

CONFIRMED

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 25 November 2015

Present:

Dame Sue Ion, Deputy Chair (in the Chair),
President and Vice-Chancellor, Mr Edward Astle, Ms Naa Acquah, General Secretary of UMSU, Mr Gary Buxton, Mr Michael Crick, Mr Colin Gillespie, Dr Caroline Jay, Dr Neil McArthur, Mr Andrew Spinoza, Dr John Stageman, Mrs Dapo Ajayi, Professor Liz Sheffield, Dr Christine Rogers and Dr Angela Strank (15).

In attendance: 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 (in part), the Vice-President and Dean of Humanities and the Vice-President for Research and Innovation.

Apologies: Mr Anil Ruia, Mr Paul Lee, Mr Stephen Dauncey, Mrs Christine Lee-Jones, Professor Colette Fagan, Professor Cathy McCrohan, Professor Mike Sutcliffe, Ms Iram Kiani, and the Deputy President and Deputy Vice-Chancellor.

1. Declarations of Interest

Noted: That 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: Subject to minor amendment, the minutes of the meeting held on 7th October 2015.

3. Matters arising from the minutes

Noted: That the Board of Governors received a report on ongoing matters, for information.

4. Summary of business prepared 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. Chair's report

(a) Installation of the Chancellor

Reported: That the poet Lemn Sissay, MBE, was officially installed as Chancellor of The University of Manchester as part of the institution's Foundation Day celebrations, following his election as the Chancellor in spring 2015. The Deputy Chair congratulated the University's Ceremonies team for their work on the event, held on Foundation Day on 14 October 2015, noting the high level of positive reporting and the comments and feedback received from attendees.

(b) State visit by the President of China

Reported: That on Friday 23rd October, the President of China, joined by the Rt Hon George Osborne, MP, Chancellor of the Exchequer, visited the National Graphene Institute at the University of Manchester. Again, on behalf of the Board of Governors, the Deputy Chair, expressed thanks to those that had contributed to this successful visit, in particular staff within the President's Office, within the Graphene Institute and those members of the University Security Team and staff within Compliance and Risk, who had undertaken significant preparatory work.

(c) Strategic Briefing: Sustainability

Reported: That the Deputy Chair expressed thanks to the University's Sustainability Team, following their presentation to the Board of Governors at the recent Strategic Briefing.

(d) IT Transformation

Received: The Board of Governors received an update on the ongoing IT Transformation project, from the Registrar, Secretary and Chief Operating Officer.

Reported:

- (1) That the executive sought to provide the Board with an update on the agreed changes within IT Services. This followed the discussion of the need for change at the Board meeting following the Planning and Accountability Conference in March 2015, the specific staffing consequences considered at the June 2015 meeting of the Staffing Committee and the further reporting and discussions at subsequent Board meetings. The update was provided on a confidential basis because of commercial sensitivities around tendering process with external providers and the ongoing HR issues. An update on the management of risk arising from the changes in IT Services would be presented to the next meeting of Audit Committee in January 2016. The Board would be provided with further updates as plans develop, particularly where these involve any significant investment.
- (2) That the Board of Governors had endorsed the high ambitions for the University as set out in the Manchester 2020 Strategic Plan. The University's information systems and services play a significant role in the fulfilment of these ambitions. Over the last eighteen months, the IT Services Directorate has been through an extensive period of review of its provision and future needs with the aim of professionalising and standardising processes, including the development of an IT and Digital Strategy, establishing a skills baseline and measuring volumetrics for key activities. Whilst there have been a number of benefits of this, including the opportunity to develop a strategic perspective regarding the future development of the IT Services Directorate and to identify a number of efficiency opportunities, there was still much progress to be made over a demanding and ever changing landscape.
- (3) That the University recognised that information technology was changing faster now than at any time since the birth of the industry, creating significant challenges as well as many opportunities and new technical and commercial models for accessing IT services. Few major software providers, for example, now assume that their clients will wish to install and maintain their software in their own data centres. A number of providers now offer only a cloud-based or

'as a service' option. The landscape for users is also changing dramatically with very different digital expectations from today's students and massively increased opportunities available for researchers.

- (4) That the last major investment in IT took place in the years immediately following the foundation of the University in 2004 when £40-50m was invested in Student Administration, HR and Finance systems. While the University has continued to invest in IT, this has been at a level that the executive now believed was below that needed for a 21st century University with its agreed ambitions. Many of the major IT systems have growing functionality gaps. They were complex, rather poorly documented, quite slow, costly to change and expensive to operate. As a result, the risk of major outages, data loss and security breach was increasing, particularly with ever increasing "cyber challenges". These risks were identified in the last University Level Risk Map (June 2015). There was no clear target architecture for the systems resulting in an estate that was not optimally integrated creating a difficult platform for developing additional services. To address this, there was a need for significant investment in IT to modernise the current systems and to present them through digital channels and devices in an efficient, stable and engaging manner. Over the next few years, therefore, investment in IT was likely to be significant – at least £50m – with the aim to: markedly improve the IT Services Directorate support for research, enhance the student experience and improve back-office efficiencies. Some, but not all of these costs have been included in future forecasts. However, investment alone will not achieve these improvements; the University would also need to reconfigure its skills base, reducing numbers in some skill groups and adding new skills and capabilities in others.
- (5) That within this review, the University had recognised that not all of the personnel within the Directorate had skills that would enable the University to meet future needs with too many current staff focussed on maintaining the legacy estate and supporting the back office. Too few staff were also dedicated to supporting the University's primary goals of World Class Research or Outstanding Teaching and Learning. Given the above, it was not surprising that delivering the proposed new systems and services required skills that were rather different from those available in some areas of the current IT Services Directorate. The breadth of technologies, and the way they are hosted, means it would be difficult and inefficient to maintain a large multi-skilled staff base. In addition, the widespread adoption of cloud and utility computing services means that there are opportunities for, and advantages to externally provisioning relevant elements of the University's technology estate. It was therefore recognised that the University could not meet all of the ever-changing demands and deliver the many opportunities by relying solely on internal resources, and that to do so would be both inefficient and ineffective.
- (6) That the University has undertaken an independent analysis using external consultants on the possible alternative approaches and a number of options have been considered in detail. It became clear that only a significant change to the University's overall approach to sourcing and delivering IT could prepare the directorate to support the challenges and needs ahead.
- (7) That over the last decade or so, most sectors have seen a shift to IT provision by third party organisations and that shift has been further accelerated by the rapidly emerging availability of 'cloud' based services. Many organisations are now on second or third generation outsourcing deals, with requirements and commercials being adapted over time. There is now a much better understanding available across sectors of how to successfully work with third-party IT providers, including well developed contractual approaches and a clear

understanding of the disciplines required to be an 'intelligent client' organisation able to manage third-party IT services effectively. However, there was no precedent for successful major IT outsourcing exercises in the UK HE sector and such an approach would present a major risk to the operation of the University and also pose significant industrial relations issues. Whilst recognising this, it was now very difficult to imagine that the University would ever have the capability, or indeed the strategic intent, to develop the skills required to build and maintain major new applications or infrastructure in-house. Indeed, the University had already, in the recent past, purchased externally hosted and managed IT services; for example, a number of the services used by the Library, Office 365 for students and the virtual learning environment provided by Blackboard.

