

The University of Manchester

**BOARD OF GOVERNORS**

Wednesday, 6 May 2015

*Present:*

Mr Anil Ruia, (in the Chair),

President and Vice-Chancellor, Mr Edward Astle, Ms Charlie Cook, General Secretary of UMSU, Professor Ian Cotton, Mr Stephen Dauncey, Professor Colette Fagan, Professor Maggie Gale, Mr Colin Gillespie, Dame Sue Ion, Dr Reinmar Hager, Mr Robert Hough, Dr Caroline Jay, Mr Paul Lee, Mrs Christine Lee-Jones, Professor Cathy McCrohan, Dr Brenda Smith (in part), Mr Andrew Spinoza, Dr John Stageman, Professor Chris Taylor, and Ms Iram Kiani. (21)

*In attendance:* The Deputy President and Deputy Vice-Chancellor, the Registrar, Secretary and Chief Operating Officer, the Deputy Secretary, the Director of Finance, the Director of Human Resources, the General Counsel, the Director of Compliance and Risk, the Vice-President and Dean of Humanities, and the Vice-President (Research).

*Apologies:* Mr Michael Crick, Mr Neil McArthur, Dr Angela Strank, and Dr Pamila Sharma.

**N.B. That the published minutes will be redacted under items noted in agendum item 7 a (1) as they concern commercially sensitive information. The section 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 Chair also declared an interest in relation to his membership of the Board of the Central Manchester Foundation Trust. The interests of the President and Vice-Chancellor as a Council Member of the Royal Society, and for Mr Will Spinks as a member of the AHUA Executive and as a member of the Joint Negotiating Committee of USS, previously declared, were noted.

**2. Minutes**

**Confirmed:** The minutes of the meeting held on 11 February, 2015

**3. Matters arising from the minutes**

**Received:** A report summarising ongoing actions or business consequent on decisions previously taken by the Board.

**4. Summary of business**

**Received:** A report prepared by the Deputy Secretary on the main items of business to be considered at the meeting.

**5. Chairman's report**

**(a) HEFCE Statement on Institutional Risk**

**Received:** The HEFCE Statement on Institutional Risk, produced annually by HEFCE and directed to the institution's governing body.

**Noted:**

- (i) That the purpose of the letter was to inform the University of HEFCE's assessment of the risk status of the University and any failure to comply with the accountability obligations as set out in the Memorandum of Assurance and Accountability.
- (ii) That HEFCE had concluded, based on the accountability returns submitted for 2013-14, that in their overall assessment at the time the University of Manchester was not at higher risk, and that the University had met the accountability obligations set out in the Memorandum of Assurance and Accountability and other guidance.
- (iii) That the tables providing additional benchmarking information with the Statement was not regarded as particularly helpful, as without additional contextual information it could lead to misleading conclusions. As the Board was aware from previous discussions, the compilation of suitable benchmarking information was a significant task and work on this was ongoing within the University.
- (iv) That the letter highlighted uncertainty about the funding available to higher education after the General Election, and the possibility of in-year changes to the funding available to HEFCE in the financial year 2015-16. Institutions were therefore urged to plan their budgets in a prudent manner, an approach the University had taken and would ensure was reflected in the Budget under development.

**(b) Changes in membership of Board Committees**

**Reported:** That Mr Colin Gillespie has joined the Finance Committee, *vice* Dr Angela Strank, with effect from 1 March 2015.

**(c) Membership of the Board of Governors**

**Reported:** The full membership of the Board of Governors from 1 March 2015 (reflecting the recent appointment of Mr Colin Gillespie).

**(d) Board Effectiveness**

**Received:** A report on the session on Board Effectiveness held within the Planning and Accountability Conference.

**Reported:**

- (1) That the session on Board effectiveness considered a number of items:
  - the raw quantitative results from the survey completed by Board members and those in attendance
  - the qualitative responses returned within the survey
  - the feedback from the discussions on Board effectiveness held at Finance and Audit Committees
  - the paper mapping current practice at the University against the requirements and expectations of the revised CUC Code of Governance, published in December 2014 (this is provided for information and the actions will be completed as indicated).

(2) That in broad terms the Board was satisfied within the outcome of the interim review of effectiveness, noting that levels of satisfactions in respect of the Board's working relationships and outcomes were strong. In discussing this information provided, the Board noted the following:

- That standing orders should be developed for the Board to cover:
  - quoracy
  - decision handling between meetings
  - conduct of business
  - agreement by consensus / arrangements for voting

NB. Originally proposed for July 2015, these standing orders will be prepared for the first meeting in the new session in October 2015.

- That the meetings should provide clear opportunities for members to raise any concerns or objections, particularly in seeking support for decisions
- That the Board should monitor ongoing activities more effectively, e.g. activities and projects (including governance and risk arrangements), future commitments and decisions required, noting that forwarding relevant reports from Finance and Audit Committee could fulfil this requirement.
- That further consideration should be given to the element 4 of the CUC Code of Governance and the reporting relationship between the Senate and the Board of Governors.

**(e) Deputy Chair of the Board of Governors, from 1 September 2015**

**Reported:**

- (1) That Statute II provides for the appointment of one or more Deputy Chairs (and other officers if so desired) from among members of the Board of Governors in Category 2 (ie lay members). The Statute further states that the Deputy/ies hold office for an initial period and on terms and conditions determined by the Board, and may be re-appointed provided he/she/they do not serve continuously for more than six years (with provision, exceptionally, for a further period of three years).
- (2) That Mr Robert Hough, who was appointed to the role for a three year term from 1 September 2012, will stand down from the role of Deputy Chair on 31 August 2015, when he retires from the governing body.
- (3) That the role of the Deputy Chair is to act as Chair of the governing body on any occasion in which the Chair of the Board of Governors is unavailable, or to act as Chair in relation to any matters that may directly concern the Chair of the Board of Governors. Under the Board's current arrangements, the Deputy Chair also fulfils the role of Chair of the Staffing Committee.
- (4) That expressions of interest in the role are now sought from lay members of the Board in Category 2, and may be made via the Registrar, Secretary and Chief Operating Officer or the Deputy Secretary in the first instance. The Chair of the Board of Governors will then discuss the role individually with those individuals that come forward, and bring forward a recommendation to the Board for approval in July 2015. The Deputy Chair identified through this process will then take up the role with effect from 1 September 2015.

