

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 20 November 2013

Present:

Mr Anil Ruia (in the Chair),

President and Vice-Chancellor, Mr Michael Crick, Mr Stephen Dauncey (via telephone), Professor Colette Fagan, Professor Maggie Gale, Dr Reinmar Hager, Dr Caroline Jay, Mr Paul Lee, Mrs Christine Lee Jones, 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, (19)

In attendance: The Deputy President and Deputy Vice-Chancellor, the Registrar, Secretary and Chief Operating Officer, the Deputy Secretary, the Director of Finance, the General Counsel, the Vice President Teaching, Learning & Students and the Director of Research and Business Engagement Support Services (for *agendum* 9).

Apologies: Professor Chris Taylor, Professor Andrew Gibson, Mr Robert Hough, Dame Sue Ion, Cllr Afzal Khan, Dr Pamila Sharma

N.B. That the published minutes will be redacted under *agendum* items 9 and 12 as they concern commercially sensitive information. The sections will be replaced when relevant public announcements have been made.

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. Minutes

Confirmed: The minutes of the meeting held on 9 October 2013.

3. Matters arising from the minutes

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

Noted: That further representations had been made to some Board members concerning the closure of the Learning Disabilities Studies programme. The minutes of the previous meeting had recorded 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” and the President and Vice-Chancellor reported that this was ongoing.

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 recommendation from the Nominations Committee concerning the former Pro-Chancellor and invitations to the meetings of the General Assembly

Reported:

- (1) That the Nominations Committee recommended to the Board of Governors that Sir John Kerr, GCB, DL, as a mark of honour, should be invited during his lifetime to attend meetings of the General Assembly, without voting rights, with effect from 1 December 2013. Sir John Kerr, who had served as Pro-Chancellor, an ex officio member of the General Assembly in category 1 and its Deputy Chair, and Chair of the Nominations Committee from 2004 to 2012, had ceased to be a member of the General Assembly on his retirement on 30 August 2012. Since he had never previously served on the Board of Governors of the University, he had no right, like lay members of the Board, to remain a member of the General Assembly in any of its other categories. It therefore seemed appropriate that he should be recommended for honorary membership of the General Assembly in recognition of his contribution to Project Unity before the University was established, and his contribution between 2004 and 2012 as Pro-Chancellor.
- (2) That, as part of a general briefing, the Chair updated the Board on the business discussed at the HEFCE General Meeting and referenced the recent Foundation Day and Social Responsibility Launch events held at the University.

Resolved: The Board of Governors endorsed the Nominations Committee recommendation that Sir John Kerr, GCB, DL, as a mark of honour, be invited during his lifetime to attend meetings of the General Assembly, without voting rights, with effect from 1 December 2013.

6. **Secretary's report**

Received: A draft Ethics Framework, covering University activity, for consideration by the Board of Governors.

Reported:

- (1) That following the Woolf Inquiry into the LSE's links with Libya and the adoption by the School of a Code of Ethics, a number of universities had adopted similar principles. Ethical issues and specifically, ethical considerations in respect of research partners, was also discussed by the Board at the Planning and Accountability Conference in March 2013 and it was indicated that further work would be done on this within the University with a view to bringing forward similar proposals (building upon the establishment of the Gift Oversight Group). Consequently, an Ethical Framework had been developed by the Deputy Secretary. The document had used the ethical obligations enshrined within the Charter, Statutes and Ordinances as a starting point and sought to map existing policies and procedures to these principles, and thereby bring all relevant policies within it.
- (2) That at this stage, the draft had only been reviewed by a small group of staff within the University and by the Senior Leadership Team. There was support for an overarching approach to drawing together existing obligations and policies with this being presented

to the Board as a “framework”. The proposal was for the Board to have an oversight role, receiving an annual report from the executive which would be held accountable for delivery. SLT agreed that draft to be presented to the Board for discussion at its meeting on 20th November and, subject to the Board being content with the approach, the adoption of the Framework to be progressed formally through the University’s structures.

