

GAP/2008/1133r

LANCASTER UNIVERSITY

Minutes of a meeting of the Council
held on 21 November 2008

PRESENT: Mr B. M. Gray (in the chair), Vice-Chancellor, Dr L. J. Banton, Ms G. Gardner, Mr J. Hadfield, Professor S. Henig, Professor G. Johnes, Mr G. Johnson, Mr A. Johnston, Mr L. King, Councillor G. Marsland, Mr G. Middlebrook, Mr M. Payne, Professor D. B. Smith, Professor K. J. Stringer, Professor H. Thomason, Mr R. Turner, Ms L. Willis.

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

APOLOGIES FOR ABSENCE: Mr A. Baker, Ms H. Child, Professor P. J. Diggle, Mr A. McCarthy.

CO.08/87 Declaration of interests

There were no declarations of interest.

CO.08/88 Presentation: institutional performance

Document: GAP/2008/1070

The Vice-Chancellor gave a presentation on Lancaster's relative position in 2006-7 over a range of indicators, compared with the whole H.E. sector and with the 94 Group and Russell Groups. He drew particular attention to the following points:

- (a) Lancaster's total student population was near the median of both the whole H.E. sector and the 94 Group but significantly less than that of the Russell group;
- (b) Lancaster's percentage of postgraduate students as a proportion of its total student population was presently only around the sector median;

- (c) a majority of the 94 and Russell Group institutions had a higher proportion of overseas students than Lancaster (although this had to be seen in the context of a strong bias by overseas students towards studying at institutions in or near to London);
- (d) Lancaster's entry grades were now in line with the average for the 94 Group, which represented a significant improvement compared with the position five years ago;
- (e) Lancaster's student dropout rate was low in the sector context;
- (f) at present there were a relatively high number of part-time students at Lancaster (measured as a headcount) but this was expected to fall as the impact of HEFCE's ELQ funding changes and the University's decision to phase out the Open Studies programme took effect;
- (g) although the proportion of Lancaster's graduates who obtained employment six months after graduating was slightly above the sector median, the University scored less well when this measure was based on the numbers obtaining graduate level employment;
- (h) Lancaster's performance under the HEFCE widening participation indicators, compared with that of the 94 and Russell groups, showed a high proportion of students from state schools but a lower proportion of students from the target socio-economic groups (which was thought in part to be a consequence of the University's rural location);
- (i) Lancaster's staff student ratio was low compared with both the whole sector and the majority of 94 and Russell Group institutions;
- (j) the main financial indicators showed Lancaster's position to be stronger than that of the majority of the H.E. sector, with the University not over-dependent on HEFCE grant income or income from overseas students (both areas of potential vulnerability for the sector);
- (k) research grant income per academic staff f.t.e. was low compared with the majority 94 and Russell Group, but the University's performance under this measure looked significantly stronger if the figures were adjusted to take account of institutions' subject mix;
- (l) the recruitment of PhD students per academic staff was around the median for the 94 and Russell groups, but needed to be higher given the likelihood that in the future funding for PhD students would be concentrated in a smaller group of institutions;
- (m) the University needed to increase the proportion of its total research grant income that came from industry related sources.

THE COUNCIL RESOLVED to receive the report and to thank the Vice-Chancellor for his presentation.

CO.08/89 Minutes: report of meeting on 3 October 2008

Document: GAP/2008/1022

THE COUNCIL RESOLVED to approve the minutes as set out.

CO.08/90 Current schedule of future business

Document: GAP/2008/1024

THE COUNCIL RESOLVED to note the rolling schedule of business.

CO.08/91 Vice-Chancellor's report

Documents: VC/08/R094; VC/08/R093

(A) **VICE-CHANCELLOR'S WRITTEN REPORT**

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

- (a) Following the recent changes to the ministerial portfolios in the Department for Universities, Innovation and Skills, the Vice-Chancellor had met with the new Minister for Higher Education and Intellectual Property, David Lammy MP, and it was clear that the Government would be expecting universities to play a key role in helping regional businesses meet the challenges posed by the current financial crises and that an important debate was taking place about the methodologies that might be used in the new Research Excellence Framework (REF) and for the future distribution of QR funding.
- (b) The reports on issues in higher education commissioned by John Denham were shortly to be published, and would include a report on Intellectual Property and Research Benefits produced by the Vice-Chancellor.
- (c) The following important developments had taken place since the Vice-Chancellor had written his report:
 - it had been announced that Sir Alan Langlands (currently Vice-Chancellor of the University of Dundee) had been appointed as the new Chief Executive of HEFCE;

- in response to a projected overspend on student support the Government had announced a moratorium on the award of any further Additional Student Numbers for 2009-10 (which meant that a planned bid by the School of Health and Medicine for ASNs in the health sciences could not now go ahead).