- (8) That over time, the University had agreed that IT Services Directorate should shift its core purpose from being a 'manufacturer' and developer of IT services to one which is much more focussed on managing the overall provision of IT to the University, wherever sourced. This will include ensuring that new IT investments are managed to a blueprint (a 'target architecture') that will support the strategic ambitions of the University. This model is referred to as an 'intelligent client', retaining the knowledge and commercial acumen to manage the increasingly complex technology supply chain (or 'ecosystem').
- (9) That from early 2015, working with specialist IT advisers, the University undertook an analysis of its current IT provision and the likely future challenges. As has been previously reported, a number of options to address the challenges faced by IT Services were developed, from "do nothing" to "full outsourcing". Approaches based on changing the IT Services sourcing model were judged to be the only ones likely to successfully address those challenges within a reasonable timeframe. The need for significant change was discussed at the March 2015 meeting of the Board held during the Planning and Accountability Conference. Options were identified and brought forward for consideration by the University's Senior Leadership Team. A full outsourcing option was recommended by the IT Transformation Advisory Board and the Director of IT. While respecting this advice and recognising the benefits of this option, the Senior Leadership Team, in conjunction with the Change and IT Projects Subcommittee of PRC, agreed that full outsourcing posed major threats to the University overall and supported the phased sourcing option. Phased sourcing is a strategy whereby the vast majority of new IT requirements are delivered by external providers, with the in-house IT team focused on supporting and maintaining existing IT systems. This followed a detailed review of all the options presented, the risks involved and the overall strategic direction and operational management of the University.
- (10) That, as there were staffing implications, these were referred to and endorsed by the Staffing Committee on 10th June 2015 and approved by the Board of Governors under the delegated authority provided on 25th March 2015.
- (11) That work was continuing with external legal support and specialist sourcing advisors to implement the necessary contractual framework to enable the Phased Sourcing strategy. A briefing to potential framework suppliers was held on 5th November, attended by more than 50 organisations. Materials are being developed for release under the OJEU procurement regulations in December 2015. Within IT Services, a "Future IT" programme has been running since July 2015, designed to implement the organisational, technical and cultural changes required to operate in the new environment.

- (12) That the Board was provided with an update on industrial relations. Regrettably, UCU had decided to ballot their members on industrial action and in their ballot of their 1,756 members, they recorded 560 (31.9%) votes in favour of strike action. The University believed that industrial action – supported by less than a third of UCU members and representing less than 5% of the University workforce – would not only prove damaging to students and the University, but would also jeopardise the chances of accomplishing necessary change through constructive dialogue and agreement. In addition, the Registrar, Secretary and Chief Operating Officer reported that applications for voluntary severance scheme in IT Services closed last month and the University was hopeful that the target reduction in existing roles in this area could be secured through the voluntary severance route. The University remained committed to dialogue with the three campus trades unions and was willing to meet with them to discuss these issues. More than a dozen meetings had been held the campus trades unions over the past six months, including two meetings where ACAS was invited to conciliate. As the Board was aware, all changes involving staff undertaken by the University had been given very careful and serious consideration.

Noted:

- (1) That, in the discussion, the executive was asked about the experience of other institutions that had adopted a greater degree of outsourcing and their experience. Although a full approach was uncommon, in a known example the institution had experienced some difficulties with this approach and the primary concern was that such an approach could compromise the ability of the University to act as an “intelligent client”. This was one of the primary reasons why a phased approach had been selected which, in addition to the reduction in roles, would seek to bring in new skills to ensure that the University business analysis capability was appropriately strengthened.
- (2) That some of the lay members of the Board reflected on their own commercial experience of outsourcing and provided information on the rationale for this, which supported the position adopted by the University. In addition to the skills and experience required to build and maintain systems, there were lower economies of scale and skills input available to organisations that sought to maintain in-house provision and also significant issues in relation to space, energy usage and ongoing resourcing.
- (3) That members also sought further information on the drivers for the change programme and whether these were attributable to skills and/or efficiency. Members also asked whether other models such as captive offshoring, had been explored and what was the likely investment required. In responding, the executive confirmed that both elements (skills and efficiency) underpinned the decision as the skills mix would require investment through additional roles, as the take-up of voluntary severance progressed to re-balance the organisation. Alternative models had been explored within the original appraisal, although the model described was not judged to be appropriate for the University’s needs. In terms of financial investment, beyond the re-balancing exercise described, there was likely to be a significant investment in systems, noting that Campus Solutions, the University’s student system would require replacement in the short to medium term.
- (4) That University members reflected on the current capability within IT and the expertise that had developed in the Directorate organically over time, with many staff skilled in software development, but fewer staff capable of identifying and supporting current and future needs at the right level. However,

in determining the operating model there were some services and support that should remain in-house, in order to allow greater academic control and influence.

- (5) That the use of voluntary severance to achieve the savings and rebalance the skills mix was raised, and the executive was asked whether the reduction was at the right level and whether the voluntary severance would mean that stronger members of staff were lost to the organisation. The executive commented on the assessment process that would take place to determine the voluntary severance applications that would be accepted and the movement of internal resource that would occur alongside this. This approach was taken in order to provide a managed evolution of the Directorate.
- (6) That it was noted that the use of a phased outsourcing model would require the careful negotiation and agreement of contracts, in order to ensure that appropriate flexibility was retained and that the users of the services to be outsourced were not dissatisfied. Some members also offered additional oversight and counsel in respect of these contract determinations.
- (7) That in general terms, the Board expressed support for the rationale for the decision to adopt a phased approach to outsourcing and the way in which these changes were being pursued, noting that the Audit Committee would look at the IT Transformation in greater detail in 2016 as part of its ongoing review of key areas of risk.

(e) Publication of the Green Paper: “Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice”

Reported: That the Deputy Chair, with input from the President and Vice-Chancellor, provided an overview of the Green Paper, noting the proposals for sector infrastructure were bolder than indicated previously and that the emphasis on teaching excellence was very clear, not least given the Green Paper provided further information on how the widely anticipated Teaching Excellence Framework (TEF) was planned to operate. Within the sector, there was some concern about the focus on finance and metrics, with little reference to the wider contribution made by universities, particularly in the area of research. While the recommendations of the Nurse Review were likely to be adopted, there was some uncertainty about the future of the dual support arrangements, previously discharged by HEFCE. Additionally, the future of sector infrastructure in England (notably HEFCE) is clearly signalled through the proposal for an Office for Students. This would have a more explicit emphasis on promoting and protecting the student interest than HEFCE currently has, but the role previously undertaken by HEFCE in regulating the higher education framework and in relation to sustainability required further consideration.

6. Secretary’s report

(a) HEFCE Model Assurance Return

Received: The HEFCE Model Annual Assurance Return (Annex E)

Noted: That in seeking authority to sign off the Return, the President and Vice-Chancellor had received the necessary assurances to provide the appropriate confirmations directly from senior officers within the University and through her attendance at relevant meetings of the Audit Committee.

Resolved: That on this basis and through the presentation of relevant material elsewhere on the agenda for this meeting, the Board of Governors approved the HEFCE Model Annual Assurance Return for onward transmission to HEFCE.

(b) Appointment of the Chair of the governing body, from 1 September 2016

Reported:

- (1) That the appointment of the Chair of the Board of Governors is the responsibility of the Board of Governors. The current Chair, Mr Anil Ruia, OBE, will stand down from the Board on 31 August 2016, having served continuously for a period of six years. Statute II of the University Charter states that the Chair shall be appointed by the Board from among the members of the Board who hold membership in Category 2 (lay members).
- (2) That expressions of interest in the role of Chair, from 1 September 2016, were now sought from lay members of the Board in Category 2. These expressions of interest should be lodged with the Registrar, Secretary and Chief Operating Officer, by 18 January 2016. The current Chair of the Board would also be available to discuss the role with any lay member of the Board considering appointment.
- (3) That the process of selection for the Chair will follow and a Search and Appointment Committee will be established from a subset of the Board's membership. This Committee will, via the Registrar, Secretary and Chief Operating Officer, consult with current members of the Board regarding suitable and/or declared candidates and, if necessary, determine whether a new appointment to the Board is required in order to fill the position. Any recommendations made by the Search and Appointment Committee will be brought back to the Board for formal approval.

The Search and Appointment Committee would have the following composition:

Four members of the Board in Category 2 (with one identified as Chair)

A member of the Board in Category 3, members of Senate

A member of the Board in Category 4, members of staff other than academic or research staff

The President and Vice Chancellor

The General Secretary of the Students' Union

The Registrar, Secretary and Chief Operating Officer (as Secretary)

In attendance: The Pro-Chancellor and Chair of the Nominations Committee

- (4) That at the outset of their deliberations, the Search Committee, when appointed, should consider whether an external search process should also be conducted in parallel with the assessment of any declared candidates.
- (5) That the remuneration of the Chair of the Board of Governors was considered by the Committee in 2009. At that time, it was reported that this issue had attracted considerable interest within the sector, though at the present time there were only a small number of institutions that had made any provision for the payment of a fee or honorarium to the Chair of the governing body. At The University of Manchester, the issue had been considered within Project Unity, and a decision had been reached at the time to allow for the provision of a modest honorarium. This decision still stood. However to date, the current Chairman had not drawn down this entitlement in any of the years in which he had held office, and one of the primary reasons underpinning the establishment of the payment facility had been to ensure that the obligations of the role were

appropriately compensated and did not preclude an individual from taking office.

