The University of Manchester

**BOARD OF GOVERNORS**

Wednesday, 2 October 2019

*Present*: Mr Edward Astle (in the Chair), President and Vice-Chancellor, Dr John Stageman (Deputy Chair), 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, Mr Kwame Kwarteng (General Secretary of UMSU), Mrs Bridget Lea, Dr Neil McArthur, Mr Robin Phillips, Mr Richard Solomons, Mr Andrew Spinoza, Prof Nalin Thakkar 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 Vice-Chancellor, the Vice-President (Learning, Teaching and Students), the Vice-President (Learning, Teaching and Students) designate, the Director of Finance, the Director of Human Resources, the Director of Legal Affairs and Board Secretariat, the Director of Planning (item 6 only), the Director of Development and Alumni Relations (items 8-9 only) and the Deputy Secretary.

*Apologies:* Ms Sara Khan.

**1. Declarations of Interest**

**Reported:** there were no new Declarations of Interest. The Chair welcomed the Vice-President (Learning, Teaching and Students) designate, Prof April McMahon, who had joined the University on 1 October 2019 and would formally move into her new role on 1 November 2019.

**2. Role of the Board of Governors**

**Received:** for information, the statement of primary responsibilities**,** the scheme of delegations, the standing orders of the Board of Governors, and the membership of the Board of Governors from 1st September 2019.

**Noted:** the Chair had made some observations on the wording on the scheme of delegation, none of which were substantive. The Deputy Secretary would amend accordingly and post the revised scheme in the Diligent Reading Room. **Action: Deputy Secretary**

**3. Minutes**

**Resolved:** the minutes of the meeting held on 17 July 2019 were approved.

**4. Matters arising from the minutes**

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

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

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

**Reported:**

(1) The continued uncertainty in relation to Brexit and the heightened risk of "no deal" since the change in administration. EU funding in place or currently in train (e.g Horizon 2020) would be underwritten by the government.

(2) There were strong indications from government circles of a significant increase in funding for research (notwithstanding the likelihood of an imminent General Election).

(3) The Secretary of State for Business, Energy and Industrial Strategy, Andrea Leadsom had visited the Graphene Engineering Innovation Centre (GEIC) that morning. The meeting had been followed by roundtable discussions, which included engagement with small and medium sized enterprises (SMEs).

(4) The report outlined the current industrial relations position (which had also been covered in the pre-Board strategic briefing which has also included an independent presentation of the current USS position, including valuations) including current ballots for industrial action by the recognised campus trade unions, UCU, UNISON and Unite.

(5) The Students' Union Boycott, Divestment and Sanctions (BDS) Society had organised a demonstration outside the meeting, protesting against University investment in Caterpillar, a company which supplies equipment used by the Israeli Army. There had been local and national student (and wider) protests in relation to use of fossil fuels and climate change and more of these were expected in the coming months.

(6) There had been separate protests from students from Hong Kong and the Chinese mainland on 1 October 2019 (National Day of People's Republic of China) connected to the escalating political tension in Hong Kong. The political situation in Kashmir had also resulted in a deterioration in relations between the Indian and Pakistani communities (in the wider community and between respective student societies). The President and Vice-Chancellor emphasised that Universities were environments where dialogue between groups with different opinions was encouraged and the right to peaceful protest respected.

(7) Details of the recent visits by the President and Vice-Chancellor to Hong Kong, mainland China and Singapore

(7) The joint Greater Manchester student mental health facility had now opened. The Director for the Student Experience and Head of Campus Life had recently given a briefing to Senate on student mental health and would be happy to replicate this for the Board. There had been a number of recent Coroner's inquests into student deaths and this concentration was a result of the backlog that had built up whilst all inquests relating to the Manchester Arena bomb in May 2017 were dealt with. None of the inquests had resulted in criticism of the University's actions by the Coroner and proactive, preventative measures were helping to protect students in danger of imminent harm.

**Noted:**

(1) The position in relation to home/EU undergraduate recruitment had improved since the preparation of the report with target numbers slightly exceeded (the caveat here was that the final position would not be known until after the HESES census date of 1 December 2019).

(2) International student recruitment had exceeded target and international students now comprised approximately one-third of the overall student population; international fee income now represented just over 50% of total fee income. A significant post-Brexit decline in recruitment from EU countries was anticipated.

