

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 12 July 2017

Present: Mr Edward Astle, (in the Chair), President and Vice-Chancellor, Dame Sue Ion, Mrs Dapo Ajayi, Mr Gary Buxton, Mr Michael Crick, Professor Colette Fagan, Mr Colin Gillespie, Mr Nick Hillman, Dr Caroline Jay, Mr Shumit Mandal, Professor Silvia Massini, Dr Neil McArthur, Professor Cathy McCrohan, Ms Isabelle Perrett (by phone), Dr Christine Rogers, Dr John Stageman, Dame Angela Strank, Mr Alex Tayler, General Secretary of UMSU and Mrs Roz Webster (20).

In attendance: The Registrar, Secretary and Chief Operating Officer, the Deputy President and Deputy Vice-Chancellor, the Director of Finance, the Director of Human Resources, the General Counsel, Ms Sinead Hesp, Mr Mark Rollinson, the Director of Risk and Compliance (for Item 10), the Deputy Head of Safety Services (for items 5 and 11), the Associate Vice President for Social Responsibility and the Head of Equality, Diversity and Inclusion (for Item 6) and the Union Director and CEO of UMSU (for Item 7).

Apologies: Professor Danielle George, Mr Andrew Spinoza, Professor Chris Taylor, Mr Paul Lee and Mr Robin Phillips.

1. Declarations of Interest

Noted: That Professor Silvia Massini had been appointed as Head of Division in the Innovation Management and Policy Division of the Alliance Manchester Business School from August 2017.

2. Minutes

Resolved: The minutes of the meeting held on 3 May 2017 were approved.

3. Matters arising from the minutes

Noted: That the Board of Governors received a report on ongoing matters, for information. These would also be covered elsewhere on the agenda.

4. Summary of business

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

5. President and Vice-Chancellor's report

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

Received: the report of the President and Vice-Chancellor.

Reported:

- (1) That there will significant work in light of the Higher Education and Research Act 2017 to ensure that the legislation is implemented reasonably, and to hold ministers to account on commitments.
- (2) That Nicola Dandridge had been appointed as Chief Executive of the Office for Students (OfS), the new regulator which holds statutory responsibility for quality and standards, approves new entrants to the sector, incorporates the function of the Office for Fair Access and has the power to monitor financial sustainability of HE providers and improve efficiency.
- (3) That the OfS would also be empowered to make arrangements for assessing the quality of teaching in universities under the Teaching Excellence Framework (TEF). There will be an independent review of the TEF reporting to Parliament, beginning in 2018, a delay in the introduction of the subject-level TEF by a year, and an additional pilot year of this phase.
- (4) That the University had been awarded silver in the recent TEF.
- (5) That universities will be able to charge higher annual fees for courses taught over a shorter period, also known as 'accelerated degrees'.
- (6) That the seven research councils, Innovate UK, and the research functions of HEFCE, will be brought under UK Research and Innovation (UKRI). They will continue existing duties, with added

responsibility for interdisciplinary collaboration. A new body, Research England, will be responsible for quality-related (QR) research funding. The Haldane Principle with respect to the allocation of funds by UKRI has been embedded.

- (7) That specific safeguards for academic freedom and the independent ability of institutions to set their own academic standards have been included in the new Act.
- (8) That while there has been recognition of the contribution made by EU and other international students to the UK, concerns remain about the impact of immigration policy on recruitment. Efforts continue to communicate the value of international students to the UK, and to promote the UK and UK universities as welcoming, open and accessible for international students.
- (9) That in the lead up to the general election there was a programme designed to raise the profile of HE highlighting the role universities play in generating national economic growth, improving life opportunities, supporting social cohesion, and promoting invention and innovation, while attracting international talent. They generate more than £73 billion in output for the economy, £10.8 billion in export earnings and over 750,000 full-time equivalent jobs across the UK.
- (10) That the annual *Stocktake Report* provided a summary of progress against key performance indicators (KPIs) in *Manchester 2020*. A further update on progress will be provided in November.
- (11) That one KPI is staff satisfaction and that 72% of eligible staff took part in the Staff Survey 2017. This is the highest response rate since the survey began in 2013, albeit short of the target response rate of 75%. The University level results show that 93% say the University is a good place to work; 81% are satisfied with their job overall; and 91% say that they are proud to work for the University.
- (12) That the survey results compare favourably with other HE institutions surveyed by Capita. The University scores above the median position for 10 of the 18 key questions. It ranks third out of 49 HEIs surveyed since 2015 on the percentage saying that the University is a good place to work.
- (13) That it is understood that the survey took place before the M2020 announcement proposing changes in staffing. One area already identified on which the University needs to focus is helping staff to prepare for and cope with change.
- (14) That Capita has analysed results from the 2017, 2015 and 2013 surveys to identify emerging trends and results have been communicated to staff. Action plans are being prepared to address University and local issues. Draft plans will be approved by the HR Sub-Committee in October 2017.
- (15) That in the context of a contracting market for home undergraduate students, uncertainty over A level predictions with the new examinations regime and a highly uncertain international environment, recruitment of students for entry in September 2017 continues to prove challenging.
- (16) That the total number of applications to the University was unchanged from last year, despite applications falling by -4% sector-wide. However, the proportion of both home (UK/EU) and international offer holders choosing Manchester as their firm choice has fallen slightly.
- (17) That the Intake Management Group continues to oversee preparations for results confirmation and Clearing where agility will be paramount given concerns about international conversion, the reliability of predicted grades and levels of attainment in new linear A-levels.
- (18) That the University was still engaged in consultations with the Trade Unions over the staffing implications of the Manchester 2020 proposals. The Board was updated on Programme Manchester 2020 at the strategic briefing on 7 June 2017, and was referred to the papers from the Staffing Committee and the Senate Report for a further update.
- (19) That there had been open meetings about the proposals in all affected areas and that there had been a lengthy discussion on the topic at the June meetings of both Senate and General Assembly. A briefing document was circulated to members of the General Assembly and would be distributed again to Board members.

Noted:

- (1) That it was intended that further information on the University's responses to the Staff Survey would be brought to the Accountability and Planning conference in 2018.
- (2) That student numbers were challenging, but the area of most concern was Nursing where applications had fallen by 23% (there was a sector-wide decline prompted by general issues including withdrawal of bursaries, nursing pay and a drop in applications from the EU).
- (3) That while the issue of "accelerated degrees" was something being considered by institutions, it was not clear that this would be a target market in a research-led institution like the University.
- (4) That while international students remained a key PGT target, the University should ensure a good balance and mix of domestic students on courses.

