

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 12 February 2014

Present:

Mr Anil Ruia (in the Chair),

President and Vice-Chancellor, Mr Michael Crick, Mr Stephen Dauncey, Professor Andrew Gibson, Robert Hough, Dame Sue Ion, Cllr Afzal Khan, Mr Neville Richardson, Ms Grace Skelton, Dr John Stageman, Dr Angela Strank, Mr Andrew Spinoza, Professor Pamela Vallely, Ms Iram Kiani, Dr Pamila Sharma (16).

In attendance: The Deputy President and Deputy Vice-Chancellor, the Registrar, Secretary and Chief Operating Officer, the Deputy Secretary, the Director of Finance, the General Counsel, the Vice President Research and Innovation.

Apologies: Christine Lee Jones, Dr Brenda Smith, Dr Caroline Jay, Mr Paul Lee, Professor Chris Taylor, Dr Neil McArthur, Professor Maggie Gale, Professor Collette Fagan, Dr Reinmar Hagar.

Note: The meeting of the Board held on 12th February 2014 was quorate as it began, including for consideration and approval of the Nominations Committee recommendation, but as members left due to the weather disruption, it became inquorate before a small number of Board approvals and endorsements were required. Members subsequently provided approval by email for three matters of Board business (Finance Committee (approval of Financial Regulations and Procedures), Staffing Committee recommendations, and UURC business (approval of election bye-law) in order to ensure that action could proceed as originally planned.

1. Declarations of Interest

Noted: That the declaration of interest made by the Chair, Mr Anil Ruia, in relation to his role on the HEFCE Board and previously declared in the session, remained relevant to some items on the agenda. The interests of the President and Vice-Chancellor as a Council Member of the Royal Society and Mr Will Spinks as a member of the AHUA Executive (qv *agendum* 6 (ii)), previously declared were also noted.

2. Minutes

Confirmed: Subject to minor amendment, the minutes of the meeting held on 20 November 2013. The Board noted that redactions would remain in place for the time being across a number of areas of the minutes in order to protect the University's commercial interests.

3. Matters arising from the minutes

Received: A report summarising actions consequent on decisions taken by the Board.

4. **Summary of business** by the Deputy Secretary

Received: A report prepared by the Deputy Secretary on the main items of business to be considered at the meeting.

5. **Chairman's report**

Received: A report from the Chair of the Board of Governors, including a recommendation from the Nominations Committee regarding membership of the Board of Governors from 1 September 2014.

Reported:

- (1) That the Nominations Committee had interviewed Mr Edward Astle, formerly of Imperial College, London with a view to him joining the Board of Governors, to take the place that will be vacated by Cllr. Afzal Khan. Mr Astle will join the Board on 1 September 2014, for a three year term, and arrangements were being made for a series of meetings around the University as part of his formal induction.
- (2) That the Chair provided an overview of the forthcoming Planning and Accountability Conference, noting that the TRAC report would be considered within the context of the research presentation and in other sessions. Scenario planning would also be addressed within the Finance elements of the Conference agenda.
- (3) The Queen's New Year Honours list has included some of our University colleagues. Lenox Green, a postgraduate office administrator at the School of Maths, has been awarded an OBE for his voluntary work to help youngsters, families and homeless people in Manchester. Professor Carole Anne Goble, at the School of Computer Science, has been made a CBE for her services to Science. Carole is a leading authority on the Semantic Web, also known as Linked Data - a means of enriching the Web with knowledge. She has worked on the computational and technical underpinning of scientific disciplines, particularly Life Sciences, Systems Biology and Biodiversity, and has had an impact on bioinformatics, e-Science, open science and applied computer science. Professor Douglas Kell, at the School of Chemistry and the Manchester Institute of Biotechnology, has been awarded a CBE for his services to science and research. Douglas is a leading figure in the field of systems biology, the multidisciplinary approach to tackling complex biological problems using theory, computer modelling and experimentation. It is revolutionising how bioscientists think and work and will make the outputs of their work both more useful, and easier to use, in industry and policymaking.
- (4) That the Chair provided a briefing for Board members on HEFCE matters including the recent REF exercise and the priorities identified by the Department for Business, Innovation and Skills in the recent Grant letter.
- (5) That the Chair referred to a recent briefing by the Rt Hon. David Willets MP, in which he identified Cyber Security, pensions and the oversight arrangements for private providers, among others, as significant issues within the sector.

Resolved: To approve the appointment of Edward Astle (see Appendix 1 for biographical information) to the Board of Governors, from 1 September 2014.

6. Secretary's report

Received:

- (i) A verbal update on Senate elections.
- (ii) Papers relating to proposed Education Student Support Regulations brought forward by the Association of Heads of University Administration (AHUA).
- (iii) The dates of informal and formal meetings of the Board of Governors in 2014/2015.