In response to questions from Council members, the Vice-Chancellor and others stated:

- (a) although it was important that the University should continue to feature in the top 200 of the main international university league tables, not too much significance should be ascribed to year-on-year movements within this band, which were often the result of changes in the methodologies used by the compilers;
- (b) the University was looking closely at its current projections for future overseas recruitment in the light of the current global financial crises: although the many variables involved made it hard to produce reliable predictions it thought important (i) to ensure that the University's recruitment base was as wide as possible and (ii) to establish a greater physical presence in key overseas territories.

(B) REVIEW OF UNIVERSITY'S CENTRAL ADMINISTRATION

The Vice-Chancellor reported that the review he had commissioned of the structure of the University's central administration had been completed and that he had accepted the main recommendations made by the review group. The most significant of these were:

- the establishment of a clearer separation between the governance of the University, which would fall under the aegis of the University Secretary (whose office would also have an important role to play in policy development), and the management of its operational activities, which would be brought together in a new single organisational structure under a new post of Chief Operating Officer;
- a reduction in number of Pro-Vice-Chancellors from four to two, with consequent adjustments to their portfolios, and the creation of a new permanent post of Deputy Vice-Chancellor: both of the latter changes would require the approval of Council and proposals would be brought forward in 2008-9.

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

CO.08/92 LUSU President's report

Documents: GAP/2008/1025; GAP/2008/1047

(A) **PRESIDENT'S WRITTEN REPORT**

The LUSU President, Michael Payne, drew attention to his written report and the following points:

- (a) LUSU had made a submission on behalf of students to the forthcoming QAA Institutional Audit, which had met with positive feedback from the University: a formal response would be made by the Director of Undergraduate Studies and the Pro-Vice-Chancellor for Colleges and the Student Experience;
- (b) proposals for restructuring LUSU's sabbatical posts were currently under discussion;
- (c) important changes to the governance structure of the NUS had been approved by the annual conference.

In response to questions from Council members the LUSU president stated:

- (A) the criteria that would be used to select persons to serve on LUSU's new Trustee Board specified that they would be expected to have a significant breadth of work and life experience;
- (B) LUSU understood the reasons why it had not been possible for the University to provide additional resources to support a student employment fund in 2008-9, and appreciated the flexibility that was being shown in response to requests for other forms of support.

(B) **LUSU ACCOUNTS, 2007-8**

The LUSU accounts before the Council had been before both the Finance and Audit Committees.

THE COUNCIL RESOLVED:

- (i) to receive the President's report;
- (ii) to receive the LUSU accounts for 2007-8.

CO.08/93 Audit

Documents: VC/08/R089; VC/08/R084; GAP/2008/1052

- (A) **REPORT OF AUDIT COMMITTEE MEETING ON 24 OCTOBER 2008**
- (B) **ANNUAL REPORT OF THE AUDIT COMMITTEE**
- (C) **ANNUAL REPORT OF THE INTERNAL AUDITORS**

THE COUNCIL RESOLVED:

- (i) to receive and note the annual report of the Audit Committee and the report of the internal auditors for 2008-09;
- (ii) to receive and note the report of the meeting of the committee on 24 October 2008.

CO.08/94 Finance

Documents: FO/08/119; FO/08/77 (previously circulated); FO/08/87 (previously circulated); FO/08/92 (previously circulated); FO/08/116 (previously circulated); FO/08/121; FO/08/123; FO/08/120; FO/08/124; GAP/2008/1026

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

The Director drew attention to the written report before the Council and reported that the recent rapid reduction in interest rates that had taken place since the report was written was not expected to have an overall adverse effect on the University's finances.

In response to a question from a Council member he stated that the primary criterion used by the University in deciding where to invest its funds was the credit rating of financial institutions rather than the returns offered.

- (B) **MANAGEMENT ACCOUNTS FOR 31 MAY 2008, 30 JUNE 2008, 31 JULY 2008 AND 30 SEPTEMBER 2008**

The latest Management Accounts for October continued to be in line with the headline budget for 2008-9.