Noted:

- (1) That the establishment of the framework was broadly welcomed although the Board noted in discussion that, in its original draft, there perhaps needed to be a clearer separation between the standards we can maintain through our employment of staff, and those we can only seek to influence, such as those in respect of students and any external organisations or countries that the University might seek to collaborate with.
- (2) That the driver for collaboration was primarily academic or research related and therefore partnerships were limited where FCO guidance indicated severe concerns or where diplomatic relations had been curtailed. The Code, as drafted recognises that the University is committed to working in research partnerships together with external organisations to achieve shared objectives. However it was also vital that the University safeguards its independence and ensures such partnerships maintain and enhance its reputation.
- (3) That some members of the Board urged that the ethics framework should be simple, clear and transparent. Further consideration might also be given, as for the procedure for gift oversight, for the establishment of a committee to oversee relevant activity.
- (4) That the Board noted that further work would be done on the Code, reflecting the Board’s comment and discussion, and that it would be reviewed through the University’s management structure before it was brought back for adoption by the governing body.

7. Management Letter

Received: That on recommendation from the 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 2013, 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 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 2013.

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 2013.

- (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 2013, and described specific observations their treatment within the accounts and any accompanying response.

Noted:

- (1) That the audit had provided a relatively clean audit report and had identified no significant issues. The auditors had, however, noted that further work would be required in preparation for the introduction of 2015 FE and HE Statement of Recommended Practice (SORP). Within the Management Letter, the auditors had identified no priority 1 points (the most significant), one observations classed as priority 2, concerning credit control within campus solutions, and a small number of priority 3 observations. For each, appropriate management action had been agreed.
- (2) 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. In addition, in order to support this process, the Registrar, Secretary and Chief Operating Officer had sought and obtained similar representations from his direct reports.
- (3) 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.
- (4) That the Finance and Audit Committee might consider holding a joint meeting in order to consider the Financial Statements and External Audit Report in future years.

Resolved: 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.

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 2013.

Reported:

- (1) That the financial objectives of the University were to deliver a surplus, provide year on year income growth and to preserve cash generation and conservation and that these objectives had been satisfied. The financial statements indicated a good result following a strong performance in 2011/12. There was a reported surplus of £48.9m (before loan break costs) against an equivalent prior year surplus of £48.8m (underlying £36.7m before pension adjustments compared with £43.2m). Total income to the University was £827.0m up 2.4% on the previous year. This was regarded as a satisfactory financial performance although there remained significant challenges ahead. In the year, as Board members were aware, the University had issued a £300m, 40 year bond, on a coupon of 4.25% coupon, to assist in the funding of the Campus Masterplan.

- (2) That in terms of the University's balance sheet, net assets had increased by 10.5% to £824.5m. The year end cash positions was considered as strong at £437.6m, which in large part was attributable to the bond issue. There was a reported net cash inflow of £53.7m arising from underlying operating activities. Finally, the value of endowments had risen by £15.6m, which reflected a modest market recovery.

Noted: That the Chair of the Board expressed his thanks to the Director of Finance and his team for their work on the financial statements and in respect of the audit conducted over 2012-13.

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 2013.
- (2) That the Financial Statements for the period ended 31 July 2013 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. Research Excellence Framework

Received: A report from Dr Andrew Walsh on the ongoing preparations for submission of the REF2014 by 29 November 2013.

Noted:

- (1) That REF was the successor national exercise to the RAE, organised by HEFCE and other UK funding bodies. Over £6 billion of QR funds will be distributed by HEFCE using results of 2008 RAE. For the University of Manchester, QR was £84 million for 2012-13 which represented c. 30% of University's total research funding. There were also significant indirect financial consequences of any reputation gained or lost in the exercise.
- (2) 
- (3) That the current QR formula allocates triple weighting to 4* work, single weighting to 3* work and applies no weighting to 2* work and below. The University could not anticipate know the future funding formula for QR, but expect it to continue to focus on excellence Total available funds were limited and the ring-fenced flat cash settlement will need to be defended. Impact, particularly REF case studies, will form an important part of the funding argument for HEFCE.
- (4) That the University scored exceptionally well in RAE2008. In REF2014, the University would be likely to submit fewer staff, reflecting a smaller eligible staff population, with excellent research quality. The UoM would therefore need to manage expectations internally and externally and present the REF2014 results in the context of:
- Research power: achieving the right balance of excellence and critical mass
 - How the University has changed since 2008, maturing as a new institution following the 2004 merger.

