

The University of Manchester

**BOARD OF GOVERNORS**

Wednesday, 29 November 2012

*Present:*

Mr Anil Ruia (in the Chair),

President and Vice-Chancellor, Mr Stephen Dauncey, Professor Colette Fagan, Mr Mark Glass, Dr Reinmar Hager, Mr Robert Hough, Dame Sue Ion, Mr Paul Lee, Dr Keith Lloyd, Mr Nick Pringle, Mr Neville Richardson, Dr Brenda Smith, Mr Andrew Spinoza, Professor Chris Taylor, Dr Andrew Walsh, Professor Pamela Vallely, Mr Gerry Yeung (18)

*In attendance:* The Vice-President (Registrar, Secretary and Chief Operating Officer, the Deputy Secretary, the Director of Finance, the General Counsel, and the Head of Compliance and Risk.

**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.

**2. Minutes**

**Confirmed:** Subject to minor amendment, the minutes of the meeting held on 10 October 2012.

**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 short oral report from the Chair of the Board of Governors.

**Reported:**

- (1) That the recent Strategic Briefing of the Board of Governors had focused on the People Strategy (a number of Board members having contributed to the early stages of its development) and the challenges this would pose for the University in relation to staffing and management. Within the presentation, it had been indicated that the complexity and rigidity of the University's procedures, embodied in statutes and ordinances and in relation to the operation of Staffing

Committee, would require further consideration and, where necessary, further consultation within the University.

- (2) That the Board had approved a Gift Acceptance Policy earlier in the year. The Gift Oversight Group was now up and running, under the chairmanship of Profess Ian Jacobs as Vice-President and Dean of MHS. The policy states that where the Gift Oversight Group decides that it cannot approve the acceptance of a proposed gift without further consultation, it will refer the information to the President and Vice Chancellor for further consultation, who will, as appropriate either reach a decision or chose to consult with a nominated lay Board member and/or with the Chair of the Board. The Chair therefore asked members to contact him if they had an interest in taking on the role of the Board's nominated lay member for this task.
- (3) That the Chair reported that the Remuneration Committee had met earlier in the day. Among the matters considered included the outcome of the Hay review of Grade 9 non-academic roles, which had addressed the measurement of job scale in the first instance and offered proposals for implementation which were approved by the Committee. Further assessments of market comparison and of performance reward would follow in the process. In addition, the Committee approved a new remuneration package for the Chief Executive of UMI<sup>3</sup>.
- (4) That the Chair made reference to the successful events hosted by the University as part of the public launch of the newly merged School of Arts, Languages and Cultures.

## 6. Secretary's report

**Received:** A report on the outcome of the election to the Board of Governors in Category 3, members of the Senate.

**Reported:**

- (1) That the constitution of the Board of Governors provides for the election by Senate of seven of its members to serve as members of the Board. A member of staff elected to the Board in June 2012 was unable to take up their place on the Board of Governors in September, because by that date, they no longer held membership of Senate. This created a single casual vacancy which was the subject of this election. The term in question will run until 31 August 2015.

The following Senate representatives continue to hold membership of the Board of Governors:

Professor Colette Fagan (2015)

Category 2 of Senate: Associate Dean (Research), Humanities

Professor Maggie Gale (2013)

Category 3 of Senate, School of Arts, Languages and Cultures. Humanities

Professor Andrew Gibson (2014)

Category 3 of Senate, School of Mechanical, Aerospace and Civil Engineering, EPS

Dr Reinmar Hager (2013)

Category 3 of Senate, Life Sciences

Professor Chris Taylor (2015)

Category 2 of Senate, Associate Vice-President (Research), Medical and Human Sciences

Professor Pamela Vallely (2015)

Category 3 of Senate, Medical and Human Sciences

- (2) That the Regulation (Regulation V) governing this ballot was amended in 2012. In line with the regulation, the ballot was held on-line over a two-week period. All current members of the Senate were eligible to vote in the election. Each elector could vote for only one candidate to

take up the place available on the Board of Governors. The ballot closed on Wednesday, 14 November 2012.

- (3) That as a result of the ballot, the following Senate member was declared elected to the Board of Governors for the term, until 31 August 2015:

Dr Caroline Jay (2015)  
Category 3 of Senate, School of Computer Sciences, EPS

- (4) That 47 of the 64 Senate members voted in the ballot, a turnout of 73%. This was noted as the highest recorded in recent years within this particular election.

## **7. Management Letter and Report from the External Auditors**

**Received:** That on recommendation from Audit Committee, the Board was asked to consider and approve the Management Letter and its accompanying Report to the Audit Committee from the External Auditors, Deloitte LLP for the year ended 31 July 2012, and in respect of the Management Letter, to approve its onward transmission, as required by the HEFCE Code of Practice on Audit and Accountability, to the HEFCE Assurance Service.

As part of this item the Board was asked to consider and approve the Letter of Representation (presented within Appendix 5 of the Report to the Audit Committee), provided in connection with the audit of the Financial Statements undertaken by the External Auditors for the year ended 31 July 2012.