- (6) That the Search Committee appointed in 2009 revised the role specification for the Chair of the Board of Governors in line with the CUC template at the time. In addition the role specification was amended to describe the responsibilities of the role in the context of the University's strategic position and the approach to governance that has been adopted by the Board since its establishment.

Noted: That the Board of Governors noted that, on establishment, the Search Committee should reconsider the role specification for the Chair in order to ensure it adequately meets current and anticipated requirements over the term and any future term subsequently agreed.

(c) Report from the CUC Plenary

Reported: That Mr Edward Astle had attended the recent CUC Plenary, on behalf of the Chair of the Board of Governors. Mr Astle provided an update on the discussions, which had focussed primarily on the Green Paper. A session on Internationalisation had noted the shifting markets in international student recruitment alongside competition from EU universities, while a session on Procurement had recognised the Construction Procurement framework, recently established by the University of Manchester, as sector leading.

7. Report from the External Auditors and Financial Statements

Received: On recommendation from the Finance Committee and Audit Committee, to consider and approve the Report to the Audit Committee from the External Auditors, EY LLP, for the year ended 31 July 2015, and the Financial Statements, and to approve their onward transmission, as required by the HEFCE Code of Practice on Audit and Accountability, to the HEFCE Assurance Service. The Board of Governors also reviewed the Letter of Representation provided in connection with the audit undertaken by the External Auditors for the year ended 31 July 2015

Reported:

- (1) That the operating surplus before transfer to endowments was £47.1m compared with £43.4m in the previous year. The retained surplus of £46.9m compared favourably with £45.0m in 2013/14. Excluding FRS17 pension credits, the underlying surplus was £30.3m (3.0% of income) versus £30.6m (3.5% of income) in 2013/14. The University's total income had exceeded £1bn for the first time (£1,009.7m) and research grants and contract income including the RDEC claims was £262.4m, ahead of the original target for 2015 of £250m set in 2004.
- (2) That the Financial Statements included the Statement on Corporate Governance, and the Public Benefit Statement, which had been previously considered and approved by the Audit Committee at the September meeting. These documents had also been appraised by the external auditors within their technical review.
- (3) That the external auditors, E&Y LLP, had not identified any changes to the strategic and financial statement risk assessments or their planned approach as described in their Planning Report as a result of their procedures to date. The significant areas of risk as identified by E&Y concerned revenue recognition, accounting for fixed assets, management override of controls, endowment, donation and investment income, pensions obligations, covenant compliance and going concern status, taxation, and the audits conducted on the University's subsidiaries. E&Y found no material matters which require to be brought to the attention of the Audit Committee in respect of these matters or in respect their treatment in the statements during the year.

- (4) That E&Y had documented and tested the controls of the University only to the extent necessary for them to complete their audit. Within this scope, they did not identify any significant deficiencies in the design or operation of an internal control system that might result in a material misstatement in the financial statements. In their interim reporting they presented observations in respect of research accounting and IT, for which corrective action had been identified by the University. Four other control observations were made, three of which were of low priority and one of which was medium priority. The low priority observations concerned starters and leavers processes in payroll, the monitoring of the financial performance of research projects, and found a comparatively larger number of open bank accounts which they recommended be reviewed with a view to closing unnecessary accounts in order to reduce the risk of bank fraud and error, and to reduce the University's banking costs.
- (5) That the medium priority observation concerned follow-up from the 2013-14 audit. This audit gave rise to only one management letter point within the Audit Committee report which was concerned with fixed asset accounting, specifically in relation to assets under construction and housekeeping of the asset register. The University recognised the maintenance of the asset register needed to be improved. The Audit Committee was provided with a report on the steps that have been taken to deal with this issue, since the year end, and by April 2015 significant progress had been made in the area of fixed asset accounting and the underlying controls. However, while the E&Y review of fixed assets identified that management has taken steps to implement the previous audit recommendations they recommended that the University should continue its work in cleansing the fixed asset register, and review its processes for recording changes to the fixed asset register. They also recommended that the University makes only one entry for each individual asset, noting that the removal of deferred capital grants as part of the implementation of FRS 102 will assist in this task, and that the University should identify and remove negative asset balances. The standard depreciation policy should be reviewed and implemented consistently and the University ensure that additions to the fixed asset register are correctly classified, dependent on the type of fixed asset.
- (6) That the financial results had met the standards previously set by the Board of Governors in terms of the University's financial performance; having delivered a surplus, provided year-on-year income growth, and provided for cash generation and conservation.

Noted:

- (1) That the low number of issues and control observations identified in the external audit process was indicative of the strength of the internal control environment. This, when considered alongside the stable financial position, provided important security and, if maintained, would assist the University in achieving its strategic aims in the future.
- (2) That the Director of Finance provided some additional information on the treatment of the research and development (R&D) expenditure claim (RDEC) an HMRC scheme intended to provide tax incentives for research and development, an element of which had not yet been submitted and where the TRAC process to determine its level was not yet complete. Across the sector, some universities had used different approaches to account for potential or likely claims in the financial statements, which was likely to make comparisons as to the relative financial position of these institutions difficult or potentially misleading.
- (3) That the external auditors and management had discussed the accounting treatment of the RDEC claims. The University was eligible to submit claims for the four months to 31 July 2013 and the financial years 2013/14 and 2014/15. The ability of universities to benefit from this scheme from 1 August 2015 was terminated by a UK budget announcement in July 2015. The claims for the periods to 31 July 2014 were submitted

in 2015 and accrued in the balance sheet at 31 July 2015. Payment was received from HMRC in August 2015, although the claims still remain subject to scrutiny by HMRC. E&Y concurred with management's accounting treatment to recognise this income. Following discussions, management agreed to include an estimate of the 2014/15 claim within accrued income, but argued this could only be in respect of direct costs, as the TRAC process, which would inform the indirect element, would not be completed until January. Overall, E&Y consider that RDEC income is understated. However, the University does not consider such the understatement to be material, and, with the agreement of the Audit Committee, and taking account of the level of materiality reported, E&Y subsequently declared they were satisfied with the treatment of the claim in the accounts.

- (5) That the Deputy Chair of the Board expressed her thanks to the Director of Finance and his team for their work on the financial statements and in respect of the audit conducted over 2014-15.

Resolved: That the Board of Governors confirmed:

- (1) That, as required by the HEFCE Audit Code of Practice, included within the Memorandum on Assurance and Accountability, the Board approved the onward transmission of the Management Report to the HEFCE Assurance Service.
- (2) That the Board, having due regard to the Letter of Representation, 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 2015.
- (3) That the Financial Statements for the period ended 31 July 2015 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

8. Implementation of the Review of Life Sciences and Cognate Disciplines

Received: A paper outlining recommendations for changes to school structures and the nomenclature of Faculties and Schools.

Reported:

- (1) That the main consideration for the Review of Life Sciences and Cognate Disciplines was creating the optimal structure within the University for the sustainability and future success of the relevant disciplines, while at the same time ensuring the delivery of world-class research, an outstanding teaching, learning and student experience, and a full commitment to social responsibility.
- (2) That the key recommendation from the Review Group, which was approved by Senate and by the Board of Governors, was that academic activity should be reconstituted around three Faculties by moving different component parts of the current Faculty of Life Sciences (FLS) into the Faculty of Medical, Biological and Human Sciences and the Faculty of Science and Engineering (working titles identified in the Review).
- (3) That following a period of University-wide consultation and Senate's endorsement at the meeting held on 4 November 2015, the Board of Governors was asked to approve the a number of changes to the School structures and the naming of Faculties and Schools.

- (4) That as previously approved by the Board of Governors, from 1 August 2016 academic activity will be reconfigured within three Faculties. The Board of Governors is asked to approve the following new names for the reconstituted Faculties of Life and Medical and Human Sciences and Faculty of Engineering and Physical Sciences:

Faculty of Biology, Medicine and Health
Faculty of Science and Engineering

Ordinance XI (1) would therefore be amended to list the three Faculties of the University:

- Faculty of Biology, Medicine and Health
 - Faculty of Humanities
 - Faculty of Science and Engineering
- (5) That it was proposed that the Faculty of Biology, Medicine and Health would be constituted as three new Schools. The Board of Governors was therefore asked to approve that these will be named:
- School of Biological Sciences
 - School of Medical Sciences
 - School of Health Sciences
- (6) That the changes to the Faculty of Science and Engineering would be limited to a modest expansion of two of the current Schools and a change in the name of one of these. The Board of Governors was therefore asked to approve, a change in name of the School of Earth, Atmospheric and Environmental Sciences to the School of Earth and Environmental Science
- (7) That the recommendations proposed would require the amendment of Regulation X: The Schools of the University.

