

Confirmed

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 4 October 2017

Present: Mr Edward Astle, (in the Chair), President and Vice-Chancellor, Dame Sue Ion, Mr Gary Buxton, Mr Michael Crick, Prof Aneez Esmail (by telephone), Prof Danielle George, Mr Colin Gillespie (by telephone), Dr Reinmar Hager, Mr Nick Hillman, Dr Caroline Jay, Professor Silvia Massini, Dr Neil McArthur, Mr Paul Lee, Mr Robin Phillips, Mr Andrew Spinoza, Mr Alex Tayler, General Secretary of UMSU, Prof Nalin Thakkar and Mrs Roz Webster (19).

In attendance: The Registrar, Secretary and Chief Operating Officer, the Deputy President and Deputy Vice-Chancellor, the Vice-President and Dean of Faculty of Humanities, the Director of Finance, the Director of Human Resources, the General Counsel, the Deputy Secretary, Ms Sinead Hesp, Mr Kris Matykiewicz (for item 6), the Director of Development and Alumni Relations (for items 7 and 8) and the Deputy Secretary.

Apologies: Ms Dapo Ajayi, Prof Colette Fagan, Mr Shumit Mandal, Ms Isabelle Perrett, Dr John Stageman, and Dr Dame Angela Strank.

1. Declarations of Interest and welcome

Reported:

- (1) The Chair welcomed new members to the Board (Prof Aneez Esmail, Dr Reinmar Hager and Prof Nalin Thakkar) and also welcomed Prof Luke Georghiou who was attending his first Board meeting since being appointed as Deputy President and Deputy Vice-Chancellor. The new members briefly introduced themselves to the Board. With the exception of the matter referred to below, no new declarations of interest were made.

Noted:

- (2) Prof Esmail advised that he had been appointed Secretary of the Universities and Colleges Union (UCU) and as part of that role was a member of University-UCU Joint Negotiating Committee and the Trade Union Negotiating Group (TUNG) with the University, UCU, Unison and Unite. Prof Esmail had declared his role of Secretary as UCU in his declaration of interest submission on joining the Board.
- (3) That given this declaration, the Chair and Prof Esmail had discussed a potential conflict of interest for Prof Esmail in relation to the agenda item on the M2020 Programme , including the recommendations from Staffing Committee which were to be considered later on the agenda. This discussion was in the context of UCU having declared that they were in a trade dispute with the University on this matter.
- (4) That in the light of Board precedent in relation to conflicts of interest and Standing Orders (particularly Standing Order 6.6) for the Board, following discussion between the Chair and Prof Esmail it has been agreed that Prof Esmail would withdraw from the Board during consideration of the agenda item on the M2020 Programme, including the recommendations from Staffing Committee.
- (5) That because of a pre-existing commitment, Prof Esmail had to withdraw from the Board 45 minutes before the scheduled finish time and it was therefore proposed to consider the agenda item on the M2020 Programme, including the recommendations from Staffing Committee towards the end of the meeting.

- (6) That whilst accepting that he should withdraw from this meeting, Prof Esmail expressed concern that the ruling on his conflict of interest would hinder his ability to participate in future Board proceedings.
- (7) Two members expressed the view that Prof Esmail be permitted to remain during consideration of the agenda item on the M2020 Programme, including the recommendations from Staffing Committee.
- (8) That the Board would return to consideration of this matter during consideration of the agenda item on the M2020 Programme, including the recommendations from Staffing Committee.

Resolved: that the order of the agenda be varied so that consider the item on the M2020 Programme, including the recommendations from Staffing Committee be considered towards the end of the meeting after Prof Esmail's withdrawal.

2. The role of the Board of Governors

(i) Statement of Primary Responsibilities

Received: a revised Statement of Primary Responsibilities which, as recommended in the Governance Effectiveness Review, had been amended to reflect the Model Statement in the CUC Higher Education Code of Governance.

