

CONFIRMED

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 5 October 2016

Present: Mr Edward Astle, (in the Chair), President and Vice-Chancellor, Dame Sue Ion, Mrs Dapo Ajayi, Ms Naa Acquah, General Secretary of UMSU, Mr Gary Buxton, Mr Michael Crick, Professor Danielle George, Mr Colin Gillespie, Dr Caroline Jay, Dr Neil McArthur, Mr Shumit Mandal, Professor Cathy McCrohan, Ms Isabelle Perrett, Mr Robin Phillips, Dr Christine Rogers, Mr Andy Spinoza, Dr John Stageman, and Dr Angela Strank (by phone), and Ms Ros Webster. (20)

In attendance: The Registrar, Secretary and Chief Operating Officer, the Deputy Secretary, the Deputy President and Deputy Vice-Chancellor, the Director of Finance, the Director of Human Resources, the General Counsel, the Director of Compliance and Risk (in part), the Vice President for Teaching, Learning and Students.

Apologies: Mr Paul Lee, Professor Colette Fagan, Professor Chris Taylor and Professor Cathy McCrohan.

NB. The Chair welcomed the new members; Ms Isabelle Perrett, Professor Danielle George, Professor Silvia Massini, Ms Roz Webster and Mr Shumit Mandal to their first meeting following their appointment to the Board on 1 September 2016.

1. Emeritus Professor Katherine Perera

Reported: That at the outset of the meeting, the Chair informed the Board of the sad death of Emeritus Professor Katharine Perera. Katherine, who was known to a number of Board members through her work on Equality and Diversity, was formerly Professor of Educational Linguistics in the Department of Linguistics between 1977 and 2004, Pro Vice-Chancellor between 1994 and 2000, and Senior Pro-Vice-Chancellor between 2000 and 2004. On behalf of the Board and the University, the Chair expressed sincere condolences to her family, friends and colleagues.

2. 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, as a member of the Joint Negotiating Committee of USS and a trustee of East Cheshire Hospice, previously declared, were noted. The President and Vice-Chancellor also declared a new interest following her appointment as President of the British Science Association, which she took up in September 2016. The interest of the Deputy President and Deputy Vice-Chancellor, as co-chair of the charity, Find a Better Way, and as a trustee of the Royal Academy of Engineering, was also declared.

3. The role of the Board of Governors

Received: That the Board received, for information, the statement of primary responsibilities, the scheme of delegations, the standing orders of the Board of Governors, and the membership of the Board of Governors from 1st September 2016.

4. Minutes

The minutes of the meeting held on 6 July 2016 were approved.

5. Matters arising from the minutes

Noted: That the Board received a report on ongoing issues that had been raised at previous meetings and that would be addressed within the agenda or would come forward at a later date.

6. Chair's report

(a) Changes in Board Processes

Reported:

- (1) That following discussions with Board Members, the Chair proposed a number of changes in respect of Board processes. These would include shorter minutes, clearer actions / current matters arising and a continued drive for shorter papers and/or higher level summaries of detailed papers.
- (2) That the agenda would be timed and the duration of formal meetings extended to, but not to exceed, two and a half or three hours. A rolling forward agenda would be developed and would be reviewed at the end of every meeting to allow board members to suggest additional items. There would also be one or more strategic items at regular meetings. There would be an annual deep dive on risk rather than current arrangements and an annual deep dive on HSE (with revamped higher level paper) with only serious incidents/issues to be highlighted at each Board. The Board skill mix will be reviewed every 2 years and Vice-Presidents' attending board would make short verbal presentations on key current issues in their area. Finally, an end of year Board dinner would be held in July 2017, and annually thereafter.
- (3) That in terms of other changes there would be an annual meeting at start of year between chair and committee chairs, an end of year review between Chair and each board member, and multi-microphone teleconferencing facility to enable occasional virtual attendance at meetings. Induction would include some background on the structure of HE in the UK as part of new member induction (plus a handy glossary of acronyms). In addition, a review of the board timetable for 2017/18 would consider the following possible changes
 - holding strategic briefings on board days
 - having a short lunch before board meetings
 - offering more visits to see research/teaching/student activities at first hand around board meetings

Resolved: That the Board endorsed the changes proposed. (Action: Deputy Secretary)

(b) Review of Board Effectiveness

Reported: That an independent review of Board effectiveness would be conducted between November 2016 and February 2017, which would be led by John Lauwers, former Secretary and Registrar of The University of Southampton, and who has led over 20 recent reviews of effectiveness for UK universities. The process would be informed by a survey of board members, which would be conducted at the outset of the review, attendance at the Board and committee meetings, and 1:1 interviews with all Board members.