- (5) That in relation to international student numbers, the University as well as other Universities and Sector bodies continued to lobby at every opportunity about their importance.
- (6) That in relation to the Manchester 2020 staffing proposals, Board members had received a letter from a number of professors, that the Chair and Secretary of the Board had met with the two lead signatories and explained the process and that Board members had also received a copy of the response that had been sent by the Chair.
- (7) That one of these professors had brought a motion to Senate (reported further below) but that after a good and robust discussion the motion was not passed.
- (8) That a further letter had been circulated to Board members from the University and Colleges Union that day and copies were circulated for discussion.
- (9) That the Staffing Committee had received a very full set of papers and update on the proposals at its meeting on 27 June 2017 (see Agendum 13), and was fully informed and briefed on the depth and nature of academic concerns, and on the nature and stage of the process that was being followed. It had expressed concern at some of the early communication issues and that the criteria had not yet been finalised, while recognising the need for meaningful consultation, but reaffirmed its support for the programme and for the launch of the voluntary severance scheme.
- (10) That the ninth consultation meeting with the trade unions had been held that day, that in the course of the consultation there had been movement on various issues including pool boundaries in two areas and that there had been a constructive meeting that day on the proposed selection criteria in the event that compulsory redundancy was implemented.
- (11) That there had been a previous detailed discussion on the proposals at the Board meeting on 3 May 2017, and that it was recognised that many staff had questioned the proposals, partly because they did not expect them.
- (12) That the Senate debate had been full and robust.
- (13) That the 2017 Staff Survey had raised some issues of concern, although even on measures where the University scored less well it compared favourably with the median of other institutions and that although the survey was undertaken before the M2020 announcement, there had been other change programmes within the University which may have had an impact.
- (14) That it was recognised that communication with staff continued to be key and that leaders throughout the institution each had an important role to play in that.
- (15) That the Chair would prepare a response to UCU on behalf of the Board.
- (16) That consultation should continue with the Trade Unions and the Board remained supportive of the process that was being followed.

(ii) **Report from the Director of Compliance and Risk Management**

Received: an update from the Director of Compliance and Risk Management, Dr David Barker, on actions by the University following the Manchester Arena bombing and the Grenfell Tower fire.

Reported:

- (1) That following the bombing, the major incident team met several times, the safety of staff and students was quickly confirmed and the University was in regular contact with police as the national threat rose to critical. Communications included promoting the "Run, Hide, Tell" message.
- (2) That following the Grenfell Tower incident and in line with HEFCE advice, the University assured itself that fire risks were properly managed and that fire safety systems had all been tested. Three high-rise student accommodation blocks were tested and the findings reported to HEFCE.
- (3) That further work was underway to seek assurances where possible that appropriate fire safety arrangements were in place (working in accordance with the wider action plan agreed with the Mayor of Greater Manchester) and that cladding on buildings does not present a fire risk.

Noted:

- (1) That the office of the Mayor of Greater Manchester was leading a review of safety of high rise buildings managed by private providers. .
- (2) That as far as low-rise private accommodation was concerned, fire safety was a key requirement in arrangements with the University's approved landlords, but that wholly private arrangements between students and non-approved landlords, could not be controlled by the University.
- (3) That it may be of benefit to take more steps to make students aware of the existence of approved landlords and of the increased assurances which came with such arrangements.

6. Report on Goal 3: Social Responsibility

Received: a report from the Associate Vice President for Social Responsibility to provide an update on social responsibility, including the Equality and Diversity Annual Report.

Reported:

- (1) That progress in social responsibility is reported through the Annual Performance Review. Information for the assessment of 2016/17 performance will be considered in the 2017 Annual Performance Reviews and reported at the overall Accountability and Planning Conference in 2018.
- (2) That assessment of the University's overall performance in social responsibility was amber, meaning that measures were largely on track, but one core priority measure (to reduce absolute carbon emissions) was not on track to meet the 2020 target.
- (3) That information on each component of 2015/16 performance is provided in the Stocktake Report.
- (4) That examples of highlights and challenges could be flagged. These include the **Inclusive Growth Analysis Unit** which has engaged stakeholders to ensure poverty reduction is central to the growth and devolution agenda in Greater Manchester; the roll-out of the first **Ethical Grand Challenge** initiative to over 5,000 students and embedding it as a core element of the Stellify initiative and Manchester Leadership Award; a new strategy for how the University can inspire and be inspired by its local communities; the ongoing **School Governor Initiative** and **Cultural Explorer Programme**; the roll-out of a new supplier engagement tool; the "We Get It" campaign; securing funding for a HEFCE Catalyst *Diversity and Inclusion Student Ambassador Project* to improve outcomes for BAME students and those from low-socioeconomic groups; and the key engagement programme **10,000 Actions** which created c25,000 pledges for action on sustainability and increased staff engagement in this agenda from 3% to 41%.
- (5) That progress is being made towards the University's Manchester 2020 high level KPIs for gender and ethnicity, but the rate of change is slow, particularly in relation to ethnicity.
- (6) That a standing risk is that other goals may be perceived to conflict with social responsibility. There have been some examples of this issue, notably with regard to the socially responsible investment; freedom of speech issues; and more recently around aspects of the M2020 programme.
- (7) That projections show that the University will fall short of its 2020 target to reduce carbon emissions by 40% from 2007/08 levels. Work to understand this, potential measures to address it and post-2020 targets is underway. A new Environmental Sustainability Leadership Group has been established and will oversee this work. Updates will come during 2017/18 through the Annual Performance Reports and full proposals will be presented to the Board in Spring 2018.
- (8) Key priorities for 2017/18 are supporting engagement with, and impact across, each agreed signature programme, delivering actions set out in the Race Equality Charter Mark towards resubmission in July 2018 and increasing the profile for social responsibility.
- (9) That key opportunities include ensuring that social responsibility supports the University's other two goals, advancing the University's approach to public and community engagement and communicating success to enhance reputation and fundraising potential.
- (10) That key threats are a possible perception that social responsibility is 'another thing to do' rather than helping to deliver other core goals; that other goals are perceived to conflict with social responsibility aims and objectives and the potential for an unfocused pursuit of too many agendas.
- (11) That a detailed analysis of performance across equality, diversity and inclusion was provided.
- (12) That the University has seen an increase in the number of women at senior lecturer level and above from 27% to 31% over the previous five years. There has been particular progress in the professoriate with a 4.3% increase of women to 24%. There is still work to do in order to meet the target to increase the percentage of senior academic women.
- (13) That there has been limited progress for BAME academic and PSS staff at the University over the last five years. However, in comparison to other Russell Group institutions the University has above average representation of BAME academic and PSS staff.
- (14) That key actions for 2017/18 were to continue to develop initiatives that support gender equality and apply for an institutional Athena SWAN silver award; the actions stated in the Race Equality Charter Mark submission and apply for a bronze or silver award; to continue to support women and BAME staff to participate in national leadership development programmes; to launch a new mentoring and coaching programme; to pilot a new process to design out bias as far as is possible