Noted:

- (1) That a ballot was underway within the Faculty of Humanities to determine membership of Senate from members of the academic and research staff. A full report on the outcome, and of the nominations received in the other faculties, will be provided at the next Board meeting.
- (2) That the proposals for Education Student Support Regulations brought forward by the Association of Heads of University Administration Executive, were noted by the Board and the Board offered its support for the approach through the Registrar, Secretary and Chief Operating Officer.
- (3) The dates of the meetings of the Board of Governors in 2014-15, and that committee meeting dates will now be agreed through secretaries, Chairs and members.

7. Stock-take Report

Received:

To receive the annual stock-take report ahead of its consideration and appraisal within the Conference programme.

Reported: That the report was being circulated to the Board at an earlier stage to allow for questions and enable it to be seen in the context of the Planning and Accountability Conference agenda, and thereby shape the focus of the conference.

Noted:

- (1) That it was noted that KPI 7, on widening participation, whilst the report on performance was positive, changes were likely to be made to the measures that meant that the performance reported would look poorer.
- (2) That although the target in KP5 Student Satisfaction was on track, performance had dipped in a small number of schools, where effort was now being targeted to ensure student satisfaction improved. In some areas, the performance drop was known and anticipated, e.g Arts, Languages and Cultures had been through a merger process which had caused some problems for some groups of students. In other areas, some previously high performing schools had unexpectedly fallen back slightly, and in these instances action plans had been developed to redress the situation.
- (3) That the delicate position in respect of discretionary funding to support investment and the meeting of recruitment targets was highlighted. In the previous year, the University had not been able to meet some recruitment targets due to a combination of the fee and wider patterns of recruitment, however, the University had identified the need to

build discretionary funding in order to sustain current levels of investment and extend it where necessary. Therefore some consideration to the levels of funding the University would need to secure (e.g. minimum, median, upper) and the means through which these levels might be achieved.

- (4) That in respect of KP1 Ranking, the University had a long standing target of securing top 25 status, and while the consistent performance was noted, was there sufficient momentum to reach the next level? The Conference programme had been developed to recognise and address this important issue. There were known deficiencies in the Shanghai Jiao Tong ranking process including; its focus on science, that it did not recognise performance in the humanities and the perception that it was “elitist” in approach, and the Conference would look more closely at this issue. Investigating and understanding the “performance gap” between the University’s current position and top 25 would be helpful, although the Board had previously recognised the advantages of many smaller more specialist institutions that were placed ahead of University of Manchester. This also extended to the ability of some institutions to partner, merge with, or acquire, research institutes and thereby import additional staff and funding over a very short period of time.

Resolved: That the paper previously developed by Luke Georghiou and Dr Andrew Walsh on league tables would be revised and recirculated to the Board as part of the Conference pack.

8. President and Vice-Chancellor’s report

(a) The Report of the President and Vice-Chancellor to the Board of Governors

Reported:

- (1) The President and Vice-Chancellor reported that the Chancellor of the Exchequer delivered his Autumn Statement on 5 December 2013. Some of the key points impacting on higher education are outlined in a briefing paper within the meeting pack (the announcement on student numbers will primarily affect English institutions, but the research provisions will have direct application throughout the UK). While the announcement on removing the cap on student numbers would undoubtedly cause some turbulence for institutions in 2014-15, it will help to address the distorting effects of number control policies. However, BIS was still likely to have to make savings. The BIS budget will be top sliced by £157 million in 2014-15 and £148 million in 2015-16.
- (2) That in addition, the President and Vice-Chancellor commented that BIS remains in discussions with the Treasury about savings necessary to balance the budget for 2014-15 and this may result in reductions to HEFCE’s grant. Part of the cut may include the £100m reduction in the National Scholarship Programme (NSP) in 2014 -15 which was announced prior to the Autumn Statement. As members will be aware the government decided to remove funding for 2015-16 for the NSP, which provides support for students from disadvantaged backgrounds to enter university. The University would lose £1.26 million in NSP funding as a result of this decision by the government which we think is unprecedented as a change in year to students who are ‘already in the system’. The decision placed universities in a very difficult position as contingency was not in place – and therefore any ‘new spend’ had to be at the cost of other budgets. Nevertheless, the University had decided to cover the cost of the loss of NSP funding because it wanted to honour what had been presented to student applicants. This would apply to all new home undergraduate students entering the University in September 2014.

