

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 9 October 2013

Present:

Mr Anil Ruia (in the Chair),

President and Vice-Chancellor, Mr Michael Crick, Mr Stephen Dauncey, Professor Colette Fagan, Dr Reinmar Hager, Mr Robert Hough, Dame Sue Ion, Dr Caroline Jay, Cllr Afzal Khan, Dr Neil McArthur, Mr Neville Richardson, Dr Brenda Smith, Ms Grace Skelton, Mr Andrew Spinoza, Dr John Stageman, Dr Angela Strank, Professor Pamela Vallely, Ms Iram Kiani, Dr Pamila Sharma (20)

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

Apologies: Professor Maggie Gale, Professor Chris Taylor, and Professor Andrew Gibson.

NB. At the outset of the meeting the Chair welcomed Dr Angela Strank, Dr Neil McArthur, Ms Iram Kiani, and Dr Pamila Sharma who were attending their first meeting since joining the Board of Governors.

1. Declarations of Interest

Noted: That the declaration of interest made by the Chair, Mr Anil Ruia, in relation to his role on the HEFCE Board and previously declared in the session, remained relevant to some items on the agenda. The interest of the President and Vice-Chancellor as a Council Member of the Royal Society, previously declared, was also noted.

2. Role of the Board of Governors

Received:

- (i) Statute VI of the statutes of The University of Manchester
- (ii) Membership of the Board of Governors from 1st September 2013
- (iii) The Annual Programme of Work for the Board of Governors
- (iv) An outline Scheme of Delegations for the Board of Governors

Noted:

- (1) That the Board noted Statute VI which provided details of the full responsibilities of the Board of Governors, the Board's current membership, and the annual programme of work.
- (2) That the purpose of the Outline Scheme of Delegations was to define the primary responsibilities of the Board of Governors, and to describe the method through which its decision-making is delegated.
- (3) That the Fletcher Review of Governing Body Effectiveness was presented to the Board of Governors in January 2012, and proposals for the implementation of its findings and observations were accepted by the Board in May 2012. Within the review Dr Fletcher recommended that the University should bring forward a scheme of its delegations for

approval by the Board of Governors, in order to provide assurances to the Board on the processes that support its decision making.

- (4) That the document had been developed in accordance with guidance from the Committee of University Chairman (CUC), which recommends that “where permissible, the governing body may delegate authority or allocate some of its work to committees, grant delegated authority to the Chair or a committee to act on its behalf and delegate responsibility to the executive head and officers of the institution. Such delegations must be clearly defined in writing and be formally approved by the governing body. Having delegated authority to other bodies or individuals to act on its behalf, the governing body is nevertheless ultimately accountable and has to accept corporate responsibility for the actions taken.”
- (5) That the scheme of delegations was a first attempt to identify and clarify extending delegations within the University, and provided the Board with an opportunity to comment on the scheme and associated processes before a final version is brought back for formal approval. The responsibilities of the Board of Governors, the Vice-Chancellor and the Senate are set out in the University’s Charter, Statutes and Ordinances. According to Statute VIII (5), the Board may delegate or allocate its powers, authority and functions to committees, the Senate, the Chairman, the President and Vice-Chancellor, any other holder of a senior post or any other staff of the University (with the exception of matters relating to: direct operational employment arrangements, the delegated authority provided to the President and Vice-Chancellor under Statutes X, XI and XII, and to the Deans of Faculties under Statute XV, the delegations made by Senate under Statute XXI, concerning student discipline, and arrangements for admittance of students, and for the regulation of examinations and academic or professional assessment).
- (6) That the Board welcomed the Scheme of Delegations, noting that following further development and revision it would be brought back to the Board for formal adoption.

3. Minutes

Confirmed: The minutes of the meeting held on 10 July 2013.