in recruitment and selection; to further extend unconscious bias training; and to develop a proposal for sponsorship of BAME and women staff.

Noted:

- (1) That the Board congratulated the Social Responsibility team on its achievements, particularly in the areas of Student Engagement and the Equity and Merit scholarships and noted that while trying to continue with its work in all of the areas highlighted, it was important to identify key areas on which to focus. These include Equality, diversity and inclusion and environmental sustainability.
- (2) That a seeming drop in the number of student volunteers was as a result of a new way of calculating participation and did not reflect a real drop. The new figure would be the appropriate benchmark for future activity.
- (3) That a question was raised about the Socially Responsible Investment Policy and that it has been modified considerably in order to motivate investors to align. The University had now opened up its investment portfolio to public scrutiny and is looking for practical ways to address concerns.
- (4) That there was a challenge to be bolder and articulate more clearly what it means to be a socially responsible organisation in all areas including investment policies and M2020.
- (5) That in relation to equality, consideration should be given to targeting the pipeline of talent.
- (6) That diverse groups lead to better outcomes and that consideration should be given to any ways in which successful actions in promoting gender equality could be translated to the BAME arena.
- (7) That consideration should be given wherever possible to making diverse role models visible.
- (8) That Board members would be willing to assist the Head of Equality, Diversity and Inclusion with this agenda on an informal basis.

7. Report from the University of Manchester Students' Union (UMSU)

Received: The annual report on the work of UMSU, including KPIs and a hardcopy of the Strategic Plan.

Reported:

- (1) That 2016/17 had been a year of operational challenge underpinned by progress in delivering the first year of UMSU's four-year strategy, that UMSU was grateful for the ongoing partnership and support of the University to help deliver its objectives and for additional investment in its facilities.
- (2) That metrics on student participation showed good engagement with UMSU. The total student engagement index is 21,062. Further work has been carried out on more passive participation (e.g. one-off events, commercial interaction) to look at total impact on UMSU's 40,000 members; this indicates engagement with over 30,000 students.
- (3) That UMSU posted a surplus for 2015/16 of £230,443. The strategy is to re-build reserves for investment in the extension project to which UMSU is making a contribution. That UMSU has taken a prudent approach to spending in this financial year, and budgeted a year-end deficit position of -£110,000. UMSU has met its reserve target despite business interruption.
- (4) That UMSU has commissioned a new finance system to improve procurement and purchasing, has recruited additional financial and audit expertise to its Trustee Board and committees to improve financial governance and will tender shortly for new internal and external auditors.
- (5) That the three-year rolling financial plan has been approved by UMSU's Trustee Board and the Union-University Relationship Committee (UURC). The overall financial objective of generating small surpluses to reinvest in strategic projects underpins activity.
- (6) That UMSU has accelerated work to improve culture. Staff engagement and satisfaction levels have continued to improve with some challenges exacerbated by financial pressures.
- (7) That UMSU has supported 1520 course representatives in the last year: over 70% in face to face sessions, and a further 25% online. In the most recent research at the ends of the academic year, over 80% of students were satisfied with the support received.
- (8) That UMSU has fully established its Data and Insight Function, conducted a series of research projects throughout the year and spoken to over 6000 students in a research capacity.
- (9) That UMSU had opposed the Teaching Excellence Framework and its link to increasing tuition fees. Officers led a boycott of the National Student Survey (NSS) along with 38 other Students' Unions.
- (10) That UMSU was working with The Student Engagement Partnership (TSEP) on a project to enhance the student voice at Manchester and will launch a new Student Voice group, chaired by the Education Officer to oversee all student voice related activity across the institution.
- (11) That there were over 800 nominations for the student led teaching awards.

- (12) That UMSU in partnership with the University had received funding from HEFCE to understand and challenge differential achievement by students from a BAME background.
- (13) That 9000 students voted in the 2 sets of UMSU elections and that nearly 200 policy motions had been presented to UMSU's Senate, of which nearly 100 have become active pieces of work.
- (14) That UMSU had engaged with external student policy issues as well as community work and other activities. UMSU supports 480 societies; individual society memberships have increased by 5% since 2015/16 to 34,100. 14,200 students (over 1/3) are involved in at least one student group.
- (15) That UMSU had worked in partnership with the University this year on various areas including Widening Participation and Access, Residents' Associations, JCRs and Off-campus students.
- (16) That UMSU operates in a competitive environment and that trading this year is set to deliver a £430,000 contribution against a usual performance of around £750,000. The closure of services and impact of building works has caused short term restraint on core-purpose spending, but underlying performance of services remains strong.
- (17) That UMSU won the Quality Students' Union Award, the Best Bar None Gold Award and the Winifred Turium Prize for Good Governance.
- (18) That building work has progressed and been phased to ensure UMSU remains operational. The overall budget is c£10million, with a contribution from the Union of c£1.75million.
- (19) That there had been a focus on raising the quality, consistency and co-ordination of communications across all outputs to drive increased levels of membership engagement.
- (20) That the new strategic plan for the period 2016-2020 "Made in Manchester" has been launched.
- (21) That plans for 2017/18 include merging the activities of the International Society into UMSU's work and developing new services for this demographic; creation of a 'Give it a Go' programme to provide taster sessions of activities, trips and events; working with the University to ensure UMSU's digital needs are built into the student lifecycle project; creation of an integrated community development unit; enhancing student engagement work; achieving the 'Quality Students' Unions' part B standard and developing a commercial strategy to complement main organisational plans.