(c) Membership of Board Committees

Reported: That the Chair provided an update on the movements in Committee membership over the summer. A full list of the membership of the Board's committee would be provided separately to members. (Action: Deputy Secretary).

(d) Report from the Nominations Committee

Reported:

- (1) That following detailed discussions and interview by the Committee in the previous year, and subsequent review by the Chair of the Board of Governors and the President and Vice-Chancellor, the Committee recommended that, recognising his significant HE and policy experience and the gap in experience on the Board in this area, Mr Nick Hillman should take up the remaining place on the governing body.
- (2) That in order to build in rotation within the schedule of appointments and reappointments, this will be for a single-year term extending to 31 August 2017. The appointment will be with effect from 1 November 2016.

Resolved: That the Board of Governors approved the Committee's recommendation for membership of the Board of Governors.

7. Secretary's report

Reported:

- (1) That the Planning and Resources Committee (PRC) is the management body concerned with academic and resource planning and related matters in the University. The constitution of PRC provides for one of its members to be elected by the University's Senate from amongst its own number. As Professor James Thompson would, from September 2016, no longer be a member of Senate in category three, a vacancy would arise on the Committee.
- (2) That a call for nominations was issued in September. Following the closing date, Professor Colin Sibley was duly appointed to membership, there being no requirement for a ballot. His period of appointment on PRC will run from 20 September 2016 until 31 August 2019 (subject to him retaining membership of Senate).

8. Report from the Division of Development and Alumni Relations and Report from the Gift Oversight Group

Received:

- (a) A report on the work of the Gift Oversight Group in the year 2015-16
- (b) The Annual Progress Review from the Division of Development and Alumni Relations

Reported:

- (1) That the Annual Report of the Gift Oversight Group to the Board of Governors is provided for the information of the Board of Governors. Professor Martin Humphries attended the meeting to present the report and answered questions about the work of the group. The Board also received details of the cases overseen by the Committee in the year.
- (2) That the annual progress report on the work of the Division of Development and Alumni Relations was provided for consideration by the Board of Governors. The Director of the

Division of Development and Alumni Relations, Ms Kate White, attended to present the report and answer any questions raised.

Noted:

- (1) That the Chair of the Gift Oversight Group had since passed to Professor Keith Brown. The Group reported a 35% increase in the number of cases on the previous year. No awards had been declined, but two had been pushed back for further information and assessment. The Board commended the Group for its work and the assurances provided and thanked Professor Martin Humphries for bringing the report forward.
- (2) That Ms Kate White presented the report on the work of the Directorate for Development and Alumni Relations. The Directorate remained on a positive trajectory and was continuing to focus on high level gifts, with a target of £40m by 2021. In addition, alumni engagement was improving with an increase in the value of alumni time and volunteering noted. A greater international focus was also being pursued, including further work in the Middle East and other European countries, building on the successes achieved within the US, Hong Kong and China. The Directorate was seeking to build relationships with and identify influencers, who might leverage new important contacts and broker philanthropic relationships. Engagement with alumni, rather than simple contact, was important as the Directorate sought to form meaningful relationships with members of the alumni over time.

9. Report of the Research Compliance Committee

Received: The Annual Report on the work of the Research Compliance Committee, prepared by Professor Nalin Thakker, Associate Vice-President.

Reported:

- (1) That this was the second report to the Board of Governors outlining the activities of the University's Research Compliance Committee (RCC).
- (2) That RCC is responsible for ensuring that the University has appropriate policies, procedures and facilities in place to assure itself of compliance with external legislation and regulations affecting research.
- (3) That the report seeks to provide assurance to the Board of Governors that the University is compliant with external regulation/legislation and has processes in place to manage quality and risks.