4. Matters arising from the minutes

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

Noted:

- (1) That at the July 2013 meeting, the Board had discussed the level of detail that was appropriate for disclosure to the Board from the Gift Oversight Group publically, and, recognising that this was the first time a formal Report had been presented and that the work of the Group was evolving, the Chair and the Director of Development resolved to consider the issue further and report back within the next session.
- (2) That work was underway within the University to map existing policies to an overarching ethical policy. On completion, this would allow the Board to consider coverage and identify any obvious gaps. The current position in respect of research partnerships was that the principle of academic freedom was strongly defended within the University and that collaborations were supported when founded through the pursuit of academic enquiry. The discussion raised a number of issues in respect of collaborations with

certain countries, and/or partners, and the Board noted that the item should receive further consideration by the Board in due course.

5. 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.

6. Chairman's report

Received:

- (i) Representations concerning the closure of the Learning Disabilities Programme
- (ii) A report on the Membership of Board Committees
- (iii) Details of the Uniac Audit Forum
- (iv) Details of forthcoming Leadership Foundation Events
- (v) HEFCE Governance Briefing (September 2013)
- (vi) A verbal report from the Chair on the Board's current strategic priorities

Reported:

- (1) That the Chair alerted the Board to correspondence from members of the University community who had raised concerns about the decision to close the Learning and Disabilities Studies course within the Institute of Education, within the School of Environment, Education and Development. The Board considered the issues raised in the correspondence and, recognising that the decision to close any programme appropriately rests with the School or Faculty concerned, it concluded that the proper steps had been followed by the University in terms of consultation, due process and in the setting of recruitment targets which, unfortunately, the programme had been unable to meet. The Board was also made aware that the decision to close the course did not reflect any intention to withdraw from Learning Disability Studies as a whole and that the Institute of Education was currently reviewing how it might develop its work in this area. Alternative provision with another HE provider had been explored at an early stage within the due diligence process, but could not be pursued. Although a sensitive and difficult decision in the context of wider institutional social responsibility commitments, the poor recruitment and drop-out rate within the programme was such that, after failing to meet agreed targets, it was deemed unsustainable. Although recruitment to the programme had ceased, the University would seek to ensure that those students continuing their studies received an excellent student experience and were supported in their career decisions.
- (2) That the membership of the Board's subcommittees and other committee with representation from the Board had been agreed over the summer. The following membership had been agreed between the Chair of the Board and committee chairs.

Audit Committee:

Mr Stephen Dauncey (in the Chair)
Mr Alan Clarke (Independent Member)
Dame Sue Ion
Mrs Christine Lee-Jones
Mr Andy Spinoza (from 1st September 2013)

Nominations Committee:

The Pro-Chancellor (Mrs Gillian Easson) (in the Chair)

Appointed by the Board of Governors
Ms Iram Kiani (from 1st September 2013)
Mr Andrew Spinoza
Professor Chris Taylor
Nominated by the General Assembly
Professor Sir Robert Boyd
Mrs Elizabeth France
Mr James Hancock
Mrs Janet Pickering
Mr Wakkas Khan (elected from 1st September 2013)

Finance Committee:
Mr Neville Richardson (in the Chair)
Dr Neil McArthur (from 1st September 2013)
Mr Paul Lee
Dr Brenda Smith
Dr John Stageman
Professor Colette Fagan
The President and Vice-Chancellor (ex officio)
The General Secretary of the Students' Union (ex officio)

Staffing Committee:
Mr Robert Hough (in the Chair)
Professor Colette Fagan
Councillor Afzal Khan
Dr Brenda Smith
Professor Pamela Vallely

Remuneration Committee:
The Chair of the Board of Governors (in the Chair)
Dr Brenda Smith
Mrs Christine Lee-Jones (from 1st September 2013)
Mr Neville Richardson (ex officio, as Chair of the Finance Committee)
The President and Vice-Chancellor (except in relation to matters affecting the remuneration of the President and Vice-Chancellor) (ex officio)

Representatives on other committees:
Mr Michael Crick (from 1st September 2013), Manchester University Press Board
Mr Scott Fletcher, (from 1st September 2013), UMI3 Board