- (C) **STATUTORY ACCOUNTS FOR 2007-8**

The Director drew attention to the following points:

- (a) the Accounts showed that the University had achieved an underlying surplus of 4.9% of turnover for 2007-8, exceeding the target of 4%;

- (b) the University had also generally performed strongly against the financial KPIs set by the Council, although the underlying increase in staff costs meant that future levels of pay settlements in the H.E. sector and increases in pension costs would have an inevitable impact on the University's ability to support new posts.

(D) **FINANCIAL FORECASTS**

The Director reminded the Council that HEFCE now required the Financial Forecasts to be submitted alongside the Statutory Accounts and noted:

- (a) that, after revision to take account of updated assumptions, adjustments to planned expenditure, and the latest student recruitment figures, the 2008-09 headline budget now showed a projected surplus of 4% in line with the University's target;
- (b) the forecasts for 2009-10 and beyond were based on current assumptions and would be kept under review;
- (c) the forecasts assumed that Phase 5 would be completed within the current financial year.

The Director and others made the following additional points in response to questions from Council members:

- (i) the projected net cash inflows in the financial forecasts took account of the expected effect of the University's planned investment in new fixed assets on future depreciation;
- (ii) the University recognised the challenges that would be involved in keeping future staff costs below the limit of 60% of total expenditure that had been set by the Council.

(E) **STUDENT LEARNING ZONE: CAPITAL PROPOSAL**

A proposal was before Council for the approval of the Learning Zone project (which was part of the most recently approved Capital Plan) within a funding envelop of £3m.

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

- (a) it had been agreed that paid student helpers should be employed to staff the Learning Zone during normal working hours (through an extension of the IT Help Desk scheme already ready run by ISS);

- (b) the Learning Zone was primarily intended for the use of students, but staff would not be excluded from making use of its facilities;
- (c) the opening hours for the associated café were likely to be tied to those for Bowland College bar (although they would still be separate facilities).

(F) **PHASE 5 RESIDENCES PROJECT**

The report before Council provided an update on current discussions and negotiations regarding the proposed Phase 5 transaction. The Director drew Council's attention to the following points:

- (a) it was still thought possible to bring the project to a successful conclusion within the parameters set by the Council, on the basis of the required funding being provided by a consortium of banks and backed by a credit rating;
- (b) for this to take place it was likely (i) that the banks would require a reduction in gearing through a reduction in the total project debt, and (ii) the initial debt term would need to be 5 years with refinancing after this point to take advantage of improved financial conditions;
- (c) a key factor would be the need for the banks to obtain the approval of their credit committees for any proposed transaction and the timing of when this would take place;
- (d) contingency plans had been drawn up to cover the eventuality that Phase 5 could not proceed as intended, which would form the basis of new proposals for the Council's consideration if required.

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

- (i) the margin required by the banks was strongly influenced by the proposed initial debt term, and the 5 year period currently being proposed was a negotiating point that could change;
- (ii) the possibility of the University taking an equity stake in UPP was not part of the currently proposed transaction, and any such proposal would be brought separately to the Council;
- (iii) although the rapid reduction in short-term interest rates currently taking place was helpful, the effect of this was less influential on the more relevant long-term rates.

(G) **REPORT OF FINANCE COMMITTEE MEETING ON 31 OCTOBER 2008**

The report of the Committee was before the Council.

THE COUNCIL RESOLVED:

- (i) to receive the report of the Director;
- (ii) to approve the annual accounts for the University for the financial year 2007/08 and to note the management representation letter;
- (iii) to approve the Financial Forecasts to 2012 for submission to HEFCE;
- (iv) to approve the Learning Zone capital project within a funding envelope of £3m;
- (v) to note the report on the Phase 5 Residences Project and to invite the Director of Finance and Resources together with the Director of Estate Management to conclude commercial negotiations and bring back final proposals to the Authorised Signatories Group in line with the Council resolution of 13 June 2008;
- (vi) to note the report of the Finance Committee and to confirm the actions taken.

CO.08/95 Governance

Documents: VC/08/R088; VC/08/R091

- (A) **REAPPOINTMENT OF CHANCELLOR**
- (B) **UNIVERSITY LIBRARIAN**

THE COUNCIL RESOLVED:

- (i) to note and endorse the recommendation of the University Secretary that a proposal be put to the annual meeting of the University Court in January 2009 that Sir Christian Bonington be reappointed as the University's Chancellor for a further term of five years;
- (ii) to note the Chair's action in approving the appointment of an Acting Librarian and to authorise the Chair to approve any extension to this arrangement as required.