Noted:

- (1) That Professor Nalin Thakker answered questions from the Board on overlap and accountabilities within the University and the NHS, the oversight of University subsidiaries, and in relation to the follow-up of audits undertaken.
- (2) That the oversight of clinical trials, via the Clinical and Experimental Psychology Management function had greatly improved since a highly critical audit undertaken in 2010.
- (3) That the high priority areas of focus for the Committee concerned chemicals compliance (and a drive to improve reporting) and in relation to Clinical Trials oversight as this activity was increasing. In respect of the latter, the Committee was fully exploring capability and seeking to ensure that the University had exemplary procedures.
- (4) That the Board thanked Professor Thakker for the report, noting that next year a high level summary could be provided in the introduction to the paper indicating the Committee's greatest areas of focus and risk. The paper would also be considered by the Audit Committee, prior to its consideration by the Board.

10. Health and Safety Policy Statement and Organisation

Received: The Health and Safety Policy Statement was provided for endorsement by the Board of Governors, alongside a description of the organisational framework that supports it.

Reported:

- (1) That the Health and Safety Policy Statement is provided for endorsement by the Board of Governors on an annual basis. The policy statement sets out the key principles which guide health and safety management, and the accompanying organisation and arrangements chapters describe in more detail what is expected of managers, staff and students.
- (2) That the reference to safety as a core “function” might be amended to read “responsibility”. Further drafting points were noted in respect of what could be perceived as a negative reference to student management of health and safety. The references to the genders of individuals should also be removed. The Report also suggests that the function will aspire to “good and best practice”, were “best practice” was preferred.

Resolved: That the Board would revisit Health and Safety arrangements at the meeting in February 2017 and a report on longer term trends would also be presented at this time. (Action: Director of Compliance and Risk)

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12. President and Vice-Chancellor's report

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

Reported:

- (1) That the Report of the President and Vice-Chancellor provided an update on government announcements of relevance to Higher Education. The new Prime Minister's first cabinet included the significant reorganisation of a number of government departments, with responsibility for part of higher education, as well as FE and skills, moving to the Department for Education (DfE). BIS is now called Business, Energy and Industrial Strategy (BEIS). This means universities will be split between two government departments.
- (2) That the Higher Education and Research bill ('Success as a knowledge economy: reaching excellence, social mobility and student choice') which passed its second reading in Parliament in July, albeit with a narrow majority, will now go to the committee stage in the autumn.
- (3) That in addition to changes to research funding, with all public research funding including the Research Councils, Innovate UK and what is currently known as QR (quality research funding for universities based on the last Research Excellence Framework - REF - results) now to be called Research England being brought together into UK Research and Innovation (UK RI), the Bill includes the dissolution of HEFCE, the formation of the Office for Students (OfS) and proposals for the Teaching Excellence Framework (TEF).
- (4) That despite the uncertainties of Brexit, it was encouraging that the Prime Minister has reaffirmed the government's ongoing commitment to science and research. An immediate priority for the University has been to reaffirm its position as a global University and to come together across the University to provide support for staff, students and collaborators who are affected in different ways by the referendum vote.
- (5) That the President and Vice-Chancellor updated the Board on the Stern Review. Over the coming months the UK governments and funding councils will work to translate the principles set out by Lord Stern into the proposed process for the

next REF exercise, which is due to take place in 2021, which will then be subject to consultation.