Noted:

- (1) That the Board of Governors recognised the complexity of the process of implementation and commended the senior team for progressing this.
- (2) That the primary academic relationship or association in the structure would be the School, and the foundation schools in the Faculty of Biology, Medicine and Health, would control and organise teaching across the Faculty. The research domains identified would be critical in the structure. They would be led by inspirational leaders, whose role would be to bring together staff and develop work across the key research themes.
- (3) That at this stage of the implementation, the focus had been on the overarching structure and the composition and reporting arrangements for the senior teams. Once this structure was finalised and agreed, work would begin on the sub structures beneath.
- (4) That the process would use the acquired knowledge and experience from the restructure to inform and drive, where appropriate, standardisation in other areas of the University.

Resolved: That the Board of Governors therefore approved the Senate recommendation to amend Regulation X: The Schools of the University to:

- remove the reference to the Faculty of Life Sciences,
- revise the Faculty names in line with Ordinance XI,

- identify three newly-named Schools in the Faculty of Biology, Medicine and Health, and
- identify one newly-named School in the Faculty of Science and Engineering.

9. President and Vice-Chancellor's report

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

Received: The Report of the President and Vice-Chancellor

Reported:

- (1) The outcome of the 2015-16 Comprehensive Spending Review (CSR) was announced by the Chancellor of the Exchequer, George Osborne, on the day of the meeting. This spending review would set out departmental spending for each financial year from 2016/17 to 2019/20. According to the figures published in the summer budget 2015, departmental spending will fall by £18bn between 2015/16 and 2019/20 in real terms. This means that many departments will see actual reductions in their budget. As some departments are 'protected' for budget purposes (eg NHS, some schools' spending, overseas aid) these will not be reduced over the period in question. Consequently, other departments will need to incur larger reductions to meet the overall savings target. The Chancellor has asked all unprotected departments, which includes Business, Innovation and Skills (BIS), to come forward with proposals for cuts of 25% and 40% for consideration in the context of the CSR. In many cases these reductions will be on top of some earlier cuts. The HEFCE has highlighted to institutions that there is particular uncertainty about the funding that may be available after the next CSR and has urged institutions to exercise prudence.

In terms of the headline announcements within the CSR, some the indicators were favourable to the University, noting in particular, that the science budget would rise in line with inflation. However the BIS budget was likely to fall by 17% with changes likely in respect of maintenance grants and a significant cut in the teaching budget by 2021. Further detail and analysis was required, noting for example, that the Global Challenges Fund might not provide new funding.

- (2) That as HEFCE's funding comes from BIS it is quite likely that HEFCE will receive further cuts to its funding. If so, as research intensive universities receive, proportionately, a greater amount of HEFCE funding (through QR funding and Teaching funding support which is concentrated on higher cost subjects that are more frequently taught in the research intensive universities) the impact of further cuts is likely to be greater on a university like ours. It is not unreasonable, therefore, to consider scenarios where we receive significant cuts in HEFCE funding. High levels of cuts to HEFCE would present significant challenges for much of the sector, but for the reasons elaborated above, particularly research intensives.
- (3) That as the President and Vice-Chancellor had reported previously, work was underway within the University to develop possible responses to a range of different scenarios, recognising that if the University is to realise its strategic ambitions it *must* be in a position to be able to continue invest not just absorb these cuts. The University would therefore need a greater focus on generating income and making savings in order to meet likely cuts while financing existing commitments and still investing to achieve its ambition to be a leading global university.

- (4) That as a consequence, the University would continue to focus on developing additional income streams (for example philanthropy, improved cost recovery on RGC grants, including more effective pricing, and distance learning). The University was also developing proposals to support the University's international agenda (particularly in the US and emerging markets) and to have an ambitious presence in the distance learning market. To complement this, attention is also focused on securing efficiency savings, notably, sharing of research infrastructure, efficiencies in how it organises and delivers teaching and assessment, and standardisation of processes, including IT where a major transformational project to meet future IT needs was underway.
- (5) That the Government's Green paper on higher education "Fulfilling our potential: Teaching Excellence, Social Mobility and Student Choice" was published on 6 November. A summary and brief analysis of the issues, prepared by the Russell Group, was provided as an Appendix. As the title suggested the Paper had a student focus and while the role higher education plays in teaching, learning and the student experience is of central importance, the contribution that universities make to society is much broader and it was essential not to lose sight of this. This University's Senior Leadership Team was analysing the detail and implications of proposals in the paper with a view to submitting a response to the consultation and to identify actions that might be needed in the light of the proposals.
- (6) That the 2015 round of Annual Performance Reviews (APRs) had been proceeding well. APRs are held for the four Faculties and the Professional Support Services and for the 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). A review of Key Performance Indicators (KPIs) relating to human resources and equality and diversity is considered at Human Resources Sub-Committee and environmental sustainability KPIs are considered at Capital Planning Sub-Committee. Reports of the APR meetings will be available as part of the documentation for the Board's Planning and Accountability Conference.

As in previous years, the APRs have been effective in mapping areas of strong performance and best practice as well as areas of under-performance across the University, identifying actions to address under-performance and in providing a basis for evaluating progress against the high level KPIs and targets in the University's strategic plan. This has allowed serious discussions about targets and strategies for future performance improvement.

A summary of overall performance against the high-level KPIs and targets, including a glossary, was included for the meeting of the Board. The more formal summary of progress, the annual *Stocktake Report*, would be presented to the Board's Planning and Accountability Conference, and as in the previous year, the Report will be circulated to the Board ahead of its consideration within the Conference programme to allow for questions and enable it to be seen in the context of the Planning and Accountability Conference agenda. The President and Vice-Chancellor would also be updating the Board on performance against the high level KPIs through the year as data become available. The data for 2014/15 indicate that good progress continues to be made against many of the University's goals, including total research grant and contract income, IP commercialisation, widening participation and staff satisfaction, though some challenges remain. The University is proactively addressing issues of concern to deliver a real step change in performance overall, focusing on quality and distinctiveness, while meeting ever new challenges in a period of financial austerity.

(7) That while it was premature to prepare a detailed agenda at this stage for the 2016 Conference (15 - 16 March 2016), it was 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. The President and Vice-Chancellor also welcomed suggestions from Board members as to the content and themes of the event. Board members were reminded that the dual purpose of the Conference within the University's Planning and Accountability Cycle is for Senior Management to:

- 1) provide the Board with a detailed annual "stocktake" of performance against Plan over the previous year, in this case 2014/15; and
- 2) advise the Board in relation to priorities for the forthcoming year.

The Conference thereby provides Board members with the opportunity to respond to the *Stocktake Report* and other detailed reports from management on performance against Plan the previous year, and to advise on future priorities and targets. The entire Conference will be conducted as a special (and extended) meeting of the Board, in which routine Board business is kept to a minimum. The Programme would, as usual, be designed to maximise opportunities for plenary and small group discussion and analysis and to minimise formal presentations.

(8) At the time of the last report to the Board, the President and Vice-Chancellor noted that it looked as if the University would be likely to meet and even exceed target numbers for home/EU and international undergraduate (UG) students. It was also noted that while home/EU postgraduate taught (PGT) recruitment had been a challenge, despite responding to HEFCE's initiative and making over 150 £10,000 bursaries available to students from under-represented groups, it was looking promising for international PGT recruitment and that it was expected that this would compensate for any shortfall in Home/EU PGT students.

The latest data exceed expectations based on full and partial registrations by mid-October. For undergraduate full-time programmes the University expected to meet Home/EU undergraduate target and to exceed our overseas target based on a strong recruitment of new students starting year 0/1. For taught postgraduate students the University expected to exceed both Home/EU and Overseas targets.