- (2) That the Board noted the date of the Uniac forum which was due to be held in Manchester on 25th November 2013. A range of speakers would offer updates on the regulatory environment for Higher Education, approaches to realising value from risk management, professional practices for internal audit, and approaches to managing student finance related fraud in the Sector.
- (3) That the programme of Leadership Foundation events was provided to members. Members were directed to contact the Deputy Secretary if they would like to attend any events. Any members attending such an event should undertake to provide a report to the Board so that the benefits are shared and the value of attendance is maximised.
- (4) That the Chair provided a briefing to the Board on a number of strategic matters in the sector and the University. This included references to the University's principle strategic priorities: the on-going preparation for the Research Excellence Framework, the continuing focus on student satisfaction, the development of the Goal 3 Social

Responsibility strategy, the People Strategy and its implementation, the Financing and Implementation of the Campus Masterplan, and student employability. In discussing these items, it was proposed that the Board should, at the Strategic Briefing scheduled for 13th November, receive a briefing on the feedback received from external stakeholders.

7. Secretary's report

Received: Three Charity Commission guides on public benefit were provided for the information of members of the Board ('The public benefit requirement', 'Running a charity', and 'Reporting'). The presentation of these guides to the formal meeting enabled the University to provide confirmation that its trustees "are aware of the guidance on public benefit" within its formal reporting.

Noted: That the guides would be complemented by the training session, due to be delivered by the Charity Commission to the Board of Governors on the afternoon of 28th January 2014. The documents described the University's obligations as an institution with charitable status. Although HEFCE is the University's principal regulator, it was important for governors to be aware of the public benefit guidance in discharging their responsibilities. In terms of the University's reporting, the public benefit statements presented elsewhere on the agenda and which formed part of the financial statements, are the primary means through which the University provides evidence that its work is for the public benefit.

8. President and Vice-Chancellor's report

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

Reported:

- (1) That at the time of the President and Vice-Chancellor's report, applications for undergraduate (UG) places had increased by 7% for 2013 entry with 54,694 applications (home and overseas) for 8,181 places compared to 51,059 the previous year. UCAS figures show the University's increase in applications is higher than the sector average for both home/EU and international students. We also outperformed our UCAS comparator group. Acceptances from Home/EU students increased by 15%, while those from international students fell slightly. It was reassuring to note that this recruitment cycle looked to be returning to the more familiar pattern seen prior to the introduction of changes to the financing of Home/EU UGs that affected the 2012 intake in particular. In 2013 targets for home/EU students were set separately for Medicine, Dentistry and Nursing. For the remainder there is a government student number control (SNC) of 1,724 (maximum of 1,865, minimum of 1,638) for students who do not attain at least ABB or equivalent. The University was expecting to recruit 1,800 SNCs which will be within the allowable range. Home/EU postgraduate taught (PGT) student recruitment has continued to be a challenge. Applications declined for the second year in succession with 6,399 applications by the end of August (7,465 last year) and acceptances fell by 9%. By the beginning of September 1,759 students had accepted places against a target of 1,900 (actual intake in 2012 was 1,717). HEFCE have initiated a Postgraduate Support Scheme under which the University will bid for additional students in 2014/15. <http://www.hefce.ac.uk/pubs/year/2013/cl182013/>. The University would continue to review the portfolio of PGT courses in the light of recruitment in 2013.

Applications from international PGT students increased by 5% to 26,067 for 2,826 places with a 5% increase in acceptances. There was substantial variation across programmes

hence the need for continued discussion of the postgraduate portfolio. It was also important to note that while the majority of registrations will be completed in September, some students will continue to register throughout the cycle, particularly postgraduate research students. The final registration numbers would not be known until after the HESES census date of 1st December 2013.