- (3) That since the Autumn Statement was announced, the Russell Group has been seeking assurances around protecting the ring-fenced science budget and Higher Education Innovation Fund (HEIF) which underpins our universities' economically crucial work with business and helps drive growth. It has also been arguing that there should be an increase in funding per student for existing STEM places, ie vitally important science subjects, where quality provision is most costly. The government has accepted this argument and agreed to invest £185m over four years to increase the HEFCE allocations for very high cost subjects. HEFCE will decide on the precise figures and we await clarification of how this will be distributed. The government has also provided an assurance that they fully support the ring- fenced science budget which pays long-term dividends for the economy and that funding for research in universities will not be cut in 2014-15 or 2015-16. Discussions were ongoing about a similar commitment to maintaining investment in the HEIF.
- (4) That in commenting upon the University's finances, the President and Vice-Chancellor indicated that over the past few years, universities in the UK have faced a number of financial challenges including uncertainty about the recruitment of home and overseas students; dealing with reduced levels of research funding; major cuts to our capital funding from the Higher Education Funding Council for England (HEFCE) such that the University now had to generate capital funds internally; potential cuts to the core grants to universities from HEFCE and concerns over deficits in pension schemes. It would be irresponsible to assume that all is now plain sailing, not least because of the potential risks coming on pensions, notably the revaluation of USS and the potential further calls on funding from employers, however, the government's spending review in July delivered a somewhat better than expected result for universities, with 'flat cash' funding for research (though of course this means a decline in real terms) and what appeared to be relatively modest cuts to our core budgets and, subject to the outcome of the BIS budget, the latest Autumn Statement was also broadly positive for higher education. The funding for research as a result of the ongoing REF remains unknown, though the University had submitted a smaller number of staff than in RAE 2008, in order to meet a higher quality threshold. It was not known how this would impact on funding.
- (5) That the financial performance of the University continues to be strong. This reflects a great deal of hard work which had taken place across the University to maintain tight controls on spending and to increase income. The University needed to continue to generate financial surpluses, so that we can invest these in core activities. Indeed, realising the 2020 ambitions would require significant financial investment. To this end, the University must generate discretionary funds, exercise strong financial control, secure efficiency savings and generate new income.
- (6) That a major investment over coming years would be the campus masterplan which will create a single, outstanding campus in support of the Manchester 2020 vision. This would be funded in part from a public bond which we raised in the early summer of £300 million on favourable terms, in part from our existing cash and partly from future cash generation. Surpluses in future years would be somewhat reduced as the University must pay interest on the bond, but nonetheless this allowed the University to progress new developments. Over the last two years the University had launched a number of major initiatives focused on people – our staff and students. These included the initiative to support existing staff "Investing in Success - Developing Staff Potential" which enabled all staff to put forward innovative new projects for funding which would accelerate their personal development and benefit the University. The review of this scheme indicates that it has had enormously positive outcomes-both generally and for specific successes of individual projects. The University had also launched the President's Doctoral Scholarship Awards, to support 100 new PhD scholarships in any

discipline. This has helped to increase the number and quality of PhD applications. Further funds were devoted to improving the student experience. In addition to the investments made in recruitment of staff in areas where high student numbers were impacting on student individualised learning, funding includes: capital investments in new lecture theatres and refurbishment of existing ones, computer clusters and the RockCafe, and further strategic investments to enhance the wider student experience.

- (6) The University's "World Leading Minds" campaign, known internally as 'Project Diamond', was the recruitment of new academic positions across the University at lecturer, senior lecturer and professorial levels. This resulted in a very large number of applications, many of a very high quality and over 160 new appointments. The campaign was judged to be successful, not just for attracting high calibre staff, but also for strongly positioning the University's brand and for the bold statement on the level of strategic investment being made. As a sign of our ongoing commitment to maintaining strategic momentum and recognising that total academic staff numbers are still below those in 2007/8, the University had launched a further high profile recruitment campaign for c.100 academic positions ("Project Diamond Two") across the University which have been built in to the budget. At the time of report the University was considering a successor to the Investing in Success Scheme.
- (7) That the President and Vice-Chancellor reported that the 2013 round of Annual Performance Reviews (APRs), which were completed in December, had been effective in mapping areas of strong and weaker performance across the University, and in providing a basis for evaluating performance against the key priorities identified in the strategic and operational plans. Overall the University had made significant progress towards many of the goals described in Manchester 2020, the University's Strategic Plan, but it was important to acknowledge that the University still faced major challenges in some areas in achieving the "step change" that will be required to meet ambitions. The APRs have allowed detailed discussions about ambition and strategies for future performance improvement and more regular and rigorous accountability. The APR process forms the basis of the annual Stock Take Report, which the President and Vice-Chancellor would present to the Board's Planning and Accountability Conference in March. Reflecting on the discussions in the APRs, a number (seven) of priorities for 2014-15 have been identified by the Senior Leadership Team. These were:
- i) Maintaining momentum towards our research targets by developing a post-REF strategy
 - ii) Continuing to improve the student experience
 - iii) Sustaining target levels of student recruitment
 - iv) Delivering the signature programmes in the social responsibility agenda
 - v) Creating a more performance-orientated culture
 - vi) Increasing and diversifying income
 - vii) Developing and delivering a communications and marketing plan

Identifying these does not mean that other objectives are not important; indeed the need to continue to deliver our compliance and financial performance is paramount. These priorities had also been subject to discussion at the 'Heads' meeting (which includes all Heads of School, Directorates and equivalent units within the University) and will be the focus of the forthcoming conference with the members of the Board of Governors in March.