There was substantial variation across programmes, so the University would continue to review the portfolio of programmes offered in the light of recruitment for 2015. In the case of postgraduate research (PGR) students they continue to register through the cycle, so it was more difficult to provide an accurate indication of student numbers, although Home/EU registrations already exceed target.

There were several factors beyond the University's control that influence whether a student completes registration, such as securing funding and gaining visa entry. Initial registration data suggest that the University would achieve or exceed overall undergraduate and postgraduate taught targets with an expected total number of students around 40,000 of which 11,000 are from overseas.

(9) That attention has now focused on recruitment for the 2016 intake. For many Schools this is very much the start of the admissions cycle, but for Medicine and

Dentistry the application cycle is now closed. It is also an important set of data because the Oxbridge application cycle has now also closed.

While the figures are currently quite volatile, they are slightly down on last year, albeit within the University's comparator group and the sector applications are down significantly more. The fact that these applicants include those to Oxbridge is a potential concern as it might imply a reduction in the quantity of highly qualified applicants. However, the University would not have a full understanding of its own and the national picture until early January when the UCAS deadline for home/EU applications has passed.

At this early stage in the admissions cycle it was risky to draw too many conclusions especially as the situation is highly fluid. 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.

- (10) That the recruitment process was underway to appoint the next Director of Finance, following the announcement that the current Director, Steve Mole, would be taking retirement in March of 2016. The shortlisting process had been completed, and interviews for the role would be held early in the new year.
- (11) That the President and Vice-Chancellor provided an update on the Project Falcon, the project to redevelop the Fallowfield Residences in partnership with an Overseas Sovereign Investor (OSI). Due to the changed circumstances, the delegated authority previously given by the Board of Governors (27 November 2013) concerning the Fallowfield Residences was no longer applicable. Regrettably, it was now unlikely that the deal with the OSI would be satisfactorily concluded, although relations between both parties remained good and the development of the Graphene Engineering Innovation Centre (GEIC), with funding provided by the UK Research Partnership Investment Fund, the Technology Strategy Board and Masdar, an Abu Dhabi-based clean technology and renewable energy company, would continue. In respect of the Residences, the University had a number of alternative options, including the appointment of another funder and/or the option to initiate the build and sell at a later stage. Any option selected would only continue in line with the previous commitments, namely, that it would remain off balance sheet and be developed at zero cost to the University. Therefore, in order to ensure continued progress with the development project, the Board would be asked to provide a delegated authority to senior officers to ensure that action could be taken, as necessary, between meetings.

Resolved: To authorise the University to make such progress as is necessary in respect of the development of the Fallowfield Residences through the delegated authority of the Chair of the Board of Governors and the Chair of the Finance Committee, This authority was subject to the proviso that proper due diligence is completed to the satisfaction of the Chair of the Board of Governors and the Chair of the Finance Committee, as part of the assessment and evaluation of any new partner.

(b) Report from the Director of Compliance and Risk

Received: That the Director of Compliance and Risk provided an update on the risk management framework of the University with reference to the business undertaken at the meeting of the Safety, Health and Environment Committee held on 12 October 2015.

(c) Exercise of Delegations

Reported:

- (1) That acting under delegation, with the express authority of the President and Vice Chancellor, the Chair of the Board of Governors and the Chair of Finance Committee, the University was granted permission to dispose of the MuTech site to the City Council, for the sum of £4.4m (subject to ground investigations), with effect from 9 October 2015.
- (2) 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 approved the appointment of Professor Alessandro Schiesaro as Head of Arts, Languages and Cultures for the period 1 July 2016 to 30 June 2021.
- (3) That pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries 1612 to 1621:

Seal Orders
1612. Annual painting programme, Intermediate Building Contract between the University of Manchester and City Build Manchester Limited (2 copies)
1613. North West Construction Hub Contract for Engineering and Professional Consultancy Services between the University of Manchester and E C Harris LLP (2 copies)
1614. Assignment of intellectual property – grading ring device between the University of Manchester and Arago Technology Limited (1 copy)
1615. Investment Agreement between Manchester Imaging Limited, the Founders (shareholders of the company), the Manager – Anthony Geoffrey Travers, the University of Manchester, the Other Shareholders and the Investors (1 copy)
1616. Deed of Termination between the Shareholders, the University of Manchester and Manchester Imaging Limited (1 copy)
1617. Sub-contractors collateral warranty document between the University of Manchester, MPM North West Limited and Artez Limited for the surface replacement of the Lovell telescope at Jodrell Bank Observatory (2 copies)
1618. Agreement between the University of Manchester and Network Rail (Manchester Piccadilly) regarding the potential effects of the proposed Northern Hub scheme on the University's North Campus (2 copies)
1619. Intermediate Building Contract relating to DDA Stopford Building ramp works between the University of Manchester and MBC Building Contractor (NW) Limited (2 copies)
1620. Clinical Proteomics Centre City Labs contract for Project 6344 between the University of Manchester and Appleyard & Trew LLP (2 copies)
1621. Debt for Equity Swap Agreement between the University of Manchester and BGT Materials Limited (2 copies)

10. Safety, Health and Environment Committee

Received: The minutes of the meeting of the Safety, Health and Environment Committee held on 12 October 2015.

Noted: That radiation protection measures would be designed in and embedded within the Manchester Engineering Campus Development (MECD) project underway in the Faculty of Engineering and Physical Sciences.

11. Board committee reports

(a) Finance Committee, 9 November 2015

Received: The minutes and summary report of the meeting held on 9 November 2015, including the Annual Accountability Return and presentation of the September Management Accounts.

Reported:

- (1) That Finance Committee received an update on the capital programme and noted the progress that had been made. No projects had been completed since the last meeting. On the Whitworth Art Gallery project, the mediation with the contractor is scheduled for 8 December. The main Library refurbishment/extension project has serious pressures on the budget due to the requirement of keeping the Library open during the project. Currently, work is ongoing with the sponsors to mitigate the estimated potential £3m overspend.
- (2) That Finance Committee approved the financial commitment of £19.2m requested for pre-construction design fees and services for the MECD project.
- (3) That Finance Committee noted updates on the new Statement of Recommended Practice (SORP) implementation, monthly financial reporting project, impact of the new SORP on HEFCE QR income and Finance intranet and helpdesk.
- (4) That Finance Committee approved the Annual Accountability Return to HEFCE and formally recommended the return to be approved by the Board for submission to HEFCE.
- (5) That Finance Committee noted the management accounts for September 2015:
 - The underlying surplus as at the end of September was £3.0m, £7.0m favourable to budget. Key factors were: £4.9m favourable core depreciation; £3.9m favourable core other operating expenses; both due to timing; £2.1m favourable core staff costs due to recruitment delays offset by £1.2m lower research overhead recovery due to lower than budgeted activity;
 - When the impact of the new SORP is factored in, the surplus as at the end of September is £16.3m, £8.5m favourable to budget. The SORP related variances are capital grant income which is £6.0m favourable to budget and loss on investments which is £4.4m adverse to budget.
 - Cumulative income was £169.8m, £0.1m adverse to budget and £20.3m (13.6%) higher than prior year;
 - Research income was £43.1m, £5.3m adverse to budget and £7.1m (19.7%) higher than prior year;
 - Pay costs were £84.1m, £4.7m favourable to budget and £3.7m higher (4.6%) than prior year;
 - Non-pay costs were £53.9m, £7.0m favourable to budget and £3.4m (6.7%) higher than prior year;
 - Cash balances stood at £490.5m which represents an increase of £1.3m on the prior year. This comprises free funds of £412.6m (£25.0m higher than prior year) and earmarked funds of £77.5m (£23.7m lower than prior year).
- (6) That an update to the Committee was provided by the Chair on the meeting of the Subsidiary Undertakings Sub Committee which had taken place on 12 October 2015 to review the annual financial statements and audit reports of the University's subsidiary companies.
- (7) That Finance Committee approved the 2014/15 Financial Statements and formally recommended them to be approved by the Board.

Resolved: That the Board of Governors approved the Annual Accountability Return to HEFCE and formally recommended it for submission.

(b) Audit Committee, 9 November 2015,

Received: The minutes and summary report of the meeting held on 9 November 2015, including approval of the Annual Report of the Audit Committee (and Internal Audit Annual Opinion) for onward transmission to HEFCE.