- (2) That the results of the Staff Survey had been very encouraging and had compared well to other institutions. The University had exceeded its KPIs, with a response rate of 71% and 82 % of staff indicating that they are satisfied with their job. In addition, 94% of all respondents agreed that the University is a good place to work. The level of participation means that the results provide a reliable basis for judging how people feel about working here at the University. Consequently, the survey was a really strong foundation on which to build action plans to improve everyone's experience at work. To this end, managers have received a set of results for their area of responsibility and have been encouraged to share these with their local teams to put together an initial, draft Action Plan for their area to address the issues highlighted. These local plans will feed into the University-level Staff Survey Action Plan. A formal assessment of progress against this and the other high-level KPIs will be provided by means of a regular report through the PRC.
- (3) That this year we have completed surveys for taught students on both undergraduate (National Student Survey NSS) and postgraduate programmes (Postgraduate Taught Experience Survey PTES). The overall result for student satisfaction in the 2013 National Student Survey (NSS) for this University showed an improvement of two percentage points from 83 to 85%, an increase of six percentage points in just two years. This good progress demonstrated the University's sustained success in enhancing student satisfaction. This year has also seen tremendous increases in some subject areas with rises over 10% points for social work; genetics, aerospace engineering, cinematics and photography, sociology, drama, medicine, mechanical engineering and 'others' in European languages. This confirmed that the University was heading in the right direction and the hard work of colleagues over recent years has been rewarded by a further overall improvement in student satisfaction at The University of Manchester. The University would continue to work with Schools to ensure it builds upon these improvements across the institution and address areas where performance is a concern. The Postgraduate Taught Experience Survey (PTES) was a national survey, designed by the Higher Education Academy but administered by individual institutions. Institutions can choose whether to take part and approximately 90 chose to do so in 2013, with this being The University of Manchester's first participation. Fourteen Russell Group Universities are reported as having taken part in 2013. The University of Manchester overall average score of 71.5% satisfaction is close to the Russell Group average of 72.0% with a sector average of 72.9%. The PTES results across the sector yield lower levels of satisfaction than for the NSS but care needs to be taken in direct comparisons. Overall student satisfaction is not measured in the same way and poses questions against expectation. It is a voluntary survey with smaller numbers of institutions participating while the response rate was much lower at 27% (2253 respondents) than for NSS and PRES surveys. The data remained confidential to the institution so it was not possible to construct national league tables. There was scope for improvement and these results will be used in a discussion of postgraduate taught student satisfaction. This will form part of the 2013 APR discussion and responses are expected to be included in the Student Experience Action Plans discussed in the annual review of teaching and learning in December 2013.
- (4) That the "Academic Ranking of World Universities" carried out annually by the Institute of Higher Education in China's Shanghai Jiao Tong University was generally regarded by research-led universities around the world as the most reliable of international rankings

and has been the only objective ranking to date. While there are some methodological issues with this Index, it is generally considered to use credible, consistent criteria, and is developed in a largely transparent, contestable manner. For these reasons, Manchester has identified the Jiao Tong Index as a primary indicator of our international standing and competitiveness. However, significantly for this institution, the Jiao Tong does not assess most of its disciplines in humanities or in subjects allied to medicine, many of which are particularly strong. Given the importance of this Index as a barometer of the University's progress, the President and Vice-Chancellor expressed her disappointment that in the 2013 Rankings the University has dropped by one place to 41st. The University had been overtaken by Pierre and Marie Curie in Paris, now France's number one university and beneficiary of enormous recent investment, but held its 5th place in the UK comfortably and its score actually went up. This was despite the drop in Nobel weighting; as the University's resident Laureates received their award in 2010 the weighting drops to 90% from 100%. If the full weighting had remained in place the University would have just edged out British Columbia and remained in 40th position.

