

**BOARD OF GOVERNORS**

Wednesday, 21 November 2018

*Present:* Mr Edward Astle, (in the Chair), President and Vice-Chancellor, Dr John Stageman, Ms Fatima Abid (General Secretary of UMSU), Mrs Ann Barnes, Mr Gary Buxton, Mr Michael Crick, Prof Aneez Esmail, Prof Danielle George, Mr Colin Gillespie, Dr Reinmar Hager, Mr Nick Hillman, Dr Steve Jones, Mrs Bridget Lea, Mr Paul Lee, Mr Shumit Mandal, Professor Silvia Massini, Mr Richard Solomons, Mr Andrew Spinoza, Dr Delia Vazquez, Mrs Alice Webb and Ms Ros Webster (22)

*In attendance:* The Registrar, Secretary and Chief Operating Officer (RSCOO), the Deputy President and Deputy Vice-Chancellor, the Vice-President and Dean of Faculty for Science and Engineering, the Director of Finance, the Director of Human Resources, the Director of Legal Affairs and Board Secretariat, the Vice-President (Teaching, Learning and Students) (for item 11), the Director of Compliance and Risk (for item 12), and the Deputy Secretary.

*Apologies:* Dr Neil McArthur, Mr Robin Phillips, Prof Nalin Thakkar

(NB To facilitate progress of business, there was some variation to the order of agenda items as published)

**1. Declarations of Interest**

**Reported:**

- (1) Bridget Lea was moving from O2 to a new position at Sainsbury's in the New Year.
- (2) The President and Vice-Chancellor had recently been appointed as a member of the national, independent Industrial Strategy Council.

**2. Minutes**

**Resolved:** The minutes of the meeting held on 3 October 2018 were approved.

**Noted:** at the previous meeting, in the course of discussion about National Student Survey (NSS) outcomes, concerns about relatively slow progress in some areas had been raised. The Board forward agenda included further consideration of the student learning and teaching experience: related matters were also covered later on the agenda (under the item on Academic Assurance).

**3. Matters arising from the minutes**

**Noted:** an updated report on ongoing issues that had been raised at previous meetings and that would be addressed within the agenda or would come forward at a later date.

**4. President and Vice-Chancellor's report**

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

**Received:** the report of the President and Vice-Chancellor.

**Reported:**

- (1) The University continued to plan for the eventuality of a "no deal" Brexit, with the Director of Compliance and Risk leading this activity.
- (2) Annual Performance Reviews of the Faculties and Professional Services had been completed and planning for the 2019 Accountability and Planning Conference was underway, with focus on the future vision and implications for the high level strategic plan.
- (3) The University's response to the Universities UK consultation on the Universities Superannuation Scheme (USS) Joint Expert Panel (JEP) recommendations had been approved by Finance Committee and signed off by the Chair of the Board on behalf of the Board. The response indicated support for the JEP proposals and the increased risk therein on a short term, time-limited basis only, in order to

create space for the Trustees and Joint Negotiating Committee (JNC) to consider further reforms in this area. Following the conclusion of consultation, USS would now carry out a new valuation of the scheme (as at March 2018) to finalise updated contribution rates based on the new valuation for the JNC to consider.

- (4) The University had announced changes to its own pension scheme, the University of Manchester Superannuation Scheme (UMSS) and UNISON had balloted its members for industrial action following notice of these changes.
- (5) Whilst it was early in the cycle, applications for 2019 entry were significantly higher (14%) than on the corresponding date last year (and this was in the context of a slight (4%) decrease in applications, both nationally and in the University's UCAS comparator group).
- (6) Publication of the outcomes of the post-18 Education Review led by Philip Augar was expected early in the New Year, following conclusion of the review of the public reporting of the cost of student finance by the Office for National Statistics. A significant reduction in the maximum undergraduate home fee level, without mitigating action by the Treasury would have serious implications for the sector and require a reappraisal of priorities and approach by the University (for example in widening participation activity and bursary provision; the five year plan considered at the most recent meeting of Finance Committee had set out different scenarios and contingencies).
- (7) The President and Vice-Chancellor had taken part in a meeting with the Secretary of State for Education which had considered undergraduate fees as well as other sector-wide issues such as "grade inflation", use of unconditional offers and widening participation. University leaders would continue to ensure that sector concerns about potential detrimental outcomes of the Augar Review were known; this might include, for example, impact on the sector's ability to contribute to the delivery of the national Industrial Strategy, as well as unplanned and unintended consequences of change (for example, the impact of any reintroduction of an undergraduate home student number cap on participation by currently under-represented groups or areas).