- (8) That at the time of the President and Vice-Chancellor's last report to the Board she had noted that the 2013 entry recruitment cycle for UGs looked to be returning to the more familiar pattern seen prior to the introduction of changes to the financing of Home/EU

UGs that affected the 2012 intake in particular. At that stage it was not possible to give an accurate indication of student numbers. This was because there are a number of factors beyond the University's control that influence whether a student completes registration, such as securing funding and gaining visa entry. Now that the census date has passed the President and Vice-Chancellor could confirm that the University exceeded home and international undergraduate targets. The recruitment of students not attaining ABB or equivalent was within the permitted range for Student Number Control allocation and demonstrates the University's commitment to retain high entry standards. Overall postgraduate data was also positive. The University exceeded international PGT and home/EU PGR targets. Home/EU PGT and international PGR targets were missed but the University achieved overall home and international student targets. The University was now modelling the implications of these numbers for fee income as in some cases the relationship is complex.

- (9) The University was now focusing attention on recruitment for the 2014 intake, which was likely to be as challenging as the last two years with continued complexity around home/EU UG admissions and the ongoing uncertainties around international student recruitment. A new challenge this cycle arises from the decision by one Russell Group university last year to make unconditional offers to c. 1,000 home/EU UG students before they received their A Level results, and their announcement that they will increase the number of unconditional offers this cycle. It was difficult to assess how the sector would respond to this and the University's Intake Management Group (IMG) would meet regularly through the cycle to consider how best the University could achieve its student recruitment targets in 2014. The current application data were positive. At the time of report UG applications were up (7% home/EU and 11% overseas). PGT applications were also up (3% home/EU and 15% overseas), but it was early in the cycle. PGR home/EU were up (22%) but overseas were down (4%), though the numbers were small at this stage so unreliable.

Noted:

- (1) That the Science Park was leading on a bid for the University Enterprise Zone (UEZ) pilot funding scheme, which had a budget of £15m, with no more than £5m available for a single project. The bid would focus on the corridor. On a related matter, the Board noted that the University's research innovation ecosystem would be a topic for a forthcoming informal meeting of the Board of Governors.
- (2) That a member of the Board questioned whether Project Diamond and its focus on world-leading appointments might have implications in terms of the commitments described within KPI 8, in terms of diversity and equality of opportunity. The University would continue to recruit the best available under the programme it would also take steps to ensure it could select from a diverse field of candidates and MHS recruitment had been strong in this respect. The discussion led to the raising of the recent issue of gender segregation within universities. UUK's recent guidance on events involving external speakers had addressed the issue in a case study, and had suggested how universities might facilitate the "voluntary" separation of men and women for religious purposes in certain circumstances. The guidance and case study was then withdrawn following adverse media comment and political intervention. In terms of the University, while no such request had ever been received in respect of any event under the Code, the University would revise its code of practice on freedom of speech when the guidance was made available again.
- (3) That the Home Office had suspended English language tests run by a major firm after BBC Panorama uncovered systematic fraud in the student visa system. Secret filming of government-approved exams needed for a visa shows candidates having tests faked for

them. In discussing this it was confirmed that the University had had no dealings with the company concerned although it was noted that there may be repercussions arising from the fraud's discovery in compliance terms.

(b) Report to the Board of Governors on exercise of delegations

Reported:

- (1) That acting on behalf of Senate and the Board of Governors, and on the recommendation of the relevant School Board and/or the Dean of the relevant faculty, the President and Vice Chancellor approved the appointment of the following Heads of School:

Professor Fiona Devine, as Director of Manchester Business School, for the period 1 January 2014 to 31 December 2018.

Professor Tim Allot as Head of School of Environment, Education and Development for the period 1 August 2014 to 31 July 2017.

- (2) That acting on behalf of Senate and the Board of Governors, and on the recommendation of the relevant Head of School and Dean of the Faculty, the President and Vice-Chancellor awarded the title of emeritus/emerita professor to:

Peter Noyce, School of Medicine, with effect from 1 January 2014

Alasdair Rawsthorne, School of Computer Science, with effect from 1 October 2013

Frank Stephen, School of Law, with effect from 1 October 2014

Jim Thomas, School of Chemistry, with effect from 1 January 2014

- (3) That acting on behalf of the Board of Governors, the President and Vice-Chancellor approved the appointment of Mr John Watson as one of the University's nominative trustees to the Dallam School Charitable Trust.