- (5) That during July 2013, the University successfully issued a £300m 40 year bond to help finance the first phase of the Campus Development Plan. The 2012/13 year (as yet unaudited figures) will show a robust underlying surplus, slightly lower than 2011/12, reflecting the lower home student numbers recruited last year and the consequent lower tuition fees and accommodation income. Cash generation remained strong and it was important that this continued as the strategic plans require internal cash generation as the other main funding source to complement the bond. The University had originally set a surplus of 7% of turnover as a KPI but in the light of the Campus Development Plan it is proposed to move to an EBITDA (earnings before interest tax depreciation and amortisation) target which is more appropriate as it measures cash generation. The reported surplus will be lower in future due to higher interest costs associated with increased borrowing (ie the bond) and also a higher depreciation charge as more capital investment is brought on-stream.
- (6) That the University was committed to developing sound, strategically informed five year forecasts predicated on the need to generate cash to re-invest on a scale commensurate with the strategic objectives of the University. This year the Budget and Five Year Plan exercises were combined and the process for review was also changed to a discussion with all five main budget holders and the Deputy President and Deputy Vice-Chancellor and Director of Finance and the President and Vice-Chancellor. This produced a much more transparent approach to the process and enabled the achievement of a set of forecasts that meet the requirements of the University. The process will be reviewed and any lessons learnt incorporated into next year's process. The University submitted a Five Year Plan to HEFCE in July as required following approval by the Board. The President and Vice-Chancellor reminded the Board that while some reasonable assumptions can be made about income and expenditure streams, there was still a great deal of uncertainty about the external financial environment so that, inevitably, it is difficult to be categorical about planning assumptions, especially in the later years.
- (7) That the Minister for Universities and Science has outlined the next steps in the government's programme of higher education funding and regulatory reforms in England. These will:
- Place the Higher Education Funding Council for England (HEFCE) in an 'oversight and co-ordination role';
 - Establish a Register of Higher Education Provision;
 - Introduce a Statement of HEI Designation Conditions; and

- Update HEFCE's Financial Memorandum, and takes forward a new designation process and number control system for alternative providers and a designation resolution process.

Board members will be reassured that the Minister has reaffirmed the primary importance of institutional autonomy and academic freedom, principles which are enshrined in the Further and Higher Education Act 1992. Another reassurance provided was HEFCE's statutory independence. HEFCE was working on a register of higher education provision which will set out key information on each HE provider that is part of the regulated sector. It was also continuing to implement reforms to the Student Number Controls, including extending them to alternative providers from 2014-15. In relation to the introduction of a Statement of HEI Designation Conditions: the Government intends to delegate to HEFCE responsibility for the process of approving designation of HEFCE-funded institutions, and for providing assurance that the Agreed terms and conditions are met. Under the present system, the regulatory requirements on HEIs is applied primarily through the funding council's Financial Memorandum. This includes the automatic designation of eligible courses. However, as the balance of funding shifts from grants to tuition fees, the effectiveness of regulation through the HEFCE Financial Memorandum is considered to diminish for those institutions with limited HEFCE funding. As a result, the Government has identified a potential risk to the proper stewardship of student support funding. Consequently, placing conditions on automatic designation for student support is seen as an important step towards mitigating this risk, and providing confidence to students and the public. The scope of the Further and Higher Education Act 1992, which gives HEFCE its existing powers, does not extend to the student finance system. The Teaching and Higher Education Act 1998 sets out the legal basis for designated courses and, as a result, the terms and conditions of course designation will need to be set out separately from those in the HEFCE Financial Memorandum. However, the Government has made clear its expectation that conditions of designation for HEFCE-funded providers will align with those in the current HEFCE Financial Memorandum. This was important as it will mean that the regulatory burden is minimized with no further requirements placed on institutions than currently exist. The principles of this designation, and its delegation to HEFCE, will be determined by Ministers. However, the HEFCE intends to consult the sector on its detailed terms and conditions in spring 2014, factoring in the views of the sector, including responses to the Financial Memorandum consultation which is due to take place in autumn 2013.

- (8) That the President and Vice-Chancellor provided information to the Board on the preparation underway for the Annual Performance Reviews of the four faculties, the PSS and the cultural institutions. These would be held in November and December and the outcomes would be considered by the Board at the Planning and Accountability Conference in March 2014.