Reported: that the revised Code was consistent with and complementary to the provisions of Clause VI(7) of the Statutes which had previously served as the Board's Statement of Primary Responsibilities

Noted:

- (1) That the revised Code included reference to the Board approving key performance indicators (KPIs) as suggested in the CUC Code.
- (2) The comment from one member that adoption and use of KPIs might unnecessarily constrain the Board's approach.
- (3) The Board already had access to KPIs which were an integral element of performance management and external accountability mechanisms.
- (4) The revised Code, in line with the CUC Code, proposed reference to the conduct of business in accordance with current best practice in HE corporate governance.
- (5) The previous Code referred to best practice in public sector corporate governance and there was merit in the inclusion of a broader definition.

Resolved: that the revised Statement be adopted, subject to the amendments of clauses 6 and 14 to refer to "best practice in *other sectors including public sector* and higher education corporate governance."

(ii) Scheme of Delegation

Received: The revised Scheme of Delegation which incorporated reference to the revised Statement of Primary Responsibilities referred to above.

(iii) Standing Orders

Received: The Standing Orders of the Board of Governors and its sub-committees.

(iv) Membership 2017-18

Received: Details of membership for the academic year 2017-18.

3. Minutes

Resolved: The minutes of the meeting held on 12 July 2017 were approved, subject to inclusion, under minute 6 (Report on Goal 3: Social Responsibility), to the importance of measurement of benefits realisation and the ability to change approach in the event that a particular activity was not realising benefits.

3b. Matters arising from the minutes

Noted: The Board received an updated 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.

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. (NB some information excluded from publication on grounds of commercial sensitivity)

Reported:

- (1) That there had been several major government developments since the previous Board meeting, signalling significant change for universities. This included the roll-out of the Higher Education and Research Act, appointments to the new sector regulatory structure (which had been the subject of a presentation at the pre-Board briefing) and several consultation processes, including on future iterations of the Teaching Excellence Framework.
- (2) Since the report had been circulated to the Board, the government had announced that the planned fee uplift in 2018-19 would not take place and tuition fees would be frozen at £9,250. In addition the income level that triggered repayment of student loans had been increased from £21,000 to £25,000 per year.
- (3) Based on current forecasts, the freezing of fees at £9,250 would have an estimated £73 million detrimental impact on the University over the course of the next five years.
- (4) The Prime Minister's speech at the Conservative Party conference earlier in the day had included reference to a major review of University finances, which could potentially include differentiation of fees between subject categories.
- (5) The practical difficulties presented by differential pricing (given common provision of many services across the University) and removal of cross-subsidy between subject areas.
- (6) On Brexit, the growing recognition of the desirability of a transition period, including avoidance of any cliff-edge scenario and ensuring Treasury underwriting of existing EU funding (such as Horizon 2020 and Erasmus); there was still some lack of clarity about the future rights of EU citizens living in the UK post-Brexit, which had the potential for negative impact on the University.
- (7) There was recognition by the Home Secretary of the importance of the economic, social and cultural benefits of international students to universities and the UK more widely. Actual visa checks had revealed approximately 97% student compliance with visa requirements which had undermined previous estimates, based on a sample survey, that 100,000 students were non-compliant; this was an encouraging development for the sector
- (8) M2020 developments were addressed later in the agenda
- (9) A number of League Table results had been published; in the 2017 Academic Ranking of World Universities (AWRU or Shanghai Jiao Tong rankings) the University had dropped three places to be ranked 38th overall (6th in UK and 8th in Europe); this was not unexpected and reflected a fall in the highly cited researcher measure. In the Times Higher Education World University Rankings 2018, the University had risen one place to 54th. In the *Times Higher Education* World Reputation Survey 2017, the University was ranked in the 51-60 bracket in the world (49th in 2016), and remained ranked 8th in the UK. Since the report had been circulated, the Sunday Times League Table had been published; the University had slightly improved its position (from 32nd to 25th).