(3) Whilst the University continued to seek to diversify intake, China remained the biggest source of international students. The Board encouraged continued efforts to achieve diversification to mitigate potential future risk to income. An increase in website hits from other countries, including USA, was encouraging but translating this into a significant increase in applications from specific countries was a gradual process.

(4) In response to a member's question, there was no correlation between lower than average Postgraduate Research Experience Survey (PRES) scores and specific buildings or parts of the campus.

(5) With reference to the likely increase in government support for research referred to above, the comment that this may well be targeted at specific types of University, specific subjects and specific applications so the impact on individual institutions was likely to be variable. Whilst the overall tenor of

messages about increased research support was encouraging, some of the emerging detail was potentially contradictory, so clarification would be needed.

(6) In response to members' questions, there was discussion about any potential reputational or financial risks arising from relationships with China and Chinese institutions. The President and Vice-Chancellor confirmed the University's established and consistent position of maintaining relations with countries with which the United Kingdom had diplomatic relations. The University was cognisant of the evolving geopolitical landscape and kept matters under regular review (including risk assessment).

(7) An appendix to the report noted mobilisation of significant resource to ensure export control compliance. [redacted] . ***Redacted – restricted information***

**6. Strategic Plan**

**Received:**

(1) The latest version of the Strategic Plan which incorporated comments received following the briefing to the Board on 17 July 2019 and the subsequent circulation of a further draft in early September 2019.

(2) A report providing a benchmarked summary of other competitor University strategic plans.

**Reported:**

(1) The Plan incorporating any comments from the Board would be considered by Senate at its meeting on 23 October 2019 and would then come back to the Board for formal approval on 20 November 2019.

(2) The current version of the Plan retained the commitment to the University being in the top 25 of global universities.

**Noted:**

(1) A range of comments from members on the latest draft. One member had serious reservations about the overall suitability of the document and these concerns related to length, style, and appropriateness of language used (including the potential to reduce repetition). Other members had more specific and detailed comments, for example, relating to font size used, and the potential for the Plan to place even greater emphasis on both the distinctiveness of Manchester and environmental awareness and sustainability. There were also suggestions that further articulation of detail in some areas might be helpful (e.g in relation to the Institute for Teaching and Learning and the work and achievements of Research Beacons) whilst noting other comments about preference for brevity.

(2) The process of staff and stakeholder engagement in devising the Plan was as important as the end product; there was agreement that this process had been exemplary with commendable levels of engagement with staff, students, prospective students and other stakeholders.

(3) Whilst noting the comments about the potential to improve the draft as outlined in (1) above it was important to bear in mind the purpose of the document and intended audience. It was essential that the Plan contained sufficient levels of detail and substance to enable the Board to assess progress (whilst noting that reference to the metrics to be used to measure progress did not necessarily need to be in the Plan, but could be in supporting documentation). There was substantial further detail in sub-plans sitting underneath each of the themes outlined in the Plan

(4) Whilst it was important that the Plan was as engaging as possible, its primary purpose was not public relations and the University had other vehicles and mechanisms which were more overtly promotional. The Plan would be read by key external stakeholders, prospective staff and prospective partners and ensuring appropriate and sufficient detail and clarity of message and purpose was therefore essential.

(5) The comment that when read in the context of knowledge of the benchmarked summary of other competitor University strategic plans, the draft Plan compared very favourably.

(6) The Plan deliberately did not contain a specific end date and set out the University priorities for the first five years of its journey towards the Vision outlined in the Plan.

(7) The Plan did not contain explicit reference to overall student population over the life of the Plan. The President and Vice-Chancellor emphasised that whilst there was likely to be growth in certain subject areas (for example, reflecting areas of industrial and economic growth) there was no strategic imperative to expand significantly.

**Resolved:** the Director of Planning would reflect on and attempt to synthesise Board member comments in producing the next iteration of the Plan, noting that final Board approval was required at the November Board meeting, prior to formal launch of the Plan in February 2020.

**7. International Partnerships**

**Received:** A report updating the Board on key strategic partnerships.

**Reported:**

(1) Partnerships were not an end in themselves and existed to further University performance and standing in research, student offering (particularly doctoral), business engagement and international reputation.