- (4) That pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries no 1365 to 1393

- (5) Academic promotions and appointments (please see Appendix 2 and 3)

(c) Report from the Director of Finance

Received: That on this occasion there was nothing further to add to the information contained in the report of the Finance Committee.

(d) Report from the Director of Compliance and Risk

Received: A report on the operational management of risk and compliance, noting in particular any risks that have materialised or failure of compliance that have occurred since the last meeting of the Board.

9. Safety, Health and Environment Committee.

Received:

Minutes of the meeting of the Safety, Health and Environment Committee held on 16 December 2013, including Accident Statistics from Q3, 2013.

Reported:

- (1) That it was reported that the Coroner had returned a verdict of accidental death in respect of the Hiking Club fatality. The Committee agreed that appropriate action had been taken at the time of the accident, particularly in communicating with the student's family and that the Coroner had not made any observations that indicated that further action in relation to Hiking Club safety should be contemplated.
- (2) That It was reported that monthly reports to Euratom had now begun and that a helpful dialogue had been established.
- (3) That the University Cultural Assets had won the UK Heart Safe Award for Tourism or Leisure Business of the Year.
- (4) That there had been a loss of a sealed radiation source (Krypton-85 source (33MBq)) following the dismantling of a redundant pilot paper-making plant on the School of Material Sciences. The Greater Manchester Police and Environment Agency had been promptly notified and an internal investigation was in progress.
- (5) That the Radiological Protection Advisor certification of the University's Head of Radiological Safety expired on 31 December 2013 and, after a selection process, Public Health England (formerly the Health Protection Agency) had been appointed as successor. Dr Bidey would continue to head the University Radiation Protection Service until his retirement in September 2014.
- (6) That the Committee considered the accident statistics for the third quarter of 2013 and noted that the downward trajectory had been maintained but that some types of accident were possibly higher than they should be. It was difficult to make comparisons with other institutions as there were significant differences in the way universities reported accidents, but Safety Services would be undertaking a careful analysis of the accident statistics to see if further lessons could be learned.

Noted: That the Director of Compliance and Risk, with colleagues from Safety Services, would look the detail of the accident figures, for the quarter and the year, with a view to identifying any issues in the underlying safety culture.

10. Board Committee reports**(a) Audit Committee, 28 January 2014**

Received: The summary report and minutes of the meeting held on 28 January 2014.

Reported:

- (1) That the results of the survey of Audit Committee effectiveness had not identified any areas of concern, but the following issues were highlighted:
 - The need to ensure adequate time was available for major items
 - Consideration of additional sector specific briefing opportunities for members
 - Consideration of membership and specifically additional accounting expertise
 - The requirement to formalise induction for audit committee members
- (2) That there was a formal requirement that the TRAC Return is also approved through a Committee of the Board for the Institution. Once every three years the University is also

required to confirm compliance with the detailed Statement of Requirements. The return is provided for information.

- (3) That the Uniac audit of registers of interest identified significant opportunities to improve the effectiveness of the system of internal control and governance and identified significant opportunities to improve the efficiency / economy of the system of internal control. Uniac recommended that the University adopted two key steps to improve local compliance and completion rates to include a) Introduction of a Common Electronic Repository of Register of Interest submissions by Staff and b) Further enhancing of staff induction, training and local guidance on this topic.
- (4) That the report summarised the incoming Director's views and proposed direction on the cyber-security position of the University, following the UNIAC audit on cyber-security published in the summer of 2013. It was clear that a significant amount of work was required to improve cyber-security defences. The actions required came under a number of broad headings: issues relating to the governance of IT security; the introduction of security enhancements (physical controls), the formulation of a cyber-security strategy, the creation of a cyber-security team, and the establishment of a technology strategy.
- (5) That the Committee considered the risk map and register for the University and the underpinning registers for the four faculties and for the professional support services. The Committee noted that it anticipated movement in the profile of some of these risks, for example, as the people strategy developed. It was noted that the lack of movement, in some of these key areas was due to the scale of activity required to address them, and therefore while movement was anticipated it would take time.

(b) Finance Committee, 29 January 2014

Received: The summary report and minutes of the meeting held on 29 January 2014.

Reported:

- (1) That Finance Committee received an updated on the capital programme and noted the progress that had been made. All costs remained within the existing agreed overall campus masterplan. It was agreed that the Director of Estates will attend the next meeting of Finance Committee (in April 2014) for a longer session on the campus masterplan.
- (2) That the Masterplan Capital Programme Board had met for the second time on 22 January 2014. A new dashboard report had been reviewed and this will be submitted to Capital Planning Sub Committee and Finance Committee on a quarterly basis going forward.
- (3) That a number of changes to the Financial Regulations were considered and Finance Committee recommends these changes for the approval of the Board of Governors. These changes are summarised in the following pages.
- (4) That it was noted that UNIAC will be reviewing the Financial Regulations and Procedures and approval will be sought in due course for any changes arising from this process.
- (5) That, as requested at the previous meeting, Aon Hewitt had carried out additional work on the University's investment strategy and they attended the meeting to present their report.