### **Reported:**

- (1) That the Management Letter covered issues arising from the audit work with respect to the financial performance and position of the University, internal controls (including risk management) and audit and accounting issues.
- (2) That a review of internal audit arrangements had allowed the External Auditors to reach the view that reliance could be placed on the work of the Universities Internal Audit Consortium (Uniac), meaning that there was no requirement to duplicate this work.
- (3) That, following completion of the external audit and receipt of the Letter of Representation from the Board of Governors, Deloitte LLP would be in a position to provide confirmation that the Accounts of the University complied with the HEFCE Statement of Recommended Practice and gave a true and fair view of the University's affairs as at 31 July 2012.
- (4) That the Management Report and accompanying Management Letter from the External Auditors, Deloitte, recorded the features of the audit conducted for the financial year-end 31 July 2012, and described specific observations their treatment within the accounts and any accompanying response.
- (5) That, overall, the report and management letter providing a relatively clean audit report, and the Auditors had commented favorably on the support and responses received from management. The external auditors had therefore issued an unmodified audit opinion on the truth and fairness of the financial statements.

**Noted:**

- (1) That the Board was asked to note the Management Representation Letter, which was to be signed on their behalf by the Chair of the Board of Governors, and therefore all members should be familiar and comfortable with the representations described.
- (2) That the Audit Committee would, on behalf of the Board of Governors, track the action taken by the University in response to the observations made in the Management Letter.
- (3) That the Board was also asked to provide delegated authority for the Chair of the Board of Governors to act in relation to the US GAAP accounts. These would be finalised shortly and reviewed by Finance Committee on 22 January 2013. They have to be submitted to the US Authorities by the end of January and this means the Chair will need delegated authority from the Board to sign them off, following the meeting of Finance Committee.

**Resolved:**

- (1) To approve, as required by the HEFCE Code of Practice on Audit and Accountability, the onward transmission of the Management Letter to the HEFCE Assurance Service.
- (2) To grant delegated authority to the Chair of the Board of Governors to act on behalf of the University in relation to the submission of US GAAP accounts.

**8. Financial Statements**

**Received:** That on recommendation from the Finance Committee, the Board was asked to consider and approve, for onward transmission to the Higher Education Funding Council for England (HEFCE), the audited Financial Statements for the year ended 31 July 2012

**Reported:**

- (1) That the Chair highlighted the Review of the Year, by the President and Vice-Chancellor which was included within the Financial Statements. The Review provided a summation of the work undertaken in the year, on the Strategic Plan – Manchester 2020, the prizes and recognition the University had received, the preparations for the forthcoming Research Excellence Framework, NSS performance, recruitment (of students, and of staff via the World Leading Minds Campaign), and in relation to Goal 3 – Social Responsibility.
- (2) That a number of key performance indicators were presented in the statements. The statements indicated total audited research expenditure of £408.3m, a decrease of 1.8% on the previous year. Growth in international student fee income had increased by £12.9m over the year, representing a 10.4% increase. Net Liquidity expenditure cover was running at a level sufficient to provide 99 days expenditure cover, compared to 98 days in the previous year. External borrowing as a percentage of total income had reduced from 23.4% of total income to 22.5%.
- (3) That the operating surplus before transfer from endowments was £48.6m, compared with £54m in 2010/11. This was ahead of expectations and demonstrated the University's continuing effective financial management and maintenance of a strong financial position despite the external economic climate. An underlying surplus of 5.4% was judged satisfactory, although it was recognised that it was insufficient to support the higher levels of building maintenance expenditure, estates development and student investment that the University would need in the future. Indeed, a performance indicator in the Strategic Plan required the University to deliver future levels of surplus at 7%, in order to offset reductions in core funding.

- (4) Total income for the University of £807.3m reduced marginally by £1.3m (0.2%) from £808.6m in 2010/11. Funding council grants were down by £6.8m (3.3%). The core teaching grant reduced by £4.3m reflecting the commencement of significant changes to the funding regime as the teaching grant is replaced by additional fee income. Research funding reduced by £0.6m (0.8%).
- (4) That total expenditure increased by £3.7m (0.5%). Underlying staff costs were up by £7.4m (1.8%) reflecting strategic investments in new posts partly offset by savings made via voluntary severance. Other operating costs increased by £5.9m (2.1%) due to an increase in equipment purchase and maintenance expenditure (£5.9m), utilities costs (£2.1m) and facilities costs (£2.2m), offset by reductions in estates repairs (£4.6m) and consumables (£1.4m).
- (5) That the University closed the year ended 31 July 2012 with net assets of £746.2m, an increase of £14.6m (2.0%) after taking account of a pension deficit of £109.3m which increased by a net £22.3m in the year, and increase of £19.1m on the UMSS scheme, and a total of increase of £3.2m on the University's two other schemes (where deficits in which are reflected in the statements), GMPF and the MILGPS.

**Resolved:** That the Board confirmed:

- (1) That it was not aware of any actual or potential non-compliance with law and regulations that could have a material effect on the ability of the University to conduct its business and, therefore, on the results and financial position to be disclosed in the Financial Statements for the period ended 31 July 2012.
- (2) That the Financial Statements for the period ended 31 July 2012 be approved for onward transmission to the Higher Education Funding Council for England (HEFCE), and that they be also forwarded to the General Assembly for comment in accordance with Statute IX.8(b).

*Forwarded to the General Assembly*

## **9. President and Vice-Chancellor's report**

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

**Received:** A Report from the President and Vice-Chancellor. The item included a report from Professor Luke Georghiou, the Vice-President for Research and Innovation, on the University's preparation ahead of the forthcoming Research Excellence Framework, and a report from Dr David Barker, Head of Compliance and Risk, on Compliance and Risk issues (including Accident Stats for Quarter 3 of 2012).