**Noted:**

- (1) Whilst the increase in applications was welcome, the reasons for it were uncertain, but most likely attributable to a combination of factors, including a number of recent positive media stories about the university, improved league table position and the attractiveness of the city, as well as increased focus on outreach activity.
- (2) Given the uncertainty of the external environment, there may need to be some flexibility in preparation of the agenda for the Accountability and Planning Conference.

## **5. Performance against Key Performance Indicators**

**Received:** a report providing a summary of the University's performance against high level key performance indicators (KPIs) and targets in the Strategic Plan.

**Reported:** the draft Stocktake Report, including 2017-18 final outturn key performance indicators, would be submitted to the February 2018 Board, before further consideration at the Accountability and Planning Conference in March 2019.

**Noted:**

- (1) In response to the suggestion that the University include performance in the "People and Planet" League Table in its suite of KPIs, the comment there were flaws in this indicator and its

methodology tended to disadvantage large, research intensive universities like Manchester; the University continued to seek other indices to measure performance in this area.

- (2) In relation to a question relating to the staff satisfaction KPI, the Board received summary data from all aspects of the survey (the next survey would be carried out in March 2019); the question chosen for inclusion in the suite of KPIs (overall satisfaction) was the one against which the University was benchmarked.
- (3) A steering group was beginning preparation for the next staff survey (in March 2019); the group was recommending a move to triennial full surveys (to facilitate trend analysis) along with more frequent and shorter “pulse” surveys. Member experience of effective use of surveys, including for staff groups who do not typically use computers, would be valuable and should be explored further.
- (4) In response to a question about the widening access KPIs, the University’s performance had been broadly static in recent years. The University continued to use contextualised data and information in its admissions processes. Whilst there was recognition of the potential for improvement in some areas, the fact that some areas in which the University recruited were no longer classified as low participation neighbourhoods was testament to the success of its approach.
- (5) Members expressed some disappointment about the decline in the employability metric; however, it was explained that this was largely attributable to a change in methodology and a reliance on self-declaration by students; Manchester remained the most targeted university by employers seeking graduates.
- (6) There has been a slight decline in the take up of the Stellify programme with uneven participation across discipline areas. There would be encouragement from the Director of the College for Interdisciplinary Learning, supported by Deans of Faculty for wider take-up of the programme.
- (7) In relation to equality, in addition to the KPIs provided, the University was cognisant of the need to address the differential performance of some categories of black and minority ethnic students.
- (8) In response to questions about the decline in take up of “The Works” (a one-stop shop encouraging local people back into employment), this was attributable to the declining local unemployment rate and there was potential to develop the University’s approach in this area.
- (9) The nature of research grants meant that flow could be uneven, although the increase indicated in the KPIs was welcome (and had recently been further enhanced by a £15.5 million award to the Manchester Institute of Biotechnology).
- (10) The University did not have the same level of influence and control of performance across the suite of indicators and it might be helpful to indicate the levers at the University’s control to influence outcomes in future iterations.
- (11) Once the University adopted a revised Strategic Plan, there would be revision to the current set of KPIs.