- (6) That the Finance Committee approved a move to an absolute return bond (by a reduction in the investment in index linked gilts and corporate bonds) giving a 10% investment in the three classes of bond. Approval in principle was also given for the move from UK equities to unconstrained global equities, subject to the provision of further information on the best way to satisfy (1) risk mitigation; (2) net return; and (3) compliance with the University's policy on Socially Responsible Investment. This will be considered at an additional meeting of Finance Committee to take place in late March 2014. A decision regarding a limited, pilot, approach to investment in alternative asset classes (such as hedge funds, currency, infrastructure etc) was deferred for the time being.
- (7) That BlackRock (the University's fund manager) attended the meeting to present their annual performance report and the outcomes of the recent SRI compliance review.
- (8) That in terms of performance, Finance Committee noted an improved performance against benchmark in the last quarter and over the previous 12 months, but below benchmark for the three and five year periods. The improvement against benchmark reflected the move into bonds in 2012.
- (9) That the SRI review had been carried out by a new independent organisation – Investor Responsibilities Research Center (IRRC) Institute and had confirmed that the University's investment portfolio remained compliant with the SRI policy.
- (10) Finance Committee noted the management accounts for December 2014 at the meeting:
- It was noted that current year financial results for MHS were disappointing and that actions were underway to improve the outturn.
 - The surplus to date was £15.31m, £1.8m adverse to budget. Key factors were: £2.5m lower investment income; £1.4m lower than budgeted tuition fee income; £1.2m higher interest payable; £1.1m lower research overhead recovery; £0.3m adverse net pay.
 - cumulative income was £354.1, £5.3m below budget but 3.7% higher than prior year;
 - pay costs were £192.5m, £0.2m lower than budget. Pay costs, excluding ERVS represented 54.3% of total income compared to 53.3% in the prior year, and 53.0% budgeted;
 - the non-pay costs were 6.9% higher than last year, at £121.6m but £8.1m favourable to budget;
 - cash balances stood at £452.6m.

Resolved: That the Board approved the Finance Committee recommendation to approve the changes to the Financial Regulations and Procedures. The Board endorsed the changes that have been approved by Finance Committee as detailed in the papers.

(c) Staffing Committee, 16 January 2014

Received: The minutes from the meeting of the Staffing Committee held on 16 January 2014.

Resolved: That the Board endorsed the recommendations of the Staffing Committee held on 16 January 2014. These were:

- (1) That the University proceeds with the process outlined in the agreed Contracts Policy and Procedure to deal with those staff considered to be at risk on open ended contracts linked to finite external funding or special projects for the period from 1 November 2014 to 31 January 2015; and
- (2) That the University continues to ensure that all suitable and appropriate alternative strategies for resolution, including redeployment and restructuring, have been properly considered.

(d) Remuneration Committee, 20 November 2013

Received: The minutes of the meeting held on 20 November 2013.

Reported: That the Committee reviewed and determined, inter alia, the following matters; its role and remit, the recommendations from the Senior Salaries Review Group which were then approved by the Committee, Salary and Bonus Payments to the Chief Executive of UMI3, the outcome of the Hay evaluation of senior roles and the Committee's recommendations; and acknowledging the excellent work and progress, the Remuneration Committee approved a bonus payment to one of the PSS Directors for the 2012/13 operational year.

Resolved: That the Board of Governors accepted the HAY evaluation outcomes (pending the changes as previously described in the report).

11. Report from the Senate

Received: The summary report from the meeting held 5 February 2014.

Reported:

- (1) That the President and Vice-Chancellor updated Senate on the possible implications of the Chancellor of the Exchequer's Autumn Statement, the key priorities which emerged from the 2013 round of Annual Performance Reviews, and student numbers for entry in 2013.
- (2) That Senate discussed a project to explore the relationship between research and teaching and learning at the University, received an update on the implementation of the Policy on Recording Lectures and other Teaching and Learning Activities and the roll out of lecture capture software, and noted the terms of reference for a working group to consider how teaching is dealt with in academic promotions and related processes.
- (3) That the Vice-President (Research and Innovation) reported on the REF2014 return and a recent call by University of Manchester Research Institute for pump-priming proposals to support activities that lead to an increase in successful interdisciplinary research. Senate noted amendments to the Supervision Policy for Postgraduate Research Degrees.
- (4) That Senate received and discussed the Annual Report of Student Appeals, Student Complaints and Student Discipline Cases for 2012-13. (attached as an Appendix).
- (5) That Senate had also considered the likely impact of strike action on the University, as part of the ongoing dispute between the unions and the employers association over the previous year's pay award of 1%.