**Noted:** That the anonymised comments made by members within the Effectiveness Review would be circulated to the Board of Governors by the Deputy Secretary.

**(a) Senate Elections**

**Received:** A report on the elections to Senate, held in February 2015, and an oral report on the ongoing elections for Senate members to the Board of Governors.

**Reported:**

- (1) Following the call for nominations for the elected positions on Senate in February 2015, the following members of the academic and research staff in the faculties below have been elected, unopposed, as there was no requirement for ballots:

Faculty of Humanities (5 places)

Professor Noel Castree, School of Environment, Education and Development

Dr Mark Batey, Manchester Business School

Dr Jonathan Mair, School of Arts, Languages and Cultures

Dr Jackson Maogoto, School of Law

Professor Silvia Massini, Manchester Business School.

Faculty of Engineering and Physical Sciences (4 places)

Dr Andrew Horn, School of Chemistry

Dr Caroline Jay, School of Computer Science (re-elected)

Professor Mike Sutcliffe, School of Chemical Engineering and Analytical Sciences

Dr Gianpaolo Vignali, School of Materials

Faculty of Medical and Human Sciences (3 places)

Dr Brian Bigger, Institute of Human Development

Dr Jason Hall, Manchester Pharmacy School

Dr Shaun Speed, School of Nursing, Midwifery and Social Work.

Each will serve from 1 September 2015 to 31 August 2018.

- (2) That within the Faculty of Life Sciences, a ballot was required to award the places as there were three nominations for the two places available. The ballot was held on on-line between 12pm on Monday, 9 February and 12pm on Monday, 23 February.
- (3) The system was a simple "first past the post" count and the two candidates in first and second positions following the vote tally take up the available places. 36% of staff members on the Faculty's electoral roll voted in the election. Both places will run from 1 September 2015 to 31 August 2018.

On completion of the voting, the following members were declared elected:

Dr Mark Ashe

Professor Andrew Doig

**(b) Election of the Chancellor**

**Received:** An oral report on the Election of the Chancellor.

**Reported:**

- (1) That following the request for nominations, three candidates had been nominated for the office of Chancellor and a postal and online ballot of the electorate (comprising staff, registered alumni and General Assembly members) will therefore open on Tuesday, 26 May.
- (2) That for a term of office commencing on 1 August 2015, the following three candidates have been duly nominated for election:

Lemn Sissay, MBE

The Rt Hon. the Lord Mandelson  
Sir Mark Elder, CBE

- (3) That the voting instructions will be issued by email and by post (to those that have requested a postal vote) directly by Electoral Reform Services (the University's appointed agent) on Tuesday, 26 May. At the same time, the University will also publish and circulate to voters an additional profile of each of the candidates.
- (4) That voting in the election will close at noon on Thursday, 18 June and the results would be announced by the University on Monday, 22 June.

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

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

#### **Reported:**

- (1) That the President and Vice-Chancellor's last report to the Board made reference to the Chancellor of the Exchequer's Autumn Statement and financial challenges facing the HE sector. The Report highlighted the prospect of further reductions in public spending and the significant uncertainty that this introduces for the HE sector. While at that time the Treasury had not published detailed budgets for Government departments from 2016 and indeed there was a General Election pending which introduces yet more uncertainty, there was a view that existing plans will mean sizeable cuts to most departments, including Business, Innovation and Skills (BIS). This prospect was not diminished by the Budget Statement delivered on 18 March 2015, which indicated that further savings will be secured through cuts to non-protected government departmental budgets, though no details were released. In other respects the 2015 Budget Statement contained a number of positive features for the Higher Education sector, though it was difficult to identify those which represent 'new' funding. It also included measures reaffirming the commitment to the Northern Powerhouse, notably an investment of £20million for Health North which will be delivered through the Northern Health Science Alliance of leading northern universities, including this University; teaching hospitals and Academic Health Science Networks (AHSNs) to set up the world's first partnership using large-scale data to drive public sector reform in health and social care across a 15 million strong population in the North of England.
- (2) That the financial uncertainty facing the higher education sector was not new. Indeed over the past few years universities in the UK have faced a number of financial challenges including uncertainty about the recruitment of home and overseas students; dealing with reduced levels of core teaching funding; major cuts to capital funding from the Higher Education Funding Council for England (HEFCE) such that the University now has to generate capital funds from within; and concerns over deficits in our pension schemes.
- (3) That in addition to the above, it has now been confirmed that the University would face a significant reduction in government funding under the Quality Research (QR) core funding allocation as a result of the lower volume of our staff returned and those judged at the highest levels in the Research Excellence Framework 2014, compared to 2008. As expected, The University would lose £10.5 million in 2015/16 (this includes some benefit from transitional funding) and more (~£14 million pa) in subsequent years. The University was anticipating a significant reduction in QR funding, and is developing plans to manage this effectively. This will be offset by a modest increase in HEFCE T of c £2.4 million.
- (4) That set against this background, in late January, the HEFCE received its grant letter from BIS which confirmed the funding available for 2014-15 and 2015-16 Financial Years (April – March ) and the policies and priorities that continue

to underpin the approach to the recurrent grant. The letter did not provide any figures on funding that might be available for the 2016-17 financial year, but advised that the HEFCE would need to make prudent assumptions about this, recognising the four-month overlap between the 2016-17 financial year and the 2015-16 academic year. In the light of the grant letter, the HEFCE Board at its February meeting agreed 2015-16 academic year budgets for recurrent grant, one-off transitional funding and funding for national facilities and initiatives. In making these decisions, the Board assumed that the funding available for the 2016-17 financial year will be the same in cash terms as for the 2015-16 financial year. There was, however, particular uncertainty about the funding that may be available after the spending review that is expected to follow the forthcoming general election. This means that the HEFCE might have to revise allocations, possibly after they have already been announced. In view of this the HEFCE has advised institutions that they should exercise prudence when planning their budgets. Funds will always be limited and the various considerations cited above highlight that the University now had to make the difficult choices. Therefore priorities for investment and opportunities for savings and additional income generation will be important ongoing topics across the University.