Noted:

- (1) That UMSU had hosted a student-led widening participation conference engaging approximately 100 other institutions and that the Board welcomed UMSU's ambassadorial role for the University.
- (2) That the report was well-written and demonstrated a well-run union which was making good progress in line with its strategic objectives.
- (3) That the relationship between the University and UMSU was both positive and pro-active which was welcomed.

8. Budget for 2017-18 and 5 year plan

Received: reports on (i) the Budget for 2017-18 and the 5 year plan, and (ii) the HEFCE return.

Reported:

- (1) That the prior year five year plan was approved by the Board, but that the Board and University Executive required the shape of the plan to be revised, particularly in the outer years. Revised targets were set at the start of the 2017/18 budget process.
- (2) That five key initiatives, each of which has a plan and target, are growth in international fee income, improved research overhead recovery, distance learning, growth in philanthropy, and efficiency savings. Investment has been incorporated into the plans, including £50m additional investment in IT, investment in early career academics at £2.6m in 2017/18 increasing to £5.8m pa, and an uplift of £2.7m pa for strategic investment focussed on research, teaching and the student experience.
- (3) That a summary of key assumptions, related risks and risk based scenarios was included in the report for consideration by the Board.
- (4) That targets were set at faculty and directorate level and, following initial budget submission, a robust challenge process took place.
- (5) That closing cash remains at above £90m throughout the plan in line with treasury policy to retain cash balances greater than £75m.
- (6) That utilisation of merged endowment funds had been incorporated in the budget and plan consistent with the endowment proposal considered by the Board and subject to Board approval.

- (7) That the University must make a submission to HEFCE approved by the Board of Governors by 31 July 2017, reporting forecasts up until 2019/20 and including financial indicators, balance sheet and cash flow, student number forecasts, supporting data, financial commitments and commentary.
- (8) That in May 2017 the HEFCE Board approved a new approach to calculating financial commitment thresholds based on adjusted net operating cash flow (ANOC). Using this metric, the University has been set a threshold of £365m, which is below the current level of commitments of £409m. HEFCE had confirmed that should an institution's existing financial commitments be above the threshold at 1 August 2017, this will be automatically accommodated under a higher financial commitment level.
- (9) That commentary explains the financial forecasts and how financial sustainability will be ensured.
- (10) That the University's Strategic Plan, Manchester 2020, sets its vision for sustainability and references the underpinning processes to ensure compliance and manage key strategic risks. The University's accountability and planning cycle co-ordinates the planning and review processes to ensure implementation of the Plan.
- (11) That the Audit Committee has a particularly important function in giving assurances on the effectiveness of arrangements for risk management, control, data quality and governance as part of a comprehensive risk-management framework.
- (12) That the University's Capital Masterplan is funded by a combination of reserves, current and future cash generation and access to the funds raised from the University's issue of a long-term fixed rate non amortising bond and is closely monitored through the University committee structure.
- (13) That the forecast includes strategic initiatives to improve income generation and reduce costs which are being implemented. In order to mitigate risk, a level of contingency is included.
- (14) That the University does not anticipate any short-term liquidity issues.
- (15) That home undergraduate student number intakes had been reduced from 2017/18 onwards, to reflect the strategic focus on quality. The strategy also includes an increase in income from distance learning, mainly post-graduate taught programmes.
- (16) That tuition fees had been forecast based on reasonable assumptions.
- (17) That the forecast did not include any specific adjustments in anticipation of the UK's exit from the EU, due to the difficulty in predicting impact. The assumption for modelling purposes is that any decrease in EU student numbers will be offset by an increase in home or international students, or continuation of some EU students coming to the University but now paying international fee levels.
- (18) That the University has a small portfolio of transnational education partnerships that it is likely to expand. This activity is overseen by the Transnational Education Group.

Noted:

- (1) That the Finance Committee had approved the five year forecast, recognising that the internal fiscal position was one of increased risk, primarily due to external political and other factors.
- (2) That the budget and forecast included built-in headroom for investment and applied an increased level of contingency, recognising that most risks could be capped, but at an associated cost. The University was financially sustainable and financial resilience was built into the plans.
- (3) That in relation to assumptions for research recovery, more of the larger research awards required matched funding and this was a challenge for the Sector.
- (4) That the assumptions in the budget in relation to student numbers were consistent with intake and tariff management discussed earlier.
- (5) That the Board noted the risks contained within the five year plan but drew assurance from the report which set out sensitivities and measures to mitigate risk.

Approved: The Budget for 2017-18, the five year plan and the HEFCE return.

9. Chair's report

(i) **Board Effectiveness**

Received: a summary of the Recommendations and associated actions from the Governance Effectiveness Review by John Lauwerys dated 13 March 2017.

Reported:

- (1) That The Board of Governors received the Report of the Review of Board Effectiveness by Mr John Lauwerys at its meeting on 22 March 2017 and resolved that an action plan should be developed.

- (2) That the new Deputy Secretary will be in post from July 2017 and will lead on progressing recommendations with the Chair and the Registrar, Secretary and Chief Operating Officer.
- (3) That, where possible, a number of the recommendations are already being progressed.
- (4) That Privy Council approval will be required for changes which require amendments to Statutes.

Noted: That a more detailed plan will be brought forward to the next Board meeting for approval.

(ii) Annual Review of membership of committees

Reported: That the annual review of membership of committees was ongoing.

(iii) Nominations Committee

Received: A Report from the Nominations Committee on membership of the General Assembly.

Reported:

- (1) That on 21 June 2017, the General Assembly approved recommendations from the Nominations Committee for appointments and re-appointments to the General Assembly in Categories 9 and 10.
- (2) That Tony Aggarwal and Andrew Watson were recommended for re-appointment and that Councillor Carl Austin-Behan was recommended for appointment to the General Assembly in Category 9 (appointed by the Board of Governors).
- (3) That Nicholas Bent, Steve Connor, and Andrew Watson were re-appointed and that Trevor Rees was appointed to the General Assembly in Category 10 (appointed by the General Assembly)

Approved:

- (1) The re-appointment to the General Assembly in Category 9 (members appointed by the Board of Governors), each for a further term of three years of Mr Tony Aggarwal and Mr Andrew Watson
- (2) The appointments to the General Assembly in Category 9 (members appointed by the Board of Governors), for a term of three years of Councillor Carl Austin-Behan.