10. President and Vice-Chancellor's report

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

Reported:

- (1) That the 2013 round of Annual Performance Reviews (APRs) would be nearing its conclusion by the time the Board meets and has been proceeding well. The President and Vice-Chancellor chairs APR discussions with the four Faculties and the Professional Support Services Directorates, Professor Rod Coombs oversees the APRs dealing with the University of Manchester Library and the University's cultural institutions (the Whitworth Art Gallery and the Manchester Museum), whilst a report on the Jodrell Bank Discovery Centre is made to the Planning and Resources Committee (PRC). As in previous years the 2013 round of APRs has 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 has allowed serious discussions about targets and strategies for future performance improvement.
- (2) That a summary of overall performance against the high-level KPIs and targets is included for this meeting of the Board under the PRC report 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. The data indicated that good progress continued to be made against many of the University's goals. However, there remained some concerns about delivering a real step change in the University while delivering on a massive 'business as usual' agenda, ongoing changes and ever new challenges.
- (3) That while it was premature to prepare a detailed agenda at this stage for the 2014 Conference (18 - 19 March 2014), it is envisaged that it will include updates on progress against the Strategic Plan, priorities identified through the APR process and consideration of areas of future strategy and development, informed by best practice in comparators. The President and Vice-Chancellor also welcomed suggestions from the Board as to the other topics that might be included.

Board members were aware that the dual purpose of the Conference within the University's planning and Accountability Cycle was for Senior Management:

- i) to provide the Board with a detailed annual "stock-take" of performance against Plan over the previous year, in this case 2012 - 13; and
- ii) to advise the Board in relation to priorities for the forthcoming year.

The Conference thereby provides 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.

- (4) That at the time of last report to the Board, the President and Vice-Chancellor reported that the 2013 entry recruitment cycle for UGs looked to be returning to the more familiar pattern seen prior to the introduction of changes to the financing of Home/EU UGs that affected the 2012 intake in particular. At this stage it was not possible to give an accurate indication of student numbers. This is because there were a number of factors beyond the University's control that influence whether a student completes

registration, such as securing funding and gaining visa entry. Initial registration data suggests that the University would achieve or exceed home and international undergraduate targets. The President and Vice-Chancellor expected to have exceeded the total Student Number Control allocation (students not attaining ABB or equivalent) but are within the permitted maximum. Overall, postgraduate data was also looking positive and it was anticipated that the University would exceed international PGT and our home PGR targets. It is likely that the University would not reach both home PGT and international PGR targets, but it was anticipated that overall home and international student targets would be met. The President and Vice-Chancellor reported on expectations for recruitment for 2014, though noted that at this early stage in the admissions cycle it was risky to draw too many conclusions especially as the situation is a highly fluid one. Senior colleagues across the University will be monitoring applications closely throughout the cycle and the IMG will be meeting regularly to ensure the University hits its UG home recruitment targets.

