

**GAP/2008/0952**

**LANCASTER UNIVERSITY**

Minutes of a meeting of the Council  
held on 3 October 2008

**PRESENT:** Mr B. M. Gray (in the chair), Vice-Chancellor, Mr A. Baker, Dr L. J. Banton, Ms H. Child, Professor P. J. Diggle, Mr J. Hadfield, 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, Ms L. Willis.

**IN ATTENDANCE:** Miss F. M. Aiken, Professor A. G. Chetwynd, Mr P. M. Graves, Mr D. Hogan, Professor A. M. McEnery, Professor R. D. McKinlay, Mr A. C. Neal, Mr M. Swindlehurst, Ms V. Tyrrell.

**APOLOGIES FOR ABSENCE:** Ms G. Gardner, Professor S. Henig, Mr A. McCarthy, Mr R. Turner.

CO.08/69 Welcome to new and returning members

The Chair welcomed the following new and reappointed Council members:

Dr Louise Banton (reappointed by the Senate)  
Professor Peter Diggle (appointed by the Senate)  
Mr Andy Baker (appointed by the non-academic staff of the University)  
Mr Andy Johnston (LUSU representative)  
Mr Laurence King (appointed lay member of the Council)

CO.08/70 Declaration of interests

There were no declarations of interest.

CO.08/71 Presentation: Dean, Faculty of Arts and Social Sciences

*Document: GAP/2008/0865*

The Dean of the Faculty of Arts and Social Sciences, Professor Tony McEnery, gave a presentation on the Faculty's strategic position and future objectives. Having now been in post for six months, he believed the issues he had identified during the selection process for the new Dean still held true and, despite the Faculty's strengths, the policies pursued to date had not yet succeeded in providing a sustainable basis for its activities. It was therefore necessary to review these in the light of a changed national context.

He drew particular attention to the following points:

- the change in government policy to place a greater emphasis on the importance of knowledge transfer activity;
- the release of the 2008 Research Assessment Exercise results in December;
- the planned introduction by HEFCE of a new Research Excellence Framework, to replace the current RAE system as the main driver for the allocation of HEFCE research funding;
- the introduction of variable tuition fees for undergraduate students;
- the changing postgraduate market;

and summarised the Faculty's proposed strategic approach under the following headings:

*Undergraduate Recruitment*

There had been a fall in the proportion of the Faculty's students achieving 1sts or 2:1s and was important to attract students with higher A-level scores. Therefore, following on from its success reversing a decline in the total number of undergraduate applications received, the Faculty would now focus on raising departments' standard A-level offers wherever possible.

*Postgraduate Recruitment*

Most faculty departments had seen a significant reduction in postgraduate recruitment (against a background of increased PGT recruitment across the whole H.E. sector), a decline which needed to be reversed. The Faculty was therefore reviewing its postgraduate portfolio and exploring ways of improving its marketing and recruitment processes. A key investment would be to develop new vocationally orientated PGT programmes in the newly established Lancaster Institute for Contemporary Arts, for which external funding would also be sought.

### *Finance and Resources*

Over the past two years the Faculty had performed poorly against budget targets for the generation of non-HEFCE income (in part because of an understandable emphasis on conventional research activities in the run up to the 2008 RAE), and had not achieved its target salary gap savings. He believed it was important that the Faculty should give a high priority to achieving a position of greater financial stability, not as an end in itself but to provide a stable basis for pursuing its academic objectives. The Faculty had therefore introduced a range of measures, including a new policy on the replacement of departing staff in which there were no automatic replacements or like-for-like replacements, and it would normally be expected that there should be a gap of one year before a new appointment was made. This policy had the support of all faculty departments and was a major driver in moves to correct the current budgetary imbalance.

It was also important for the Faculty to regroup and re-organise its activities where necessary, ensuring that cognate academic units worked in co-operation to common goals. To this end reviews had, or were to take place, of activities in the Institute for Advanced Studies, European Languages and Cultures, History, Religious Studies, and LICA.

He drew attention to LICA as an area in which there had been a successful strategy to increase non-HEFCE grant income and achieve a long-term increase in contribution to overheads as the result of strategic investments.

\* \* \*

Overall the Faculty would take a long-term approach to developing its strategy and plans, underpinned by effective monitoring of the performance of academic departments and a willingness to intervene if this was required.

The Dean concluded his presentation by stressing the importance of the arts and social sciences to Lancaster's academic identity and mission, and his belief that the Faculty would continue to work at the cutting edge of its intellectual disciplines.

In discussion the following additional points were made by the Dean to questions from Council members:

- (a) the policy requiring a standard one year gap before the replacement of departing staff was not applied mechanistically, and account was taken of departments' individual circumstances;

- (b) although the Faculty had gone into Clearing in August for a short period, it had not been dependent on this to achieve its undergraduate admissions targets and in the great majority of cases had only recruited additional students through Clearing whose A-level grades were as good, or better, than those already admitted;
- (c) it was important that the Faculty took full advantage of the opportunities arising from the common intellectual ground occupied by many of its academic departments;
- (d) incentives would be put in place to encourage staff to make more applications for external grant funding;
- (e) important links had been established between LICA and the Management School;
- (f) the Faculty's emphasis on raising the entry grades of its undergraduate students was a recognition of the importance of academic excellence for a research-led university.

