

GAP/2009/0625

LANCASTER UNIVERSITY

Minutes of a meeting of the Council
held on 19 June 2009

PRESENT: Mr B. M. Gray (in the chair), Vice-Chancellor, Dr L. J. Banton, Professor P. J. Diggle, Mrs G. Gardner, Mr J. Hadfield, Professor S. Henig, Professor G. Johnes, Mr G. Johnson, 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, Professor A. G. Chetwynd, Mr A. C. Neal, Mrs S. Randall-Paley, Professor D. W. Seward, Mr M. Swindlehurst, Ms V. Tyrrell, Mrs L. M. Wareing.

APOLOGIES FOR ABSENCE: Ms H. Child, Mr Simon Rimington, Mr Andy Baker.

CO.09/48 Declarations of interest

There were no declarations of interest.

CO.09/49 Presentation: Director of Regional Outreach

Document: GAP/2009/0600

The Director of Regional Outreach, Professor Derek Seward, gave a presentation on the University's Regional Academic Outreach activities which he categorised under three main headings:

- in-house delivery
- collaboration with partner colleges in the north-west region
- lifelong learning networks.

THE COUNCIL RESOLVED to receive the report and to thank Professor Seward for his presentation. The Chair noted that Professor Seward would be retiring this summer, and thanked him for his work in the Department of Engineering and also, within the region, on behalf of the University.

CO.09/50 Minutes: report of meeting on 8 May 2009

Document: GAP/2009/0585

THE COUNCIL RESOLVED to approve the minutes as set out.

CO.09/51 Current schedule of future business

Document: GAP/2009/0608

THE COUNCIL RESOLVED to note the rolling schedule of business.

CO.09/52 Vice-Chancellor's report

Document: VC/09/R072

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

- (a) The recent successful Staff Prizes event held on 16 June which was a showcase for the variety and quality of staff endeavour.
- (b) In relation to national pay negotiations it was reported that the cycle of meetings organised through JINCHES has now ended with all the offers made rejected by the trade unions. The Vice-Chancellor reported that a meeting at ACAS had taken place on 16 June and that further meetings were expected to take place over the summer with a conclusion reached before the autumn. A further report would be made to the October meeting of Council.
- (c) Concerns about the long-term viability of the USS pension scheme have led to the emergence of proposals for change which will be trailed throughout the HE sector prior to a formal consultation in October 2009. The Vice-Chancellor emphasised the importance of early discussion and agreement given that the USS regulators will review the scheme again in 2011 and will impose changes unless appropriate adjustments to secure the scheme have been made in the meantime.
- (d) The Department for Innovation, Universities and Skills has been incorporated into the newly created Department for Business, Industry and Skills headed by Lord Mandelson. The DIUS ministerial team: David Lammy (Higher Education and Intellectual Property), Lord Drayson (Science and Innovation), and Lord Young (Student Issues) will retain their existing briefs in the new department. Lord Mandelson was briefed by university representatives on 18 June and it is thought likely

that the agenda prepared by John Denham will emerge in a White or Green Paper later this year which will probably contain a proposal to trigger the long anticipated review of student fees. The Vice-Chancellor undertook to keep Council members informed over the summer as the content of a White or Green paper would shape Council business over the coming months.

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

CO.09/53 LUSU President's report

Document: GAP/2009/0596

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

- (a) The annual Roses Match, hosted and won by York, had been a great success in spite of the fact Lancaster had lost. LUSU had been greatly impressed by the organisation of the event and the way in which it had been embraced by the whole university and local community, something which LUSU hoped to emulate at Lancaster in future years.
- (b) The new LUSU sabbatical officers were due to take up their posts during the week beginning 22 June 2009 and had undergone a training and induction programme during which there had been a useful dialogue with the Chancellor of the University. During their first week of office they would be participating in an awards event organised by the Facilities Division.
- (c) The LUSU President expressed his gratitude to members of Council for their support on student issues throughout the preceding year.

The Chair thanked Simon Rimington for his contribution to Council during his term of office and welcomed back Michael Payne for another year following his re-election as LUSU President.

THE COUNCIL RESOLVED to receive the LUSU President's report.

CO.09/54 Finance

Documents: FIN/09/28; FIN/09/22 (previously circulated); FIN/09/29; COO/09/19; COO/09/30; COO/09/18; GAP/2009/0579 (Restricted); COO/09/21 (Restricted); GAP/2009/0598; GAP/2009/0599 (Restricted)

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

The Director of Finance, Sarah Randall-Paley, drew attention to the written report before Council.

(B) **MANAGEMENT ACCOUNTS AS AT 30 APRIL 2009**

The latest Management Accounts had been circulated to Council members.

(C) **HEADLINE BUDGET AND FINANCIAL FORECASTS**

The Director of Finance reported that quarterly monitoring would be undertaken, starting in October, to ensure that there is sufficient resilience for the University to achieve its target surplus of 4% in 2009/10, given that it is already known that 2010/00 will be a difficult year.