Noted:

- (1) That the Board reflected on the staff survey results and the NSS performance, and the University's position in various league tables. It was subsequently noted that the University's league table position might be discussed at a future meeting, and this might include additional information on the University's adoption of the Shanghai Jiao Tong, index, which had been selected originally because of its objectivity. In highlighting this, within the discussion it was also noted that league table positions were not a proxy for brand strength. Although it was recognised that they may be particularly influential in certain markets and for certain groups.
- (2) That within the President and Vice-Chancellor's report, the Director of Finance presented additional information on the University's financial position. This provided an

update on the progress of external audit, and the anticipated surplus at year-end. Within the presentation, the Board was updated on the development of a residences strategy, as the University was currently appraising whether investment models with external providers might be a suitable means of developing current stock. At the time of report, these discussions were at an early, exploratory stage and the Board would have an opportunity to consider the issue at an appropriate point in the future.

Resolved:

- (1) That the Board recorded its gratitude to all the staff involved in recruitment and admissions of students, centrally and in Faculties and Schools, for the contributions they have made to realising the 2013 student intake, especially given all the complexities and uncertainties associated with this year's admissions cycle.
- (2) That the Board expressed thanks to the Finance team, to the primary budget holders and to academic and professional support managers across the University, for the contribution they continued to make to the sound financial management of the institution

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

Reported:

- (1) That acting on behalf of Senate and the Board of Governors, and on the recommendation of the relevant School Board and/or the Dean of the relevant faculty, the President and Vice Chancellor approved the re-appointment of Professor Andy Gibson, as Head of the School of MACE, for a five year period from 1 August 2013.
- (2) That acting on behalf of Senate and the Board of Governors, and on the recommendation of the relevant Head of School and Dean of the Faculty, the President and Vice-Chancellor awarded the title of emeritus/emera professor to:

Professor Rodney Brazier, School of Law, with effect from 1 October 2013
Professor Alan North, School of Medicine, with effect from 1 November 2013
Professor Carol Smart, School of Social Sciences, with effect from 1 February 2014
- (3) That acting on behalf of Senate and the Board of Governors, the President and Vice-Chancellor delegated authority to approve expenditure from the Melland Schill Fund (1958) to the Head of the School of Law and the Head of Faculty Finance (Humanities) jointly.
- (4) That acting on behalf of the Board of Governors, the President and Vice-Chancellor approved the re-appointment of Dr GE Hughes as the University's representative Governor on the Hulme Hall Foundation Trust for a three year period, with effect from 15 December 2012.
- (5) That acting on behalf of the Board of Governors, the President and Vice-Chancellor approved the re-appointment of Professor Nigel Scrutton, as Director of the Manchester Interdisciplinary Biocentre, for a three-year period, with effect from September 2013
- (6) That acting on behalf of the Board of Governors, the President and Vice-Chancellor approved the re-appointment of Professor Andrew Sherry as Director of the Dalton Nuclear Institute, for a five-year period, with effect from March 2014.

- (6) That the University approved the nomination of Professor Colin Bailey as the University's representative on the UMI3 Board, for a further two year period, from 4 January 2014.
- (7) That pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries no 1313 to 1351.

10. Report from the Senate

Received: A verbal report on the business considered by Senate at the meeting held on 2nd October 2013.

Noted: That Senate had discussed the student number position, the HE regulatory and funding environment, the University's preparations for the REF, the NSS, approved a number of policy changes, and had discussed the preparations for the launch of the social responsibility strategy.

11. Board committee reports

(a) Audit Committee, 17 September 2013

Received: The executive summary and minutes of the meeting held on 17 September 2013, including receipt of the Corporate Governance and Public Benefit Statements and the Annual Opinion of the Internal Auditors.