(iv) Nominations Committee of the Alumni Association Advisory Board

Received: A Report from the Nominations Committee of the Alumni Association Advisory Board.

Reported:

- (1) That Annex A of the Alumni Association Constitution, Procedure for the Appointment of the Chair of the Alumni Association provides that an Alumni Association Nominations Committee, chaired by the Deputy Chair of the Association, will review nominations and recommend to the University Board one candidate for appointment to the position of Chair.
- (2) That the incumbent Chair's term of office ends on 31 August 2017 and that she has completed her maximum allowable two terms of office.
- (3) That the Nominations Committee recommends Katherine Leopold to become the next Chair of the Alumni Association and its Advisory Board following an open process of nominations.

Approved: The appointment for three years of Ms Katherine Leopold (BA Hons German and Linguistics, 2001) as Chair of the Alumni Association and its Advisory Board with effect from 1 September 2017.

10. Secretary's report

(i) Elections from the Senate to the Board of Governors

Received: a report on the recent elections from the Senate to the Board of Governors.

Reported:

- (1) That the constitution of the Board of Governors provides for the election by Senate of seven of its members to serve as members of the Board.
- (2) Four representatives of Senate will continue in membership for the session 2017-2018: Professor Colette Fagan (2018), Professor Danielle George (2019) Dr Caroline Jay (2018) and Professor Silvia Massini (2019), but that Board membership for Professor Cathy McCrohan, Dr Christine Rogers and Professor Chris Taylor will come to an end on 31 August 2017.
- (3) That in the Senate elections one nominee, **Dr Reinmar Hager** was appointed unopposed, as his appointment fulfils the constitutional requirements for non-professorial representation from Category 3 members of the Senate.

- (4) That an online ballot of Senate members was required to determine membership for the remaining two places and that following that ballot on the votes cast and with due regard to the constitutional requirements, **Professor Aneez Esmail** and **Professor Nalin Thakkar** were elected to the Board of Governors, from 1 September 2017.

(ii) **Exercise of delegations.**

Received: a report on exercise of delegations.

Reported:

- (1) **Emeritus professor:** 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/emmerita professor to:

Professor William Ollier, School of Health Sciences, with effect from 1 March 2017.

- (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 Martin Evans as Head of the School of Environment, Education & Development with effect from 1 November 2017 for a term of five years (with review after three).

- (3) **Seal orders:** Pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to instruments recorded in entries 1838 to 1870.

(iii) **Power of Attorney- UM13**

Received: A draft Power of Attorney for UMI3

Reported: That the Power of Attorney, which delegates certain powers in relation to intellectual property from the University to UMI3, is due for renewal on 30 September 2017.

Noted: That it was planned that a briefing for the Board on UMI3 activity would be provided in 2017/18.

Approved: The draft power of attorney. Authorisation was granted for the University to sign the Power of Attorney for a further period until 30 September 2020.

11. Evaluation of Chair

Received: A verbal update from the Deputy Chair on the recent evaluation exercise relating to the Chair.

Reported: That the Deputy Chair had received consistently positive feedback from all members of the Board and that all Board members recognised the work that was being done to improve Board Effectiveness and efficiency and supported this ongoing work.

NB: The Chair left the meeting for this item.

12. Health and Safety

Received: (i) a Report on the Health and Safety Policy Statement and the Organisation to Implement and (ii) the Q1 Safety Services Report.

Reported:

- (1) That under section 2(3) of the Health & Safety at Work Act 1974, the University must describe arrangements in place for implementing its health and safety policy, and make this information available to employees.
- (2) That the University has adopted the safety management principles described in HSG65, Successful Health and Safety Management. It has also had regard to sector-specific guidance on leadership and management of health and safety in higher education institutions. The list of documents it considers will be regularly reviewed and updated by the Safety, Health & Environment Committee.
- (3) That the line management structure and key roles of senior managers were described and a distinction made between bodies established to oversee policy and operational line management functions which are predicated on the policy objective of full integration of health and safety management.

- (4) That minor revisions have been made to the Health and Safety Policy to reflect a change in job title for the Head of Occupational Health and to provide for the policy statement to be revised every two years or upon significant change, whichever is the sooner.
- (5) That no implications have been identified from the minor changes made.
- (6) That the Safety Services Q1 report summarises the Health and Safety performance of the University this calendar year. The report provides assurance that the work of Safety Services is targeted to key areas of concern and is effective in maintaining or improving safety management performance.

Approved: The Health and Safety Policy Statement and Organisation to Implement.

13. Board committee reports

- (i) **Finance Committee** (5 and 19 June 2017)

Received: (i) the minutes of the Finance Committee Meetings on 5 and 19 June 2017 (ii) Reports from the Chair of the Finance Committee (iii) 2017-18 Forecast outturn (iv) Capital Approval Requests and (v) Policy for Socially Responsible Investment- Quarterly Reporting.

Reported:

- (1) That at its meeting on 19 June 2017, Finance Committee received an update on the capital programme and approved the balance of construction costs for Coupland 3 Phase 3. No projects had been completed since the last meeting.
- (2) That the Committee noted a credit opinion provided by Moody's and an update on an action plan produced in response to the RCUK FAP Audit. The University's overall assurance rating has been assessed as Limited, whereas the last audit in 2013 had a 'Satisfactory' rating. The impact financially is not material, however this does impact reputation. The action plan will be reported to and monitored by Audit Committee.
- (3) That the Finance Committee had noted an update on the international payroll obligations project and Finance Sub Committee's approval of the future salary supplement in lieu of pension provision for individuals based in the EEA of 15.4% which will be reviewed annually.
- (4) That Finance Committee was presented with options on investing medium term cash balances in a diversified manner to generate an improved return. The Committee approved that all of the options be explored further.
- (5) That Finance Committee received the May 2017 management accounts and recommended the full year forecast outturn for 2016-17 for approval by the Board.
- (6) That Finance Committee received the University's 2017/18 Budget and Five Year Plan. It had requested more information on the main risks along with a quantified sensitivity analysis for each risk to be included in the document. Finance Committee recommended that the Board approve the University's 2017/18 Budget and Five Year Plan.
- (7) That the HEFCE forecast return, covering 2017/18, 2018/19 and 2019/20, was presented to Finance Committee and the Committee recommended that the Board approve this return.
- (8) That the first quarterly report produced under the revised Socially Responsible Investment Policy (SRIP) was presented to Finance Committee. It was agreed that a sub-group of Finance Committee should be formed to consider any areas for concern and issue any relevant instructions to the investment managers, via the University's Director of Finance. This should be known as the Investments Sub-Committee (ISC). Membership should include both lay and executive members.
- (9) That Finance Committee approved the updated Financial Procedures for the University.
- (10) That Finance Committee received the latest report on the USS and UMSS pension schemes and supported the recommendations in the report.