Resolved: The Board noted the Annual Report of Student Appeals, Student Complaints and Student Discipline Cases for 2012-13.

12. Report from the Planning and Resources Committee

Received: The summary report from the meetings held on 10 December 2013.

Reported:

- (1) That Dr Teresa Anderson, the Director of the Jodrell Bank Discovery Centre, attended the PRC meeting on 10 December 2013 to discuss the Jodrell Bank Discovery Centre Annual Performance Review. Performance had been strong against all indicators, including a 24% increase in visitor numbers to over 127,000. A number of opportunities had been identified going forward and it was noted that the Centre was in the process of developing its first Strategic Plan against which performance would be assessed in future.
- (2) That at its meeting on 10 December 2013, the Committee approved the income and expenditure levels and milestone information that OFFA and HEFCE required from institutions for the annual monitoring of Access Agreements, Interim Widening Participation Strategic Statements (IWPSS) and the National Scholarship Programme (NSP) for 2012-13. The Committee also received a paper summarising recent changes to the Government's National Scholarship Programme (NSP). The Committee agreed, with a number of concerns and reservations, to cover the shortfall of £1.258m in NSP funding for 2014-15 because it wanted to honour what it had presented to student applicants. This would apply to all new home undergraduate students entering the University in September 2014. It also agreed that there should be no change to the principles or the offer published for 2014-15 and that options for financial support for 2015-16 should be brought to the PRC meeting in February 2014.
- (3) That at its meeting on 10 December 2013, the Committee considered the draft management accounts for the period ended 31 October 2013. The Committee also received the budgeting and planning guidance notes 2014-20 and The University of Manchester's response to the HEFCE consultation on the financial memorandum, which had been submitted by the deadline of 6 December 2013. The Committee also received a report on the financial position of the Students' Union from the General Secretary of the Students' Union. The Committee acknowledged the difficulties being faced, which were being worked through, and offered its support.
- (4) That during the period of this report, the Committee received the Minutes of the Finance Sub-Committee meetings held on 29 October and 19 November 2013.
- (5) That the Committee considered a report on provisional student numbers as at 1 December 2013. The total number of undergraduate students was 25,462 compared to 24,990 targeted (an increase of 472) and 25,644 last year. The total number of postgraduate taught students was 4,829, compared to 4,915 targeted and 4,554 last year, and recruitment of Home/EU PGT was below target. The total number of postgraduate research students was 3,207 compared to 3,279 targeted and 3,180 last year. The total number of Home full-time Year 0 and Year 1 students was 286 above target and the quality of intake was high - the University had recruited 1,700 non-ABB+ students compared with its Student Number Control of 1,724.

- (6) That the Committee noted that, on the basis of the discussions held during the Annual Performance Reviews and other ongoing developments, the University's Senior Leadership Team had identified seven key priorities for 2014-15:
- i) Maintaining momentum towards our research targets by developing a post-REF strategy
 - ii) Continuing to improve the student experience
 - iii) Sustaining target levels of student recruitment
 - iv) Delivering the signature programmes in the social responsibility agenda
 - v) Creating a more performance-orientated culture
 - vi) Increasing and diversifying income
 - vii) Developing and delivering a communications and marketing plan

The Committee also received the Report of the External Stakeholder Survey and noted that an Action Plan was being finalized.

- (7) That the Committee noted that, in line with most other UK Higher Education Institutions, the University would be paying the 1% national pay award to all staff with their December 2013 salary and that back pay to 1 August 2013 would be paid with salary in January 2014. The Committee was also informed that the HR and equality and diversity KPIs had been considered at the meeting of the HR Sub-Committee held on 19 November 2013 as part of the Annual Performance Review process. A report had been written identifying actions which would be presented as part of the APR documentation to the Board of Governors at the conference in March. There would be a formal mid-year review of progress on 20 May 2014.
- (8) That the Committee was informed that the meeting of the Capital Planning Sub-Committee on 3 December 2013 had considered the environmental sustainability KPIs. A fuller report had been written identifying actions which would be presented as part of the APR documentation to the Board of Governors at the conference in March. The Capital Planning Sub-Committee had also noted the acquisition of the Jabez Clegg property and had approved a scheme to refurbish laboratories in the School of Earth, Atmospheric and Environmental Sciences.

13. University Union Relations Committee

Received: A report of the meeting between the University and the Union held on 27 January 2014.