Reported:

- (1) That under matters arising, the Committee received updates on the proposed review of effectiveness, Data Protection Compliance work, the training and update event and the public interest disclosure procedure. As the Charity Commission training event had been rescheduled (proposed date 28 January 2014, 2pm start), members of the Committee were urged to attend the Uniac Forum, scheduled for 25th November 2013.
- (2) That the Committee also agreed that the recently appointed Director of IT, Mr Gerry Pennell would be invited to a future meeting to present a comprehensive report on the University's response to the Uniac Report on Cyber Security. The Uniac audit's findings were presented in June 2013, and a short paper was provided at the time by the Interim Director of IT. In the meantime, the risks identified within the Uniac review had been incorporated within the risk register, and it was reported that the recently appointed Director of IT was working on a comprehensive plan to tackle the issues identified.
- (3) That Deloitte LLP provided an interim report on the financial audit and on the IT audit. The external audit team were at the review stage originally anticipated in the planning and no serious issues had been identified at the time of report.
- (4) That the Committee was asked to review drafts of two documents for inclusion within the narrative section of the financial statements. The first was the Public Benefit Statement, required under charities legislation. The second document was the Statement on Corporate Governance, which outlined the governance structure of the University, and was largely unchanged on that presented in the previous year. Further guidance on the Public Benefit Statement has been issued recently and will be incorporated within a revised draft before the statement is included within the financial statements.

- (6) That the Committee received a presentation from Mr Richard Young on the Uniac consortium and the role of internal audit.
- (7) That the Committee had received a report from the Directors of Uniac on progress for the three-month period covering July to September 2013. This included reviews of Debt Management, the Accommodation Code of Practice in Private Halls, Residents Associations and Junior Common Rooms, and the University's follow-up to the GhostShell cyber attack.
- (8) That the draft internal audit annual opinion, prepared by Uniac, was considered by the Committee. This is prepared for the Audit Committee and the Board of Governors, and provided to HEFCE each year. The opinion concluded that internal controls were generally effective and that the University had continued to develop the standardisation and consistency of operational processes and controls across the institution. The opinion also concluded that the University's arrangements for governance, risk management and data quality, were effective. In addition, Uniac had concluded that overall, the University's arrangements for securing value for money were effective. The Board is asked to note the report at this stage.
- (9) That the Committee received an updated audit needs assessment programme for 2013-14. The plan had been revised to include the consideration of audit work required alongside the implementation of the capital plan. The revised programme included an additional Assurance Mapping exercise, relating to the failure to finance and/or deliver the Campus Master-plan, and a two stage review of the development of, and adherence to, a revised Treasury Management Policy.
- (10) That the Committee received a written report on the work of the Procurement Office in negotiating group contracts on behalf of the University over 2012-13. The Report was considered by the Committee and Mr Kevin Casey, Head of Procurement, attended to answer questions.

(b) Finance Committee, 23 September 2013

Received: The executive summary and minutes of the meeting held on 23 September 2013, including the Treasury Management Policy and the July Management Accounts.

Reported:

- (1) That the Committee confirmed the Terms of Reference and Membership and noted two new members had joined the committee, Mr Neil McArthur and Ms Grace Skelton.
- (2) That It was noted that the triennial valuations for both USS and UMSS schemes had commenced, for report in 2014.
- (3) That it was agreed in future, the Committee would receive post-project evaluation reports for capital projects over £10m.
- (4) That the year-end process was proceeding well and the external auditors had not, so far, raised any matters of concern.