- (5) That as Board members were aware, when the new University was created following the merger in 2004, four Faculties were established. These were of very uneven size, with FLS representing 10% financially and the remaining three c. 30% each. This was considered to be the most appropriate arrangement at that time, but this disparity in size had led to pressures on FLS, where there was little or restricted scope for leveraging opportunities because of their relatively small size. These pressures have been compounded by the significant reduction in research (QR) funding for life sciences following REF. Therefore, to ensure structures were optimal to sustain our academic mission earlier the President and Vice-Chancellor initiated, with the full support of the Senior Leadership Team, a review of Life Sciences and cognate disciplines, considering the full range of options, to ensure they are optimal to sustain our academic mission in this area.
- (6) That the interim report on the review of the effectiveness and sustainability of current structures and possible alternative structures for the organisation of Life Sciences and cognate disciplines was provide Agendum 8 and Professor Keith Brown, Vice-President and Dean of the Faculty of Humanities, who is chairing the review group would brief the Board on this item.
- (7) That this year's planning and accountability conference reviewed progress towards the goals in the Strategic Plan and debated the future strategic direction of the University, in the context of the planned refresh on Manchester 2020. The key messages from the Conference were:
  - The University was progressing well, with some areas of world-leading research and outstanding learning and student experience and contributions to 'making a difference' to society, but a step-change in performance in some areas across the University is required.
  - Moving from 'good-to-great' whilst maintaining distinctiveness was a difficult challenge, but one that the University must, and will address in order to meet our ongoing commitment to excellence.
  - In pursuing this ambitious agenda, the University would need to maintain and highlight distinctiveness. Financial head-room was required, by increasing income and reducing costs, to deliver ambition and mitigate external pressures.
  - To meet this ambition, and address current and future external pressures, some re-shaping of the University could be needed.
- (8) That the ambition to be amongst the leading universities in the world was reaffirmed. In the review of progress towards our Manchester 2020 goals based

on the 2013/14 Stocktake report it was recognised that while the University has performed well in many areas over the past year, there was a need to significantly improve performance to reach this ambition in the face of rising costs, declining public funding and increasing global competition. An important example of the scale of those challenges is the significant reduction in QR funding referred to above. Taken together with other changes, such as the likely increase in costs arising from pension changes, this means a 'hit' of around £20 million to the University's bottom line from 2016/17.

- (9) The University would also need to find significantly more than £20 million in order to create the financial 'headroom' to continue to invest in strategic priorities. A range of plans were in place to increase our income, but the senior team would also examine the cost base to ensure that the University is as efficient and effective as possible – and that includes the 50%+ of our expenditure that is invested in staff costs. In addition, there will be some activities where the University would have to reduce investment and/or cut costs. Having received the full endorsement and support from the Board, the senior team had been turning these plans into actions and outcomes. In addition it would take forward the plans to address the priorities for 2015-16 that had been identified from the Annual Performance Reviews as the refresh of our strategic plan was undertaken over the next few months. These are:
- i) To accelerate progress towards our research targets by developing a post-REF strategy.
  - ii) To continue to improve the student experience.
  - iii) To deliver an outstanding learning and teaching experience and sustain student recruitment target numbers consistent with meeting financial contribution.
  - iv) To deliver a focused, distinctive and effective social responsibility programme.
  - v) To create a more performance-orientated culture.
- (10) That the University was focused on the recruitment for the 2015 intake. Within this the priority, continued to be on maximizing the quality and number of the student intake while being mindful of the importance of the student experience. From the latest data the President and Vice-Chancellor made the following observations:
- Applications to the University for undergraduate courses have increased again this year to over 60,000. The increase is around twice the rate of our six competitor institutions (as identified by UCAS) and twice the national rate of increase (UoM +4.5%; national +2.2%; competitor +2.3%). Following the trend over the last two years there has been an increase (6%) in overseas applications.
  - Most programmes have seen an increase in applications. Where this has not taken place it is often for known reasons e.g. increase in required entry grades. This year there was an exceptional reduction in applications to the Manchester Medical School and as I have previously reported this is explained by our high UKCAT threshold.
  - Conversion remains a challenge. While overall we have higher rates of acceptances from prospective undergraduate students, in some subject areas this is lagging behind last year.
  - Applications, offers and acceptances have all increased for undergraduate students in the widening participation category.
  - For taught postgraduate programmes, overseas applications and acceptances are higher by 14% and 15% respectively. Applications from prospective Home/EU postgraduate students have fallen by 5% which was expected as there was a small undergraduate entry year in 2012

following the introduction of then new fee regime. This is being mitigated by the introduction of £10k bursaries for students who graduate in 2015 from 'under represented groups'.

- While it was early in the cycle for postgraduate research students, total applications and acceptances for research postgraduate students are lower for both Home/EU and overseas with a 9% decrease compared to this time last year.
- (11) That within the context of the changing national picture and increased competition for students, especially those of high quality, the Intake Management Group and the Manchester Doctoral College are monitoring the situation closely and considering any responses as appropriate. The Board would be informed of any concerns. It was recognised that the 2015 recruitment round required careful attention and would be demanding for staff. In preparation Schools have been encouraged to review their entry requirements and to ensure best practice in handling of applicants to maximize the chances of those to whom an offer is made accepting it. In- depth discussion of application data by the Senior Leadership Team takes place regularly so the pattern of recruitment can be closely monitored, allowing interventions to be agreed and implemented on a timely basis.