(2) The report set out a taxonomy of strategic partnerships (four levels, namely Global strategic partners, Institutional strategic partners, Faculty specific partners and School/Department specific partners), methods of supporting and funding partnerships, including modest use of endowment funding, case studies of successful partnerships at Strategic and Faculty level and future prospects.

**Noted:**

(1) Typically any form of relationship with a Chinese institution required some type of formal agreement whereas culture and expectations in other countries, notably USA, was much different with less need for formal documentation.

(2) One member raised specific concerns about the need for diversification to avoid over-concentration of and over-reliance on Chinese partnerships. In this context it was noted that the largest and most significant strategic partnership were with the Universities of Melbourne and Toronto. The University has partnerships with the two most prestigious universities in mainland China and the most prestigious university in Hong Kong.

(3) There was potential to develop partnerships in specific areas with a selective number of institutions in other developing markets (e.g. Latin America and Africa). Partnerships with institutions within the EU were not necessarily dependent on EU funding and this would be considered as part of the assessment of the post-Brexit landscape (noting the prospective partnership with a German institute set out in the report).

(4) Governance in this area was provided through the International Strategy Group which reports to the Planning and Resources Committee.

(5) Distance restricted significant undergraduate and postgraduate taught mobility arising from current Global strategic partnerships although there were on line and other developments with arrangements at doctoral level usually the initial step.

**8. Division of Development and Alumni Relations-Annual Report**

**Received:** a report from the Director of Development and Alumni Relations (DDAR) providing a review of the performance of development and alumni engagement in 2018-19.

**Reported:**

(1) 2018-19 had been a challenging year for fundraising; a reduction had been anticipated following an exceptional year in 2017-18 and results had been impacted by significant internal change (including the departure of two long-standing members of staff) and the external environment (e.g Brexit and related political uncertainty).

(2) The DDAR team had led on the on the successful £25 million UK Research and Partnership Investment Fund (UKRPIF) grant for the Paterson Building redevelopment, but, for legal and regulatory reasons, this was not included in the figures quoted in the report-if included this would have increased the total amount of new funds raised to £37.4 million.

(3) Internal change had provided an opportunity to increase resource devoted to transformational philanthropy.

(4) The More Partnership had recently undertaken a review of fundraising activity and the report was being finalised; once agreed it would be shared with the Board and Planning and Resources Committee. The review had found that resource available to DDAR was comparable to peer institutions and had noted: the significant opportunity afforded by the bicentenary of the origins of the University (in 1824); the potential to strengthen the University's narrative to attract further philanthropic investment; the importance of alumni engagement and the extremely high regard in which the President and Vice-Chancellor was held by donors.

(5) In addition to fundraising, the report set out the extensive work of DDAR in relation to volunteering and alumni engagement.

**Noted:**

(1) The importance of a compelling narrative and an approach engaging and mobilising colleagues from across the institution. In this context, the bicentenary provided a significant opportunity and it would be important to develop exciting, focused campaign proposals. Engagement with alumni and highlighting University successes was a key aspect of this activity.

(2) In relation to a question about potential donor fatigue, whilst the global political climate had impacted on donations more generally, the uncertainty generated by Brexit had been a significant influence on willingness to donate within the UK.

(3) Movement to new, integrated customer relationship software was planned.

(4) Within major gifts teams, typical tenure was between five and six years and effective succession planning was integral to ensure continuity in donor relationships etc.

(5) The potential to engage with emerging, new entrepreneurs; this was facilitated through links with the Chairman and Chief Executive of UMI3.

**9. Gift Oversight Group-Annual Report**

**Received:** the annual report on the purpose and activity of the Gift Oversight Group in 2018-19, including a record of decisions made by the Gift Oversight Group. The Group was now chaired by Professor Nalin Thakkar, as Vice-President for Social Responsibility (the previous Vice-President for Social Responsibility, Professor James Thompson, had chaired the Group in 2018-19)

**Reported:**

(1) No cases had required consultation with the lay member of the Board nominated for this purpose (Dr John Stageman).

(2) Any donor giving, intending to give or who has been asked to give £100,000 or more, or whose cumulative giving amounted to more than £100,000 must be considered by the Group (which met monthly during the academic year). Other donors could be considered by the Group at the discretion of the Director of Development and Alumni Relations. The Group was not aware of the size of the proposed donation when considering specific cases.