- (5) That the President and Vice-Chancellor reminded the Board that realising the 2020 ambitions would demand a major change in performance if we are to differentiate the University from many other excellent universities in the UK and overseas. This in turn would require significant investment. To this end, the University must continue to generate financial surpluses by exercising strong financial control, securing efficiency savings and generating new income. A major investment over coming years will be the campus masterplan which will create a single, outstanding campus in support of the Manchester 2020 vision. While buildings and infrastructure are important, the university's future success will depend on its people, both students and staff, as they are its greatest asset. As Board members were aware, at the end of 2011, the University launched a number of major initiatives focused on people – staff and students - in pursuit of our Manchester 2020 ambitions. These included the initiative to support existing staff, "Investing in Success - Developing Staff Potential". Board members will recall that the purpose of this fund was to support individual members of staff by enabling them to engage in a particular project or activity which would accelerate their personal development and benefit the University. The University also launched the President's Doctoral Scholarship Awards, to support 100 new PhD scholarships in any discipline. Further funds were devoted to improving the student experience, in addition to the investments made in recruitment of staff in areas where high student numbers were impacting on student individualised learning. The "World Leading Minds" campaign, known internally as 'Project Diamond'" was the advertisement for new academic positions across the University at lecturer, senior lecturer and professorial levels. This resulted in a very large number of approaches being made to the University, many of a very high quality and over 160 new appointments. The campaign was judged to be successful not just for attracting high calibre staff but also for strongly positioning the University's brand and for the bold statement on the level of strategic investment being made. As a sign of our ongoing commitment to maintaining strategic momentum and recognising that our total academic staff numbers are still below those in 2007/8, we are planning to launch a further high profile recruitment campaign for c. 100 academic positions ("Project Diamond Two") across the University at lecturer, senior lecturer and professorial levels in support of our ambitions for Manchester 2020. These have been built in to the budget and the intention is to launch the campaign post the Research Excellence Framework deadline of 31st October 2013. With regard to a successor to the Investing in Success Scheme, the President and Vice-Chancellor had indicated previously that, depending on its success and the future financial position, the University hoped to be able to repeat this funding. Any future scheme will be informed by the lessons learnt from the evaluation of the pilot scheme and this is due to be completed later this year.

- (6) That the President and Vice-Chancellor provided an update on trade union relations. The campus trade unions (UNISON, UCU and Unite) had balloted their members for industrial action in relation to the final pay offer of 1%, with the following results:

UCU: 61.5% of members who voted backed strike actions and 77% backed action short of a strike (ASOS). Unison and UNITE have secured a vote in favour of strike action only, though they did not ask for ASOS.

All three trade unions had held a one day strike on 31st October 2013. UCU had also confirmed that from 1st November they have instructed their members to work to contract. The Registrar, Secretary and Chief Operating Officer chairs an internal contingency planning group which had met to ensure there are plans in place to manage the consequences of any industrial action on students and services.

- (7) That the final report of the independent review by Sir Andrew Witty, who will be known to many as the Chief Executive of GlaxoSmithKline and who is an honorary graduate of this University, (Encouraging a British Invention Revolution) was published last month. The President and Vice-Chancellor had been a member of the advisory group that contributed to the review. The report provided a positive endorsement of the role that universities play in their local and national economies, supporting enterprise and economic growth and recognises that the diversity of the sector is a major strength. The report aims to raise the profile of “third stream” activities to equal status with teaching and research and to maximise the role that universities can play in enhancing economic prosperity.

(b) Report from the Director of Finance

Received: An outline report from the Director of Finance on the current operating position of the University and commentary on the latest available management accounts.

(c) 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 Head of School and Dean of the Faculty, the President and Vice-Chancellor awarded the title of emeritus/emerita professor to:

Professor Peter Farrell, School of Environment, Education and Development with effect from 1 November 2013

Professor John Healey, School of Arts, Languages and Cultures, with effect from 1 January 2014

Professor Bonnie Sibbald, School of Medicine, with effect from 1 January 2014

- (2) That acting on behalf of the Board of Governors, the President and Vice-Chancellor approved the re-appointment of Mrs D Kloss as the University’s representative Governor on the Board of Governors of Manchester High School for Girls, for a four year period, with effect from 1 September 2013.
- (3) That Professor James Thompson was to be reappointed as Humanities Associate Dean - External Relations. His appointment, which currently ends 30 September 2014, would be extended to 31 August 2016.

- (4) That pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries no 1352 to 1364.

11. Report from the Head of Compliance and Risk, Safety, Health and Environment Committee minutes, and Accident Statistics.