**Noted:**

- (2) That the Deputy President and Deputy Vice-Chancellor update the Board on the proposed Royce Institute. The Sir Henry Royce Institute for Materials Research and Innovation would be a national facility, based on or around the campus that would allow the UK to grow its world-leading research base in advanced materials science. The University was closely involved in the determination of a governance model for the facility, with appropriate representation given that the University was likely to own and hold responsibility for the asset.
- (3) That the President and Vice-Chancellor briefed the Board on the University's involvement in discussions around "DevoManc", and in particular the proposals to bring control of existing health and social care budgets under the city (via an elected mayor), which have been pooled by local authorities across Greater Manchester. No liability for health and social care budgets would transfer to the University but this initiative would see the institution working closely with Trusts, GP Commissioning Groups and industry and was expected to provide significant opportunities.
- (4) That the Board discussed the implementation of the Counter Terrorism Bill, noting that the University's collaborative approach was already widely recognised as a model of good practice. The new bill would have implications for reporting and in terms of policy and the Director of Compliance and Risk would provide a briefing on this as part of the Board's Update and Development event scheduled for 23 June 2015.

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

**Reported:**

- (1) That acting on behalf of the Board of Governors, and on the recommendation of the Vice - President and Dean of the Faculty of Humanities, the President and Vice-Chancellor appointed Professor Toby Seddon as Head of School of Law for the period 1 April 2015 to 31 August 2018.
- (2) That acting on behalf of the Board of Governors, and on the recommendation of the Vice - President and Dean of the Faculty of Medical & Human Sciences, the President and Vice-Chancellor appointed Professor Dame Nicky Cullum as Head

of the School of Nursing, Midwifery and Social Work for the period 1 August 2015 to 31 July 2019.

- (3) That acting on behalf of Senate and the Board of Governors, the President and Vice-Chancellor approved:
- the establishment of a named chair within the School of Physics and Astronomy, in recognition of the outstanding academic achievements of Sir Bernard Lovell, with effect from 1st December 2014.
  - the establishment of a named chair in recognition of the appointment of Professor Sir Cary Cooper and as part of the MBS 50th Anniversary Celebrations, with effect from 1st June 2015.
- (4) That pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries 1540 -1554.

### (c) **Compliance and Risk Update**

**Received:** Accident Statistics: Quarter 4 2014, and Quarter 1, 2015 and the Safety, Health and Environmental Committee Minutes from 18 December 2014

**Reported:** That the Director of Compliance and Risk provided a short report on ongoing risk issues within the University. The Emergency Incident Management Plan had been invoked twice in the period, once in relation to a student experiment in which a building had to be evacuated and several city centre roads closed by police after an explosive chemical was discovered in a lab and the second in connection with a university student and an arrest under terrorism charges. The charges were later dropped in this instance. A third incident concerned students of the University that were temporarily based in Nepal, and their subsequent evacuation, following the tragic earthquake in the region.

**Noted:** That members of the Board requested further information on the basket of measures that form the KPI in relation to Health and Safety and it was agreed that this would be presented to the July meeting.

## 8. **Review of Life Sciences and Cognate Disciplines**

**Received:** The Interim Report of the Review of Life Sciences and cognate disciplines

**Reported:**

- (1) That the interim report is intended to inform the Board of Governors on the progress of the Review of Life Sciences and cognate disciplines at the University. On 14 April 2015, the Senior Leadership Team endorsed the interim report for onward transmission to Senate (29 April 2015) and the Board of Governors (6 May 2015) for consideration.
- (2) That in this first phase the emphasis has been on consultation and a number of opportunities and challenges have been identified. The key considerations for the Review are the optimal structure for the sustainability of the relevant disciplines while at the same time ensuring the delivery of world-class research, outstanding learning and student experience, and an ongoing commitment to social responsibility.
- (3) That the President and Vice-Chancellor, with the full support of the University's Senior Leadership Team, initiated a Review of the effectiveness and sustainability of current structures and possible alternative structures for the organisation of Life Sciences and cognate disciplines in the University. The Senate was informed on 4 February 2015 and the Board of Governors on 5 February 2015.

- (4) That the Review is led by Professor Keith Brown, Vice-President and Dean of Humanities and its objectives are:
- To review the sustainability of the current structures in Life Sciences and their effectiveness in relation to the delivery of research and teaching, the student experience and social responsibility;
  - To evaluate possible alternative structures for the organisation of Life Sciences and cognate disciplines to both secure the financial sustainability of life sciences and optimise the delivery of the academic mission as outlined in the Manchester 2020 Strategic Plan;
  - To make recommendations for any required changes.
- (5) That the Review is considering the following options:
1. Retaining the current structure;
  2. Adding capability to the existing Life Sciences Faculty structure;
  3. Moving all of Life Sciences into the Faculty of Medical and Human Sciences (FMHS);
  4. Moving different component parts of Life Sciences into different faculties.
- (6) That in this first phase the emphasis has been on consultation and a number of opportunities and challenges have been identified. The Review will evaluate each option in relation to the ability to deliver world-class research, outstanding learning, student experience and social responsibility on a sustainable basis.
- (7) That in addition, for each of the proposed options, the Review will assess the:
- Immediate and long-term potential gains (for example, academic synergies, efficiencies, governance and management);
  - Timeline and transition costs (financial, time and staff morale);
  - External costs (for example, reputational, disruption to student recruitment, marketing and communications).
- (8) That modelling is one of the outputs of the Review and will be developed for each option, as the detail is finalised, and will take into account all structures that are impacted.
- (9) That the Review Group has noted that each option presents a degree of change for all faculties and whilst discussions continue collegiality should be maintained.

**Noted:**

- (1) That the Vice-President and Dean of Humanities provided additional information, in confidence, on outcome of the consultation and the conclusions that were being developed by the Review Group. The current structural arrangements had failed to seize opportunities, both in teaching and research, and the current financial model, especially following the recent REF performance, would prove challenging for the Faculty without adaptation.
- (2) That in taking forward the Review Group's conclusions, the University must work to bring colleagues on board and drive forward any changes required or proposed.
- (3) That the Review Group would submit its final report to Senate in June and to the Board of Governors in July 2015. It was thereafter anticipated that any changes in structures proposed would be progressed/implemented over 2015/16.