**Reported:**

- (1) The 2012 round of Annual Performance Reviews (APRs) had proceeded well. The President and Vice-Chancellor had chaired APR discussions with the four Faculties and the Professional Support Services Directorates, Professor Rod Coombs had overseen the APRs dealing with the University of Manchester Library and on his behalf Professor Keith Brown had done likewise for the University's cultural assets (the Whitworth Art Gallery and the Manchester Museum), whilst a report on the Jodrell Bank Discovery Centre will be made to the Planning and Resources Committee (PRC). The 2012 round of APRs had been effective in mapping areas of good practice and under performance across the University, and in providing a basis for evaluating performance against the high level key

performance indicators (KPIs) and targets in the strategic plan as well as key priorities identified in the strategic and operational plans of the activity centres concerned. This had allowed serious discussions about targets and strategies for future performance improvement. A summary of overall performance against the high-level KPIs and targets was provided under the PRC Report at Agendum 12 for this meeting of the Board but the President and Vice-Chancellor would present a more formal summary of progress, the annual Stock Take Report, to the Board's Planning and Accountability Conference early in each calendar year. Performance against the high level KPIs would be reported on a more frequent basis through the year as data became available.

- (2) That while it was premature to circulate a detailed agenda at this stage for the 2013 Conference (19<sup>th</sup> to 20<sup>th</sup> March 2013), it was envisaged that it would include consideration of the future targets identified through the APR process as well as updates on the student experience, including student recruitment, and preparations for the Research Excellence Framework (REF). The dual purpose of the Conference within the University's Planning and Accountability Cycle is for Senior Management:

to provide the Board with a detailed annual "stock-take" of performance against Plan over the previous year, in this case 2011 - 12; and

to advise the Board in relation to priorities for the forthcoming year.

The Conference thereby provided Board members with the opportunity to respond to the Stock Take Report and other detailed reports from management on performance against Plan the previous year, and to focus on future priorities and targets. The Programme would be designed to maximise opportunities for plenary and small group discussion and analysis (including scenario planning), and to minimise formal presentations. The entire Conference would be conducted as a special (and extended) meeting of the Board, in which routine Board business is kept to a minimum and the primary focus is on a special "Report" comprising (i) the Annual Stock-Take and (ii) an identification of future priorities.

- (3) That at the time of the last report to the Board, the President and Vice-Chancellor noted that like many Russell Group universities the indications were that the University would fall short of its entry target. For UG Home/EU student recruitment 2011/12 was always going to be a challenging year. Before focusing on this University, the President and Vice-Chancellor outlined the national admissions picture. There were c50,000 (7%) less applicants in 2012 cycle compared to 2011 and c16,000 fewer deferred acceptances. Of those who were made a university offer, 12% less accepted a place this year. The overall outcome is that c60,000 less students started university this September compared to 2011, of those c50,000 were from English universities. The drop, for the first time in 20 years, in the number of 'top' A level grades awarded (26.6% were awarded A\* to A in 2012, down from 27% in 2011 and 2010), resulted in more students missing the conditions of their offer and fewer students who could be recruited under the AAB+ rules there were c13,000 fewer than the HEFCE estimates on which core and margin calculations were based. While the Senior Leadership Team was analysing the reasons for the shortfall in recruitment, in the case of Home/EU undergraduates, the fact that universities have made planning assumptions based on historical patterns of 'A' level grades, which this year have not matched predictions, is likely to have played a major role both at Manchester, but also at other research intensive universities. Another factor affecting many universities was the significant decline in the number of students deferring from the previous year, in Manchester's case there were c400 less students deferred there entry from 2011. However, the President and Vice Chancellor remained pleased to report that the quality of the University's intake had been maintained. It was

also unlikely that the University would face any penalties from HEFCE associated with exceeding overall Student Number Controls (SNCs). The University had been planning to reduce student numbers. As a result, the 2012 reduction in student numbers is manageable at a University level and means that the institution would reach its target for a reduction earlier than expected. However, the University would look closely at the shortfalls across programmes and the reasons for this. This will be considered as part of the review of the programme portfolio which is currently underway. Data on Widening Participation (WP) recruitment was more positive. The University had seen its highest ever proportion of registrations from disadvantaged low participation neighbourhoods (LPNs) postcode area and the highest number of disadvantaged students progressing through the local Manchester Access Programme (MAP). Following a dip in WP performance during the competitive 2011 cycle this was welcomed, not least because 2012 is the first year the University had to report back on a new and more challenging Access Agreement with the Office for Fair Access (OFFA).

- (4) That the University would now focus attention on recruitment for the 2013 intake, given the experiences in 2012 and the further changes to the way that SNC limits are set for 2013-14, notably:
- to extend the list of high grade equivalencies that will be excluded from the SNC from AAB or higher at A-level (or equivalent) to ABB or higher; and
  - to add a small number of qualifications to the list of higher grade equivalencies that will be excluded from the SNC.