(3) The Directorate of Development and Alumni Relations ensured thorough and robust background and due diligence checks on all potential donors. During the year the Group had considered 44 gift approaches of which 40 were approved. In the four instances where potential donations were declined, the Group had decided that acceptance would incur undue reputational risk

**10. Intellectual Property Policy Review**

**Received:** a report setting out the scope and nature of the recent review of the Intellectual Property (IP) Policy, in the context of the current legal and business environment and benchmarking, including recommendations for change.

**Reported:**

(1) The Policy was reviewed every three years.

(2) There were recommendations for improvement to the text and to address identified operational issues arising from the Policy Review. Proposed changes had been recommended by the UMI3 Board.

(3) The most significant recommendation related to research commercialisation and provided for a simplification of the currently complex reward sharing arrangements so that a 70%: 30% ratio (academic inventors: University) applied to all new IP disclosures received by UMI3 after 1 August 2019.

**Noted:**

(1) The Deputy President and Deputy Vice-Chancellor provided as context comparative reward sharing arrangements in peer institutions (appended to the minutes). This demonstrated that the University's proposed approach was weighted more to reward for academic inventors that was the case at other Universities; this was a conscious decision to incentivise increased participation in research commercialisation (consequential increase in volume of activity would more than compensate for increased reward for academic inventors).

(2) The comment that it would have been helpful for the detail referred to above (and in the appendix) to have been included in the report; further background on UMI3 would also have been helpful, particularly for those members who were not in post when the role and strategy of UMI3 had been considered by the Board in May 2018.

(3) Convertible loans would be introduced as replacement for current fixed equity plus preference share arrangements for University spin-out proof of principle money and premium interest bearing loans.

(4) In cases of alleged breaches of IP, the University's preferred approach where possible was to work with a corporate partner who would carry the cost of litigation.

(5) Students owned IP created or developed during the course of their studies and the Policy set out situations where the IP might be assigned to the University, e.g where a student undertakes a sponsored studentship with a sponsoring third party who has a claim on IP arising out of such studentship or when a student participates in a research programme or project in collaboration with employees where potentially commercialisable IP may be created.

**Resolved:** that the recommended amendments outlined in the report (including to reward sharing) be approved, subject to any comments from Senate at its meeting on 23 October 2019 (the relevant Ordinance (XIV) required approval of the Policy by the Board and Senate).

**Action: Deputy Secretary**

**11. Chair's Report**

**i) Lay member recruitment**

**Noted:** the latest position on recruitment (including timetable) of a new lay member and Chair of Finance Committee with effect from report outlining changes in committee membership following discussions between the Chair and members.

**Resolved:**

(1) To give delegated authority to the Chair to approve, on behalf of the Board, the appointment of the candidate recommended by the Panel of Nominations Committee, subject to the Chair circulating details of the recommended appointment to the Board before confirmation (the intention was to conclude this process by early January 2020 at the latest).

(2) To approve attendance by the appointed candidate at Board and Finance Committee meetings later in 2019-20 as an observer, once the appointment is ratified.

**Action: Deputy Secretary**

**ii) Identification of pairs for accountability/performance review**

**Noted:** that the process of identifying pairs to lead on accountability and performance review for the three faculties, three strategic goals and Professional Services was underway and would be finalised shortly. **Action: Deputy Secretary**

**iii) Boards and Committee attendance**

**Noted:** the summary of attendance at Board and committee meetings in 2018-19. Some discrepancies were noted and a revised version would be posted in the Diligent Reading Room.

**Action: Deputy Secretary**

**iv) Voluntary Severance scheme**

**Noted:** on behalf of the Board, the Chair had approved the Voluntary Severance scheme which was unchanged from the version in operation in 2018-19.

**v) Attendance by Board members at Senate**

**Noted:** the Chair reminded members of the invitation to Board members not eligible to serve on Senate to attend a future Senate meeting.

**12. Secretary's Report**

**i) Office for Students (OfS) conditions of registration**

**Noted:** an update from OfS on compliance with the ongoing conditions of registration.

**ii) Manchester Museum Collection Disposal and Repatriation Request-Return of Cultural Heritage Project**

**Received:** a report outlining a request for the repatriation of 43 sacred and ceremonial objects to Aboriginal communities in Australia.