The Chair thanked all those people who had been involved in producing the headline budgets and financial forecasts and then invited questions and comments.

By way of contextual information, the Vice-Chancellor reported on the various funding scenarios currently under discussion in Whitehall. Although the worst-case scenario might be a 30% reduction in HE investment, informed opinion is that the reduction will be in the range of 10-15% which puts in perspective the three years 2010/11-2012/13 and highlights the need to keep payroll expenditure below the level of income generation.

The Chair of the Finance Committee commended the headline budget to Council and during the ensuing discussion and questions, the following points were made.

- (a) The University is attempting to secure continuing overseas student fee income by increasing the number of countries from which the University recruits overseas students.

- (b) That although the main discretionary spend is Capital Expenditure, the buildings currently under construction are more sustainable and are expected to have a longer life than those built in past decades.
- (c) Achieving a 4-5% surplus remains the intention for 2009/10 but the University needed to try to prepare for what might happen in subsequent years, given that a 10% cut in HEFCE income (currently 29p of every £1) would lose us another 2/3p in every £1. The University needs to continue to reduce its reliance on HEFCE income, a policy which has already been adopted, and which is reflected in the Strategic Plan, in order to give the University more financial resilience.
- (d) That the Secretary of State for Business, Industry and Skills has been apprised of serious sector-wide concerns about the PBS visa application system which may adversely affect overseas student admissions in October 2009 and, as a consequence, it is hoped that there will be some relaxation on the part of the Home Office and the UK Border Agency in the application of the new procedures.

(D) **CAPITAL EXPENDITURE BUDGET 2009-2012**

The Chief Operating Officer explained that all the proposals set out in the Capital Expenditure budget now before Council are in line with revenue budget assumptions and met agreed criteria in that they will all have a direct and immediate beneficial impact.

The Chair reminded Council that their approval was being sought for the overall Capital Expenditure budget as set out and not for the individual projects within it, which would be considered separately in due course.

(E) **NEW ENERGY CENTRE PROPOSAL**

The Chief Operating Officer explained that the proposal aims to replace the University's original boiler with one which is more energy efficient and environmentally friendly, thereby both reducing costs and helping the University reach its CO₂ emission target.

(F) **LICA PROJECT**

The Chief Operating Officer reminded Council of the logic behind investing in LICA given its recent RAE success and its potential for increasing PGT and PGR recruitment. He reported that the project is already out to tender and the quotes received gave confidence that the project would be deliverable within the budget.

(G) **AUTHORISED SIGNATORIES GROUP**

[This minute is *Restricted* and has only been circulated to Council members and Officers of the University officially in attendance.]

(H) **REFINANCING OF CAPITAL PROGRAMME: CONFIRMATION OF PROJECT AND FINANCIAL CLOSE**

[This minute is *Restricted* and has only been circulated to Council members and Officers of the University officially in attendance.]

(I) **REPORT OF FINANCE COMMITTEE MEETING OF 22 MAY 2009
(part *Restricted minute*)**

The report of the Committee was before Council. The Chief Operating Officer drew Council's attention to FC.09/28, relating to the Quantum Teaching Partnership, which recommended that an authorised signatories group be established with regard to the proposed creation of QTP Co.

THE COUNCIL RESOLVED:

- (i) to receive the report of the Director of Finance;
- (ii) to note the Management Accounts as at 30 April 2009;
- (iii) to approve the Headline Budget for 2009/10 and the Financial Forecasts to 2011/2012;
- (iv) to note the contents of the Capital Expenditure Budget paper and approve the proposed capital programme for 2009-2012;
- (v) to approve the Phase 1 and Phase 2 Construction elements for the New Energy Centre within a funding envelope of £4.6m inclusive of VAT;
- (vi) to approve the LICA Project within a funding envelope of £10m inclusive of VAT subject to the required capital funding being in place;
- (vii) to receive and note the report of the meeting of the Authorised Signatories Group on 22 May 2009 and an oral report of the meeting held on 19 June 2009;

- (viii) [**This minute is *Restricted* and has only been circulated to Council members and Officers of the University officially in attendance.**]
- (ix) to receive and note the report of the Finance Committee meeting held on 22 May 2009 and to confirm the actions taken on its behalf and to approve the recommendation that, on assurance that all legal considerations are being properly managed, an authorised signatories group consisting of the Chair of the Finance Committee and the Vice-Chancellor should be established to consider, approve and, if approved, to sign documents relating to Lancaster University's membership of the proposed QTP Co;
- (x) to note the report of the Refinancing Project contained in the restricted minute of the Finance Committee meeting held on 22 May 2009.

CO.09/55 Governance: Changes to Statutes and Ordinances

Document: VC/09/R070

The University Secretary reported that Senate had concurred with all the changes proposed with the exception of the proposal to incorporate the power to remunerate lay members of Council within Statute 10 (The Powers of Council) and that this proposal had therefore been removed from the proposed amendment now before Council.