- (10) During the course of the meeting, news emerged of the University's ranking in the Times Higher world subject rankings; these included rankings of 26th in Business and Economics, 28th in Law and 34th in Social Sciences.
- (11) The completions data for the 2011 cohort of students showed that 79.1% of full-time postgraduate research students completed within 5 years, up from 77.7% for the previous year. The percentage of graduates in graduate employment 6 months after graduating had increased by 0.3% to 82.5% (the University was ranked at 11th in the Russell Group (the second quartile)).
- (12) In common with a number of other (mainly Russell Group) universities and following a boycott of the survey led by the Students' Union, the University had not achieved the 50% participation threshold for publication of its National Student Survey results.. The report outlined support and targeted measures to improve the student experience, including recognition of the key roles of Directors of Teaching and investment in the Student Life Cycle Project.
- (13) The University had participated in the Postgraduate Taught Experience Survey (PTES) and had increased its overall satisfaction rating from 82% to 84%, in line with the Russell Group average. Participation had increased from 27% to 37%, slightly below the Russell Group average.. Scope for further improvement was recognised and will form part of 2017 APR discussions and included in Student Experience Action Plans.
- (14) The University had participated in the Postgraduate Research Experience Survey; 2,602 students had participated which represented 62% of the eligible population. A mean overall satisfaction score of 83% had been achieved, above the Russell Group benchmark. The University aspired to be in the top quartile across all measures included in the survey and efforts to achieve further improvement would be coordinated through the Manchester Doctoral College Committee.
- (15) There had been two new appointments to Vice-President positions, Prof Colette Fagan (Research) and Prof James Thompson (Social Responsibility).
- (16) In summary, the latest figures showed that recruitment of home and EU students was slightly below target whilst recruitment of international students was slightly above target); whilst there was negligible impact on overall numbers, the balance of over and under recruitment resulted in a slightly enhanced financial position.
- (17) The University had been invited to join the Alan Turing Institute, the national institute for data science, based at the British Library.
- (18) The University's risk and regulatory research partnership with the Health and Safety Executive had secured significant grant funding from the Lloyd's Register Foundation.
- (19) Staff morale would be a priority for the forthcoming academic session, with focus on analysis and consequent actions arising from the Staff Survey. For example, consideration would be given to measures to address harassment and bullying (5% of respondents had reported experiencing harassment and bullying) and to measures to assist staff in coping with change. The Vice-President for Research and the Vice-President for Social Responsibility respectively would be leading in these areas.

Noted:

- (1) In relation to recruitment, and noting the M2020 objective to improve the quality of entrants, a strategic approach had been taken, in selected areas, to confirm students who had marginally missed their offer, but were committed to study with the University.
- (2) Student Welcome Week had gone well; the Students' Union was able to offer a full range of services and whilst the renovations were continuing, there had been minimal impact on the quality of experience.
- (3) There were effective and appropriate contingency measures in place to respond to a meningitis outbreak. This included a strong focus on ensuring students were aware of warning signs and a clear risk mitigation and escalation process.
- (4) Modelling of impact and implications of future iterations of the Teaching Excellence Framework was underway and had been discussed at the pre-Board briefing.
- (5) There was awareness of the need to ensure transparency about expenditure for all stakeholders in the current political climate. Previous approaches had included articles in the University magazine and this year's Financial Statements would include more extensive information about senior staff remuneration.

6. Industry and Research Collaboration

Received: an oral presentation from the Deputy President and Deputy Vice-Chancellor and Mr Kris Matykiewicz, Head of Business Engagement.

Reported:

- (1) 2015/16 figures showed that the University had achieved over £32 million in contract income, the fourth highest in the sector. Income from UK industry, commerce and public corporations, was £25.7 million, the second highest in the sector, marginally behind Imperial College.
- (2) The majority of contract income was the outcome of strategic partnerships with industry, with the benefits of settled pricing arrangements and reduced transaction costs (there were eleven such partnerships in the Faculty of Science and Engineering, five in the Faculty of Humanities and four in the Faculty of Biology, Medicine and Health). A number of the partnerships were cross-faculty (for example, there was activity with Siemens, Tesco and Unilever across all faculties).
- (3) The annual HEFCE HEBCIS survey which measured business engagement and commercialisation showed that value of University collaborative activity (in 2015-16) with industry was £82 million, the second highest in the sector behind Cambridge. Contract research income was valued at over £62 million, the fourth highest in the sector.
- (4) Priorities for 2017-18 included meeting income targets and improving recovery rates on research from industry (generally the University would no longer be involved in activity at less than 100% recovery). In the Business Engagement Team, there was a need to replace the Head who was retiring shortly and a recruitment exercise was underway.
- (5) The opening of the Graphene Engineering Innovation Centre (GEIC) in early 2018 would improve the University's capabilities for collaboration with industry in this area.
- (6) Priorities for 2017-18 also included increasing international activity, which included a strategic project to develop links with China where there was an appetite for investment in graphene and advanced materials. There was also potential to develop in new sectors, including data science driven activity, cyber security and financial and related technology (an example of the latter included work with four major legal firms).
- (7) There was a strong political imperative to develop further the University's activities with small and medium sized enterprises(SMEs), including knowledge transfer activity, and this work would include a scale up programme with the Manchester Growth Company