Reported:

- (1) That the Registrar, Secretary and Chief Operating Officer and the Deputy Secretary provided an update to the Committee on the cases being handled under the University's Public Interest Disclosure Procedure. Also provided was a report on Data Protection and an update on the project to introduce online registers of interest.
- (2) That the Committee received a report from the Director of Compliance and Risk, including presentation of the most recent Risk Register and Risk Maps. The Committee sought to identify the areas of risk that should be further analysed in the year. This would include the risk owner attending the Committee to provide an update on the management of the risk and the ways in which management had sought to control and mitigate it. That in terms of the University level risks, the Estates Masterplan should be a continuing area of focus, the recruitment of international students was another area of risk, especially in respect of structural or demographic changes in certain markets such as China and in respect of greater controls on immigration and visa constraints, and the Change Programme in IT should be another area of focus, following on from the Committee's examination of Cyber Security that took place in the previous year.
- (3) That the Committee considered the Management Report and Accompanying Management Letter from the External Auditors (E&Y LLP) on the Financial Statements for the year ended 31 July 2015, 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 Committee also considered the Letter of Representation in relation to the 2014/15 external audit. Also presented, and considered jointly with the Finance Committee, were the Financial Statements for the year ended 2014/15.
- (4) 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.
- (5) That the Committee resolved that the completed Report to the Audit Committee 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.
- (6) That the external auditors and management had discussed the accounting treatment of Research & Development Expenditure Credit ("RDEC"), an HMRC scheme intended to provide tax incentives for research and development. The University was eligible to submit claims for the four months to 31 July 2013 and the financial years 2013/14 and 2014/15. The ability of universities to benefit from this scheme from 1 August 2015 was terminated by a UK budget announcement in July 2015. The claims for the periods to 31 July 2014 were submitted in 2015 and accrued in the balance sheet at 31 July 2015. Payment

was received from HMRC in August 2015, although the claims still remain subject to scrutiny by HMRC. E&Y concurred with management's accounting treatment to recognise this income. Following discussions, management agreed to include an estimate of the 2014/15 claim within accrued income, but argued this could only be in respect of direct costs, as the TRAC process, which would inform the indirect element, would not be completed until January. Overall, E&Y consider that RDEC income is understated. However, the University does not consider such the understatement to be material, and, with the agreement of the Audit Committee, and taking account of the level of materiality reported, E&Y subsequently declared they were satisfied with the treatment of the claim in the accounts.

- (7) That two internal audit reports had been completed within the period, on IT Projects Methodology and the Review of Research Income Coding.
- (8) That Uniac commended 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 at the September 2015 meeting of the Audit Committee, Uniac were asked to provide some additional context concerning their annual internal audit programme. Uniac reported the context for this to the Committee. The annual programme for the University of Manchester internal audit programme is 450 days and has remained at this total for the last five to six years. The main trend shows an increase in the proportion of our time spent on strategic reviews and a decrease on core systems / compliance / cyclical (although this category still remains the largest area).
- (10) That the Committee considered the Annual Report of the Audit Committee and agreed that, as provided at Appendix 1 to the minutes, subject to any amendments required to reflect the discussions, the Report should be commended to the Board of Governors.
- (11) That the Committee received the annual report from Mr Kevin Casey, Head of Procurement, on the University's Procurement activity and value for money work.
- (12) That a private session had been held with the University's auditors. They reported that they were satisfied with the audit process and there were no matters which required the Board's attention.

Noted: That the Board identified that there might be additional opportunities to evolve reporting arrangements in the area of Procurement.

Resolved: The approval of the Annual Report of the Audit Committee (and Internal Audit Annual Opinion) for onward transmission to HEFCE.

(c) Staffing Committee, 9 November 2015.

Received: The minutes and summary report of the meeting held on 9 November 2015.

Reported: That, having given full and proper consideration to the Report of the President and Vice-Chancellor, the Committee 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 1st July 2016 to 31st December 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.

The Committee also received a Progress Report from the President and Vice-Chancellor on changes to the Redeployment Register and transformational changes to IT Services and noted that, further to the applications made under the voluntary severance schemes, it was anticipated that compulsory redundancies would be avoided. The Committee also:

- considered the position of the Unions in respect of these decisions and noted the recent decision of UCU to ballot for industrial action, which was due to close on 20th November 2015.
- sought assurances regarding any potential negative effects on morale and service levels within IT as the Transformation Programme was being progressed.
- expressed its continued support for the process and approach adopted by the University in dealing with these sensitive issues.

Resolved:

- (1) 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 1st July 2016 to 31st December 2016; and
- (2) That the University continues to ensure that all suitable and appropriate alternative strategies for resolution, including redeployment and restructuring, have been properly considered.

12. Report from the Senate

Received: A report on the business initiated at the meeting of Senate held on 4 November 2015.

- (1) That the President and Vice-Chancellor presented a summary of matters arising from the Chancellor of the Exchequer's Summer Budget Statement and potential challenges for the higher education sector which may arise from the Comprehensive Spending Review. The report also included an update on student numbers in the September 2015 intake, a summary of recent national student satisfaction surveys (NSS and PTES), and the University's position in the 2015 Shanghai Jiao Tong Academic Ranking of World Universities. Following questions from members, Senate also discussed issues related to the changes to the Redeployment Register, transformational change in IT Services, and consultations with the campus trades unions.
- (2) That Senate approved amendments to the following policies relating to undergraduate and postgraduate teaching and learning:
 - Policy on Marking
 - Policy on Examinations
 - Policy on Interruptions to Undergraduate and Postgraduate Taught Programmes of Study.

- (3) That the Vice-President (Teaching, Learning and Students) presented detailed reports on the University's results in this year's National Student Survey (NSS) and Postgraduate Taught Students Survey (PTES), an oral report on forthcoming national consultation regarding the development of a Teaching Excellence Framework (TEF), and an update, for information, on the implementation of the review of pastoral care in halls of residence.
- (4) That following a report by the Vice-President (Research and Innovation), Senate approved:
- Revised University Research Strategy and a new Statement of Research Expectations
 - Publications Policy
 - Amendments to the Regulations for Professional, Engineering and Enterprise Doctorate Degrees
 - Amendments to the Policy on the Progress and Review of Postgraduate Research Students.
- (5) That Senate also received a report on major research achievements and noted that *The Academia Europaea* (The Academy of Europe) has recently announced the results of elections to its membership for 2015 and eleven colleagues from Manchester have been elected this year. This was the highest total for any single institution across Europe. The Academy is a prestigious association of scientists and scholars who collectively aim to promote learning, education and research. Membership is a major mark of esteem for academic achievement.
- (6) That a report was received which recommended the proposed changes to the School structures and the naming of Faculties and Schools. These changes were endorsed for recommendation to the Board of Governors.
- (7) That Senate approved a list of academic members of staff who might be called to serve on disciplinary or appeal panels relating to academic members of staff in accordance with Statute XIII and Ordinance XXVII.

Resolved: That the Board formally endorsed the following policies and regulations reviewed and approved by Senate:

- Policy on Marking
- Policy on Examinations
- Policy on Interruptions to Undergraduate and Postgraduate Taught Programmes of Study.
- Publications Policy
- Amendments to the Regulations for Professional, Engineering and Enterprise Doctorate Degrees
- Amendments to the Policy on the Progress and Review of Postgraduate Research Students.

13. Report from the Planning and Resources Committee

Received: The Planning and Resources Committee met on 6 October and 3 November 2015. The following matters, on reference from PRC and not covered elsewhere on the agenda, were reported for the Board's consideration or information:

- (1) That at its meeting on 6 October 2015, the Committee approved the membership for 2015/16. This included that Gerry Pennell, Director of IT, should be invited to join PRC for a period of three years from October 2015, and that Professor James Thompson, Professor of Applied and Social Theatre and Associate Vice-President for Social Responsibility had been nominated by the Senate to serve as a member of the Planning

and Resources Committee. Professor Thompson's appointment would run from 1 September 2015 until 31 August 2018, or for so long as he continued to be a member of Senate, whichever was the shorter period.