**9. Board committee reports**

**(a) Staffing Committee, 26 February 2015**

**Received:** The minutes of the meeting of the Committee held on 26 February 2015 were provided.

**Resolved:**

- (1) To recommend to the Board of Governors, that the University proceeds with the process outlined in the agreed Contracts Policy and 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 October 2015 to 29 February 2016; and
- (2) To recommend to the Board of Governors that the University continues to ensure that all suitable and appropriate alternative strategies for resolution, including redeployment and restructuring, have been properly considered.

**(b) Staffing Committee, 15 April 2015**

**Received:** The minutes of the meeting of the Committee held on 15 April 2015 were provided.

**Noted:** That some members of staff on the Board cautioned about the perception of such changes among wider staff, noting that such staff were strongly collegiate and would not wish to see colleagues treated inequitably. In responding, the President and Vice-Chancellor appreciated these concerns but stressed that redeployment was secured for the majority under existing processes. As outlined, the current practice of placing staff on the redeployment register indefinitely was not sustainable and was inconsistent with the treatment of staff covered by the Contracts Policy and Procedure. The redeployment register should be used to support displaced staff for a reasonable period of time, and seek to place staff in alternative roles wherever possible, but should not be used to support staff indefinitely.

**Resolved:**

- (1) To advise and recommend to the Chair of the Board of Governors (acting on behalf of the Board under the delegated authority provided on 25th March 2015), that the procedure for dismissals (via an initial voluntary severance offer followed, if necessary, by a compulsory redundancy procedure), as outlined in Appendix 1, should be introduced for "Staff at Risk" on the redeployment register, subject to appropriate consultation with the relevant trade unions.
- (2) To advise and recommend to the Chair of the Board of Governors (acting on behalf of the Board under the delegated authority provided on 25th March 2015), that the University proceeds to change the current practice of placing staff on the redeployment register indefinitely to one which is consistent with the treatment of staff under the Contracts Policy and Procedure.

*NB These recommendations were subsequently approved by the Chair on behalf of the governing body.*

**(c) Finance Committee, 20 April**

**Received:** The minutes of the meeting of the Committee held on 20 April 2015 were provided.

**Reported:**

- (1) That Finance Committee received an update on the capital programme and noted the progress that had been made. The National Graphene Institute (NGI) had been completed and handed over to the University on 13 February 2015. The Whitworth Art Gallery had reopened as planned on 14 February 2015 and the University was currently awaiting feedback from the contractor regarding the University's response to the legal claim. It was expected that this project will eventually exceed the original budget. Design development work had commenced on the Fallowfield project and work was ongoing in relation to the finalisation of all the detailed legal and governance agreements.

- (2) That with the exception of the Whitworth Art Gallery and MCRC projects, all other projects remained within budget and on schedule.
- (3) That Finance Committee considered the annual analysis of financial results, noting the following key points:
- UoM was more reliant on tuition fees at 40% of income compared to 34% peer group average;
  - Research income increased by 7.1% in 2013/14 and this represented a higher level of growth than the peer group average of 6.6% (and the Russell Group average of 5.4%). Absolute research income was £82m ahead of the Russell Group average, but £21m lower than the peer group average;
  - Absolute other income in 2013/14 was higher than both the Russell Group and peer group average (2.8% and 4.4% respectively compared to 6.6% for UoM);
  - Overseas tuition fees performed well, showing the highest absolute value for both comparator groups;
  - Excluding ERVS costs, UoM staff costs as a percentage of total income was 50.8%, lower than the Russell Group average of 53.5% and peer group average of 52.6%;
  - Absolute staff costs per fte (£48k) were lower than the Russell Group average of £50k and the peer group average of £52k.

Because the reporting of staff numbers and categories in the published financial statements is inconsistent between institutions, future benchmarking exercises will disregard these comparisons.

- (4) That Finance Committee noted the establishment of a *de minimus* threshold for donations and endowments, primarily in response to the additional complexities arising from the new SORP. In summary, the changes are:

#### Donations

- any donation (restricted or unrestricted) received of a value more than £50,000 will be accounted for within the specified area, via the Major Gifts account;
- any donation received of a value less than £50,000 to be classified as a unrestricted donation;
- if this donation (<£50k) has requirements attached it will be accounted for within the specified area, via the Major Gifts account; or,
- if this donation (<£50k) has no requirements attached it will be added to the Annual Fund.

#### Endowments

- a *de minimis* threshold of £100,000 for setting up a permanent endowment (in line with Oxford University);
- it will be permissible for a donor to set up a restricted expendable endowment of a capital value less than £100,000; however,
- any proposed restricted expendable endowments less than £100,000 must be approved by Finance Sub Committee.

- (5) That Finance Committee approved the appointment of Ruffer as the manager of the Diversified Growth Fund (£25m).
- (6) That Finance Committee noted the management accounts for February 2015 at the meeting on 20 April 2015. However, subsequent to that meeting, the management accounts for March 2015 have been received by the Finance Sub Committee and Planning and Resources Committee and these, rather than the February management accounts were attached for note.
- The surplus to end of March was £31.6m, £21.8m favourable to budget. Key factors were: £10.5m timing of non-pay expenditure; £5.5m favourable core pay; £2.7m higher tuition fees and £2.7m additional income;

- Cumulative income was £641.8m, £5.8m below budget and 10.7% higher than prior year;
- Research income was £154.8m, £12.9m lower than budget but £20.5m higher than prior year;
- Pay costs were £328.0m, £2.3m favourable to budget. Pay costs, excluding ERVS represented 51.1% of total income compared to 53.4% in the prior year, and 51.9% budgeted;
- Non-pay costs were 7.2% higher than last year, at £222.8m but £11.6m favourable to budget;
- Cash balances stood at £418m.