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

CO.08/72 Minutes: report of meeting on 13 June 2008

*Document: GAP/2008/0843*

THE COUNCIL RESOLVED to approve the minutes as set out.

CO.08/73 Current schedule of future business

*Document: GAP/2008/0866*

THE COUNCIL RESOLVED to note the rolling schedule of business.

CO.08/74 Vice-Chancellor's report

*Document: VC/08/R078*

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

- (a) Recent demolition work taking place as part of the current Grizedale new build had revealed a need for an additional structural wall in part of Pendle College which had required some incoming Pendle students to be temporarily re-housed. The necessary remedial work was being given a high priority and was expected to be complete within the next few weeks.

- (b) The new County and Grizedale residences had been selected as a UK BREEAM (Building Research Establishment Environmental Assessment Method) award winner in the Multi-Residential category.
- (c) New student registrations for 2008-9 were expected to be at least 200 higher than those for 2007-08.
- (d) The results of the 2008 National Student Survey had again confirmed a high level of overall student satisfaction with the academic experience at Lancaster, but had also highlighted some points for possible improvement in the area of academic assessment and feedback that would be addressed.
- (e) The final report of the group reviewing the future of activities in the Department of Continuing Education had now been considered by UMAG and the Vice-Chancellor had accepted the latter's recommendation that he approve all the proposals made in the report. As a result the Department would in future concentrate on widening participation activities and summer schools, and the Open Studies programme would be phased out over a three-year period (with the exception of the Languages for All programme which was being considered for possible transfer to FASS). In the light of the staff reductions already achieved it was not thought necessary to consider the possibility of making any staff redundant. The Vice-Chancellor placed on record his thanks to Professor Bob McKinlay and the review group for their work, which he believed had resulted in a positive outcome.
- (f) It was clear that the current financial situation was likely to impact on all Universities over the next few years, but the Vice-Chancellor was confident that Lancaster was in a strong position to face the challenges involved.
- (g) The Vice-Chancellor drew attention to the following issues which had been discussed at the recent UUK annual conference:
- a revaluation of the USS pension scheme had shown that a 2% increase in the contribution rate would be required to meet future liabilities and that changes to the pattern of final salaries could result in additional liabilities that would need to be met;
  - it was clear that there would be major payroll pressures on all H.E. institutions and there was an emerging consensus that the costs and benefits of staff pension schemes would need to form part of future pay negotiations;
  - the new joint negotiating committee set up by UCEA had met for the first time and a timetable for future meetings up

to 19 May had been agreed; if by this point no agreement had been reached on the next pay settlement the dispute resolution process would come into play; although UCU had not yet agreed to participate in the new committee they had attended the meeting as observers;

- the salary increase for the last stage of the existing pay settlement would be dependent on the RPI rate for October: current projections suggested this would be around 5%;
- the Secretary of State for Innovation, Universities and Skills, John Denham, and his opposite number in the Conservative Party, David Willets, had both addressed the conference: the speech of the latter had made it clear that the new tuition fee system would remain in place regardless of who formed the next government;
- the thematic reviews that had been commissioned by DIUS as part of an ongoing review of overall H.E. policy were due to report in November;
- the report of the National Council for Academic Excellence had recommended that Universities should not include the new A-level A\* grade in conditional entry offers until some experience had been gained on how the new grade worked in practice; the Council had also recommended that more work should take place in Primary Schools to raise aspirations and that universities and comprehensive schools should work more closely together in efforts to widen participation.

CO.08/75 LUSU President's report

*Document: GAP/2008/0849*

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

- (a) very positive feedback had been received on the recent Open Days and the intro week for new students (which had included an increased number of alcohol-free social events): the President expressed his thanks to college staff and college JCRs for their very positive role in organising intro week;
- (b) he was pleased to report that constructive discussion had taken place with the University regarding the recent management reorganisation of some college bars, although he believed that it would have been helpful if there had been consultations with LUSU at an earlier stage.

CO.08/76 Finance

*Documents: FO/08/101; FO/08/102; GAP/2008/0872;  
GAP/2008/0873*

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

The Director of Finance and Resources drew attention to his written report and highlighted the following points:

- (a) the provisional financial results for 2007-08 showed an historic cost surplus of 4.6% of turnover, which had resulted in the availability of significant cash reserves to support future investment;
- (b) a review would take place of the budget for 2008-9 at the end of October to consider whether additional measures (which had already been identified) could need to be taken in order to achieve the target surplus of 4.0%.

In response to a question from a Council member the Director advised that there had been wide consultation with the H.E. sector concerning the assumptions and methodology used in the revaluation of the USS pension scheme.