- (a) **Endowment spending proposals**

Reported:

- (1) That Finance Committee received revised proposals on the spending plans in relation to the new merged endowment funds.
- (2) That a total of £37m (based on 31 July 2016 valuations) has been unlocked as a consequence of restructuring the University endowments. The current value is £41m following a £4m increase in market value during the year.
- (3) That in the context of increased cost in relation to the MECD development, and general pressures on funding due in part to the increased cost of living assumptions, a proposal is set out below that

enables £15m to be allocated to MECD and £15m to be utilised towards strategic investment over the next three years in relation to teaching, research and student experience.

- (4) That the terms of the merged endowment funds are sufficiently wide to permit spend on MECD.
- (5) That it is also proposed that these new merged endowment funds are used as a 50% match with Strategic Investment Research Fund (SIRF) and the Student Experience Fund (SEF). This enables greater alignment of strategic priorities and a more joined up approach for prioritising bids to the endowment funds and these two separate investment funds.
- (6) That endowment bids relating to Teaching and Research should be prioritised by the Vice Presidents for Teaching and Learning and Research and Innovation respectively. The top priority bids should be submitted to the enhanced SIRF. This would result in the utilisation of £30m of the available merged funds, with £11m merged funds remaining.
- (7) That the Merged Endowment Funds Spending Policy aims to ensure a consistent approach to the governance of these funds and that spending should be linked to the University's mission and long term strategic plan, *Manchester 2020*. The public benefit statements that accompany the Trust Deed for each new Fund underpin this. This gives the Board assurance that the funds will be used to deliver the objects of the University and thus the most value to beneficiaries.

Noted:

- (1) That the endowment spending proposals are considered to support the University's core strategic priorities and promote a more consistent approach as regards spending and investment decisions.
- (2) That the proposed spend from endowment funds on MECD required Finance Committee approval as it is above the £10m threshold.

Approved: The proposals on the spending in relation to the merged endowment funds.

- (b) **Capital approvals** (NB some information excluded from publication on the grounds of commercial sensitivity)

Reported:

- (1) That a special meeting of Finance Committee was held on 5 June 2017 to discuss the Manchester Engineering Campus Development (MECD) and also to approve the awarding of the main contract for the Fallowfield Residences development.
- (2) That the Committee considered the Capital Programme report at its meeting on 19 June 2017.
- (3) That the Committee had received an update by the Director of Finance on the current financial position of the University.
- (4) That the revised budget forecast was tighter and at higher risk with the increased current capital cost estimate for MECD and that the margin for financial contingency in the budget, if further external threats to income materialised, had also narrowed considerably. However, the key strategic priority of delivering MECD was important and justified the proposed actions.
- (5) That the Committee received an update on the MECD project. It agreed that the current procurement route was the most appropriate given the current stage of the project and prevailing market conditions. It also considered that scope reduction and deferment options are not preferred but will depend on affordability and funding options that will be evaluated by the University's Director of Finance. There were still risks to mitigate, including satisfactory financial close of the contract. That the Committee had approved a further financial commitment of £15m to continue 'Advance Works' prior to contract signature, planned for September 2017 and recommended to approval of the whole project.
- (6) That the Committee approved awarding the main contract for Fallowfield Residences Phase 1 to Carillion to undertake the construction works (for the student residences element only) to allow activity to commence in August 2017 and a completion date of September 2019. Approval was sought for the balance of construction costs to enable full use of the total approved budget.
- (7) That the Committee recommended approval for the full budgeted expenditure for the Sir Henry Royce Institute, noting that this was 100% externally funded.

Noted:

- (1) That in relation to Fallowfield- Phase 1 there was a well-developed plan with a capped risk provision.

- (2) That there was a decision to be made on whether following completion the University should generate income by running the residences or realise capital. This should be brought for consideration to Finance Committee.
- (3) That in relation to the Henry Royce Institute, the University held responsibility for the project and associated risks, but that the risk of this exceeding the budget being met by the funding arrangements was small.
- (4) That the additional funding being requested in relation to the MECD project represented a significant change. The reasons included construction inflation in Manchester and some commercial behaviours in relation to risk profile. That Finance Committee had been given confidence via an external report that MECD continued to represent good value for money.
- (5) That ongoing negotiations were in progress with the aim for closure in September, but that approval was being sought for the full amended figure to allow for contracts to be concluded.
- (6) That clarification on the proposed allocation of risk and the possibility of penalties for contractors would be provided.
- (7) That this item remained commercially sensitive and should not be communicated more widely.

Approved: The proposed capital spends in relation to the Henry Royce Institute, the Fallowfield Residences- Phase 1 and MECD.

(c) Investment subcommittee and quarterly report

Received: The Quarterly Report on Investments.

Reported:

- (1) The Policy for Socially Responsible Investment approved by the Board on 3 May 2017 requires the University to make available a report listing all shareholdings on a quarterly basis.
- (2) The latest of investments relating to the quarter ending 31 March 2017 (before the SRIP was approved and implemented) was provided for information.
- (3) That the University has asked its Investment managers to provide quarterly reports regarding Environment, Social and Governance issues and engagement activities. These would be kept under review by Finance Committee.
- (4) An Investments Sub-Committee of Finance Committee would be set up to consider issues. This consisted of those members of Finance Committee who are not members of University Staff.

Approved: The formation of the Investment Sub-Committee.

(ii) Audit Committee

Received: The minutes of the meeting of the Audit Committee on 27 June 2017.