**Action: Director of Planning**

## **6. Faculty of Science and Engineering –update**

**Received:** an update to the Board on progress in the Faculty of Science and Engineering, relating to both the agreed restructure and business as usual, indicating areas of focus for 2018-19 and opportunities provided by the restructure. The report also covered changes to Professional Services structure (also considered under item 13 i)) and proposed structures and planning for a Research College and a Teaching College.

**Noted:**

- (1) The increasing importance of international activity within the Faculty, exemplified by the establishment of the joint Industrial Biotechnology research centre in Tsinghua. Of a total of £21.1 million in industrial awards, £7.7 million came from international industry.
- (2) Notable successes in research awards, including the recent award of two Prosperity Partnership awards adding to two achieved in the previous year.
- (3) The revised structures and approach were designed to achieve a better “partnership” with students and more effective student engagement. The Faculty Forum led by the Associate Dean for Student Engagement was an example of this approach with invitations to representatives from each subject area and encouragement to all students to attend.
- (4) Whilst there was recognition of sector wide concerns about the dangers of grade inflation, the improvement in degree outcomes (achieved in a robust fashion by clear definition of appropriate average marks for each course/module) meant that the Faculty’s performance was now broadly consistent with other Russell Group institutions.
- (5) The Faculty’s commitment to robust entry standards was not at the expense of its commitment to widening access and the Foundation Year continued to provide an excellent entry route for many students from non-traditional backgrounds. The development of a Degree Apprenticeship in the nuclear sector, potentially provided a model for other sectors.
- (6) Students would continue to benefit from research led and informed teaching in the revised structure which would continue to enable and facilitate this, and the presentation of the structure should articulate more clearly the benefits of this.
- (7) The reduction from nine to two schools would enable a more integrated and consistent approach, with improvements in quality of service and savings in operational costs.

## **7. Chair’s report**

### **(i) Committee Chairs meeting-3 October 2018**

**Received:** a report from the meeting of Committee chairs held on 3 October 2018.

### **(ii) Meetings of Committee of University Chairs (CUC) and Russell Group chairs**

**Reported:**

- (1) The meeting of CUC in October 2018 had considered future direction and purpose of CUC and, in light of experience of consideration of USS issues, the potential for chairs to take on a more prominent role: the Chair had emphasised the importance of ensuring that any interventions were confined to governance issues. On student mental health, the meeting had also received a powerful presentation from the Chair of the University of Bristol Council on the governing body’s response to a number of student suicides. The presentation had highlighted the importance of an emergency response plan for the Board.
- (2) The meeting of the Russell Group chairs earlier in the month had been the first of its type; the meeting had been convened at the suggestion of the Chair of the University of Nottingham Council again in response to concerns that Board/Council chairs could have taken on a more prominent role in the USS dispute. The challenge in establishing a collective Russell Group view was noted; the Russell Group had been asked to consider supporting the administration of future, occasional meetings.

## **8. Secretary’s report**

**(i) Exercise of Delegations**

**Reported:** Pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to Instruments recorded in entries 2037 to 2059.

**9. Office For Students: Annual Accountability Return, including Annual Assurance Return**

**Received:** an overview of documents requiring Board approval before submission to the Office for Students (OfS).

**10. Report from the External Auditors and Financial Statements (including Letter of Representation, Audit Committee Annual Report and Financial Commentary)**

**Received:**

- (1) The report to the Audit Committee from the external auditors, EY.
- (2) The management letter of representation
- (3) Financial Statements for the year ending 31 July 2018
- (4) The 2017-18 annual report from the Audit Committee, including the annual opinion from the internal auditors, Uniac.
- (5) Financial commentary required by OfS as part of the Annual Accountability Return.

**Reported:**

- (1) The Audit Committee had recommended adoption of its annual report: the incoming Chair had consulted with the outgoing Chair on its content.
- (2) The Finance Committee and the Audit Committee had recommended the approval of the Financial Statements, having reviewed the report from the external auditors, EY. EY had issued an unqualified opinion and identified one audit difference in the draft financial statements (£2.9 million) which management had chosen not to adjust. EY's work had identified that the estimated value of UMSS fund assets used by the actuary was understated. The Committee noted that EY was content with management's assessment that the impact of this was not material and confirmed that it concurred with this: reference to this was included in the Letter of Representation.