These changes mean the admissions process remained challenging especially as the HEFCE does not confirm our SNC until well into the admission cycle. This highlights that the University need to remain close to the market as it planned student numbers for the next round. To this end the University had commissioned a review of the programme portfolio to consider student demand and how to respond to this. Market demand analysis of undergraduate and postgraduate taught programmes would be available by end of December and portfolio review would be completed by April 2013. The portfolio review process would allow the University to identify those programmes that are vulnerable and those that should be considered for investment. The President and Vice-Chancellor reported on the publication of the first meaningful UG data of this admissions cycle (the closing date for Oxbridge, medicine and dentistry applications). Applications nationally (as of 9th November) were 6.5 % down for UG Home/EU compared to University of Manchester applications which were 7% down (Medicine -1% and Dentistry -4%). For many schools this is very much the start of the admissions cycle, but for Medicine and Dentistry the application cycle is now closed. It is also an important set of data because the Oxbridge application cycle had now also closed. Although the sector was anticipating that England will have 20,000 less students than the 2010 intake, it was perhaps surprising that national application data was down on the previous year. The University would have a better understanding of our and the national picture in early January when the UCAS deadline for Home/EU applications had passed.

- (5) That, regrettably, the University had been forced to close the Alan Gilbert Learning Commons for a period while structural work goes on in the building after a glass panel had smashed in the early hours of the morning. The Learning Commons would remain closed for several weeks for essential work which involved strengthening all of the glass balustrades in the building. The University hoped reopen in time for the exam period at the start of January at the latest.
- (6) That the Board was asked to approve the recommendation from the Naming committee which has been endorsed by the Senior Leadership Team that the area between the Alan Gilbert Learning Commons and the Library be named 'Gilbert Square'.

- (7) That the Research Excellence Framework (REF) was the new system being developed by the four UK higher education funding bodies to assess research quality after the 2008 Research Assessment Exercise (RAE) has been completed. REF would make more use of quantitative evidence such as bibliometric indicators. Overall quality will be assessed through outputs, impact and environment. Of these, impact is a new measure and accounts for 20% of the score. Research staff will normally submit four outputs. The criteria for assessing them are originality, significance and rigour. The REF is a process of expert review. Universities will be invited to make submissions in 36 units of assessment. Submissions will be assessed by an expert sub-panel for each unit of assessment, working under the guidance of four main panels. Sub-panels will apply a set of generic assessment criteria and level definitions, to produce an overall quality profile for each submission. Expressions of interest had been sought within the University to appoint individuals to the Impact panels, and some form of external review of the submissions would take place prior to submission.
- (8) That the Accident Statistics for Quarter 3 were presented. In commenting upon them, the Head of Compliance and Risk reported that in comparison to previous years, there were a high number of RIDDOR reports, and an even greater rise if three day absences were factored in. Two influences were cited; a potential increase in reporting levels, and secondly the wet weather over the summer months affecting slips, trips and falls. The University was investigating the figures to attempt to identify any trends or particular areas of concern.

**Noted:**

- (1) That in discussing the forthcoming conference, it was suggested that the business as well as considering the University's strategic vision and ambitions in the context of the major issues facing the University, the presentations might consider the various scenarios open to the Board.
- (2) That in considering the recruitment positions, the Board considered the potential effect on a second year of challenging recruitment of some institutions within the sector, and the cumulative effect of changes in fees, to the cap, the fall in A level grades, and potential secondary effects linked to UKBA regulation of immigration. The University had taken a decision not to drop standards in order to maintain recruitment levels, however, the University would need to examine patterns carefully, and in some areas might consider expansion to recover shortfalls in other areas.

**Resolved:** The Board approved the recommendation from the Naming committee which has been endorsed by the Senior Leadership Team that the area between the Alan Gilbert Learning Commons and the Library be named 'Gilbert Square'.

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

**Reported:**

**(1) Appointment of Registered Brokers**

Acting on behalf of the Board of Governors, the President and Vice-Chancellor approved an instruction to appoint WH Ireland to act as brokers for the University in relation to a gift of shares. The following members of the University were authorised to issue instructions for the account:



Professor Rod Coombs, Deputy President and Deputy Vice-Chancellor  
Mr Steve Mole, Director of Finance

(2) **Promotion to Chair**

The University Promotions Committee have, on behalf of the Senate and the Board of Governors, approved a fast track recommendation that the followings member of staff, in the Schools indicated, be granted the title of Chair:

*Faculty of Medical and Human Sciences*

Dr Tim Doran, (Clinical Research Fellow) Community Based Medicine  
(with effect from 1 Nov 2012)

*Faculty of Engineering and Physical Sciences*

Dr Teresa Alonso (Reader) School of MACE  
(effective date to be confirmed)

*Faculty of Humanities*

Dr Gavin Bridge (Reader) School of Environment and Development  
(effective date to be confirmed)

Dr Silvia Massini (Reader) MBS  
(effective date to be confirmed)

(3) **Promotion to Reader**

The University Promotions Committee have, on behalf of the Senate and the Board of Governors, approved a fast track recommendation that the following, who currently holds an appointment as Senior Lecturer in the School indicated, be granted the title of Reader:

*Faculty of Engineering and Physical Sciences*

Dr William Parnell Mathematics  
(with effect from 9 October 2012)

(4) **Promotion to Senior Lecturer**

The University Promotions Committee have, on behalf of the Senate and the Board of Governors, approved a fast track recommendation that the following, who currently holds an appointment as Lecturer in the School indicated, be granted the title of Senior Lecturer:

Dr Stuart Shields School of Social Sciences  
(with effect from 30 October 2012)

(5) **Promotion to Senior Research Fellow**

The University Promotions Committee have, on behalf of the Senate and the Board of Governors, approved a fast track recommendation that the following, who currently

holds an appointment as a Research Fellow in the School indicated, be granted the title of Senior Research Fellow:

Dr Elivira Uyarra  
(effective date to be confirmed)

MBS

(6) **Seal Orders**

Pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries no 1201 -1240 in Seal Register 3)

## **11. Safety, Healthy and Environment Committee**

**Received:** A report on the matters considered at the meeting of Safety, Health and Environment Committee on 5<sup>th</sup> September 2012.