- (2) That Richard Young, UNIAC Director, attended the meeting of PRC on 6 October 2015, to provide an overview of the draft 2014/15 Internal Audit Opinion and Report to the Board of Governors and the President and Vice-Chancellor regarding the UNIAC annual opinion for the year ended 31 July 2015. The Committee noted that it was UNIAC's opinion that internal controls are effective overall. The University continued to optimise the internal audit resource and, as part of that, requested reviews in areas of known concern. Recognising the different drivers for reviews, the programme for the year had had an appropriate mix of strategic, operational, IT and data audits. UNIAC had issued a number of reports with its most favourable two gradings (reasonable and substantial assurance). UNIAC had also reviewed the University's approach to the procurement of the Construction Partnering Framework, the first stage of the IT Transformation Programme, adherence with the Accommodation Code of Practice, and had continued with the rolling UKVI compliance assessments. The report confirmed that the management actions agreed in earlier reports had been fully implemented for the vast majority of areas and that where implementation had been partial, or delayed due to changes in circumstances, appropriate alternative plans for full implementation were in place.

The report noted that some audits had highlighted significant opportunities to improve the control environment. The majority of these originated from management requests and were very specific in nature rather than evidence of systematic issues. Management action plans had been agreed.

It was UNIAC's opinion that risk management arrangements were effective, that effective governance arrangements are in place and that arrangements for seeking value for money are effective. UNIAC also undertook an audit during the year, aimed at assisting the Audit Committee in providing an opinion on the University's VFM arrangements. UNIAC concluded that they could give positive assurance surrounding an embedded approach to VFM arrangements across Professional Support Services and Faculties. The report also identified areas where UNIAC identified significant opportunities to improve systems and processes, including student debt management, technical asset rationalisation and catering operations. It was UNIAC's opinion that arrangements for ensuring the accuracy of data returns are effective.

The draft report had been considered by Audit Committee and would be finalised in November. The Committee noted the positive use of the internal audit resource and the importance of Planning and Resources Committee members raising any areas where there were concerns and the importance of UNIAC raising with the senior team any issues they identified.

- (3) That at its meeting on 6 October 2015, the Committee received the unconfirmed Minutes from the meeting of the Risk and Emergency Management Group held on 22 June 2015 and from the meeting of the Research Compliance Committee held on 7 July 2015. The Committee noted that the commencement of the Prevent duty for relevant Higher Education bodies came into effect from Friday 18 September 2015. No guidance had been issued to date as consultation was ongoing. The University was working on the risk assessment associated with Prevent and would have to provide additional material to HEFCE. The Committee was also informed that the new Modern Slavery Act 2015 came into force in July 2015 and that all commercial organisations that operate in the UK with an annual turnover of £36 million or more would be required to prepare an annual Slavery and Human Trafficking Statement.

- (4) That at its meeting on 6 October 2015, the Committee considered the draft management accounts for the year ended 31 July 2015. The Committee noted that one of the main factors in the surplus being £28.5m favourable to budget was the additional income across Shared Services, including unbudgeted income relating to the Research and Development Expenditure Credit (RDEC). The University had exceeded £1billion turnover for the first time and had also exceeded £250m in research income, meeting its 2015 target, although there was a need to consider capital and non-capital funding to look at the underlying trends. The Committee also noted that there were challenges ahead with the Comprehensive Spending Review. At the same meeting, the Committee considered a summary of the debt report as at July 2015 and noted that there were no major concerns regarding the debt position.
- (5) That at its meeting on 3 November 2015, the Committee considered the draft Financial Statements for the year ended 31 July 2015, and recommended them to Finance Committee and the Board of Governors for approval, subject to an adjustment required to reflect the Research and Development Expenditure Credit (RDEC) claim for 2014/15. The Committee noted that across the sector, different views had been taken about the inclusion of RDEC claims. This would mean that benchmarking 2014/15 data, especially that relating to research grant and contract income, would be particularly difficult. It was also noted that, given the introduction of FRS 102 and the new HE accounting SORP, there would be increasing volatility in both the Income and Expenditure account and EBITDA measures in future years. At the same meeting, the Committee considered the financial results and forecast tables from the HEFCE Annual Accountability Return 2015 showing the actual performance and position for 2013/14 and 2014/15, together with a short financial commentary, and recommended them to Finance and Audit Committees and the Board of Governors for approval, subject to the changes relating to the RDEC claim and an update to the commentary to reflect that key factors in the surplus were the RDEC claim and the year-end FRS 17 adjustment, offset by a number of provisions. Following approval by the Board of Governors, these would be submitted to HEFCE by 1 December 2015, together with the signed financial statements, as part of HEFCE's annual accountability process.
- (6) That at its meeting on 3 November 2015, the Committee considered the draft Management Accounts as at the period ended 30 September 2015. It was reported that the new SORP resulted in a more complex picture, as capital income was now recognised in full, whereas it would previously have been treated as a deferred capital grant and released in line with depreciation. Timing of this income was hard to predict and therefore resulted in volatile variances compared with the budget. Also under the new SORP, gains and losses on investments now flowed through the Income and Expenditure account.
- (7) That during the period of this report, the Committee received the Minutes of the Finance Sub-Committee meetings held on 21 July 2015 and 15 September 2015.
- (8) That at its meeting on 6 October 2015, the Committee considered the report Manchester University Press: Summary of Performance over the Past Year, prepared by Professor Alistair Ulph, Associate Vice-President, and Dr Frances Pinter, Chief Executive of Manchester University Press. The Committee noted that the Manchester University Press (MUP) was operating in a very challenging external environment. Business processes had been improved, the MUP Board had approved a new member, two of the three departments had been restructured and a full-time Head of Finance had been appointed. The strategy to dispose of subscription based journals had been largely completed and had generated income which would be used to fund other investments. A key rationale for disposing of conventional journals was to increase open access publishing. The change being put in place would allow MUP to address the issues it faced and to cope with the new external environment.

- (9) That at its meeting on 6 October 2015, the Committee considered a paper proposing changes to the way donor funding for Manchester Access Programme (MAP) students was allocated and options to maximise the strategic use of this funding. Following consideration, the Committee approved the recommendations set out in the paper viz:
1. MAP students from household incomes of less than £25,000 p.a. receive an annual award of £1,000.
 2. A one-off Welcome Award of £1,000 is given to MAP students from household incomes above £25,000 p.a.
 3. The eligibility criteria for care leaver students are revised and these criteria are proposed to PRC by the Widening Access Working Group when reviewing the University's 2017/18 Access Agreement.
 4. The remaining donor income is channelled into the Manchester Bursary.
- (10) That at its meeting on 6 October 2015, the Committee considered the Division of Development and Alumni Relations (DDAR) Annual Progress Review 2014/15 and the Gift Oversight Group Annual Report. The Committee noted, *inter alia*, that in relation to the DDAR Annual Progress Review, the significant leap taken in gift income in 2013/14 (a doubling of the previous record high of £9.6m to £19.5m) had led to a review and increase of future targets. The target of a 15% per annum increase remained, but from a revised 'base' goal for the 2014/15 year of £17.5m. The final confirmed total of £18.0m had surpassed the increased target by 3% (and the original target of £13.8m by 30%). There were also areas where progress needed to be accelerated. The Gift Oversight Group had considered 49 gift approaches of which 48 had been approved. Three issues were highlighted by the Chair of the Gift Oversight Group:
- a streamlined process for repeat donations from individuals continued to be used
 - discussions on classification between a gift and a grant
 - processes and procedures for improving due diligence from gifts outside the UK.
- The Committee congratulated the Division of Development and Alumni Relations on its performance and the Gift Oversight Group on its work, and recommended the DDAR Annual Progress Review 2014/15 and The Gift Oversight Group Annual Report to the Board of Governors for approval.
- (11) That at its meeting on 6 October 2015, the Committee considered a report evaluating the outcome of the National Student Survey 2015 for The University of Manchester. It noted that one of the University's high level key performance indicators was 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 overall satisfaction figure for the University in 2015 had risen by 1% to 86%, whereas the Russell Group average had fallen by 1% to 87%. The University's relative position in the Russell Group had improved two places from 19th to 17th. At the same meeting, the Committee considered confidential reports evaluating the outcomes of the Postgraduate Taught Experience Survey 2015 and the Postgraduate Research Experience Survey 2015.
- (12) That at its meetings on 6 October and 3 November 2015, the Committee received updates on registration of students against target numbers, which showed that the University had met its undergraduate and postgraduate taught targets. At the meeting on 3 November 2015, the Committee received an update on student recruitment 2016. The data were very volatile at this early stage of the recruitment cycle but showed a 2.9% fall in total applications to Manchester in comparison to a sector-wide decrease of 3.1% and a fall in applications to the University's competitor group of 11.2%. It was pleasing to note that applications to the School of Medicine were up 26% on the same time last year.

