

LANCASTER UNIVERSITY

Minutes of a meeting of the Council
held on 19 November 2010

PRESENT: Mr B. M Gray (in the Chair); Vice-Chancellor; Mr A. Baker; Mr J. R. Carr; Dr K Davidson; Mr J. Davies; Mr F. Fitzherbert-Brockholes; Mrs G. Gardner; Mr J. Hadfield; Professor S. Henig; Professor G. Johnes; Mr L. King; Councillor G. Marsland; Mr G. Middlebrook; Mr G. Parker; Mr R. Pickles; Professor E. Rose; Professor H. Thomason; Ms L. Willis.

IN ATTENDANCE: Miss F. M. Aiken; Professor A. G. Chetwynd; Mr N. Fragel; Ms L. Houghton; Professor R. D. McKinlay; Professor T. J. McMillan; Mr A. C. Neal; Mrs S. Randall-Paley; Mr M. Swindlehurst; Mr C. Thrush; Ms V. Tyrrell; Mrs L. M. Wareing.

APOLOGIES FOR ABSENCE: Dr G. Brown.

CO.10/83 Declaration of interest

There were no declarations of interest.

CO.10/84 Presentation: Director of Alumni and Development

Document: SEC/2010/2/1200

The Director of Alumni and Development, Nick Fragel, made a presentation to Council on the Lancaster University Jubilee Campaign. He highlighted the following:

- the decision to mount a major campaign to mark the University's Jubilee in 2015;
- the underlying proposition which is to develop a long term income stream through high profile fundraising and capacity building through projects that address critical needs of society and which enable to the University to help others;
- the main campaign objectives and underlying themes;
- the need to develop and maintain long term relationships;
- the plan to engage in "cradle-to-grave" fundraising;

- campaign management and timeline;
- the communications strategy;
- the various ways in which Council members can help the campaign and the University.

THE COUNCIL RESOLVED to receive the report and thanked the Director of Alumni and Development for his presentation.

CO.10/85 Minutes: report of meeting on 8 October 2010

Document: SEC/2010/2/1185

THE COUNCIL RESOLVED to approve the minutes as set out.

CO.10/86 Matters arising

Minute: CO.10/75(D)

It was reported that, following discussion of the proposal to replace the Equal Opportunities Committee with a new Equality and Diversity Committee at the meeting of Council held on 8 October 2010, it had subsequently been agreed to include two trade union members in the membership of the new committee.

CO.10/87 Current schedule of future Council business

Document: SEC/2010/2/1186

THE COUNCIL RESOLVED to note the schedule of future Council business.

CO.10/88 Vice-Chancellor's report

Document: VC/10/R006

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

- (a) the recent death of Peter Scott, who had chaired the University's Finance Committee from 1965 to 1983, and to whom the University was extremely grateful for his endeavours on behalf of the institution and the north-west region;
- (b) his recent visit to New York, as a member of the UK delegation at the UK-USA dialogue meeting organised by the British Council, during which there were discussions concerning, *inter alia*, the continuing need for staff mobility between the UK and the USA, and the need for UK and US universities to engage with their respective economies;

- (c) the meetings held during October of (i) the North-West Universities Association Board and (ii) the Lancaster and Morecambe Vision Board;
- (d) the annual strategy meeting, held during October, with the University's two principle regional collaborative teaching partners, Blackpool and the Fylde College of FE and Blackburn College of FE, and their concerns about the future of HE provision in FE colleges in the light of the Browne Review recommendations and the Comprehensive Spending Review.

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

CO.10/89 LUSU President's report

Document: SEC/2010/2/1194

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

- (a) LUSU's recent successful completion of the charity registration process;
- (b) the publication of the LUSU Annual Report which he encouraged Council members to read;
- (c) the good behaviour of Lancaster University students at the recent demonstration in London;
- (d) the peaceful protest under way during the meeting of Council;
- (e) his concerns that there would be little opportunity for debate at Council about the proposed HE funding cuts and the likely increase in tuition fees.