**Reported:**

- (1) That the Committee had received a report on the introduction of a new scaffolding monitoring scheme, following the collapse of scaffolding at the Dryden Street Nursery.
- (2) That more robust arrangements were being considered to ensure that appropriate risk assessments were carried out for events in university buildings organised by external parties.
- (3) That an investigation had shown that in 22 out of 30 reported eye incident were the result of inadequate risk assessments or inadequate compliance with the control measures. A campaign to improve awareness and supervision is to be implemented.

**Noted:** That, in considering the minutes from the 5<sup>th</sup> September, members queried whether there was sufficient awareness and visibility of Health and Safety Issues within the University. In responding the Head of Compliance and Risk admitted that the minutes of the meeting on this occasion did not articulate in sufficient detail the seriousness of the University response and the corrective action being taken. In responding to questions, Dr Barker reassured the Board that the Health and Safety team was highly regarded, had the resources necessary, and had good effective local contacts through the network of safety advisors positioned across the University.

## **12. Board committee reports**

(a) **Audit Committee, 15 November 2012**

**Received:** An executive summary and minutes from the meeting of the Audit Committee held on 15 November 2012.

**Reported:**

- (1) That the Committee considered the Management Report and Accompanying Management Letter from the External Auditors (Deloitte LLP) on the Financial Statements for the year ended 31 July 2012, which recorded the key features of the audit to date, and contained details of specific observations arising, the way they had been treated in the Accounts, and the management responses. The Management Report included the Letter of Representation in relation to the 2011/12 external audit. Also presented, by way of background information for the Committee, was the Financial

Statements for the year ended 2011/12, as approved by the Finance Committee at the meeting held on 15 November 2012.

The external auditors, on satisfactory completion of a small number of outstanding matters, anticipated issuing an unmodified audit opinion as to the truth and fairness of the financial statements.

The Committee resolved that the completed Report to the Audit Committee and the accompanying Management Letter be accepted for onward transmission to the HEFCE Assurance Service, as required by the HEFCE Code of Practice on Audit and Accountability, and that both documents be commended to the Board of Governors along with the Letter of Representation (presented within Appendix 5 of the Management Report).

- (2) That the Committee considered the re-appointment of the External Auditors to the University, in accordance with the requirements of the HEFCE Audit Code of Practice. The Committee resolved to forward to the Board of Governors the recommendation from the Committee that Deloitte LLP be re-appointed as External Auditors to the University for 2012-13.
- (3) That the Committee considered the Annual Report of the Audit Committee to the Board of Governors and the Accountable Officer (the President and Vice-Chancellor). The Report had been compiled in a form that was consistent with the guidelines issued by HEFCE in its Audit Code of Practice, and included a resumé of the work of the Internal and External Auditors to date, and of other significant matters considered by the Committee. In summary, the Report advised the Board of Governors that the Committee was of the opinion that reasonable reliance could be placed on the University's internal control systems and that there were adequate arrangements for securing economy, efficiency and effectiveness. The Report, as attached at Appendix 1 to the minutes of 15 November 2012, is commended to the Board of Governors for approval.
- (4) That the Committee received the final Internal Audit Opinion of the Internal Auditors, Uniac. The internal auditors, Uniac, noted in their Annual Opinion that internal controls are generally effective and noted the significant amount of time and effort invested by the University in developing the devolved financial control framework. The Committee resolved to commend the Annual Opinion of the Internal Auditors to the Board of Governors, and thereafter, for onward transmission to HEFCE as part of the Audit Committee's Annual Report.

**Resolved:**

- (1) That the Board of Governors approved the re-appointment of Deloitte LLP as external auditors to the University for 2012-13.
- (2) That the Board of Governors approved the Annual Report of the Audit Committee, including the Annual Opinion of the Internal Auditors, for onward transmission to HEFCE.

**(b) Finance Committee, 15 November 2012**

**Received:** An executive summary and minutes from the meeting of the Finance Committee held on 15 November 2012.

**Reported:**

- (1) That the Chair-elect (Mr Richardson) had met with the Deputy Secretary and some changes to the terms of reference for Finance and Audit Committees will be proposed for approval in due course. Professor Colette Fagan was also welcomed to her first meeting.
- (2) That the Finance Committee received an update on the capital programme and noted the progress that had been made and that there were no financial risks associated with these projects at this time. Detailed proposals regarding the governance, approval and oversight of financing options would be considered by the PRC Finance Sub Committee at its meeting on 27 November 2012. Finance Committee resolved that the Chair of Finance Committee may take Chair's Action to approve the recommendations of FSC, including the formation of a subcommittee (of Finance Committee).
- (3) That a number of matters in relation to investments were considered. The latest quarterly report from BlackRock showed an improvement over the three month period with performance returning more or less to benchmark.