Noted:

- (1) The importance of ensuring that staff recognised the wider benefits of industry-research collaboration, in relation to, for example the quality of research outputs and citations.
- (2) Currently approximately 10% of academic staff were engaged with industry and increasing this to 15% would significantly improve the University's capabilities. Work was being carried out with early career academics to ensure that the University maintained a pipeline of academics to engage in this activity.
- (3) The University particularly valued long-term industry partnerships with a strategic focus, contributing to economic development.
- (4) The importance of international diversification; China represented a clear opportunity with significant investment opportunity, particularly in graphene. Other markets, including India and the Gulf Region would also be explored.
- (5) That Graphene Enabled was part of activity under the auspices of UMI3 and income from this activity was not included in the figures quoted above and would form part of a separate report on subsidiary activity to a future Board meeting.

7. Development and Alumni Relations Division-Annual Report

Received: the annual report from the Director of Development and Alumni Relations, providing a review of fundraising and alumni engagement activity at the University in 2016-17.

Reported:

- (1) The report referred to a number of successes, including the Celebration of Philanthropy event in April 2017. Feedback from the event had been overwhelmingly positive and had resulted in new gifts from both regular donors and major supporters.
- (2) In March 2017, the University had celebrated ten years of the Equality and Merit Programme and the year had ended with a pledge of £3 million for the Programme.
- (3) The regular giving programme had continued to develop at pace with over 6,300 alumni donors, representing an annual increase of over 14% (a trend not reflected elsewhere in the sector).
- (4) The new web platform, the Manchester Network, had been launched, enabling the University's 350,000 contactable alumni to connect with each other, mentor students and stay connected to the University. The global network had accelerated in the past year with 122 alumni volunteers running 53 groups across 33 countries.
- (5) Brexit had brought uncertainty and this was reflected in some UK major donors delaying decisions on donations or making smaller gift pledges. Legacy income was relatively low and there was renewed focus on a legacy giving campaign activity.
- (6) Achievement of the University's ambitious philanthropy goals by 2020-21 was dependent on securing a small number of multi-million pound gifts over the next few years and nurturing and development of relationships was crucial to this activity. Support and advice from Board members was welcome.

Noted:

- (1) The importance of continued flow of smaller donations was recognised but fulfilment of the University's philanthropy targets was dependent on achievement of a small number of major donations.
- (2) Some other charities had focused on assistance with Will generation to encourage legacy giving, although the amounts generated might not be sufficient to justify activity in this area.
- (3) There had been a reduction in the KPI measuring top-level alumni influencers engaging with the University; however, activity in this area was now more focused on alumni able to make a key contribution to policy and business engagement and the University was seeing benefit from these relationships.
- (4) The regulatory environment for fundraising continued to be challenging and work was ongoing to ensure that the University achieved compliance with the new EU General Data Protection Regulations. This included updating the existing Privacy Statement and ensuring full openness and transparency with alumni about the use of data.
- (5) There were materiality procedures in place where alumni requested acknowledgement of a donation (for example in relation to a scholarship or a building).
- (6) Targets were derived from a realistic assessment of what was required to meet strategic objectives, accounting for trends in the external environment.

8. Gift Oversight Group

Received: the annual report from the Gift Oversight Group, providing an update for the Board on the purpose and activity of the Gift Oversight Group for the academic year 2016-17; this included a record of the decisions made by the Group. The Chair of the Audit Committee, as the designated Board member to be consulted on gift oversight matters gave a brief introduction and the Deputy Vice-President and Dean of Faculty of Humanities, as the outgoing Chair of the Gift Oversight Group, spoke briefly to the report.