- (6) That the Report provided an update on the progress of the priorities agreed at the Planning and Accountability Conference. All four actions have been progressed over the summer. In addition, progress continues to be made with the five initiatives already in train to create financial headroom, specifically:
 - Project 33: increasing contribution from international students either through volume or price
 - Increasing recovery on grant income
 - Efficiency gains
 - Philanthropy
 - Distance learning.
- (7) That the President and Vice-Chancellor provided the Board with an update on the Students numbers position for the University, for 2016 entry.
- (8) That this year the University had completed surveys for taught students on both undergraduate (National Student Survey, NSS) and postgraduate programmes (Postgraduate Taught Experience Survey, PTES). The Postgraduate Research Experience Survey (PRES) is conducted biennially. The University completed PRES in 2015 and will run the survey again in 2017.
- (9) That the NSS is a national survey, conducted annually since 2005, running from approximately 1 February until 30 April. It seeks final year undergraduates' views on their programme of study via 23 core questions. It is currently planned to use the first three questions of this NSS section list in the forthcoming Teaching Excellence Framework; teaching on my course, assessment and feedback and academic support. The overall satisfaction figure for the University has decreased by 1% to 85% in 2016, and across all sections. Although student satisfaction in many other Russell Group institutions has also fallen in 2016, several have continued to improve. The University of Manchester appears to have plateaued in the mid 80's level of student satisfaction and therefore there was a need to respond urgently to achieve the target of 90%.
- (10) That an analysis of the percentage of graduates from each Russell Group institution that are in a positive destination 6 months after graduating shows that from 2013/14 to 2014/15 the University has moved from 79% to 82% graduate employment, an improvement in ranking from 17th in the Russell Group to 11th.
- (11) That the "Academic Ranking of World Universities" (ARWU), often known as the Shanghai Jiao Tong rankings, is generally regarded by research-led universities around the world as one of the most reliable of international rankings. However, the ARWU does not assess most of disciplines in humanities or in subjects allied to medicine, many of which are particularly strong in Manchester. Therefore, in the refresh of Manchester 2020, the Board adopted the new key performance indicator for global standing, which will be monitored through a wider range of international rankings. In the 2016 ARWU Rankings the University has moved up by six places to 35th overall, (while remaining 7th in Europe and 5th in the UK). This was the University's highest position since the rankings began.
- (12) That the President and Vice-Chancellor was pleased to report that the University's position has also improved in the QS World University Rankings, from 33rd to 29th. The University is ranked 7th in the UK. The QS World Rankings are based on more than 100,000 survey responses from leading employers and academics. It is in these categories that the University does particularly well, ranked 15th by employers and 31st by international reputation.

- (13) That there has been some very good news for this University arising from a new league table, 'Rising Stars', published by Nature. It measures the contribution of more than 8,000 global institutions to a selection of top science journals. It shows this university as 18th in the world and 2nd in Western Europe (behind only Oxford) for 'growth in high-quality research publications, using the power of the Nature Index, which tracks the research of more than 8,000 global institutions'.
- (14) That the President and Vice-Chancellor provided an update on the JNCHES HE pay negotiating round 2016-17 and response from trades unions to the final offer. The UCEA Board has decided that UCEA should advise HE institutions participating in the 2016/27 pay round that they prepare for implementation of the national pay award. It is expected that many HE institutions will do so. The University will, therefore, be arranging to pay the national award effective from 1 August 2016.

Noted:

- (1) That the Board discussed the government proposal that universities that want to charge higher fees should be required to set up a new school or sponsor an existing underperforming school. Currently, the University had no plans to sponsor, instead works closely across a network of them in respect of widening participation. Currently there were only a small number of Russell Group institutions sponsoring schools and results were mixed. It was anticipated that the proposal would be subject to further consultation within the sector.
- (2) That the Board agreed that a presentation on the options available to the University in respect of the North Campus, on completion of the Manchester Engineering Campus Development (MECD) project, should be delivered as part of the next strategic briefing.
- (3) That the Board considered the implementation of the Stern Review. This independent review of the Research Excellence Framework was commissioned by the Minister of Universities and Science, Jo Johnson in November 2015. In overall terms, the recommendations arising from the review were recognised as sensible and fair, however, the non-portability of outputs, which was intended to reduce "game playing" was controversial. Further details were awaited on the schedule of implementation.