**Noted:** the Board's appreciation of the comprehensiveness and clarity of the Financial Statements.

**Resolved:** that the following documents be submitted to OfS:

- (1) Audit Committee Annual Report for 2017-18.
- (2) Signed audited Financial Statements for the year ending 31 July 2018.
- (3) The Financial Commentary.

**Action: Deputy Secretary and Director of Finance**

**11. Academic Assurance (including approval of Annual Assurance Return to OfS)**

**Received:** a report setting out the basis for the Board's confirmation of its oversight of the student academic experience and student outcomes and standard of awards as required in the Annual Assurance Return to be submitted to the OfS.

**Reported:** the report set out the University's Quality Assessment processes including a summary of the processes used for the annual review of undergraduate and postgraduate taught provision, a summary of periodic reviews (incorporating peer review) and a summary of output from the annual review of postgraduate research provision.

**Noted:**

- (1) The report referenced materials on Board oversight of academic governance made available by Advance HE, including case studies, and there would be consideration of these materials to inform future practice. **Action: Vice President (Learning and Teaching) and Deputy Secretary**
- (2) The data provided, whilst providing assurance on process, was static and in some cases quite dated. There was an opportunity to provide more “real time” data, with clearer summaries for Board review. **Action: Vice President (Learning and Teaching) and Deputy Secretary**
- (3) The Board was aware of relevant issues from review of KPIs, including student satisfaction, and matters discussed at the February briefing session and subsequent report to the Board.
- (4) The potential for some Board members to be involved as discussions about enhancing the approach developed. **Action: Vice President (Learning and Teaching) and Deputy Secretary**

**Resolved:**

- (1) Having noted the above and the intention to develop and enhance the Board’s approach, to confirm that the Board had received and discussed a report and accompanying action plan relating to the continuous improvement of the student academic experience and student outcomes. This included evidence from periodic review processes, which fully involve students and include embedded external peer or professional review.
- (2) To confirm that the methodologies used as a basis to improve the student academic experience and student outcomes were, to the best of its knowledge, robust and appropriate.
- (3) To confirm that the standards of awards for which the University is responsible had been appropriately set and maintained.
- (4) In light of the above, to approve signature of the Annual Assurance Return by the President and Vice-Chancellor, for submission to OfS.

**Action: Deputy Secretary**

## 12. Prevent Monitoring Report

**Received:** a report providing assurance that the University continued to have due regard to the Prevent Duty, to enable the Chair to sign off the Prevent annual accountability statement. Responsibility for monitoring the Prevent Duty had now transferred to the OfS and the report was not a requirement of the revised monitoring framework. The revised framework included completion of a data return, which differed significantly from the previous report to HEFCE.

**Noted:**

- (1) The OfS approach to Prevent Duty monitoring was evolving. As an example, the value of OfS capturing data on total number of welfare cases as part of this exercise was unclear and had been challenged within the sector.
- (2) There was no evidence that the Prevent Duty had inhibited behaviour or freedom of speech on campus. The University had mature processes to review external speaker requests and there was effective liaison with the Students’ Union to consider requests. Despite some reservations about impact of the Prevent Duty, the Students’ Union worked collaboratively and engaged effectively with the University.
- (3) Since its inception, the Prevent Duty had evolved and, despite some legacy perception issues, was now more generally recognised as an effective multi-agency initiative to ensure safeguarding and wellbeing.
- (4) The University has an obligation to train “appropriate staff” although interpretation of this was at the University’s discretion. In keeping with its treatment of Prevent as part of a broader safeguarding agenda, the University ensured that staff most likely to come into contact with vulnerable adults were trained. The Board asked for information about how the Students Union dealt with potentially vulnerable students approaching their welfare staff. **Action: General Secretary, Students Union**