**(c) Audit Committee, 6 May**

**Received:** The minutes of the meeting of the Committee held on 6 May 2015 were provided.

**Reported:**

- (1) That the Committee considered and discussed the HEFCE Assessment of Institutional Risk, as presented to the Board under *Agendum 5 (a)*.
- (2) That the purpose of the Business Research Engagement audit was to gain assurance over the reliability of the specific data in the University's HESA Financial Statistics Return (FSR) for 2011-12 and 2012-13 which will be used in calculating the QR business research element of research funding for 2014-15. The University had anticipated the audit and commissioned Uniac to examine the errors and look at the reasons behind them. No systems problems were identified but human error had occurred in the compilation of the return. EPS was the main focus of the review. New processes had been adopted and would be rolled-out in May 2015. HEFCE had confirmed that they were content with the University response and a re-audit would take place in due course. The University had agreed to return £79k in incorrectly categorised income. The return itself was large and complex and the error rate reported was judged as relatively modest, although appropriate steps had subsequently been taken to ensure greater accuracy in the future. There were no significant reputational concerns arising from the audit.
- (3) That the Committee considered risk within the Campus Masterplan and specifically, the maintenance of risk registers for individual projects. In response, the Registrar, Secretary and Chief Operating Officer confirmed that risk registers were developed for each project, and where the impact was significant these projects were elevated accordingly. The Masterplan was an element of the Internal Audit Programme, though it was noted that the risk as described might need unpacking as there were both strategic and financial elements.
- (4) That the internal auditors had completed eight substantive reviews in the period. These were Student Debt Management, Student Union Procurement, Catering Operations, Creditor Payments, Cyber Security Follow-up, IT Transformation Programme, Estates Management Records (Data Review) and on Value for money arrangements. Of these, the reviews of Student Debt Management and Student Union Procurement had both highlighted significant opportunities to improve the effectiveness of internal control, and significant opportunities to improve the efficiency/economy of the internal controls in place. The Review of Catering Operations also highlighted some significant issues.
- (5) That Ernst and Young would adopt a controls-based approach in this year, and in order to provide additional assurance would be using analytical tools to provide a comprehensive audit in some key areas and transaction sets. The Report provided details on materiality levels both within the University and within the subsidiaries, where the materiality level was set in line with the size of the undertaking. E&Y anticipated that the level of materiality would rise over the period of the contract as they gained greater assurance on the controls. E&Y outlined the key risks in the audit year. These included: accounting for capital expenditure, income recognition, accounting for research grants and contracts, assumptions underpinning defined benefit pension liabilities, overseas

activities taxation and the transition to the new SORP / FRS102. The fee level agreed for the audit of the University and its subsidiaries was £149k and the timetable for the audit had been agreed with management.

## 10. Report from the Senate

**Received:** A Report on business initiated at the meetings of Senate held on 4 February, and 29 April, 2015 is provided. Also provided was the Annual Report on Student Appeals, Student Complaints and Student Discipline Cases.

### **Reported:**

- (1) That under matters arising from the minutes of the October meeting, Senate received a letter from two members who were concerned about the handling of the withdrawal of undergraduate programmes in Middle Eastern Studies. The Vice-President (Teaching, Learning and Students) responded that he was satisfied that the appropriate procedure had been followed correctly in this case but that the concerns concerned consultation with staff before the decision was made. The Faculty of Humanities has reflected on this discussion and the Teaching and Learning Group is considering the provision of additional guidance on early consultation.
- (2) That the President and Vice-Chancellor reported on concerns across the higher education sector regarding the likelihood of further reductions in public funding and the uncertainty this introduces into future funding arrangements for higher education. The President and Vice-Chancellor also shared with Senate the decision to review the effectiveness and sustainability of current structures and possible alternative structures for the organisation of Life Sciences and cognate disciplines; Senate members were asked to keep this matter confidential until the University-wide communication on 5 February 2015.
- (3) That the Vice-President (Teaching, Learning and Students) reported on the appointment of Professor Pam Vallely to the new post of Academic Director of Distance Learning and the recent review of pastoral care in the University's halls of residence.
- (4) That Senate endorsed arrangements for the University to offer two new undergraduate awards: Graduate Certificate and Graduate Diploma. The University's General Regulation XI permits these two awards but they have not previously been used. Senate also agreed minor amendments to the Regulations for Professional, Engineering and Enterprise Doctorate Degrees.
- (5) That the Vice-President (Research and Innovation) reported on the outcomes of REF2014. A number of strongly performing areas were noted but it was also acknowledged that the results indicated some concerns and significant improvements to the quality of our research will be required if the University is to meet the aims described in Manchester 2020. There was an open and thorough discussion of this complex area. The Vice-President also reported on the creation of the Sir Henry Royce Institute for Materials Research, new arrangements and processes for the costing and pricing of individual research projects, and major projects and research achievements since October 2014.
- (6) That on behalf of the Associate Vice-President (Social Responsibility), the Vice-President (Teaching, Learning and Students) presented a report on the Community Engagement Strategy, a joint development between the University and UMSU, and the implementation of the amended Regulation XVII: Conduct and Discipline of Students.

- (7) That Senate received the 2013-14 Annual report of Student Appeals, Student Complaints and Student Discipline Cases. It was noted that the total number of formal stage cases, i.e. those heard at Faculty and institutional level, has decreased for a second year (from 741 in 2012-13 to 705 in 2013-14, which follows this paper).
- (8) That the Senate would next meet on 29 April 2015 and the following are the main agenda items:
  - The President and Vice-Chancellor's report including comments on the HEFCE 2015 grant letter and the Chancellor of the Exchequer's budget statements.
  - Consideration of a Teaching, Learning and Student Experience vision.
  - Proposals for two new policies: Advising Taught Students and Inclusive Teaching and Learning Materials
  - Amendments to the Procedures for Protecting the Interests of Students in the Event of Strike Action and/or Action Short of a Strike.
  - An update on the HEFCE QR allocation.
  - The interim report of the Review of Life Sciences and Cognate Disciplines.

#### **11. Students' Union and University Relations Committee (UURC)**

##### **Received:**

- (1) An oral report on the matters due to be discussed at the meeting of the University-Students' Union Relations Committee scheduled for 14 May 2015.
- (2) A presentation from Ms Charlie Cook, on the Strategic Review process that has been adopted within the Union.