**Resolved:** as Trustees of the Museum Collection, to approve the disposal of objects as outlined in the request. **Action: Deputy Secretary**

**iii) Exercise of Delegations**

**Reported:** award of Emeritus Professorships and pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to instruments recorded in entries 2110 to 2115.

**13. Report from the Planning and Resources Committee** (9 July 2019 and 1 October 2019)

**Received:** a report from the meeting of Planning and Resources Committee held on 9 July 2019 and a brief oral update in the meeting on 1 October 2019, the minutes of which would be included with papers for the November 2019 Board meeting; all important matters had been considered by the Board either via the President and Vice-Chancellor's report or other substantive agenda items.

**14. Board Committee reports**

**(i) Finance Committee** (2 October 2019)

**Received:** an oral report of the meeting of Finance Committee held earlier on 2 October 2019.

**Reported:** the minutes of the meeting would be presented to the November 2019 Board meeting. There were no significant, urgent matters to report.

**(iii) Audit Committee** (9 September 2019)

**Received:** an Executive Summary of the meeting of Audit Committee held on 17 June 2019.

**Reported:** the meeting had considered: terms of reference and membership, a verbal update from the President and Vice-Chancellor, the latest Uniac progress report and the annual internal audit report and opinion, an update from the external auditors EY which included areas of focus and levels of testing in relation to potential significant audit risks, the latest report on risk and the risk management framework and (following the private meeting of Committee members and officers) recommendations in relation to reappointment of internal and external auditors.

**Noted:**

(1) Further to a Uniac follow-up review, action being taken by senior management to address continued issues relating to timely removal of staff leavers from IT systems.
(2) The "no-deal" Brexit Risk Register was undergoing review.
(3) Ongoing work to consider potential use of Board Assurance Frameworks.

**Resolved:**

(1) To approve the recommended amendment to the Committee's terms of reference and the change of title to Audit and Risk Committee to more accurately represent the remit of the Committee.

(2) To re-appoint EY as external auditors for a further year, ie until completion of the audit for the year ending 31 July 2020 and to confirm that Uniac continue to provide the internal audit service.

**Action: Deputy Secretary**

**(iv) North Campus Working Group** (29 August 2019 and 2 October 2019)

**Received:** the minutes of the meeting of the North Campus Working Group held on 29 August 2019 and an oral report of the meeting of the Group held earlier on 2 October 2019.

**Reported:**

(1) The Group had confirmed that the Joint Venture (JV) Board be comprised of an equal number of appointees from the University and the Investor Partner and that the University minimum equity stake should be 35%. Provided that the University held less that a 40% equity stake, the Partner would retain a casting vote and a deadlock procedure would only be required in the unlikely event that the University's equity share exceeded this. Confirmation had been received that the 50:50 JV Board representation had no unintended accounting consequences.

(2) The OJEU launch had taken place in w/c 9 September 2019 and the full process (leading to appointment) would be concluded in November 2020. The deadline for receipt of Selection Questionnaires was 8 November 2019, with shortlisting and dialogue with shortlisted candidates taking place from early December. The OJEU launch had received good press coverage, especially in specialist and trade press and the team involved were congratulated on progress to date.

(3) In the event that it was deemed that insufficient bids of the requisite quality had been received, the process could be halted and re-scheduled.

**15. Forward Agenda and Programme of Work**

**Received:** an outline programme of work (including a list of potential strategic briefings) for 2019-20.

**Noted:**

(1) Suggestions from members for inclusion in the forward programme (either as a Board item or briefing) included:

- Engagement with China
- Environmental sustainability

- Cultural offer and public engagement
- Communications strategy
- UMI3 briefing (as noted above)

(2) Further suggestions could be submitted to the Deputy Secretary who would prepare a revised version for the November 2019 meeting. **Action: Deputy Secretary**

**16. Any Other Business**

**i) Confidential matter**

[redacted]

***Redacted – restricted information***

**ii) Stephen Dauncey, Director of Finance**

**Noted:** this would be the final Board meeting attended by Stephen Dauncey, Director of Finance, who would retire in October 2019. The Board thanked Mr Dauncey for his significant contribution to the work of the University both as Finance Director and, in the years preceding that, as a lay Board member.

**iii) BDO seminar-9 October 2019**

**Noted:** a BDO seminar on matters relevant to the Board and Audit Committee would take place in Manchester on the morning of 9 October 2019.

**Close.**