proposal that the University should purchase shareholding in UPP before the Authorised Signatory Group was asked to make a decision on this issue;
- (b) the LUSU President expressed his general support for the proposals, whilst stressing the need to ensure that student concerns about the future management of the residences were addressed;
- (c) it was important to be certain that the benefits of the proposed arrangements justified any resulting loss of future flexibility for the University;
- (d) further information was requested on the extent of the contingent liability for the University associated with the new arrangements and where main risks would lie.

In response, the Director of Finance and Resources stated:

- (A) the purchase of any shareholding in UPP would only take place if the Authorised Signatory Group were satisfied that the concerns raised by the Finance Committee and the Council had been fully addressed;
- (B) UPP and the University had a common interest in ensuring that students received a high quality of service and it was a requirement that any new agreement should safeguard the University's existing level of control over the management of the student residences;
- (C) the sole contingent liability for the University would be for the remaining debt in the event of UPP defaulting, and the only foreseeable circumstance in which this eventuality could occur would be a very major drop in student demand that would impact heavily on the University regardless of the residences arrangements in place;
- (D) any loss of future flexibility had to be seen in the context of the University entering into an arrangement that (1) guaranteed the long-term future maintenance of the estate and (2) made available capital funding to invest in areas that had already been identified as immediate key strategic priorities.

**(E) CAPITAL BUDGET**

A proposed capital expenditure budget for the next three years was before the Council. The Council was asked to note:

- (a) that the plans set out were closely aligned to the University's agreed strategic objectives;
- (b) that the projects included in the plan would not proceed until the required funding being secured and they had been considered through the normal approvals process.

**(F) SPORTS CENTRE**

Proposals for the development of a new Centre for Sports and Recreation were before the Council. Particular attention was drawn to the following points:

- (a) the proposals had been approved by the Estates Committee and the Finance Committee;
- (b) at least one of the tenders received was within the proposed funding envelope of £20m;
- (c) a cautious approach had been adopted in the assumptions made about future income projections;
- (d) discussions would take place with the different user groups involved about the best ways of maximising the use made of the new facilities.

The following points were made in response to questions from Council members:

- (A) future maintenance costs had not been separately identified in the project costing as these were already allowed for in the overall budget for maintenance included in the University's financial forecasts;
- (B) there would be a business plan for the centre against which its success could be measured;
- (C) consultations would take place with all interested parties (including LUSU) about future subscription rates;
- (D) a detailed presentation of the plans for the new facilities would be brought to a future meeting of the Council.

**(G) GRIZEDALE COLLEGE SOCIAL SPACE**

A proposal to remodel the Grizedale College space and to relocate an existing electricity substation as part of the project was before the Council.

(H) **REPORT OF FINANCE COMMITTEE MEETING HELD ON 23 MAY 2008**

The report of the meeting was before the Council.

THE COUNCIL RESOLVED:

- (i) to receive and note the Director's report;
- (ii) to approve the proposed Headline Budget for 2008/09 and note the management challenge to achieve the minimum 4% surplus level;
- (iii) to note the Financial Forecasts to 2010/11 and the management challenge to deliver surpluses in line with the financial strategy;
- (iv) to invite the Director of Finance and Resources and the Vice-Chancellor (in consultation with the Chair of the Finance Committee) to report back to the Finance Committee and Council on the actions taken with regard to (i) and (ii) and the effect of those actions during the year;
- (v) to approve the resolutions set out in the paper *Proposals for the future management our retained residences (FO/08/71)*;
- (vi) to approve the proposed capital programme for 2008-2011;
- (vii) to approve the development of a new Centre for Sports and Recreation within a funding envelope of £20m subject to funding being available and the contract only being awarded after financial close is achieved on Phase 5 of the Residences Project;
- (viii) to approve a proposal for the remodelling of the Grizedale College Space and the relocation of an existing electricity substation within a funding envelope of £3.051m;
- (ix) to note the report of the meeting of the Finance Committee held on 23 May 2008 and to confirm the actions taken.

CO.08/58 Estates: report of meeting held on 8 May 2008

*Document: GAP/2008/0665*

THE COUNCIL RESOLVED to note the report of the Estates Committee and to confirm the actions taken.

CO.08/59 Human Resources: Staff Survey

*Documents: VC/08/R066*

[This item was deferred until the next meeting of the Council in October 2008.]

CO.08/60 Statutes and Ordinances

*Document: VC/08/R065*

THE COUNCIL RESOLVED:

- (i) to approve a Special Resolution to amend Statute 8 (The Court) for submission to the Privy Council;
- (ii) to accede to the amendment to the new Court membership Ordinance requested by the Senate;
- (iii) to approve the revised Ordinance;
- (iv) to review college syndicate membership of and attendance at Court in March 2010 and, if there has been little or no improvement by that time, implement the original recommendation of the Working Party at that time.

CO.08/61 Nominations Committee: report of meeting held on 23 May 2008

*Document: VC/08/R064*

THE COUNCIL RESOLVED:

- (i) to note the report of the meeting of the Nominations Committee;
- (ii) to approve a proposal from the Committee that, if changes were being made for other reasons to the relevant Statute, the power to remunerate members of the Council should be sought as an enabling mechanism, without prejudging any decision to exercise the power.

CO.08/62 Audit Committee: report of meeting held on 19 May 2008

*Document: VC/08/R059*

THE COUNCIL RESOLVED:

- (i) to note the report of the meeting of the Audit Committee;
- (ii) to approve a proposal that the appointment of PricewaterhouseCoopers as the University's External Auditor be extended for one further year to 31 2009 and that the external audit function be market-tested during 2008/09.

CO.08/63 Risk Register

*Document: FO/08/73*

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

CO.08/64 Key Performance Indicators

*Documents: GAP/2008/0668; GAP/2008/00669; GAP/2008/0670*

- (A) **BALANCED SCORECARD**
- (B) **THEMATIC REPORT ON ESTATES**

The Council noted:

- (a) the changes that had been made to the balanced score card with regard to (a) the calculation of undergraduate retention rates and (b) the addition of a new indicator showing the percentage of the University's total research grant income that comes from UK industry, commerce and public corporations;
- (b) that consideration would be given to identifying an appropriate indicator of the University's energy efficiency.

THE COUNCIL RESOLVED to receive the balanced scorecard and thematic report on Estates.

CO.08/65 Appointments

*Documents: GAP/2008/0662; GAP/2008/0646*

- (A) **REAPPOINTMENT OF PRO-VICE-CHANCELLOR FOR EXTERNAL RELATIONS**
- (B) **APPOINTMENT OF COLLEGE PRINCIPALS**

THE COUNCIL RESOLVED:

- (i) (on the recommendation of the Senate) that Professor Cary Cooper's current term of office as Pro-Vice-Chancellor for External Relations should be extended for a period of one year to 31 December 2009;
- (ii) (on the recommendation of the relevant Search Committees) that the following College Principals should be appointed to serve for a further term of office:
  - Dr Keith Davidson as Lonsdale College Principal;
  - Professor David Smith as County College Principal.

CO.08/66 Special meeting of the Court

*Document: GAP/2008/0663*

THE COUNCIL RESOLVED to note the action of the Chair in approving a proposal that a special meeting of the University Court should take place on 25 June 2008.

CO.08/67 Departing members

The Chair of the Council thanked the following members of Council who were about to complete their terms of office for their excellent contributions:

Dr Louise Banton  
Mr Alan Dick  
Mr Haydn Morris  
Mr Tim Roca  
Professor Anna Siewierska.

CO.08/68 Review of current meeting

Council members expressed themselves happy with the arrangements made.