THE COUNCIL RESOLVED:

- (i) to note the views of Senate on the proposals;
- (ii) to agree to seek the approval of the Privy Council to the amendments to the Statutes as set out in Appendix 1;
- (iii) to approve the amendments to Ordinances as set out in Appendix 2.

CO.09/56 Incorporation of the Open College of the North West (OCNW)

Document: VC/09/L073

The University Secretary reminded Council that it had, at its meeting on 20 March 2009, agreed in principle:

- (i) to the proposal to transfer OCNW's undertaking to a charitable company limited by guarantee registered with the Charity Commission;
- (ii) that it did not wish to become a member of the new company.

She reported that since this time further discussions have taken place and that only two matters remain unresolved which, it is hoped, will be resolved by the end of June:

- (i) pension arrangements;
- (ii) the transfer of cash reserves from the University to Ascentis.

THE COUNCIL RESOLVED to delegate authority to the Vice-Chancellor and the Chair of the Finance Committee to confirm the Council's agreement in principle to transfer OCNW's undertaking to Ascentis, once the consultation with the trade unions is complete and the asset transfer agreement has been agreed.

CO.09/57 Strategic Plan

Document: GAP/2009/609

The Vice-Chancellor reported that during the consultation process which has taken place since Council last discussed the draft Strategic Plan, various editorial changes had been made and incorporated into the version of the plan now before Council. He explained that this revised version had already been circulated within the University and that he had received no further requests for any additional changes. He highlighted the changes agreed and made to date:

- (a) on p6 of the plan, the Mission Statement had been revised and the block of text headed 'Our Graduates' had been changed to emphasise generic skills;
- (b) on p7 of the plan, a new section had been added to contextualise the timeframe of the planning cycle;
- (c) on p16 of the plan, the transformational section of the KPIs had been redrafted and it had been agreed that progress reports on these projects should be made to Council;
- (d) on p 17 of the plan, a new section had been added to show how the University relates to the outside world and to try and show how the University can be understood by the outside world.

During discussion the following suggestions were made.

- (a) That it might be useful to include in the Strategic Plan a stronger sense of the University in relation to north-west England.
- (b) That the wording of the Mission Statement be amended to reflect the fact that teaching involves more than the communication of staff research.

- (c) That on p16 of the plan, the KPIs relating to the Lancaster Experience and Environment ought to make some mention of staff satisfaction in addition to student satisfaction.

THE COUNCIL RESOLVED to:

- (i) approve the final draft of the new Strategic Plan;
- (ii) authorise the Vice-Chancellor to make any final editorial adjustments thought necessary before publication.

CO.09/58 Council Effectiveness Review

Documents: VC/09/R053; VC/09/R037

The University Secretary reminded Council members that they would shortly receive a questionnaire concerning Council effectiveness.

The Chair reported that he is continuing his programme of individual meetings with each member of Council and, in addition, invited any member who wished to do so to convey any specific comments on anything set out in Appendix A to him or to the University Secretary.

During discussion the importance of reviewing University committees was emphasised.

THE COUNCIL RESOLVED to:

- (i) note the report of actions taken since the last Council Effectiveness Review;
- (ii) note the actions being taken in 2009 to review Council effectiveness;
- (iii) to commission effectiveness reviews of Council committees during 2009/10.

CO.09/59 Human Resources: report of meeting of 22 May 2009

Documents: GAP/2009/0610

THE COUNCIL RESOLVED to note the report.

CO.09/60 Risk Register

Document: FIN/09/30

The Director of Finance reported that a full review of the Risk Register would be undertaken to ensure that it is aligned with the revised Strategic Plan.

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

CO.09/61 Key Performance Indicators

Documents: GAP/2009/0603; GAP/2009/0605; GAP/2009/0604

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

THE COUNCIL RESOLVED to note the latest balanced scorecard of key performance indicators and the thematic report on Estates.

CO.09/62 University Appointments

Documents: GAP/2009/0591; GAP/2009/0592

- (A) **REAPPOINTMENT OF COLLEGE PRINCIPALS**
- (B) **EMERITUS AND CONTINUING MEMBERSHIP**

THE COUNCIL RESOLVED to approve the College Principal and Emeritus appointments as set out.

CO.09/63 Audit Committee: report of meeting of 29 May 2009

Document: VC/09/R069

THE COUNCIL RESOLVED to note the report of the Audit Committee and approved the revised terms of reference as set out.

CO.09/64 Estates Committee: report of meeting of 15 May 2009

Document: GAP/2009/0611

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

CO.09/65 Senate: report of meeting of 22 April 2009

Document: GAP/2009/0601

THE COUNCIL RESOLVED to note the report.

CO.09/66 Review of current meeting

The Council recorded its thanks to Professor David Smith, to Professor Keith Stringer, and to Simon Rimington, who had all reached the end of their respective terms of office.

Council members also recorded its thanks to Paul Graves, the outgoing Clerk to Council.