Some changes to the limits for the investment of short term (cash) deposits were approved:

Counterparties	New Limits	Time Period
University's Bankers	£50m	Up to 12 months
Other UK Bank/Institution per credit rating list	£40m	Up to 12 months
Building Societies with total assets in excess of £5bn	£15m	Up to 12 months
Building Societies with total assets in excess of £1bn	£10m	Up to 12 months
Overseas Banks	£15m	Up to 12 months
Nationwide Building Society	£20m	Up to 12 months
Subject to all counterparties achieving the minimum acceptable ratings (A, F1)		

Finance Committee approved an amendment to the benchmark for interest earned on self-managed short term funds. The new benchmark will be for all investments regardless of value to earn interest at base rate. It was also noted that the University's Treasury Management Policy was currently under review. Finally, Finance Committee noted that no further funds will be placed with the Co-operative Bank as its credit rating had dropped to BBB+.

- (4) That the Finance Committee noted that the PRC Finance Sub Committee had approved in principle a £1 million loan in support of the partnership between the University and Astra Zeneca (subject to necessary due diligence and security). It was noted that the Deputy President and Deputy Vice Chancellor had chaired the meeting of FSC when this matter was considered, and neither the President nor Dr John Stageman had taken part in the discussion of this matter at the meeting of Finance Committee given their declared interests.
- (5) That the Finance Committee received the financial statements for the year ended 31 July 2012. The accounts are recommended for acceptance by the Board of Governors. It was noted that submission of the Five Year Plans was not required until July 2013. Instead, HEFCE had requested a shortened return (comprising actual results for 2010/11 and 2011/12 plus the budget (now current) year figures for 2012/13), previously approved by the Board at its meeting in June 2012. Finance Committee considered the return and resolved to recommend it for approval by the Board and submission to HEFCE by 3 December 2012.

- (6) That the Finance Committee noted the management accounts for September 2012 at the meeting.
- (7) That the Finance Committee had resolved to approve Chair's Action in relation to a number of matters, as required, before the next meeting of Finance Committee. These were:

Sale of the University's interest in One Central Park  
Purchase of Citylabs Ltd by Manchester Science Park

- (8) That the Committee received an update on 2011/12 results. All numbers referred to were post audit. Total income was £807.3m, down 0.2% on the previous year. HEFCE income (£196.5m) was down 3.3%, tuition fees (£262.1m) were up 6.0%, research income (£188.0m) was down 4.2% and other income (£160.7m) was down 0.7%. The surplus for 2011/12 was £48.8m after charging £5.2m relating to ERVS cases. This compares with a figure of £54.8m last year and represents 6.0% of total income. In addition to the ERVS charge, the result includes £5.6m credit relating to FRS17 pension adjustments, largely reflecting changes to the UMSS scheme. Liquidity based on closing cash of £194.1m (£115.7m "free") is 99 days compared with 98 days last year. Volatility of the investment portfolio continued during the year with a decrease in market value of 3% in the year to £153.7m at 31st July. Since the year end this has recovered back to £158.7m at the end of October. During the year all funds were transferred to Blackrock with the removal of Franklin Templeton as an investment manager.
- (9) That the audit of the subsidiaries has been carried out and the main audit has concluded. No major issues have been highlighted and Audit Committee have received and discussed the relevant report and management letter from Deloitte.

### 13. Report from Senate

**Received:** A report on the Business initiated at the meeting of Senate held on 3 October 2012.

**Reported:**

- (1) That Senate received detailed reports on the Estates Master Plan, student numbers, the National Student Survey 2012, and the 2012 Shanghai Jiao Tong Academic Ranking of Universities.
- (2) That following the Review of the Effectiveness of the Board of Governors, Senate agreed the methodology and timeline for the Review of Senate Effectiveness. The review will take place in two stages. The first stage would be a desk-based review of relevant documentation, reporting to Senate in February 2013 with Senate then determining whether a further stage, based on a questionnaire and meetings, is required. Members suggested that, should a second stage be undertaken, it would be useful to involve a lay member of the Board of Governors and to speak to chairs of School Boards.
- (3) That members agreed the Vice-President for Teaching, Learning and Students' recommendation to establish a working group to explore the possible use of a Grade Point Average (GPA) either alongside or in place of degree classifications. Members also agreed the report of the recent review of the Disability Support Office.
- (4) That the Vice-President (Research and Innovation) reported on preparations for the REF, work being undertaken to support the implementation of open access to research findings, and the award of additional HEIF funding.

- (5) That a major agenda item was the proposal to create a new 'Manchester Institute of Education' (working title) to form part of a re-named School of Environment and Development. This provoked a lengthy and robust discussion after which the proposals were put to a vote. In respect of the proposal to approve, and recommend to the Board, the creation of a new 'Manchester Institute of Education' to form part of the School of Environment and Development, 24 members voted in favour, with 12 against, and 5 abstentions. In respect of the proposal to approve, and recommend to the Board, changes to Regulation X, removing the School of Education, and changing the title of the School of Environment and Development to the School of Environment, Education and Development to reflect the transfer of academic activity, 25 members voted in favour, with 2 against, and 14 abstentions. A detailed progress report was requested for the next meeting of Senate.

#### 14. PRC

**Received:** A report on the matters considered at the meetings held on 2 October and 6 November 2012. The item included a Report on the Board Key Performance Indicators at Appendix 1, the University's Annual Monitoring Statement at Appendix 2 for approval, and at Appendix 3, a revised Regulation XV, concerning the Use of Information Systems, also provided for approval by the Board of Governors.