- (13) That at its meeting on 6 October 2015, the Committee considered a report on the most recently published League Tables. It noted that there had not been any dramatic changes in position, though there had been a downwards drift in the international rankings. It was noted that both the QS World Rankings and the Times Higher World University Rankings had changed their methodologies in 2015. In the national league tables, there had been a change in the calculation of the measure for Student Satisfaction in the Times Good University Guide. Overall student satisfaction was still weighted 1.5 but the NSS data had been split into two measures: teaching quality (weighted 1) and student experience (weighted 0.5). The University had been ranked 90th on teaching quality, which was concerning. In the light of the University's performance in both international and national league tables, a group was being set up, chaired by the Deputy President and Deputy Vice-Chancellor, to consider what actions the University might take.
- (14) That at its meeting on 6 October 2015, the Committee noted that on a five-year cyclical basis, the HEFCE Assurance Service visited institutions to discuss the accountability returns that they submitted to HEFCE as part of the accountability process. The next HEFCE Assurance Review for The University of Manchester would take place on Tuesday 26 January 2016.
- (15) That at its meeting on 3 November 2015, the Committee considered a summary of overall performance in 2014/15 against the high-level key performance indicators and targets, including a glossary. These would be submitted as an interim statement to the Board of Governors in November.
- (16) That at its meeting on 3 November 2015 the Committee considered and approved the draft Annual Monitoring Statement for submission to HEFCE as part of the Annual Accountability Returns 2015, subject to the addition of the outstanding equality and diversity data. It noted that the Annual Monitoring Statement monitored the use of special initiative funding outside of the main teaching and research funding allocation and that this year's Statement, which requested information on fewer areas than recent past returns, had questions on the following:
- equality and diversity monitoring of governors
 - knowledge exchange formula funding (through Higher Education Innovation Funding)
 - HEFE funding for university museums and galleries
 - postgraduate support scheme.
- (17) That at its meeting on 3 November 2015 the Committee was provided with updates on the Student and Staff HESA returns. The Committee also received an update on the Medical and Dental Students Survey return 2015 and noted that the University had over-recruited against its intake targets, the majority of which related to the recruitment of fully-funded international students.
- (18) That at its meeting on 3 November 2015, the Committee considered the confidential final report of the External Stakeholders Survey, produced by The Knowledge Partnership. The report would be discussed by the External Engagement Group, PSS and Faculty Leadership Teams and it was agreed that a draft action plan would be brought to the Committee for consideration at the next meeting. The External Stakeholders Survey Report and Action Plan would then be presented to the Board of Governors in February 2016.
- (19) That at its meeting on 6 October 2015, the Committee considered and endorsed the draft Statement on Corporate Governance and the draft Statement of Public Benefit. The Committee also approved the modified Research Data Management Policy, noting that a minor change had been made to the wording in the Research Data Management Policy in order to clarify previous ambiguous wording and to make the inclusion of postgraduate research students explicit.
- (20) That at its meeting on 6 October 2015, the Committee received the notes of the HR Sub-Committee meeting held on 14 July 2015. The Committee also received an update on the

national pay award and was informed that there would be a compliance visit from the UK Border Agency later in October. At its meetings on 6 October 2015 and 3 November 2015, the Committee received updates on progress in relation to transformational change in IT Services, changes to the Redeployment Register, and industrial relations regarding ongoing discussions with the trades unions on the redeployment policy.

- (21) That at its meeting on 6 October 2015, the Committee received the Minutes of the Capital Planning Sub-Committee meeting held on 16 June 2015. At its meeting on 3 November the Committee received a summary of approvals and deferrals from the meeting of Capital Planning Sub-Committee held on 20 October 2015. It noted that there were some budget challenges associated with the MECD project and it had been agreed to ring-fence £6.6m of the Estates Masterplan programme contingency to offset the forecast inflationary risk.
- (22) That at its meeting on 6 October 2015, the Committee received the Minutes from the Change and IT Projects Sub-Committee meeting held on 23 June 2015. It noted that at the meeting on 29 September 2015, the Director of IT went through the IT strategy and the Future IT Programme in detail. Members of PRC raised no questions in relation to IT issues. At its meeting on 3 November 2015, the Committee received the Minutes from the Change and IT Projects Sub-Committee meeting held on 29 September 2015 and an update on the IT Strategy. It was noted that in relation to the Future IT Programme, a phased sourcing approach had been agreed and that the University had chosen not to go down a full outsourcing route. It was also noted that in order to get best value from the IT investment, the University needed to think not of IT projects but of running business projects with an IT component, so that work was driven from a business change perspective as opposed to a technical perspective. Standardisation of processes across the institution was key to this approach, requiring a cultural shift to change the way work was carried out. The Committee agreed that the membership and terms of reference of the IT Strategy Group would be circulated for the next meeting together with a diagram to include the Change and IT Projects Sub-Committee, the IT Strategy Group and other management groups in ITS, to show the different roles and memberships and how they interact with each other. Following consideration by the IT Strategy Group, the draft IT Strategy would be forwarded to the Committee for approval at its next meeting.

14. University-Union Relations Committee

Received: A report of the meeting between the University and the Union held on 5 November 2015.

Reported:

- (1) The Committee received a presentation outlining the obligations of the PREVENT legislation. It was confirmed that the University are already have many processes in place that meet the requirements of PREVENT. Jessica Lishak, Hannah McCarthy and David Barker will form a sub-group of the UURC to discuss the interpretation of PREVENT and how the University and Union can work together moving forward.
- (2) The Committee received a report from the Students' Union providing an overview of activity since the last meeting. Areas discussed included;
 - a. The extension of the union building was progressing well and has now reached RIBA stage 4. The advanced package of works will be undertaken between March-August 2016, with the main works commencing November 2016.
 - b. Professor Agnew suggested that the University and the Union work together to improve numbers in relation to the Higher Education Achievement Record (HEAR).
 - c. Michael Spence and Tim Westlake will be working outside of the meeting cycle to look at any remaining 'gaps' in Student Rep's that may remain across the faculties.

- d. Ben Ward discussed the new strategic plan that is currently under development for 2016-2020. It was confirmed that Alterline have been commissioned to carry out research in to the impact that the Union has, not just with undergraduates, but with post graduates, the University and the surrounding community.
- (3) The Committee received a financial report which showed a drop in activity during August, although the income is now beginning to improve and back in line with budget for October. The audited accounts have been received and will be presented to the Trustee Board for approval in November. The yearend position is in line with the Union reserve policy presented to UURC in May 2015. WS stated that the Board of Governors have a deadline for requiring the statutory accounts of the 31 December. RE confirmed that they have been received, and will be ready for the Board of Governors
 - (4) The Committee was presented with copies of the University Of Manchester Code Of Practice on Freedom of Speech and the Students' Union Safe Space policy side by side to be able to look at the similarities and differences within the two documents. Ben Ward explained that the Students' Union Safe Space policy was a result of a recommendation from the Charity Commission, and was approved by the Trustees in order to address a particular issue that arose a number of years ago. The Trustee Board have the power, under the constitution of the Union to enact such policies without any requirement for the matter to be voted on by the Senate although it was confirmed that it will be put to the Union Senate in December 2015. The Committee received a paper on the visiting speakers approved by the Students' Union since the previous meeting and there was discussion about the requirements surrounding the submission of applications and the requirement for 14 calendar days for the University to be able to consider all applications, and apply their rules outlined in the Code. The Registrar, Secretary and Chief Operating Officer explained that the Safe Space policy needs to ensure that it is not at odds with the obligations on the Union under the University's Code of Practice on Freedom of Speech. There was discussion about the different conclusions that may be reached by the University and the Union in relation to applications for certain speakers, and that the interpretation of the two documents by the two different parties can be very different. The University's Deputy Secretary and the Union Director would take this discussion forward.

Noted:

- (1) That the Students' Union was engaged in a Strategic Review of its services and was undertaking research into its decision making, operations and effectiveness in order to better inform this process.
- (2) That the Green Paper had indicated intentions to promote openness and transparency within Student Unions, and that further information was awaited on what this might mean for their organisation and its delivery of services.

Close.