Received: A verbal report from the Head of Compliance and Risk, the unconfirmed minutes of the meeting of the Safety, Health and Environment Committee held on 10 October 2013, and accidents statistics for Q2, 2013:

- (1) That the Radiological Protection Advisor certification of the University's Head of Radiological Safety would expire on 31 December 2013 and the selection process for the appointment of a new external Advisor had been completed.
- (2) That the Committee had approved further new or revised chapters of the Health and Safety Policy, relating to minor updates of terms of reference and membership of OHSTAG, Safety Management in Shared Workplaces, Interface of Estates & Facilities and Building Occupiers, and Off campus work including fieldwork.
- (3) That the University was awarded Gold CardiacSmart status by the North West Ambulance Service and was the first university to receive this recognition.
- (4) That the Committee considered the accident statistics for the second quarter of 2013 and noted that the downward turn had been maintained but that it was too early to draw further conclusions about long term trends.
- (5) That the Committee received a report on arrangements being made to comply with EURATOM requirements on the acquisition, use and disposal certain categories of radioactive materials outside Environment Agency reporting requirements.

12. Board Committee reports

(a) Finance Committee, 7 November 2013

Received:

- (1) The executive summary and minutes of the meeting held on 7 November 2013, including the Annual Accountability Return and presentation of the September Management Accounts.
- (2) An additional confidential paper, tabled at the meeting, outlining a proposal in relation to the re-development of student residence at Fallowfield and the potential construction of a Graphene Engineering Innovation Centre.

Reported:

- (1) That Mr Neil McArthur and Ms Grace Skelton were welcomed to their first meeting.
- (2) That Finance Committee received an updated on the capital programme and noted the progress that had been made. Two projects (the New Engineering Campus and MBS/Precinct Centre) now included individual project contingencies, inflation and, in the

case of the MSB project, a correction to include £4m raised via donations. All costs remained within the existing agreed overall campus masterplan.

- (3) That Finance Committee confirmed that it was content with the format and content of the report in relation to the Campus Masterplan, which will form a standing item on the agenda for each meeting. A summary of the report will be given to the following meeting of the Board of Governors.
- (4) That the Director of Finance reported that the cut over from version 11 to version 12 of the Oracle Finance system had gone well with few defects being reported.
- (5) That Finance Committee noted a report detailing the impact of proposed changes to the SORP for Higher Education, and the University's response to the UK Accounting Authorities.
- (6) That Finance Committee received the financial statements for the year ended 31 July 2013. The accounts were recommended for acceptance by the Board of Governors (qv. *agendum* 8).
- (7) That HEFCE required a return comprising actual results for 2012/13 plus the budget (now current) year figures for 2013/14, previously approved by the Board at its meeting in June 2013. Finance Committee considered the return and resolved to recommend it for approval by the Board and submission to HEFCE in December 2013.
- (8) That Finance Committee noted the management accounts for September 2013 at the meeting. The Committee noted that:
 - The surplus for period was £6.2m, £1.5m favourable to budget. Key factors were: £1.9m timing of non-pay expenditure; £0.7m pay savings; £0.4m unmatched other income; £0.3m net depreciation. Offset by £1.3m lower investment income; £0.7m lower research overhead recovery; £0.4m higher than expected interest payable on loans.
 - Cumulative income was £138.7m, £5.3m below budget but 4.4% higher than prior year;
 - Pay costs were £75.3m, £1m favourable to budget. Pay costs, excluding ERVS and FRS 17 adjustment represented 54.2% of total income compared to 53.5% in the prior year, and 53.1% budgeted;
 - Non-pay costs were 4.1% higher than last year, at £47.9m but £5.4m favourable to budget; cash balances stood at £482.4m.

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(b) Audit Committee, 13 November 2013

Received: The executive summary and minutes of the meeting held on 13 November 2013, including the Annual Report of the Audit Committee for onward transmission to HEFCE.

Reported:

- (1) That the Committee proposes a minor change to its terms of reference to clarify the specific elements of the financial statements that it endorses.
- (2) 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 2013, 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 2012/13 external audit. Also presented, for the Committee, was the Financial Statements for the year ended 2012/13, as considered by the Finance Committee at the meeting held on 7 November 2013.
- (3) That 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.
- (4) That 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 6 of the Management Report).
- (5) 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 2013-14.
- (6) That the Committee received the final Internal Audit Opinion of the Internal Auditors, Uniac.
- (7) That 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.