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

Reported:

- (1) That acting on behalf of Senate and the Board of Governors, and on the recommendation of the relevant Head of School and Dean of the Faculty, the President and Vice-Chancellor awarded the title of emeritus/emerita professor to:
Professor Chris Roberts, School of Health Sciences, with effect from 1st September 2016.
Professor John Gurd, School of Computer Science, with effect from 1st September 2016.
Professor Lionel Edward Davies, School of Electrical & Electronic Engineering, with effect from 1st September 2016.
Professor Hilary Owen, School of Arts, Languages and Cultures, with effect from 1st October 2016
Professor Raymond Agius, School of Health Sciences, with effect from 1st April 2017.
- (2) That pursuant to General Regulation VII.4, the Common Seal of the University has been affixed to instruments recorded in entries 1694 to 1708:

13. Presentation from SLT Member

Received: A presentation on from Professor Clive Agnew, in his capacity as Vice President for Teaching, Learning and Students.

Reported: That the Vice President for Teaching and Learning and Students updated the Board of Governors on the following matters:

- (1) The success of the first Ethical Grand Challenge for students, which was attended by 5,000 first year undergraduates. This forms part of the University's programme 'Stellify' (meaning to become a star) which is now launched for all our students. The media reaction had been extremely positive, with some indicating that this initiative represented "the biggest classroom in the world".
- (2) That the Vice- President provided an update on the Student Lifecycle project, which alongside a student systems upgrade would seek to introduce greater standardisation in the student lifecycle over the next three years. Additional distance learning provision would follow in order to provide more discretionary income.
- (3) That the Vice-President provided a briefing on employability, which according to the last Destinations of Higher Educations Leavers survey was now at a level of 82%, representing a rise from 30th to 19th nationally. While this was welcomed, the fall in the University's National Students Survey (NSS) results, was a concern, particularly given the implementation of the Teaching Excellence Framework, and the likely impact on output measures.
- (4) That in respect of the NSS, the senior leadership team and the University's Teaching and Learning Group, were looking at this in greater detail in order to understand why the falls in particular areas. Some of these factors included weaknesses in organisational matters, including the late provision of feedback and/or congestion in timetabling. In some other areas, greater support and a revision of programmes was required to ensure that University policy is driven out to the level below Schools. Further work was required to support the delivery of formative feedback and academic advice to students and to ensure that appropriate support is in place to achieve good degree outcomes. The University was providing the data necessary for schools and faculties to see these degree outcomes in the context of wider national performance, and then consider what steps were necessary to address performance and achievement locally.

14. Board committee reports

(a) Finance Committee, 20 September 2016

Received: The summary and minutes from the meeting held on 20 September 2016.

Reported:

- (1) That Finance Committee received an update on the capital programme. No projects had been completed since the last meeting.
- (2) Finance Committee approved £11.8m of expenditure on construction costs for the new annexe extension for the Schuster Building.
- (3) That Finance Committee approved the updated Terms of Reference subject to the following:
 - A review of terms of reference of Subsidiary Undertakings Sub Committee (SUSC) to determine the relationship between Finance Committee and SUSC regarding review of financial governance processes of subsidiary activities

- The addition of item to reflect that Audit Committee reviews procurement processes and outcomes for revenue spend and Finance Committee comments on and receives reports on Capital procurement strategy.
- (4) That Finance Committee expressed reservations in reducing the lay membership of the Committee as it wished to maintain the existing skill set but wished to assist the Chair of the Board of Governors in his stated aims for Audit Committee and understood the situation.
 - (5) That a report was presented to Finance Committee on the work undertaken to develop a revised approach and business case for the Fallowfield Residences project and to seek approval on the various decisions needed to progress the project to the next stages of design, procurement and construction. Finance Committee approved the recommendations of the business case.
 - (6) That Finance Committee noted and approved the amendment to the Guiding Principles and the current status of the International Payroll Obligations project, ratified the £150k of additional investment funding for Graphene Enabled and noted the recommendations for the reviews of costs and related processes: for agency costs and for bursary costs and fee discounts.
 - (7) That Finance Committee received and noted the year end management accounts for 2015-16, noting that research income continues to be a concern and it was noted that improvements are needed in costing, overhead recovery and claiming on research and that the ability to forecast more accurately needs to improve. The Director of Finance also updated the Board on the accounts as part of this item.
 - (8) That Finance Committee received and noted a report on the future insurance arrangements for the University

(b) Audit Committee, 13 September 2016

Received: The summary and minutes from the meeting held on 13 September 2016. The University Risk Map and registers were also provided, for information.