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

CO.10/90 Audit

Documents: SEC/2010/2/1167; SEC/2010/2/1170; SEC/2010/2/1171; SEC/2010/1150

The Chair of the Audit Committee drew attention to the report of the Audit Committee as set out and to the following points:

- (a) the management representation letter required by the auditors;
- (b) his concerns about HEFCE's requirements for the Audit Committee to undertake audits in so many specified areas thereby reducing the time available for other, in the opinion of the Audit Committee, more valuable, audit activities;
- (c) the auditors high level of satisfaction with the University internal controls.

The Chair of Council thanked the chair and members of the Audit Committee for their valuable work during the year.

THE COUNCIL RESOLVED to:

- (i) approve the Audit Committee's Annual Report, and note that it will be submitted to HEFCE;
- (ii) note the Internal Audit Annual Report 2009/10;
- (iii) note the External Audit Letter of Representation;
- (iv) note the report of meetings of the Audit Committee held on 24 September and 22 October 2010 prior to approving the financial statements; and approve the Committee's recommendations as set out in 1 and 2.1 of the attached document.

CO.10/91 Finance

Documents: FIN/10/77; FIN/10/80; FIN/10/78; FIN/10/79; COO/10/42 (Commercial in Confidence); COO/10/41 (Commercial – restricted); FIN/10/63 (previously circulated)

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

The Director of Finance drew attention to her written report as set out.

(B) **10 YEAR OVERVIEW OF FINANCIAL PERFORMANCE**

The Director of Finance drew attention to the following changes over the 10 year period under review:

- (a) the balance of tuition fee income;
- (b) the proportion of student accommodation on campus;
- (c) the changes in staff costs.

(C) **UNIVERSITY ANNUAL ACCOUNTS**

The 2009/10 Annual Accounts were before Council for final approval on the recommendation of the Finance Committee, together with the management representation letter required by the auditors. The Director of Finance drew attention to the inclusion of the cost of the wind turbine project, which was the only change since her last report to Council.

(D) **FINANCIAL FORECASTS**

The Director of Finance introduced the Financial Forecasts and drew attention to the following points:

- (a) the very great difficulties in producing meaningful financial forecasts in the current climate of uncertainty created by the Browne Review of Fees and Student Funding and the Comprehensive Spending Review;
- (b) the assumptions underlying the financial forecasts and the rationale for making these assumptions;
- (c) the wide and varied constituency in terms of the audience addressed;
- (d) that the forecasts are based on the best information currently available;
- (e) that, given the higher than normal number of uncertainties surrounding HE funding this year, there will be an opportunity to submit revised forecast to HEFCE in April 2011.

(E) **REPORT ON THE ACQUISITION OF THE WORK FOUNDATION**
(Commercial – In Confidence)

The Chief Operating Officer drew the attention of Council to his report as set out and to the details of the transaction. He reported that the new board was satisfied with the way in which the acquisition had been handled, and also with the terms of the acquisition, and he thanked Council members for their assistance in approving the methodology for acquisition.

(F) **DELEGATION OF AUTHORITY FROM COUNCIL TO LUBEL**
(Commercial – restricted)

It was reported that this item had been withdrawn and would be brought back to the February meeting of Council.

(G) **MANAGEMENT ACCOUNTS AS AT 31 JULY 2010**

The Management Accounts had been circulated to Council members.

THE COUNCIL RESOLVED to:

- (i) note the Report of the Director of Finance;
- (ii) note the 10-Year Overview of Financial Performance;
- (iii) approve the Annual Accounts for the University for the financial year 2009/10;

- (iv) note the report; and approve the attached Financial Forecasts and the commentary for submission to HEFCE as part of the Annual Accountability return; and to note that a delayed or updated forecast may be provided to HEFCE in April 2011 and to delegate authority to the Vice Chancellor, in consultation with the Director of Finance, to modify the attached forecasts and commentary in light of latest information in the event that a further submission is made in April;
- (v) note the report on the acquisition of the Work Foundation;
- (vi) defer consideration of the proposal to approve delegation of authority from Council to LUBEL until the meeting on 11 February 2011;
- (vii) note the Management Accounts as at July 2010.