##### **Reported:**

- (1) That the Union had undertaken work to develop a robust strategic planning process, with the aim of bringing forward a plan for adoption by the Union (endorsed by the University) in June 2016.
- (2) That the process had brought forward a number of key themes, namely; building communities and a sense of belonging, becoming the expert on students' lives, supporting enterprise and employability, becoming rooted in Manchester, and building an organisation fit for the future.
- (3) That in addition to the strategic planning activity, the focus in 2015/16 would be on a wide-ranging review of democratic processes in the Union, the Building project, and the Manchester Academy 25<sup>th</sup> Anniversary celebrations.

##### **Noted:**

- (1) That the presentation was positively received by the Board, with members noting the opportunities for the University to work alongside the Union in support of some activity.
- (2) That on behalf of the Board, the President and Vice-Chancellor expressed thanks to Charlie Cook and her executive team for their work on this throughout the year.

#### **12. Report from the Planning and Resources Committee**

**Received:** A summary of matters discussed at the meetings of the Committee held on 10 February, 10 March and 14 April

##### **Reported:**

- (1) That during the period of this report, the Committee considered the draft management accounts as at the periods ended 30 November 2014, 31 December 2014, 31 January

2015 and 28 February 2015. It also received the 2014/15 rolling forecasts based on actual results to January 2015 and to February 2015. During the period of this report, the Committee received the Minutes of the Finance Sub-Committee meetings held on 20 January 2015, 10 February 2015 and 3 March 2015.

- (2) That at its meeting on 10 February 2015, the Committee agreed to endorse the tuition fees for 2016/17 as approved by Finance Sub-Committee at its meeting on 20 January 2015 for the following: minimum international tuition fees for students commencing a full-time programme in 2016/17, including study abroad fees; the matrix of non-standard tuition fees for new full-time students in 2016/17; minimum tuition fees for home taught postgraduate programmes in 2016/17. The Committee also noted that the Transnational Education Group would undertake a review into the validation fees for 2016/17 taking into account approved increases to taught postgraduate and international student fees and comparative fees levied by other Russell Group universities.
- (3) That at its meeting on 10 February 2015, the Committee agreed to endorse the ring-fenced budget for educational advisers' commission in 2015/16 in support of international student recruitment and the budget for international scholarships 2015/16, as approved by Finance Sub-Committee at its meeting on 20 January 2015. The Committee also approved the recommendations in relation to the budget for the provision of language support services for international students in 2015/16 and for a University-level strategic review of the University Language Centre (ULC) to consider the part the ULC will play in various University initiatives including its internationalisation strategy.
- (4) That at its meeting on 10 February, 2015, the Committee agreed that delegated powers of authority should be given to the Chair of PRC and Finance Sub-Committee (the President and Vice-Chancellor), and recommended to the Board that the Chair of the Board of Governors (Anil Ruia) and the Chair of Finance Committee (John Stageman) be granted a delegated authority to act on the Board's behalf, in order to progress the Royce Institute.
- (5) That at its meeting on 10 February 2015, the Committee considered the Transparent Approach to Costing (TRAC) return 2013/14 which had been submitted to HEFCE on 30 January 2015 following its consideration by Finance Sub-Committee on 20 January 2015 and approval by Audit Committee on 27 January 2015.
- (6) That at its meeting on 10 February 2015, the Committee considered the letter, Higher Education Funding 2015-16, from the Secretary of State for Business, Innovation and Skills and the Minister of State for Universities, Science and Cities to the Chair of HEFCE's Board. It noted that, overall, total HEFCE funding had dropped from £4,091m to £4,010m and that the letter asked HEFCE to continue selectively to fund world-leading and internationally excellent research "wherever it is found". At its meeting on 10 March 2015, the Committee considered the HEFCE Circular Letter 03/2015, Funding for universities and colleges for 2013-14 to 2015-16: Board decisions. At its meeting on 14 April 2015, the Committee considered the HEFCE Recurrent Grant for the academic years 2013/14 to 2015/16. It noted that the University's provisional initial HEFCE recurrent grant allocation for 2015/16 would be £105m, a decrease in cash terms of £20m or -16% when compared with the 2014/15 adjusted allocation. This was a significantly larger reduction than the 7% for the sector as a whole. Funding for 2013/14 had, however, increased retrospectively by £0.5m compared to the adjusted 2013/14 allocations and funding for 2014/15 had increased by £2.3m. The Committee noted that there had been significant changes to the mainstream QR research funding methodology for 2015/16. It also noted that the funding allocations were highly provisional: HEFCE had assumed that 2016/17 funding, which had a four month overlap with the 2015/16 financial year, would be the same in cash terms as for 2015/16. However there was considerable uncertainty about the effects of the spending review that was expected to follow the general election. HEFCE had advised institutions to plan their budgets prudently as 2015/16 allocations may well be revised.