Reported:

- (1) That the Committee considered its terms of reference, which did not require amendment, and confirmed that it was content to proceed with a reduction in its membership from five to four lay members.
- (2) That the Committee received an update on a research misconduct case and in relation to a case raised under the Public Interest Disclosure Procedure.
- (3) That the Committee noted that HEFCE made two minor observations in relation to their monitoring of the University's compliance with the Prevent Duty.
- (4) That the Committee received the Interim Conclusions Memorandum from the external auditors. Ernst and Young (E&Y) had completed their planning procedures. Their planned controls procedures (including IT general controls) were complete and will be further updated and concluded during September. E&Y had also substantially completed their audit of the University's transitional arrangements to accounting under the new FRS 102 based Statement of Recommended Practice ('SORP').
- (5) That the Committee received the Corporate Governance Statement and Public Benefit Statement, along with a Statement on the University's compliance with the Modern Slavery Act, and proposed some minor amendments.
- (6) That the Committee received an update on the audit of the subsidiaries. All UK based subsidiary audits' fieldwork is complete and had gone smoothly but is still subject to final manager and partner review.
- (7) That for internal audit, the summary reports from six reviews finalised by the internal auditors, Uniac, since June 2016, were provided for consideration by

the Committee. Reviews had been completed for the Egencia Travel Management System, UKVI Compliance for Student Workers, UKVI Compliance for Students, Asbestos Management, the Register of Interests follow-up, and for Endowments. In addition, Uniac had completed the regular post-audit review exercise. The Committee considered the Egencia Review and UKVI Compliance reviews in further detail, given the gradings in each instance.

- (8) That the Committee considered the Draft Internal Audit Opinion for the University of Manchester, 2015-16. That the opinion concluded that the University has an effective and stable control environment which includes robust corporate systems and a strong senior management team. Risk management, governance and data quality arrangements were also declared to be effective.
- (9) That the Committee received the update risk registers and maps and conducted a deep dive into the IT related risks that appear on the risk register. The Committee agreed that a further “deep-dive” into the risk identified in relation to Brexit, and the implications for future recruitment, should be undertaken in February 2017. The Director of IT provided a comprehensive assessment of the current IT position. This included the recently completed review of IT capability, which had considered both operational terms and IT change capability. While this review had concluded some areas of good practice, further work was need to develop a mature planning approach to future IT needs and infrastructure. The Committee agreed that it would receive an update on the mitigation of IT risk in February 2017.

(c) Staffing Committee, 5 October 2016

Received: An oral report on the business conducted at the meeting held earlier on 5th October 2016.

Reported:

- (1) That the Committee considered the Report of the President and Vice-Chancellor on proposed redundancies for those staff members on fixed term employees and those on open-ended contracts with finite funding, in line with the obligations of paragraph 5 of Ordinance XXIII.
- (2) That the Committee considered the Report of the Director of Human Resources and suggested some further changes and its presentation ahead of the next meeting.

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 August 2017 to 31st December 2017; 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.

15. Report from the Planning and Resources Committee

Received: A summary of matters discussed at the meetings of the Committee held on 5th July and 13th September was provided for the information of members.

Reported: That the Board received a full report on the recent activity of the Planning and Resources Committee including Financial issues, the Teaching Excellence Framework, the

University Collections Policy, the Planning and Accountability Cycle, Information Systems issues including an update on the Student Lifecycle Project, HR matters, Risk, Estates, and an update on the actions arising from the Planning and Accountability Conference in March 2016.

16. Forward Agenda

Received: That the Chair presented a Forward Agenda for the Board, for consideration.

Noted: That in addition to the other actions arising from the Planning and Accountability Conference from March 2016, the Board should also receive a presentation on the development of the University's IT Strategy (building on the focus on IT Risk undertaken by Audit Committee), and in respect of teaching quality across the University.

Close.