Reported:

- (1) That an update on a case raised under or linked to the University's Public Interest Disclosure Procedures was provided under the Internal Control Accountant's report.
- (2) That the Committee considered and approved the updated Financial Procedures for the University which had been approved at Finance Committee on 19 June 2017.
- (3) That the Committee noted a report on benchmarking of University Support Services undertaken as part of the UniForum project. The Secretary to the Committee agreed to set up an annual session on value for money in the University and invite Uniac.
- (4) That the Committee received the final report of the HEFCE Annual Provider Review Group and noted its outcomes on financial sustainability, good management and governance matters.
- (5) That the Committee received the latest information on the internal audit programme for 2017 and proposed audits covering the following areas: strategic risk assurance, internal control, compliance and regulatory areas, IT audit and data audit. A detailed 2017-2018 internal audit plan will be presented at the Audit Committee meeting in September 2017.
- (6) That the Committee received the Internal Audit Progress Report for May and June 2017 noting that five audits were completed since the last meeting covering Authorised Signatories Database, Car Parks, UoMW Ltd, Compliance with the Modern Slavery Act 2015 and Data Assurance Mapping for External Submissions. There would be a further meeting with a Board member to discuss knowledge and best practice on compliance with the Modern Slavery Act. The Director of Finance will also present a report on best practice on data submissions to a future meeting.

- (7) That the Committee received the action plan for the University to deal with the outcome of the RCUK Funding Assurance Programme Report.
- (8) That the Committee received and noted a Report from Ernst Young LLP on progress with the 2017 audit and an update on the response to three points within the Audit Committee report. The draft audit opinion will be presented to the Audit Committee at the meeting in September 2017.
- (9) That the Committee was provided with an update on risk management including a review of buildings following Grenfell Tower fire, the Manchester Arena Bomb and changes to the risk map.
- (10) That the Committee received the annual report from the University's Research Compliance Committee 2016/2017.

(iii) **Staffing Committee**

Received: (i) minutes of the meeting on 27 June 2017 and (ii) a copy of the proposed Voluntary Severance Scheme, also considered by the Planning and Resources Committee on 4 July 2017.

Reported:

- (1) That the Committee had received a report from the President and Vice-Chancellor setting out the progress of the collective consultation exercise underway as a consequence of the M2020 proposals and in accordance with Statute XIII Part II and Ordinance XXIII and comprehensive appendices including the Section 188 letter issued to the Trade Unions, sample communications, correspondence between the University and UCU, minutes of consultation meetings, equality impact assessments and notes from consultations with School Boards in affected areas.
- (2) That full-time union regional officers had been engaged in the consultation process.
- (3) That as a consequence of consultation the "at risk" boundary has been changed in FBMH and AMBS to include larger numbers of staff (in FBMH an increase from c140 to 656).
- (4) That a voluntary severance scheme had been opened to staff in affected areas from 19 June 2017.
- (5) That communications were ongoing with staff, that a series of frequently asked questions were included on the website, and that staff were being encouraged to raise concerns or questions directly with line managers or HR partners.
- (6) That the Board had received a letter dated 30 May 2017 signed by a number of professors expressing concerns about the M2020 proposals. The Chair replied individually to all signatories and the reply was shared with Board members. The Chair and Registrar, Secretary and Chief Operating Officer had also met with the two lead signatories of the letter to discuss their concerns and explain the process.
- (7) That the University continued to consider opportunities to reduce numbers of potential redundancies.
- (8) That applications for voluntary severance would be considered on the basis of the University's core mission and requirements, meaning that applications will not be accepted where an individual holds a critical skill which is not available elsewhere in the area or where their loss would impact significantly on the University's core activities.
- (9) That the Committee had noted the concern expressed by staff, recognising that communicating with staff was one of the biggest challenges, and encouraged a variety of communication methods, including as much face to face communication as possible.
- (10) That proposed selection criteria were still subject to consultation but were available so that affected staff could see what was proposed, recognising that these would have to be amended to recognise the different approach to pooling in FBMH. The Committee had noted the importance of finalising and communicating the criteria as soon as possible
- (11) That the Committee had been informed of the Senate motion which was to be considered by the Senate meeting on 28 June 2017 and which is referred to in minute 14 below.
- (12) That alternatives to the current proposals had been considered in detail by the University and that given the risk profile of the University as scrutinised by the Audit Committee, prudence and the securing of financial headroom was critical.

Noted:

- (1) That Staffing Committee had given full and proper consideration to the issues, had noted the progress of the consultation and supported the continuation of the current process.

Resolved:

- (1) That the University should continue consultation with its Trade Unions about the proposals outlined in this report and, subject to consultation, progress with its proposals.
- (2) That the University should continue to take steps to avoid the need for redundancy wherever this is possible and, in particular, to support the application of the University's Voluntary Severance Scheme in affected areas
- (3) That the Staffing Committee should continue to oversee these proposals in accordance with Part II of Ordinance XXIII.

Approved: the continuance of the existing Voluntary Severance Scheme and its terms until 31 July 2018.

(iv) **Remuneration Committee**

Received: The minutes of the meeting of the Remuneration Committee on 3 May 2017 (a verbal report from the Committee had been considered by the Board at its 3 May 2017 meeting and a record of this was included in the minutes of that meeting)

14. Report from the Senate

Received: (i) A summary of matters for the attention of the Board, arising from the meeting of Senate held on 28 June 2017; and (ii) A confidential report from the Awards and Honours Group; and (iii) a paper on the process for bringing forward nominations for Awards and Honours.

Reported:

- (1) That Senate met on 28 June 2017 and a verbal report was provided on the actions arising from the Board of Governors' effectiveness review.
- (2) That the Vice-President (Teaching, Learning and Students) updated Senate on the outcome of the National Student Survey 2017, confirming the University's response rate of 47.2, meaning that the 50% threshold for publication was not met. However, HEFCE has not yet confirmed arrangements for publication in these circumstances.
- (3) That the Vice-President (Teaching, Learning and Students) also updated Senate on the University's 'Silver' outcome in the Teaching Excellence Framework and led a discussion of this. Semester dates for 2021-26 were approved as were minor amendments to the Policy on Mitigating Circumstances and the Policy on Ethical Approval of Research for Taught Students.
- (4) That the Vice-President (Research and Innovation) reported on the Research Review Exercise 2016-17 results, provided an update on the Industrial Strategy Challenge and shared information on the HEFCE Connecting Capability Fund. He also reported on UMRI's approval of the establishment of the Manchester Environmental Research Institute.
- (5) That Senate members engaged in an extensive discussion around the Manchester 2020 programme. Members were provided with the University statement of 10 May 2017, summary notes of the 10 May 2017 briefing session for Senate members, the 2015-16 Stocktake Report, and the Section 188 notices. A motion from one member was also circulated asking for the M2020 programme proposals to be paused, the publication of SLT briefing papers, acceptance that issues related to underperformance of staff should be dealt with under existing University policies and the extension of the period of voluntary redundancy and broadening of the "in scope" pool. The motion was put to the vote: 10 members supported it, 35 voted against, and three abstained.
- (6) That Senate endorsed, for approval by the Board, the names recommended by the Awards and Honours Group for honorary degrees.
- (7) That Senate received the final report of the Review of Faculty of Science and Engineering, noting that it would now be considered by the Vice-President and Dean of the Faculty who would bring forward recommendations as appropriate.
- (8) That Senate approved the University's Disability Strategy.