**Reported:**

- (1) That the Director of UNIAC attended the PRC meeting on 2 October 2012 to provide an overview of the Draft Internal Audit Annual Opinion to the Board and the President and Vice-Chancellor and Audit Committee regarding UNIAC's Annual Opinion for the year ending 31 July 2011. The Committee noted that it was UNIAC's opinion that the internal control framework was effective, however there were some inconsistencies in practices which had now been resolved; that governance and risk management were effective; that arrangements for seeking value for money were effective, with some exceptions; and that arrangements for ensuring accuracy of data returns were effective – as highlighted by the significant progress relating to staff data evidenced at the academic year end. The Committee noted that UNIAC had been asked to investigate areas of known concern and the report showed that the University had acted quickly to address weaknesses found.
- (2) That at its meeting on 2 October 2012, the Committee considered the draft management accounts for the period ended 31 July 2012. The Committee was reminded of the need to generate income and to increase the underlying financial outcome as a percentage of income in order to invest in strategic priorities. At its meeting on 13 November 2012, the Committee considered the Financial Statements for the year ended 31 July 2012 and the updated financial forecast for 2012-13, noting that financial forecast data to 2015-16 was due to be submitted to HEFCE by 31 July 2013, and recommended them to Finance Committee for approval. These formed part of HEFCE's annual accountability process. The Committee also considered the draft Management Accounts for the period ended 30 September 2012, the Debt Report as at September 2012, and was also notified of the HEFCE consultation on improving the Transparent Approach to Costing (TRAC). During the period of this report, the Committee received the Minutes of the Finance Sub-Committee meetings held on 31 July, 18 September and 30 October 2012.
- (3) That during the period of this report, the Committee received the notes of the HR Sub-Committee meetings held on 26 June and 9 October 2012. At its meeting on 4 October 2012, the Committee received updated reports on national pay negotiations, Trade Union ballots and Project Diamond.

- (4) That at its meeting on 2 October 2012, the Committee considered a report evaluating the outcome of the National Student Survey 2012 for The University of Manchester. This year's results indicated that the University was on a trajectory of improvement: the average overall level of student satisfaction had increased from 79% in 2011 to 83% in 2012. It was noted that one of the University's high level key performance indicators was to achieve the sector benchmark for Q22 in the NSS by 2015 and at least 90% student satisfaction by 2020, ensuring that the University was in the upper quartile of Russell Group institutions by then. The overall satisfaction score in 2012 of 83% moved Manchester off the bottom of the Russell Group, but still in the lower quartile and short of both the overall average for English universities (84%) and the average satisfaction score for Russell Group universities (87%).
- (5) That at its meeting on 2 October 2012, the Committee considered the 2012 review of the IP Policy. It approved the revisions to the IP Policy and the recommendation that the Review of the Policy would, in future, take place every three years, so that the next Review would take place in the Spring of 2015 with a view to producing recommendations in the summer of 2015 and adoption in the autumn of that year.
- (6) That at its meetings on 2 October and 13 November 2012, the Committee received updates on student registration. The Committee noted that the University would be within its student number control (SNC) limit but had also attracted a lower proportion of AAB students than last year. The University had not met its target for full-time Home undergraduate nor Home and Overseas full-time postgraduate taught students. Recruitment was variable across the Schools and one aspect of portfolio review would be to look at those areas to which it was difficult to recruit. The Committee was informed that the Intake Management Group would be monitoring applications for 2013 entry on a monthly basis.
- (7) That at its meeting on 13 November 2012, the Committee considered a summary report of initial indications of overall performance in 2011-12 against the University's high level key performance indicators (KPIs) and targets, including a glossary. The Committee noted that the report would be submitted to the Board of Governors and that following completion of this year's Annual Performance Review process, a fuller and more formal assessment and analysis of performance would be undertaken and reported to the Board in the Spring.
- (8) That at its meeting on 13 November 2012, the Committee considered the Annual Monitoring Statement (AMS) and agreed, subject to minor rewording, to endorse it to the Board of Governors for approval and submission to HEFCE as part of the annual accountability process.
- (9) That at its meeting on 13 November 2012, the Committee was informed that the staff and student HESA statutory returns had been submitted by the deadlines.
- (10) That at its meeting on 2 October 2012, following a presentation by the Director of Estates, it was agreed that the Committee formally supported the Estates Strategy and Masterplan. At its meeting on 13 November 2012, the Committee received the Minutes of the Capital Planning Sub-Committee meeting held on 18 September 2012 and was informed of three proposals approved for funding at the meeting on 30 October 2012. The Committee was also informed of the successful bid to the UK Partnership Investment Fund to part fund the construction of a new University cancer research building on The Christie site, and received an update on the Alan Gilbert Learning Commons.
- (11) That at its meeting on 2 October 2012, the Committee approved the draft Statement on Corporate Governance and the draft Statement of Public Benefit subject to any additional drafting comments that may be made. The Committee also approved the Records Management Policy, the Data Protection Policy, and the Freedom of Information Policy.