**Resolved:** that the Chair be authorised to sign the Prevent annual accountability statement for return to OfS.

**Action: Director of Compliance and Risk**

### 13. Board committee reports

#### (i) Staffing Committee (3 October and 21 November 2018)

**Received:** The minutes of the meeting of the Staffing Committee held on 3 October 2018, a report on proposals considered and approved by the Committee at a meeting held earlier on 21 November 2018, and a verbal report from that meeting.

#### **Reported:**

- (1) The proposals would create a new Professional Services (PS) leadership model for the Directorate of the Student Experience (DSE) and specific areas in Faculties and Schools. Improvement of the student experience was integral to the proposals. The principal driver for the change was the implementation of the Student Lifecycle Project (SLP) which required a high degree of simplification and standardisation across the University; in addition the restructure of the Faculty of Science and Engineering required a new leadership structure.
- (2) The establishment of a more consistent and aligned PS leadership model across the Faculties and DSE was Stage 1 of a process with the remaining stages being designed and implemented once the new leadership was in place. A total of 58 posts were in scope; a proposed reduction of 36 posts and the creation of 27 new posts would result in a net reduction of nine posts (the number of staff without a post in the new structure could be greater than nine if individuals did not match to new roles).
- (3) Stage 1 of the process would deliver an annual net savings contribution of £860,000 per annum towards the £3.5 million per annum target for the SLP (contributing to an overall PS saving target of £15 million per annum by July 2021).

#### **Noted:**

- (1) Effective and regular communication would be an essential part of the process (there had already been engagement with affected staff about the likelihood of change). The changes would create new and different opportunities (for example, Stage 1 would see an increase in the current number of Grade 9 posts) and developing staff resilience in an environment where change is a constant was essential.
- (2) Whilst investment in IT infrastructure was an important element of the SLP, it was important not to see SLP as an IT led project. Greater simplification and standardisation and removal of bespoke and inefficient processes were all part of the organisational and cultural change required and the changes outlined were integral to achieving this.
- (3) An update on the SLP was scheduled on the forward agenda later in the academic year and Uniac had embarked on field work for a review of the project and would report to Audit Committee.

**Resolved:** following recommendations made by Staffing Committee after giving the proposals full and proper consideration (and noting that this matter was confidential until formal consultation and communication commenced on 28 November 2018):

- (1) To achieve the required improvements to the delivery of the student experience, the University should enter into consultation with the campus trade unions and, subject to consultation, should progress with its proposals.
- (2) The University continues to take all reasonable steps outlined in the report to avoid the need for redundancy wherever possible and, in particular, to support the use of the University's Voluntary Severance Scheme in the affected areas.
- (3) The Staffing Committee continue to oversee these proposals in accordance with Part II of Ordinance XXIII.

**Action: Director of Human Resources**

**(ii) North Campus Working Group (4 November 2018)**

**Received:** minutes of the meeting of the North Campus Working Group held on 4 November 2018.

**Resolved:**

- (1) To adopt the proposed boundary of the North Campus joint venture development area as outlined in the appendix to the minutes.
- (2) To approve the procurement option and treatment of the Sackville Street Building as outlined in the minutes (ie that the Sackville Street Building be included within the joint venture development area as part of a single procurement exercise). **Action: Director of Estates and Facilities**

**(iii) Finance Committee (7 November 2018)**

**Received:** An Executive Summary of the meeting of Finance Committee held on 7 November 2018.

**Reported:** the meeting had considered: capital programme and reporting in relation to the Campus Masterplan; residences strategy update; Paterson Building redevelopment update; 2017-18 Financial Statements (see item 10 above), Finance report, an updated five year plan paper, University response to UUK consultation on USS JEP proposals (see 10 above), an update on NorthWest EHealth Ltd, a report outlining financial benefits from the M2020 programme and reports from the Subsidiary Undertakings and Investments Sub-Committees.