CO.08/96 Human Resources

Documents: GAP/2008/1061; VC/08/R092; GAP/2008/1027

(A) **UCEA PAY NEGOTIATION FRAMEWORK**

The University Secretary introduced a document setting out the background to current and possible future pay negotiation arrangements, and recommending that the University should opt into the UCEA pay negotiation framework for the forthcoming pay round. She drew particular attention to the following points:

- (i) it was the Council's responsibility to determine the University's pay bargaining arrangements;
- (ii) this was the first time UCEA had required universities to opt into the national framework;
- (iii) opting into the new framework would require the University to follow a common UCEA code of practice on withholding pay in cases of full or partial strike action;
- (iv) the negotiating procedures had been subject to extensive reform since the last pay round and were now based on a single-table bargaining mechanism with an agreed timetable and dispute resolution procedure;
- (v) currently all the trade unions, with the exception of UCU, had agreed to participate in the new arrangements.

The following points were noted in discussion:

- (a) that whilst the Human Resources Committee had accepted the view that the University should opt into the national arrangements for the next pay round, the Committee had also stated that the University should build a greater capacity to establish a local pay bargaining framework in case this should become necessary or desirable: this position was strongly endorsed by several Council members;
- (b) UCEA had informed UCU that any pay claim made by them could only be considered through the new single table arrangements;
- (c) the forthcoming pay negotiations would be informed by the outcome of separate discussions that were currently taking place regarding pension arrangements in the H.E. sector.

(B) PAY COHORT ANALYSIS

A document was before the Council that set out some illustrative examples of the total increase in academic staff pay over the three year period since the last pay settlement.

(C) REPORT OF HUMAN RESOURCE COMMITTEE MEETING ON 31 OCTOBER 2008

THE COUNCIL RESOLVED:

- (i) to approve the proposal that the University should opt into the national UCEA framework for pay negotiations for the forthcoming pay round, whilst endorsing the comments made on this topic by the Human Resources Committee;
- (ii) to note the pay cohort analysis;
- (iii) to note the report of the Human Resources Committee and to confirm the actions taken.

CO.08/97 Report of Nominations Committee

Document: VC/08/R097

THE COUNCIL RESOLVED:

- (i) to approve the following recommendations of the Nominations Committee:
 - that John Hadfield be reappointed as a member of Council and Chair of the Audit Committee for the period 1 March 2009 to 28 February 2012;
 - that Paul McKoen be appointed as a co-opted member of the Audit Committee for three years from 1 February 2009 to 31 March 2012;
- (ii) to note the decision of the Nominations Committee to appoint Lord Taylor and Dame Kathleen Ollerenshaw as life members of the University Court.

CO.08/98 Appointments

Documents: GAP/2008/1075; GAP/2008/1030

- (A) **REAPPOINTMENT OF PRO-VICE-CHANCELLOR FOR RESEARCH**
- (B) **EMERITUS AND CONTINUING MEMBERSHIP APPOINTMENTS**

THE COUNCIL RESOLVED:

- (i) (on the recommendation of Senate) to reappoint Professor T. J. McMillan as Pro-Vice-Chancellor for Research for the period of four years from August 2009 to 31 July 2013;
- (ii) to approve the new emeritus and continuing membership appointments as set out.

CO.08/99 Risk Register

Documents: FO/08/122; FO/08/125

The Council received the latest version of the institutional risk register and noted:

- (a) that as requested at a previous meeting, some additional contextual information had been included;
- (b) some of the risks shown had been revised in the light of recent changes in the financial environment and developments in the H.E. sector;
- (c) the framework used for the risk register would be reviewed as part of the planned renewal in 2009 of the University's Strategic Plan.

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

CO.08/100 Key Performance Indicators

Document: GAP/2008/1076; GAP/2008/1083

THE COUNCIL RESOLVED to note the latest balanced scorecard of key performance indicators.

CO.08/101 Use of University Seal

Document: VC/08/R090

THE COUNCIL RESOLVED to receive the latest report on the use of the University Seal.

CO.08/102 Senate: report of meeting on 8 October 2008

Document: GAP/2008/1029

THE COUNCIL RESOLVED to note the report of the Senate meeting.

CO.08/103 Review of current meeting

It was noted that amount of supporting paperwork in the agenda for the November meeting resulted from the statutory requirement for the Council, as the University's governing body, to approve several key documents including the university accounts.