- (8) That 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.
- (9) 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 2 to the minutes of 13 November 2013, is commended to the Board of Governors for approval.
- (10) That the Committee considered the University risk registers and the underpinning faculty and PSS risk maps. The University register and map was forwarded to the Board of Governors.

Resolved:

- (1) That the Board of Governors approved the re-appointment of Deloitte LLP as external auditors to the University for 2013-14.
- (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.

13. Report from the Senate

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

Reported:

- (1) That Senate received summary reports on student numbers for entry in 2013, the financial year end position and five year forecasting, and the next steps in the government's programme of higher education funding and regulatory reforms.
- (2) That Senate received and discussed the results of the 2013 National Student Survey (NSS) and Postgraduate Taught Student Survey (PTES). Members noted that the PTES was an optional survey that the University of Manchester had participated in for the first time in 2013 and endorsed the view that the University should participate in the survey again in 2014.
- (3) That the Vice-President (Research and Innovation) reported on preparations for the REF2014, the research funding outturn for 2012-13, and a summary of the report of the working group on supporting successful research grant applications. Senate approved amendments to the Policy for Compliance with The Medicines for Human Use (Clinical Trials) Regulations 2005.
- (4) That Senate received a presentation on the University's new Social Responsibility Strategy from the Associate Vice-President (Social Responsibility and Equality and Diversity) and the Director of Social Responsibility.

14. Report from the Planning and Resources Committee

Received: A summary of matters discussed at the meetings of the Committee held on 1 October and 5 November 2013, including a report on key performance indicators.

Reported:

- (1) That Silla Maccario from UNIAC attended the PRC meeting on 1 October 2013 to provide an overview of the Draft Internal Audit Annual Opinion to the Board of Governors and the President and Vice-Chancellor regarding UNIAC's Annual Opinion for the year ending 31 July 2013. The Committee noted that it was UNIAC's opinion that the internal controls are effective, and that progress towards improved standardisation, consistency of operational processes and controls across the institution was continuing; that governance and risk management arrangements were effective and that the University is value for money conscious and arrangements are effective. It was also UNIAC's opinion that the University's data quality framework is effective. Complete follow up reviews for Staff HESA data and student data were carried out and the new arrangements for student admissions to identify and report AAB equivalence students were reviewed. The Committee noted that the report highlighted a "mature and risk-focused approach" to the use of internal audit whereby senior management had requested reviews in areas where there were emerging concerns. The internal audit highlighted significant process and control improvements and clear management action plans were agreed for all points raised. The report also confirmed that arrangements for monitoring implementation of outstanding audit actions could be relied upon. At its meeting on 5 November 2013, the Committee received the Minutes of the Risk and Emergency Management Group meeting held on 8 October 2013 and its attention was drawn to the ongoing work on cyber security and the Orphan Collections.
- (2) That at its meeting on 1 October 2013, the Committee considered the draft management accounts for the year ended 31 July 2013. The Committee noted that the figures reflected a strong performance and that there would be a need to reconsider the appropriateness of the current KPI to achieve underlying financial outcome as a percentage of income to 7% by 2015, as a preferred measure of financial performance would be EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation). At its meeting on 1 October 2013, the Committee also considered the Debt Report as at July 2013 and noted that there had been an improvement in the level of debt with the Health Trusts, reflecting better processes and closer working relationships.

At its meeting on 5 November 2013, the Committee considered the Financial Statements for the year ended 31 July 2013 and the updated financial forecast for 2013-14, noting that financial forecast data to 2016-17 was due to be submitted to HEFCE by 31 July 2014, 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 2013, and was notified of the HEFCE consultation on the financial memorandum.

During the period of this report, the Committee also received the Minutes of the Finance Sub-Committee meetings held on 23 July and 17 September 2013, at the latter of which it had been noted, in relation to Pensions, that MILGP had now been amalgamated within the UMSS Scheme.