- (7) That at its meeting on 10 March 2015, the Committee considered the University benchmarking analysis prepared for Finance Sub-Committee.
- (8) That at its meeting on 14 April 2015, the Committee received the Debt Report as at February 2015 and noted that Embassy debt had increased by £5.6m from February 2014 to £8.1m. This was being reviewed and a report would be made to the next meeting of Finance Sub-Committee.
- (9) That at its meeting on 10 February 2015, the Committee considered the draft Stocktake Report 2013/14 and endorsed its submission to the Board of Governors. It noted that on most parameters, the University had performed better than in previous years, so overall performance was on track although in some areas progress was not sufficiently quick for the targets to be reached by 2020. The Committee also received the following reports from the 2014 Annual Performance Review (APR) process: the Faculties of Engineering and Physical Sciences, Humanities, Life Sciences, Medical and Human Sciences; the Professional Support Services; The University of Manchester Library; the Manchester Museum and Whitworth Art Gallery; Jodrell Bank Discovery Centre; human resources, including equality and diversity (as reported at HR Sub-Committee) and environmental sustainability (as reported at Capital Planning Sub-Committee). These documents were subsequently included in the papers for the Board of Governors' Conference on 24-25 March 2015. The dates and timing for the 2015 APRs were confirmed. In addition, the Committee considered the guidance and templates for the Operational Priorities process for 2015/16. At its meeting on 10 March 2015, the Committee received the set of infographics to accompany the Stocktake Report and interim reports on actions identified from the 2014 APR process for the Faculties, Professional Support Services and the University of Manchester Library, as well as updates on progress against the Operational Priorities 2014/15 identified by the four Faculties and the Professional Support Services.
- (10) That at its meeting on 10 February 2015, the Committee received an update on the number of student applications for recruitment in September 2015 and noted that the indications were that the University was ahead of its position at the same stage last year. Undergraduate and international student applications were looking positive although Home postgraduate taught student numbers were again proving to be a challenge.
- (11) That at its meeting on 10 March 2015, the Committee considered updated data on the 2014/15 undergraduate intake profile and highlighted concern about the quality of the student intake and the need for further investigation to understand the trends. In light of the discussion, the Committee agreed to make recommendations on appropriate measures to monitor quality, and to take a longer term view of student numbers as part of the five-year planning process. The Committee also considered research grant and contract income performance by Faculty and School for the six month period ended 31 January 2015 compared to the six month period ended 31 January 2014 and noted that the figures showed that, overall, the University was £17.2m ahead of last year but slightly below budget, and that there had been particular increases in income from UK Research Councils and UK industry compared to last year. The Committee also considered research applications and awards by HESA category group for each Faculty for the six month period August 2014 to January 2015 compared to the six month period August 2013 to January 2014 and noted that there had been an increase in the number and value of applications and that although there had been a drop in the number of awards, revenue value had increased by 11% compared to the previous year.
- (12) That at its meeting on 10 March 2015, the Committee considered the draft Communications and Marketing Plan Summary Document and agreed that an Action Plan and costing should be brought to the Committee in due course.
- (13) That at its meeting on 10 February 2015, the Committee considered the context of external funding and policy changes and how to plan for the uncertainties that existed in relation to the Access Agreement 2016/17. At its meeting on 10 March 2015, the

Committee considered expenditure for the 2016/17 Access Agreement and approved the following:

- the additional funding required to support disabled students, as a result of the changes to the Disabled Students' Allowance, should be covered through the Access Agreement;
  - the level of Access Agreement expenditure to support students in financial hardship should be increased from £150k to £200k for 2016/17.
- (14) That the Committee approved that the additional funding required (£550k), should be funded by making an adjustment to the University's Manchester Bursary. It approved the option which provided the same level of bursary (£2,500) to all households with an income threshold up to £25k as well as providing some support (£1,000) to students from the next income threshold (£25k-£35k) and noted that the Directorate for the Student Experience had committed to find efficiencies to cover any difference in cost in the first year (2016/17).
- (15) That at its meeting on 14 April 2015, the Committee considered and approved the Access Agreement targets and milestones for submission to the Office for Fair Access (OFFA) by 23 April 2015. This included where the existing targets had been replaced or new targets set, including those for low-participation neighbourhoods and lower National Statistics Socio-economic Classification (NSSEC) groups, the number of school governors and access programmes.
- (16) That during the period of the report, the Committee received the notes of the HR Sub-Committee meetings held on 18 November 2014 and 3 February 2015. At the meetings on 10 February 2015 and 10 March 2015, the Committee received updates on the 2015/16 pay negotiating round and the USS pension proposals, and at the meeting on 10 February 2015, the Committee also received updates on ongoing discussions concerning Statutes and Ordinances and Performance and Development Reviews.
- (17) That during the period of the report, the Committee received the Minutes of the Capital Planning Sub-Committee meetings held on 2 December 2014 and 27 January 2015 and a summary of business approved at the meeting held on 3 March 2015.
- (18) That at its meeting on 10 February 2015, the Committee received the Minutes from the meeting of the Information Systems Sub-Committee held on 13 January 2015. It also considered a paper proposing the way forward for governing business change and IT projects and the IT Strategy and approved that the Information Systems Sub-Committee should be disbanded and replaced formally with the new Change and IT Projects Sub-Committee.
- (19) That at its meeting on 10 February 2015, the Committee considered the University Risk Map and University Risk Register as at December 2014 and recommended them to the Board of Governors for approval. At the same meeting it received the Minutes from the meeting of the Research Compliance Committee held on 12 January 2015.
- (20) That at its meeting on 14 April 2015, the Committee received the Minutes from the meeting of the Risk and Emergency Management Group held on 20 March 2015 and noted the major incident in the Pariser Building and that a University of Manchester student had been arrested at Birmingham airport on suspicion of terrorism, after being deported from Turkey.
- (21) That at its meeting on 14 April, the Committee considered the letter relating to HEFCE's annual assessment of institutional risk for The University of Manchester. It was a requirement for the letter to be formally submitted to the next meeting of the governing body. The Committee noted that, based on the accountability returns submitted for 2013/14, HEFCE's overall assessment at this time was that The University of Manchester was 'not at higher risk'.

- (22) That at its meeting on 10 February 2015, the Committee was informed that the President and Vice-Chancellor, with the full support of the University's Senior Leadership Team, had initiated a Review of the effectiveness and sustainability of current structures and possible alternative structures for the organisation of Life Sciences and cognate disciplines in the University. The Senate had also been informed. The Review would be led by Professor Keith Brown, Vice-President and Dean, Faculty of Humanities, and was expected to report back to the President and Vice-Chancellor by the summer.
- (23) That at its meeting on 14 April 2015, the Committee received the Minutes from the meeting of the University of Manchester Research Institute held on 17 March 2015.

**13. Any other business**

**Noted:**

- (1) The Society and Media Awards in the Students' Union scheduled for Thursday, 7<sup>th</sup> May, and the Uniac Cyber Security Event, scheduled for 2 June 2015.
- (2) That this was the last meeting of the Board of Governors that the current General Secretary of the Students' Union, Ms Charlie Cook, would attend, ahead of the handover of her responsibilities to the incoming General Secretary, Ms Naa Acquah. The Chair, on behalf of the Board of Governors, thanked Ms Cook for the significant contribution she had made to the Board's work, over what had been a particularly challenging year for the Union.

**Close.**