CO.10/92 Strategy

Documents: SEC/2010/2/1211; PSU/2010/0161; SEC/2010/2/1191

(A) **UPDATE ON THE FINANCIAL SITUATION FOLLOWING THE COMPREHENSIVE SPENDING REVIEW AND THE BROWNE REVIEW**

The Vice Chancellor updated members of Council on the financial situation facing the UK HE sector in general and Lancaster University in particular. He drew attention to the document before Council and to the following points:

- (a) how the focus and outcomes of the Browne Review had been changed by the Comprehensive Spending Review even though the former had been commissioned, conducted and published before the outcomes of the latter had been announced;
- (b) that the Browne Review had recommended that:
 - higher education should continue to be free at the point of delivery;
 - the threshold for triggering repayment of student loans should be raised;
- (c) that the Comprehensive Spending Review had selected only some of the Browne Review recommendations, and had ignored others, and that the headlines were:
 - a recommendation to increase tuition fee levels whilst simultaneously cutting an equivalent amount from HEFCE T grants to HEIs;
 - expected level funding in terms of HEFCE R funding;
 - efficiency savings required in respect of research grants;
 - carbon reduction to be encouraged by the introduction of a tax on carbon emissions;
 - the substantial reduction in capital funding;
- (d) that it does not appear that the intended withdrawal of HEFCE T and the increase in tuition fees will be synchronised and that discussions are ongoing about the timing and sequence;

- (e) the very considerable challenges posed by all of the above if Lancaster is to maintain its agreed financial strategy;
- (f) a summary of Lancaster's financial position, highlighting the income growth over the last ten years which slowed towards the end of the period, as a result of the recession, and which will be difficult to regain in the foreseeable future;
- (g) the commensurate increase in expenditure over the same ten year period;
- (h) the expected significant reduction in Lancaster's HEFCE T funding over the next five years and the more modest reduction in HEFCE R income expected over the same period;
- (i) the expected timing of a Parliamentary vote in December 2010 on a proposal to lift the cap on tuition fees for students entering HE from September 2012, followed by a higher education White Paper in the first quarter of 2011;
- (j) the need for Lancaster to establish an institutional position on fees and support for UK-EU students as soon as there is a decision by Parliament, whatever that decision might be;
- (k) the need for the University to review elements of its activities although, in the light of announcements to date, it has no immediate plans to change the academic shape of the University.

The Chair of Council thanked the Vice-Chancellor for his presentation and reminded members that although the agenda contained no specific proposal requiring a Council decision at the meeting on 19 November the Vice-Chancellor's briefing provided an opportunity for discussion of the issues facing the University.

During discussion the following views were expressed:

- regret that the Browne Review seemed to have been driven by the spending cuts agenda;
- disappointment that funding for postgraduate students was largely ignored;
- hope that the University's decision-making process would be as clear, transparent and as inclusive as is possible and practicable;
- widespread sympathy for student concerns about the proposed new funding regime on the part of Council members, many of whom had undergone their respective higher education experiences in very different financial circumstances;
- awareness that it would be imperative to balance sympathy for the student position against Council's responsibility for the financial well-being of the University;
- concern about the government's stated intention to reduce the number of student visas granted;
- a request that information about the bursaries and scholarships currently offered by the University be collected and disseminated;

- the importance of ensuring, in the event of an increase in tuition fees, that the quality of Lancaster is perceived by prospective students to be so high as to make the University a “must go to” institution especially if there is a trend, in future, for students to study at local universities whilst living at home;

In summary, the Chair of Council re-stated Council’s sympathy for student concerns and its support of the right to peaceful protest and of the opportunity for open discussion of such important issues. He reminded Council members of their obligation to secure the future of the University whilst coping with an extremely complex and sensitive situation and confirmed that members will do everything possible to ensure that Lancaster can look forward to a strong future.