Reported:

- (1) No cases had required consultation with the lay member of the Board nominated for this purpose.
- (2) Any donor giving, intending to give or who has been asked to give £100,000 or more, or whose cumulative giving amounted to more than £100,000 must be considered by the Group. Other donors could be considered by the Group at the discretion of the Director of Development and Alumni Relations.
- (3) The Directorate of Development and Alumni Relations ensured thorough and robust background and due diligence checks on all potential donors. During the year the Group had considered 53 gift approaches of which 52 were approved; this included one gift approach where the Group had requested more information before making a decision.

- (4) That the Vice-President and Dean of Humanities had handed over the role of Chair of the Group to the Vice-President for Social Responsibility

Noted: the Group had decided that it was not prudent to proceed with one gift approach because of issues relating to the provenance of the proposed donation which were in the public domain.

9. Chair's report

(i) Summary of issues arising from self-evaluation sessions with Board members

Received: a summary of key issues in discussions between the Chair and Board members at individual self-evaluation meetings held over the summer.

Reported:

- (1) lay members of the Board were invited to contact the Deputy Secretary to suggest areas where their experience could assist outside Board members to enable contact with relevant members of staff.
- (2) where such contacts were made, a clear distinction would be made between provision of informal advice and members' formal Board role.

(ii) Membership of Board Committees

Received: details of committee membership for the academic year 2017-18.

Reported:

- (1) Paul Lee would assume the role of Chair of Staffing Committee during 2017-18 and Michael Crick and Professor Danielle George had been appointed as new members of Staffing Committee.
- (2) Professor Silvia Massini had been appointed as a new member of Nominations Committee.
- (3) Professor Colette Fagan had stepped down Finance Committee.
- (4) Committees had the ability to co-opt members with relevant external expertise from outside the board.

(iii) Informal meeting of Chair of Board and committee chairs

Received: notes of an informal meeting between the Chair of Council, the Chair of Audit Committee and the Chair of Finance Committee held on 12 July 2017.

Reported:

- (1) The Governance Effectiveness Review had recognised the need to ensure adequate breadth of expertise and sufficient number of members present at committee meetings and had recommended increasing membership of both Finance Committee and Audit Committee by one. In the case of Finance Committee, this had been achieved by the Chair of the Board becoming an ex-officio member, and the appointment of a second co-opted member to Audit Committee was now under consideration.
- (2) Nominations Committee was cognisant of the need to address any skills and experience gaps in Board membership and the Committee had been strengthened by the co-option of the Chair of the Board and the President and Vice-Chancellor, following a recommendation in the Governance Effectiveness Review

10. Secretary's report

(i) Review of governing instruments arising from Governance Effectiveness Review

Received: a report updating members on action required to implement the recommendations in the Governance Effectiveness Review.

Reported:

- (1) Of the eighteen recommendations that the Board had previously accepted, ten had either been implemented or were in the process of being implemented.
- (2) The majority of the other eight recommendations would require specific amendments to Statutes (primarily Statute VI-The Board of Governors).
- (3) The remaining recommendations related to the role and processes followed by Staffing Committee and review of related governing instruments and a general review of Charter, Statutes, Ordinances and Regulations with amendment and simplification to support effective governance.
- (4) Drafting of the specific amendments to Statutes outlined in (2) above could be achieved relatively quickly.
- (5) The broader review of governing instruments referred to in (3) above (including staffing related instruments) was likely to be more time consuming. Institutions which had been through similar reviews in recent years reported a timescale for completion of approximately two years.

Noted:

- (1) The Governance Effectiveness Review recommended amendment to governing instruments so that Nominations Committee became a committee of the Board, chaired by the Chair of the Board and including the President and Vice-Chancellor as a member; as an interim measure, the Chair of the Board and the President and Vice-Chancellor has been co-opted onto the Committee.
- (2) The view of two members that implementation of this recommendation had the potential to compromise the independence of the Nominations Committee.
- (3) The Nominations Committee had been established in its current format on the formation of the University in 2004 and it was now out of line with the expectations of the CUC Code (the Governance Effectiveness Review had noted that the University's current arrangement was exceptional).
- (4) It was usual practice in the sector for the Principal/Vice-Chancellor and Chair of the Board to be members of Nominations Committees, with the latter usually assuming the role of Chair.
- (5) That change to Nominations Committee membership was dependent on revision and consequent approval of changes to Statutes.
- (6) The establishment of a nominations process to inform Senate membership of the Board did not necessarily preclude an election by Senate members; for example, a nominations process could identify the skill sets and experience which would be most valuable to the Board and this could support and inform an election process. Changes to current arrangements would also require amendment to Statute.
- (7) The report set out current constitutional requirements for notice of Board meetings considering changes to Charter and Statutes and also noted that there was a requirement in the Charter for Senate and the General Assembly to be given an opportunity to express an opinion on proposed changes.