**Noted:**

- (1) A feasibility study in relation to the Residences Strategy had been requested.
- (2) In relation to the Paterson Building redevelopment, the finalisation of the Memorandum of Understanding between the parties and potential for the University to underwrite a further tranche of fundraising.
- (3) The strategic importance of North West EHealth Ltd and the Committee's commitment to conditional further investment.
- (4) Whilst the staffing change element of M2020 had achieved its objective, some other M2020 projects and initiatives had not fully achieved projected savings targets and there was scope for further improvement in some areas.

**(iv) Audit Committee (7 November 2018)**

**Received:** An Executive Summary of the meeting of Audit Committee held on 7 November 2018

**Reported:** The meeting had considered: external audit and financial statements (see item 10 above), statutory audit of University subsidiaries, the latest progress report from the internal auditors, Uniac, the Annual Report from the Committee (see item 10 above), a report on value for money and the conclusion of a Public interest Disclosure matter

**(v) Remuneration Committee (21 November 2018)**

**Received:** a verbal report on the meeting of Remuneration Committee held earlier on 21 November 2018.

**Reported:**

- (1) The Committee had approved minor amendments to its Terms of Reference and agreed a framework setting out how the Committee worked and reported to the Board.



- (2) The Committee would consider succession planning at its April 2019 meeting.
- (3) The Committee had approved recommendations arising from the senior staff salary review
- (4) Minutes of the meeting would be presented to the February 2019 Board meeting.

#### **14. Report from the Senate**

**Received:** a report on business from the Senate meeting held on 17 October 2018.

**Reported:** the business considered at Senate included: general higher education policy environment and context, changes in various league table positions, an update on the process for the development of the Vision, an update on preparations for the 2021 Research Excellence Framework Excellence exercise, confirmation that the Senate Effectiveness Task and Finish Group would review revisions to Ordinances (and any recommendations for consequent adjustments to draft Statutes) to enable report to the February 2019 Senate, and endorsement of a report summarising the consultation process underway in relation to the proposed merger between the Schools of Law and Social Sciences.

#### **15. Report from the University-Students' Union Relations Committee (UURC) (22 October 2018)**

**Received:** a report from the UURC meeting held on 22 October 2018.

**Reported:** the business considered included the Annual Report from the Union (considered by the Board in July 2018), an overview of activity since the previous meeting and confirmation that the external audit of the Union's accounts was underway and the annual report and accounts would be presented to the Trustee Board on 6 December 2018.

**Noted:**

- (1) The renovations to the Union building had been well received by students and the next Board meeting would take place in the building.
- (2) Recent press reports indicated that the National Union of Students was in severe financial difficulties. The Union was monitoring the position but the impact was likely to be greatest in smaller institutions; nationally, there was concern about the impact on the wider student voice and influence.

#### **17. Report from the Planning and Resources Committee (2 October 2018 and 6 November 2018)**

**Received:** the report of the meetings of Planning and Resources Committee held on 2 October 2018 and 6 November 2018.

#### **18. Forward Agenda and Programme of Work**

**Received:** the forward agenda and programme of work for 2018-19. Members were encouraged to send any further comments to the Deputy Secretary.

#### **19. Any other business**

**Received:** an update on sector developments from Board member Nick Hillman, Director of the Higher Education Policy Institute (HEPI). This included reference to a report to be published by HEPI on 22 November 2018, calling for greater transparency from Universities on use of student fees <https://www.hepi.ac.uk/2018/11/22/new-report-calls-universities-tell-students-fees-go-new-figures-reveal-half-fee-income-goes-teaching-rest-also-benefits-students/>. The report noted that within the sector as a whole, approximately half of student fees was spent on teaching, with most of the remainder being spent directly on student facing activities.

**Close**