(B) INTERNATIONAL AND NATIONAL LEAGUE TABLES

The Vice-Chancellor drew attention to the report in international and national league tables as set out and in particular to:

- (a) the improvement in A-level entry scores attained by students admitted to Lancaster;
- (b) Lancaster’s performance in international tables.

(C) KNOWLEDGE EXCHANGE STRATEGY

The Chair of the Knowledge Exchange and Commercial Affairs Committee commended the Knowledge Exchange Strategy to Council noting the importance to the University of:

- (a) continuing to undertake high quality research and knowledge transfer;
- (b) properly implementing the Knowledge Exchange Strategy once it is approved.

THE COUNCIL RESOLVED to

- (i) note the update on the financial situation nationally and institutionally following the Comprehensive Spending Review and the Browne Review;
- (ii) receive the report of international and national league tables;
- (iii) approve the Knowledge Exchange Strategy.

CO.10/93 Chief Operating Officer

Document: COO/10/40

The Chief Operating Officer drew attention to his written report and to the following developments which had come about since his report was written:

- (a) the delay in the refurbishment of Bowland Main and the new accommodation to be occupied by Human Resources (the former Computer Centre) caused by the contractor going into liquidation;
- (b) the further delay to completion of the new Carter Building which was now expected to be ready for occupation at the end of January 2011.

THE COUNCIL RESOLVED to note the Chief Operating Officer's report.

CO.10/94 Estates: Carbon Management Plan

Document: SEC/2010/2/1209

The Chair of the Estates Committee recommended to Council the University's Carbon Management Plan which had been approved by the Estates Committee.

The Chair of Council thanked the Director of Facilities and his colleagues for the work undertaken in producing the plan.

THE COUNCIL RESOLVED to approve the Carbon Management Plan for submission to HEFCE.

CO.10/95 Human Resources: Employment Policies Update

Document: SEC/2010/2/1188

THE COUNCIL RESOLVED to approve the recommendation from the Human Resources Committee as set out.

CO.10/96 Nominations Committee

Document: SEC/2010/2/1000

THE COUNCIL RESOLVED to:

- (i) approve the recommendations as set out;
- (ii) in addition, to approve the appointments of Gill Gardner and Lois Willis as continuing members of Council for the three-year periods to 8 February 2014 and 30 March 2014 respectively;
- (iii) to approve the appointment of Gill Gardner as Deputy Pro-Chancellor from 2 February 2011 to 1 February 2014.

CO.10/97 Key Performance Indicators

Documents: SEC/2010/2/1214; PSU/2010/0162

THE COUNCIL RESOLVED to:

- (i) note the updated KPI balanced scorecard;
- (ii) note the thematic report on income generation, productivities and financial sustainability (incorporated in the commentary of the Annual Accounts – *see minute CO.10/89*).

CO.10/98 Emeritus and Continuing membership

Document: SEC/2010/2/1189

THE COUNCIL RESOLVED to approve the appointments as set out.

CO.10/99 Review of current meeting

Council members expressed themselves satisfied with the arrangements.

CO.10/100 Standing Committees and Reports

Documents: SEC/2010/2/1217; SEC/2010/2/1196; SEC/2010/2/1190; SEC/2010/2/1216; SEC/2010/2/1193; SEC/2010/2/1195; SEC/2010/2/1181

THE COUNCIL RESOLVED to receive the reports from the following committees and from the University Secretary.

- (i) Colleges and Student Experience Committee: meeting of 20 October 2010;
- (ii) Estates Committee: meeting of 22 October 2010;
- (iii) Finance Committee: meetings of 17 September 2010 and 29 October 2010;
- (iv) Senate: meeting of 13 October 2010;
- (v) University and Students' Union Joint Committee: meeting of 21 September 2010.
- (vi) Report on use of University seal

CO.10/101 Chair's action

THE COUNCIL RESOLVED to note that, in accordance with minute CO.10/75 (c) and on the recommendation of the Senate, the Chairman had approved the appointment of Professor Steve Bradley as Pro-Vice-Chancellor International with effect from 1 October 2010.