Noted:

- (1) That the Board may, on the recommendation of the Senate, award degrees *honoris causa* to and authorize their conferment on persons of distinction.

Approved: the names recommended by the Awards and Honours Group for honorary degrees.

15. Report from the Planning and Resources Committee

Received: A Summary of matters discussed at meetings of the Committee on 9 May and 6 June 2017

Reported:

- (1) That the Committee considered draft management accounts for periods to 31 March and 30 April 2017. It noted a previous concern about research but that the University share of UK research council income had increased. The Committee expressed concern at a shortfall on reported tuition fee income due to corrections to pricing, and noted that actions would be taken to ensure a robust forecast and improve processes. The Committee noted that whilst the underlying forecast contribution was currently behind budget, it was hoped that the budget gap would close and that the year-end would be broadly in line with the budget.
- (2) That the Committee received the unconfirmed minutes from Finance Sub-Committee meetings held on 25 April and 16 May 2017. The Committee approved non-standard tuition fees, subject to an amendment that the standard minimum fee apply to all courses, with any reduction being offered as a fee discount which was to be approved locally by the Faculty Vice-President and Dean.
- (3) That the Committee considered a proposal by the Students' Union of fixed fees for undergraduate students for the duration of their studies. During a wide-ranging discussion, the Committee noted that it was sympathetic to the argument but that in order to make funding available to fix fees a corresponding amount would need to be taken from elsewhere in the budget. The Committee therefore agreed that the University's approach to increases to undergraduate Home/EU fees should be unchanged and fees would not be fixed.
- (4) That the Committee approved that Chair's action could be taken during the approval process to Finance Committee for recommending any change to the University's approach on endowments.
- (5) That the Committee considered updates on proposed implementation of the M2020 Programme.
- (6) That the Committee considered a paper, *HEFCE Recurrent Grant for the Academic Years 2017-18* and noted the University's HEFCE recurrent grant for 2017/18 would be £106m, a like-for-like decrease in cash terms when compared to the grant announcement for 2016/17 on a similar proportionate level of reduction as for the sector as a whole.
- (7) That the Committee considered a report, *Culture and heritage policies across the University*, and recommended a review of the Cultural Institution insurance arrangements by the Risk and Emergency Management Group. It received a timetable on how recommendations would progress.
- (8) That the Operational Priorities for Faculties and Professional Support Services were circulated. The Committee also received a copy of the Stocktake Report 2015/16 and a report on the 2015/16 HESA UK 'Performance Indicators' on widening participation profile. The University performed above its benchmark for the recruitment of young first time degree entrants from low participation neighbourhoods (7.8% against a target of 7.9%), remained in the top quartile of the English Russell Group, and had met its target for recruitment of students from lower socio-economic groups with 22.6%. The University was just below its standard benchmark for entrants from state schools and slightly above its standard benchmark for retention.
- (9) That the Committee approved the format of the 2017 Annual Performance Reviews (APRs), including a timetable. Benchmarking data would be provided as appropriate and available.
- (10) That the Committee considered a report, based on HESA data 2015/16, providing an overview of key facts and figures for the University compared with its benchmark group.
- (11) That the Committee noted that response rates for student surveys were: National Student Survey (NSS): 47.2% (72% in 2016); Postgraduate Taught Experience Survey (PTES): 37% for on campus students (27% in 2016) and 15% for distance learning; Postgraduate Research Experience Survey (PRES): 62% (50% in 2015: the survey is biennial).
- (12) That the Committee considered an overview of University applications. Performance in reformed A-levels remained uncertain. Delivery of agreed targets in some areas would be challenging, particularly in Humanities. Discussion focused on the balance between maintaining quality and income. The Faculties had been asked to report back and a steer would be sought from PRC in July to inform decision making during confirmation and clearing. The Committee agreed that the University's strategic position on student intake was to maintain its intent with regard to quality.
- (13) That the Committee received notes of the meeting of the HR Sub-Committee on 28 March 2017. It noted the requirement for gender pay gap reporting in legislation in force from 6 April 2017, and was informed of a plan to introduce a "Tier 4" development programme, to be rolled out in September, on a phased basis.. The Committee received updates on the 2017/18 national pay negotiation round and noted that the impact on the budget would be considered at Finance Sub-Committee.

- (14) That the Committee received unconfirmed minutes from the Capital Planning Sub-Committee meeting on 2 May 2017 and was informed about the fire in April 2017 in the Paterson Building.
- (15) That approval by Finance Committee and the Board would be required for: Manchester Engineering Campus Development (MECD), Fallowfield Redevelopment Phase 1 and Henry Royce Institute.
- (16) That the Committee received minutes from the Change and IT Projects Sub-Committee on 2 May 2017.
- (17) That the Committee received a summary of the HEFCE Annual Provider Review 2016/17 outcome for the University and unconfirmed minutes from the meeting of the Research Compliance Committee on 22 March 2017. It noted guidance on the use of Freedom of Information requests for research purposes and information governance.
- (18) That the Committee received an overview of the UMSU budget for 2017/18 to 2019/20.

16. Retiring members

The Chair thanked Professor Cathy McCrohan, Dr Christine Rogers and Professor Chris Taylor for their service to the Board.

17. Forward Agenda

Received: An outline forward agenda.

Noted: The Forward Agenda would be refined and brought to the next Board meeting.

18. Any Other Business

There was no other business.

Close