Resolved: that a small group of officers, including the Deputy Secretary and other members of the Office of the General Counsel undertake further work, including a broad review of governing instruments, to assess the potential benefits and difficulties of further reform, taking into account the above comments and reporting back to the Board in February 2018.

11. Research Compliance Committee

Received: a summary of the annual report from the Research Compliance Committee (NB some information excluded from publication on grounds of commercial sensitivity)

Reported:

- (1) The report was intended to provide assurance to the Board that the University was meeting its statutory, regulatory and policy requirements governing research.
- (2) The report was a summary of a fuller report which had been considered by Audit Committee at its September 2017 meeting.
- (3) The Assurance, Adverse Events and External Inspection Dashboard indicated clear governance structures and positive assurance for the majority of areas listed. Following a recent Uniac internal audit, the University Research Ethics Committee element of the dashboard would become fully green.
- (4) The only exception to the above related to Clinical and Experimental Pharmacology: Cancer Research UK-Manchester Institute (CRUK-MI). This had a red rating (indicating a major adverse event) because of the serious fire at the Paterson Building of the CRUK-MI which had a substantial impact on the research facilities in the building.

Noted:

- (1) Recent press articles had cited examples of research in other institutions not progressing because of adverse comment on social media. The Board was assured that this would not happen at Manchester where the rigorous ethical approval process did not factor in press, media or social media interest; the primary consideration was the welfare of staff and students.
- (2) Clinical Trials Management was an area receiving close scrutiny; clinical trials were becoming increasingly complex and partner trusts were either moving away from sponsorship entirely or sponsoring fewer trials. There was confidence in the robustness of the current approach but growth would require either movement towards a single sponsor arrangement or development and deployment of adequate resource and expertise internally.

12. Board committee reports

- (i) **Finance Committee** (13 September 2017)

Received: an Executive Summary and minutes of the meeting of Finance Committee held on 13 September 2017.

Reported:

- (1) There would be a fuller briefing on the USS pension scheme to the November 2017 Board meeting. The response to the USS consultation would include confirmation that there should be no increase to the 18% employer contribution and no increase to the risk profile of investments. In relation to UMSS, the development of a Defined Contribution scheme would be progressed and an implementation timetable drawn up.
- (2) There was good progress in relation to the capital programme; in relation to MECD, all sub-contract prices had now been agreed and there was now much greater confidence in the revised projected cost. Visits to both the MECD and Alliance Manchester Business School project sites were to be organised and, for future committee meetings, the capital programme report would be developed to enhance members' understanding.

- (3) The CRUK-MI fire referred to under 11 above had resulted in the relocation of some groups to Alderley Park. Discussions about the future development of the Paterson Building site were ongoing, and this included potential development of the site into an improved facility, with potential capital programme implications.
- (4) The Committee had approved its terms of reference subject to amendment to reflect the role of the newly formed Investment Sub-Committee and the future need to amend reference to HEFCE to reflect the change in sector regulatory arrangements (the terms of reference and membership of Investment Sub-Committee had been approved subject to minor amendment).
- (5) The Committee noted an update on the merged endowments funds process and future obligation to report on endowments, the status of the 2016 Corporation Tax return and the status of University of Manchester Worldwide Limited restructure.
- (6) Year-end results showed a better than expected position compared with Quarter 3 forecast, because of pension costs being lower than forecast and the forecast being prudent in respect of other income and non-pay expenditure.
- (7) The Uniforum benchmarking report of University support services had been received
- (8) Following receipt of the Environmental, Social and Governance report, the list of investments for publication on the University website had been agreed.

(ii) **Audit Committee** (13 September 2017)

Received: an Executive Summary and minutes of the meeting of the Audit Committee held on 13 September 2017.