- (12) That at its meeting on 2 October 2012, the Committee considered the paper Faculty of Humanities Response to The University of Manchester School of Education Review The Future of Education at The University of Manchester and endorsed the recommendation to create a new 'Manchester Institute of Education' to form part of the School of Environment, Education and Development. The Committee agreed that the costs, which had been subject to preliminary discussions with the President and Vice-Chancellor, should be borne by the University and recommended to the Board of Governors that the ERVS scheme should be re-opened to facilitate the process
- (13) That at its meeting on 2 October 2012, the Committee was informed that guidance from OFFA had clarified that the £1,350 fee cap was now intended to be applied to both study abroad and industrial placement years in the UK and overseas from 2014-15, but that this intended policy may, however, not be formally confirmed until March/April 2013. The Committee was informed how the support package agreed at the July meeting of PRC would be amended should the change be confirmed, and how the situation would be clearly communicated to prospective students.
- (14) That at its meeting on 13 November 2012, the Committee received the Minutes of the Information Systems Sub-Committee meeting held on 16 October 2012. The Committee endorsed the revision to Regulation XV and recommended that it be forwarded to the Board of Governors for approval.

**Resolved:**

- (1) That the Board of Governors approved the Annual Monitoring Statement for onward transmission to HEFCE.
- (2) That the Board of Governors approved the revisions to Regulation XV, on the Use of Information Systems (provided at Appendix 1 of these minutes).

**15. University Union Relations Committee**

**Received:** A report on the meeting held on 15 October 2012

**Reported:**

- (1) That the committee discussed a number of items in relation to the Review of the Union University Relationship that took place in 2011. There remained a number of recommendations that required further work, notably in respect of the Estates and Lease issues affecting the Union. The Union also raised a point concerning the recommendation in the Review about "appropriate consultation" with the Union and how this operates in practice. A draft MoU was also circulated as part of the Update, which subject to the inclusion of additional assurances around Data Protection, would be revised and brought back to the Committee for sign-off.
- (2) That the Students' Union became a company limited by guarantee and a registered charity on the 1st August 2012. This is the final change in the governance review that began in January 2011. The democratic decision-making structures have changed and the Union reported that early signs were that these changes would enable the Students' Union to grow and achieve its strategy. A review of the new governance structures would take place in 2013-14.
- (3) That the new Students' Union constitution affords the opportunity to attract 3 external Trustees and the recruitment of these Trustees is currently underway and was due to be completed by 30th November 2012. In the previous year, members of UURC noted that there was a significant change to the financial management of the Students' Union. This year, the Union changed the accounting software to Sage software, used by most students' unions. The Union believed this



would allow them to share processes and staff with the University of Salford Students' Union and to integrate to a new web platform. At the moment, the Union shares a Finance Director and some other finance staff with the University of Salford Students' Union. From 2014-15, they were hopeful that their collaboration and sharing of staff in finance would allow them to make modest savings on the finance function again. As a result of the change in finance systems and change in auditors, the Union had been delayed in producing the first set of management accounts but this was likely to be rectified before the end of October.

- (4) That the Students' Union had embarked on a 'fix it' plan which was shared with UURC in the previous year. During this process, issues around compliance were a priority and this, together with the transfer of legal entity of the Students' Union has left the organisation able to give assurance to the University of being compliant with relevant laws, requirements and practices.
- (5) That the Students' Union went through a significant change in its budgeting processes. This was completed before the beginning of the year and a cash-flow forecast was presented to the University for note. There were some ambitious assumptions made for commercial growth. UURC noted that the reasons for the growth relate to the closure of 2 out of 3 commercial services for refurbishment last year. The Union reported that the budgeted growth also reflects some new business that has been gained since last year and in particular, the increased food offering in the cafés and bar areas. The Union commented that the commercial landscape across students' unions was challenging and they had had to invest heavily in the infrastructure of the commercial activity to enable us to compete with other providers. They intended to re-forecast their commercial activity in January to give more certainty to projections based on 3 months trading figures. Although early indications are good for most of the commercial offer, the Union had organised a large-scale Welcome Week event which had failed. A review was underway to determine why and which would change the Union's approach in future years. In respect of the losses incurred, their commercial department was working on recovering any lost profit and opportunity from this particular event to ensure the annual targets were met. UURC also noted that the Union have chosen to focus significant funds of the Block Grant directly into student activities and enhancing the participation in our core representative function through enhancing the student voice. The financial statements of the Union would be presented to the UURC at the January meeting.
- (6) That the Students' Union reported that they were working on a number of collaborative projects within the University and were also committed to exploring areas to collaborate with other Students' Union's to achieve our objectives as efficiently as possible. With the University, the Union were working on the eight cross-cutting themes under the Student Experience Management Group.
- (7) That the Committee received a copy of the Draft Strategic Plan for the Union, and it was recommended that, when completed, this should be sent to PRC. Further work might also be required to tie up complementary activity between the Union and the University, particularly in relation to volunteering and employment. The Union's argument for an increased block grant would be strengthened if the Plan incorporated jointly agreed commitments for which the Union and the University were responsible for different elements. The Union was encouraged to focus on a key set of performance indicators, and to further develop the Plan for circulation to SLT ahead of the presentation of a final version in January. This would agreement to be reached around the direction of travel, ahead of the formal consideration of a Budget for the Union in March 2013 (A copy of the Draft Strategic Plan is provided as an Appendix, for information).
- (8) That the Committee identified some minor amendments to the Code that were required and this would be re-presented to the Committee in January 2013.

**Close.**