Reported:

The summary below lists the key issues for the Board's consideration and information:

- (1) That the Committee reviewed the financial statements for the Union for the year end 31 July 2013. The Union finance function was outsourced and they were continuing work to get the accounts finished. The documents circulated reflected how the accounts currently stand. The year-end position showed a deficit of £1.5 million. A significant proportion of this was attributable to asset write-offs, with a trading deficit of £600k. UMSU has since brought back finance in-house, has re-calculated budget for 2013-14 and made significant budget cuts and is now going through restructuring. The Union anticipated a break even in the current year before restructuring costs (£230k). It was anticipated that the full set of accounts would be available within 4 weeks (by end of February), and the Union was urged to ensure this deadline was met so that it could fulfil its obligation under the Code of Practice to make available the statements to

students. The University has offered assistance to the Union in this process and members of the Committee were holding regular meetings with the Union throughout.

- (2) The Committee considered progress in respect of lease arrangements between the Union and the University and noted that discussions were ongoing on a new lease arrangement for the Steve Biko building. This was in its final form bar one issue which Estates were awaiting feedback on.
- (3) That the Committee noted that exec members had been working on the election bye-law following the review of the elections in the previous year. The work had been delayed as a result of staff departures. The bye-law, which has been reviewed by University staff, is provided for endorsement by the Board of Governors. There remains work to complete on the full set of Union bye-laws and the Union is currently scoping a governance review to address this issue.
- (4) That the Union was continuing to work with the University on policy and guidance around student usage of social media.
- (5) That the Committee reviewed the Code of Practice between the University and Union, noting the amendments agreed in the previous year and therefore agreed no further work on this was required.
- (6) That the Union reported that November and December had been a particularly challenging time. Since the last UURC meeting, the Union had gone through a process which has included making significant budget cuts for the 13/14 year, as well as a voluntary redundancy process which has resulted in a loss of 11 full time members of staff. Despite this, the Union had carried on functioning as normal during this period. RAG week was a huge success with many students participating in fundraising activities. Despite the difficulties of the period before Christmas, they reported that all members of staff had returned to work in January with a can-do attitude and were taking positive steps to ensure the continued smooth running of the Students' Union. The Union had held a number of major events in January, including Pangaea and the Refreshers Fair. The next period would be particularly busy with elections in March and the end of the exam period there was a renewed focus as the Union sought to return to business as usual.
- (7) That as part of the wider Governance Review, the Students' Union was reviewing the training it provides to its trustees and to its full-time officers. It was hoped that by integrating the existing external trustees into the process, further continuity of skills and experience can be ensured. The University offered its assistance in this process.
- (8) That three representatives from the Charity Commission (CC) visited the Students' Union on 7th January 2014 as part of a monitoring visit. The CC representatives discussed the incident with the Global Aspirations for Women Society which occurred on 14th February 2013 and other allegations with regard to the Women for Liberation Society. Both organisations had been implicated in spreading extremist views and the CC representatives wished to examine what controls the Students' Union had in place to reduce the risks associated with external speakers and society events. The Union described the processes in place to mitigate these risks. Firstly, all societies have to register with the Students' Union at the beginning of the year. Secondly, any event using Students' Union facilities has to be booked 3 weeks in advance and is examined by Staff members. Thirdly, any request to have an external speaker has to be made by a separate written application and is also scrutinised by Staff members. Fourthly, the Students' Union has the power to impose restrictions on society events, including recording or ticketing the event, introducing an impartial chair for a debate, or recommending security measures or other safeguards. Fifthly, the Students' Union is the official "banker" for all societies, which means that it has a degree of leverage when it comes to regulating the behaviour of societies. However, the Students' Union has limits on what it is able to control. There have been instances of societies deliberately concealing their

true purpose from the Students' Union and often Staff members have to actively monitor societies to keep track of their activities. The Students' Union has taken additional steps since the events of 2013 to further reduce these risks. A new "safe space" policy was adopted by the Board of Trustees in September 2013 and has recruited society coordinators to cover the areas of Cultural, Political, Academic, Community and 17 Voluntary organisations. These staff members were skilled and had built up strong relationships with the societies in their areas. While the visit was informal, the Charity Commission did make a number of recommendations, including linking the Safe Space policy with the group/society application and the Students' Union will be implementing these recommendations going forward.

Resolved: That the Board endorsed the Election Bye-Law (having been reviewed and deemed as fit for purpose by University staff) for the Union to adopt ahead of the Executive elections in March 2014.

Close.

New Appointment to the Board of Governors, 1 September 2014.

Mr Edward Astle

Until July 2013, Edward Astle was Pro Rector (Enterprise) at Imperial College London where he oversaw the university's relationships with industry, and lead business development opportunities in the UK and internationally. Previously Edward was an Executive Director of National Grid plc from 2001 to 2008, a Managing Director at the BICC Group from 1997 to 1999 and an Executive and Regional Director at Cable & Wireless plc from 1989 to 1997. He has held a number of senior business strategy positions in the UK and France. He is a member of the BT Equality of Access Board, a Trustee of the Shannon Trust and a Non-Executive Director of Intertek, a FTSE 100 multinational inspection, product testing and certification company.