- (3) That at its meeting on 1 October 2013, the Committee considered a report evaluating the outcome of the National Student Survey 2013 for The University of Manchester. This year's results indicated that the University was continuing its trajectory of improvement.

The average overall level of student satisfaction at The University of Manchester had increased from 83% in 2012 to 85% in 2013, which also represented a 6% increase in two years. It was noted that one of the University's high level key performance indicators is to achieve sector benchmark for Q22 in the NSS by 2015 and at least 90% student satisfaction by 2020, ensuring that the University is in the upper quartile of Russell Group institutions by then. The University now equalled the England HE average (85%), although it remained below the Russell Group average (88%) and needed to maintain an increase at the level of the institution of 2% a year to meet the goal of rising to the top quartile of the Russell Group. At its meeting on 1 October 2013, the Committee also considered a report confidential to The University of Manchester, evaluating the outcome of the Postgraduate Taught Experience Survey 2013. At its meetings on 1 October and 5 November 2013, the Committee received updates on full-time student registration against target numbers. The Committee noted that initial indications were that the University would be above its student number control (SNC) target but within the permitted 3% margin. The University had met its target for full-time Home undergraduate and postgraduate research and for Overseas postgraduate taught students.

At its meeting on 1 October 2013, the Committee considered a report on the most recently published League Tables and noted that there had been some improvement in the national rankings, reflecting improved NSS scores, but a downward trend in international rankings published to date. As in previous years, there were significant differences between national and international league table performance. The University performed well in reputation surveys but citations remained the area of weakness for the University in most international rankings. The University's performance in national league tables was still adversely affected by its NSS score but there would need to be increasing focus on other measures if the University was to move clearly into the top 20 of any national league table.

At its meeting on 5 November 2013, the Committee considered a summary report of initial indications of overall performance in 2012-13 against the University's high level key performance indicators (KPIs) and targets, including a glossary. The Committee noted 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 Spring in the annual Stock Take Report. The report is attached as Appendix 1. The Committee also noted that a number of the measures would need to be reviewed during 2013-14 (due to changes in definition, data availability or further refinement of University strategy) and these proposed changes would be submitted to the Board of Governors for discussion during the Board Conference in March 2014.

At its meeting on 5 November 2013, the Committee considered the Annual Monitoring Statement (AMS) and approved its submission to HEFCE as part of the annual accountability process. The Committee also discussed the University's response to the HEFCE and Health Education England joint consultation on ensuring a sustainable supply of pharmacy graduates.

At its meeting on 5 November 2013, the Committee was informed that the student HESA statutory return had been submitted by the deadline. The staff HESA return was due to be submitted by 12 November 2013.

- (4) That at its meeting on 1 October 2013, the Committee considered a report on the Annual Occupancy Survey and a paper summarising the current system for penalty charging for booked but unoccupied central teaching spaces and outlining possible forward options. The Committee agreed that the charging system should cease with immediate effect.

At its meeting on 1 October 2013, the Committee received the Minutes of the Capital Planning Sub-Committee meeting held on 2 July 2013 and received an update on the Residences Strategy. At its meeting on 5 November 2013, the Committee received a presentation on the redevelopment plan for the student residences at Fallowfield and agreed to recommend that Finance Committee and the Board of Governors authorise the University of Manchester to proceed, subject to the proviso that any formal undertakings were supported by detailed due diligence and assurances.

- (5) That during the period of this report, the Committee received the notes of the HR Sub-Committee meeting held on 24 September 2013. At its meeting on 1 October and 2013, the Committee received an updated report on national pay negotiations and Trade Union ballots.
- (6) That at its meeting on 1 October 2013, the Committee approved the draft Statement on Corporate Governance and the draft Statement of Public Benefit. The Committee also approved the revision to Regulation VIII Public Interest Disclosure Procedure.
- (7) That at its meeting on 5 November 2013, the Committee received the Minutes of the Information Systems Sub-Committee meeting held on 15 October 2013.
- (8) That at its meeting on 1 October 2013, the Committee considered the new strategic plan for Manchester University Press, A New Strategic Vision, which had been approved by the MUP Board on 12 September 2013, together with the accounts for 2012-13 and revised forecast for 2013-14. The Committee agreed to support the establishment of a new post of Business Development Manager noting that this would result in a small deficit in the budget forecast for 2013-14.