(B) **PHASE 5 OF THE RESIDENCES PROJECT**

Despite the current exceptional turbulence in the financial markets, it was still thought possible that an agreement could be reached within the terms of the resolution adopted by the Council. The current position could be summarised as follows:

- (a) the original intention that any funding agreement should be on the basis of bank debt with a monoline wrap (i.e. achieving a higher credit rating through the involvement of a third party to underwrite the debt) was no longer practical following a reappraisal by credit agencies of the security of monolines;
- (b) Dexia bank had indicated that it continued to be interested in reaching agreement, (following its refinancing by European governments) and current discussions also involved another interested bank;
- (c) the key issue was whether it was possible to reach a financing agreement that remained within the parameters previously agreed by the Council;

- (d) because of the strength of the University's cash reserves, the only element of the current capital programme where the timetable for implementation would be directly affected by Phase 5 was the Sports centre, and there were alternative methods of financing the latter open to the University;
- (e) it was expected that a definite conclusion one way or another would be reached within a month.

(C) **REPORT OF THE AUTHORISED SIGNATORIES GROUP MEETING ON 12 SEPTEMBER 2008**

The report of the meeting was before the Council.

(D) **REPORT OF THE FINANCE COMMITTEE MEETING ON 12 SEPTEMBER 2008**

The report of the meeting was before the Council.

THE COUNCIL RESOLVED:

- (i) to receive and note the Director's report;
- (ii) to note the latest developments concerning the Phase 5 residences project and await further updates;
- (iii) to note the report of the meeting of the Authorised Signatories Group on 12 September 2008;
- (iv) to note the report of the meeting of the Finance Committee held on 12 September 2008 and to confirm the actions taken.

CO.08/77 Human Resources: Staff Survey

*Document: VC/08/R066*

The Vice-Chancellor gave a presentation on the results of the 2008 Staff Survey, and highlighted the following points:

- (a) the same company conducted the latest survey as in 2003 and 2005 and broadly similar questions used, which had allowed historical benchmarking against previous results, and some limited degree of national benchmarking;
- (b) additional questions had been added regarding performance review/appraisal and communications;
- (c) 53% of staff took part in the survey (cf. 49% in 2005);
- (d) although there had been some significant changes within individual staff groups overall the results were very similar to the 2005 survey;

- (e) areas of strength included:
  - the pride taken in the University by staff and support for the University's values;
  - good levels of work satisfaction;
  - pay levels are regarded as fair and jobs security was seen as high;
  - most staff felt the University was well managed;
- (f) the high level issues for possible concern revealed by the survey could be summarised as:
  - concerns about workload pressure;
  - some incidence of perceived bullying;
  - a sense that the University was not always successful in communicating with staff;
  - some negative perceptions by the technical staff group.

The Vice-Chancellor concluded by drawing attention to the actions which had taken place in response to the 2005 staff survey, and some current and planned actions that were relevant to the 2008 staff survey. Projects already completed included the job evaluation exercise, harmonisation of the grade structure and benefits and the introduction of a new professorial pay and review system. Projects currently in progress or planned included the business process reviews, an expansion of the management development programme, moves to improve communication (including a web site infrastructure project) and the introduction of a flexible benefits scheme.

In response to questions from Council members the Vice-Chancellor also stated:

- (i) it was recognised that administrative pressure on academic heads of department sometimes prevented them from devoting enough attention to academic leadership: in this respect the introduction of the HR partners had been a recent positive development, and it was hoped that the ongoing business process reviews would help streamline administrative procedures in the University;
- (ii) the concerns expressed by research staff about their job security was an inevitable consequence of the fact that many research assistant posts were dependent on time-limited funding sources;
- (iii) a report would be made to the Council on the final take up of the new flexible benefits scheme.

THE COUNCIL RESOLVED to note the report.

CO.08/78 Risk Register

*Document: FO/08/106*

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

CO.08/79 Key Performance Indicators

*Documents: GAP/2008/0864; GAP/2008/0861; GAP/2008/0836*

- (A) **BALANCED SCORE CARD**
- (B) **THEMATIC REPORT: TRANSFORMATIONAL PROJECTS**

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

CO.08/80 Report of the Nominations Committee

*Document: VC/08/R074*

THE COUNCIL RESOLVED:

- (a) to receive the report of the Nominations Committee;
- (b) to approve the recommendation of the Committee that Mr Laurence King be appointed as a lay member of Council for three years from 3 October 2008. [This item was taken at the start of the meeting to allow Mr King to be attendance for the full duration.]

CO.08/81 Report of the Human Resources Committee: 23 May 2008

*Document: GAP/2008/0870*

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

CO.08/82 Report of the Audit Committee: 5 September 2008

*Document: GAP/2008/0839*

THE COUNCIL RESOLVED to note the report of the Audit Committee.

CO.08/83 Report of Senate: 21 May 2008

*Document: GAP/2008/0856*

THE COUNCIL RESOLVED to note the report of the Senate.

CO.08/84 Indemnity for Directors

*Document: VC/08/R077*

THE COUNCIL RESOLVED to note a report setting out the current level of indemnity cover for its officers, Council members, employees of the University and directors of its wholly owned subsidiary companies.

CO.08/85 Emeritus and continuing membership appointments

*Document: GAP/2008/0881*

THE COUNCIL RESOLVED to approve new emeritus and continuing membership appointments as set out.

CO.08/86 Review of current meeting

Council members expressed themselves happy with the arrangements made.