- (5) That a Disclosure Committee had been created to ensure material information in relation to the bond was disclosed. It will report periodically to the Finance Committee
- (6) That the Committee considered and approved, in principle, some revisions to the University policy on management of short term cash. The Committee had requested a number of changes (to cash limits and duration of holdings) and these had been made. The revised policy was now operational.
- (7) That the Committee considered an interim report prepared by Aon Hewitt on the University's investment strategy. Further work will now be undertaken by Aon Hewitt and the final outcomes will be considered at the meeting of Finance Committee in January 2014.
- (8) That the Committee noted the management accounts for July 2013 at the meeting.
- The surplus for year was £38.2m, £23.2m favourable to budget. Key factors were: £22.5m release of contingencies; £7.1m net credit in relation to FRS17 pension adjustment; £5.3m pay savings; £4.1m non pay savings; £2.0m higher than expected surplus on other activities in faculties; £1.4m additional short term interest; £1.2m additional research overhead recovery; £1.1m additional non credit bearing fees. Offset by: £10.1m exceptional break costs in relation to early payment of Yorkshire bank loans; £9.5m lower credit bearing fees; £3.5m adverse impact of lower student numbers on residential fee income.
 - Cumulative income was £827.1m, £17.2m below budget but 2.5% higher than prior year;
 - Pay costs were £439.2m, £10.5m favourable to budget. Pay costs, excluding ERVS and FRS 17 adjustment represented 53.3% of total income compared to 52.9% in the prior year, and 53.9% budgeted;
 - Non-pay costs were 2.9% higher than last year, at £284.4m but £27.0m favourable to budget; cash balances stood at £437.6m.
- (9) That the 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.
- (10) That the Committee considered a draft template of a report intended to fulfil the reporting requirements and the responsibilities of Finance Committee to ensure continuing governance. Finance Committee will consider a further iteration of the report at its next meeting, which will include an executive summary for onward transmission to the Board.

Noted: That, with reference to the reporting of recent statements by members of the Russell Group on future fee levels within the sector, future fee levels had not been discussed by the University, and current planning assumptions had assumed only a flat rate of growth for fee income.

(c) Staffing Committee,

Received: The executive summary and minutes of the meeting of the Staffing Committee held on 18 September 2013, and that were subsequently approved at a reconvened meeting held by teleconference, on 6 October 2013.

Resolved: To approve the recommendations of the Staffing Committee:

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

12. Report from the Planning and Resources Committee

Received: A summary of matters discussed at the meetings of the Committee held on 9th July 2013.

Reported:

- (1) That at its meeting on 9 July 2013, the Committee considered the draft Management Accounts for the period ended 31 May 2013. The Committee noted the issue of the public bond (the "Bonds") to finance the University's future strategic plans, including the delivery of the £1 billion Campus Masterplan. The Committee also received the Minutes of the Finance Sub-Committee meetings held on 11 and 18 June 2013.
- (2) That at its meeting on 9 July 2013, the Committee considered a report summarising the data in the Destinations of Leavers from Higher Education Survey reporting on the destinations of 2011-12 graduates. The data would be used to measure progress for 2013 against the high level KPI: *"By 2020, to achieve a positive graduate destinations rate of at least 85% (as measured six months after graduation in the Destinations of Leavers from Higher Education Survey), ensuring that the University is ranked in the upper quartile of the Russell Group institutions on this measure."* The Committee also received an update on applications for entry in 2013.
- (3) That the Committee received an update report at its meeting on 9 July 2013 on national pay negotiations.
- (4) That at its meeting on 9 July 2013, the Committee received the Gift Oversight Group Annual Report, prepared for the Board of Governors, and approved the minor amendments in Appendix C to the Gift Acceptance Policy.
- (5) That at its meeting on 9 July 2013, the Committee received a progress report on the Manchester Working Environment. The Committee also received the Minutes of the meeting of the Information Systems Sub-Committee held on 4 June 2013.
- (6) That at its meeting on 9 July 2013, the Committee considered and approved the University's Major Incident Response Plan, and noted that the Plan would be tested during 2013-14. The Committee also received the Minutes of the meeting of the Research Compliance Committee held on 18 June 2013.
- (7) That at its meeting on 9 July 2013, the Committee noted the changes to the National Scholarship Programme that would come into effect in 2015-16.

13. Any other business

Noted: That a member raised the issue of the sustainability and the University's work in this area. The 2012 "Stock Take" report provided details of progress against the 2020 Vision, within specific goals and against individual KPIs. This included information on our performance in respect of environmental sustainability. The Board would continue to receive information on progress in this area, at least annually, through the Stock-take.

Close.