15. University Union Relations Committee

Received: A report of the meeting between the University and the Union held on 16 October 2013.

Reported:

- (1) That the Committee noted a number of matters arising, including: Social Media, the UMSU Byelaws (tying in with election review by February), Estates issues, and the MoU. The Committee agreed to sign off the MoU subject to the completion of work on section 4.
- (2) That the Union presented a report on activity to the Committee, including the on-going election review. An interim report had been prepared by the task and finish group and then presented to the Trustees. The University asked if it might revisit this ahead of presentation and formal adoption by the Union.
- (3) That a number of issues had been considered within the Union Assemblies. These included, among other issues, out of term opening times for the Library and the Union was exploring the viability of this with Library representatives.
- (4) That the Committee discussed the Opt-out Policy for recording lectures. Student expectations were high and the Union reported that some appear confused by the policy. In responding, University officers explained that a choice had to be provided, and that lecture capture can't occur where staff have not given their consent, whether pedagogical or for other reasons. Some other delays had been reported and Professor Richard Reece would be issuing some further communication. The change in policy was sensitive, and so

there was a need to move slowly and build it up. Judgement has to be left to the academic staff as there are pedagogical reasons that mean it is not always appropriate.

- (5) That the Union reported that the Union budget was under review. Last year's finances statement would come forward to the University outside the meeting. Representatives of the Union and the University had agreed to review these separately.
- (6) That the Union had completed its round of trustee appointments and were now engaged in training and broader orientation. The University offered any induction, as appropriate.
- (7) That the Union gave an update on the projects underway including access arrangements, RAs, student engagement and long term maintenance. The Committee discussed the level of union presence on the North Campus and the potentially detrimental effect a low level of union activity might have in terms of the student experience for those students. The Union and University agreed to discuss this further as it was an issue for a potentially large number of students and while the Union had tried to maintain activity, there were economic issues to address.
- (8) That one issue had been raised under the Code of Practice on Freedom of Speech. An external speaker request by a society had been withdrawn by the Union, relating to safe space concerns following agreement by the executive.
- (9) That the closure of the Learning Disabilities programme was raised as an item of any other business, following concerns expressed to the Union about the level of consultation with students as part of the decision. The University provided some information on the background to the decision and the Review 2012 of Education, which was considered by Senate in May 2012, and which had student representation and involvement. Over the last year the University had worked through the implementation of those decisions, and targets were set for this particular programme that, regrettably, the School had been unable to achieve. From a University perspective therefore, the appropriate consultation had taken place, nevertheless officers agreed to provide additional background on the process so that the rationale/process could be provided to those making representations.

Noted:

- (1) That the General Secretary of the Union provided an additional briefing to the Board of Governors on a significant deficit in the Union's finances that had been discovered at the year end. The University of Manchester Students' Union had conducted a review of its commercial performance in October 2013 and found they faced an operational deficit. This, in combination with the re-valuation of some assets and write-downs, meant that the Union was likely to post a significant loss at year-end. In response, the trustees had initiated stringent budget cuts and had introduced a voluntary redundancy scheme in order to tackle the operational element of the deficit, and the Union was in an ongoing consultation with its staff in order to review its expenditure and determine where any redundancies should arise.
- (2) That the Union was now working closely with the University, with the University providing support where necessary, as they pursued an appropriate recovery plan. The governance position of the Union was such that it was a wholly independent organisation, with its own trustee board (comprising the executive officers, three external trustees and two student trustees). The University provides funding to the Union via the block grant and has specific accountabilities to the oversight of the Union in relation to the Education Act. Although fundamentally an independent organisation, it was noted that there was a clear reputational link between the performance and activities of the Union and the University.

Close.