Reported:

- (1) The Committee had noted the need to review its terms of reference to reflect the change in sector regulatory arrangements.
- (2) The Committee received the Interim Conclusions Memorandum from the external auditors, EY. In completing planning procedures and controls testing, EY had received good cooperation from management. The review of subsidiaries had not resulted in any issues being referred to the Committee. The Committee noted that an error in the use of the BUFDG model had resulted in an overstatement of the University's commitment under the USS Deficit Reduction Scheme. The actual liability was £46 million lower than recorded and there was a need for a prior year adjustment in the 2016-17 Financial Statements.
- (3) The Committee received the draft Corporate Governance Statement and Public Benefit Statement, along with a Statement on the University's compliance with the Modern Slavery Act. Amendments to the Corporate Governance Statement were proposed, including enhancements to the section on Remuneration Committee. The Committee agreed that the Public Benefit Statement would benefit from editing and improved presentation.
- (4) For internal audit, the summary reports from six reviews finalised by the internal auditors, Uniac, since June 2017, were provided for consideration by the Committee. Reviews had been completed for UKVI Compliance-Student Workers, Research Costing and Pricing; Recovery of Academics' and Technicians' Time, USS Pension Changes 2016-17, Published Programme and Unistats (follow-up), Procurement Cards (follow-up) and State Aid (follow-up). A response to the UKVI Compliance-Student Workers review had been prepared by the Director of Human Resources which showed generally good progress in addressing outstanding issues. The Committee approved the internal audit plan for 2017-18, which incorporated issues raised at the previous meeting.
- (5) The Committee considered the Draft Internal Audit Report and Opinion for the year ending 31 July 2017. The report concluded that the University continued to have an effective and stable control environment, supported by robust corporate systems and a strong accountability framework. Risk management, governance and arrangements for seeking value for money were

effective; arrangements for ensuring accuracy of data returns were mostly effective (staff had in-depth understanding of requirements and the University had robust internal assurance processes for data submissions, in line with those seen elsewhere in the sector). The Committee was satisfied that the report and opinion was comprehensive and provided a good and accurate summation of work undertaken and assurances received by Uniac.

- (6) The Committee received an update from the Director of IT on the status of the IT Strategy and Plan and associated risks and mitigations. The report outlined the development of the Target Operating Model, progression of End User Computing requirements, network service definition, development of the service requirements and business case for a Secure Operations Centre and a review of hosting strategy. Generally good progress was being made; the Committee considered management of multiple, parallel projects and noted the importance of establishing repeatable, consistent processes that could be rolled out iteratively. The Committee agreed to receive the Risk Register associated with the Strategy to assist it in understanding the relationship between the range of activities and impact of implementation on stakeholders.
- (7) The Committee received the latest University Risk Map along with the latest Professional Support Services and Faculty Risk Maps. The Committee agreed that at its February 2018 meeting, the Committee should address the issue of composite risk and this should include evaluation of different potential risk scenarios and combinations.
- (8) The Committee meeting had been preceded by a meeting of the Committee and officers without auditors present. It had been resolved that EY be reappointed for a further year, ie until completion of the audit for the year ending 31 July 2018, although the Committee's disappointment at the overstatement of commitment under the USS Deficit Reduction Scheme and need for the prior year adjustment had been brought to EY's attention. It had also been resolved that Uniac should continue to provide the internal audit service.

Prof Aneez Esmail left the meeting after this item.

(iii) Remuneration Committee

NB The President and Vice-Chancellor and all University officers in attendance, with the exception of the Director of Human Resources and the Deputy Secretary, left the meeting during consideration of this item. Although this item constituted reserved business, the General Secretary of the Students' Union remained in attendance.

Received: a summary of the work of the Remuneration Committee in 2016/17, which included as an appendix, the report of the Remuneration Committee to the Board.

Reported:

- (1) The summary of the work of the Remuneration Committee included the role and remit of the Board, a summary of recommendations made by the Committee (including salary review of the President and Vice-Chancellor, Deputy President and Deputy Vice-Chancellor, Vice-Presidents and Deans, Policy Vice-Presidents and the Registrar, Secretary and Chief Operating Officer).
- (2) In addition to a summary of key decisions, the report of the Committee to the Board set out remuneration policy for the senior leadership team and a history of the President and Vice-Chancellor's remuneration over the previous five years. This was the third such report that the Board had received and its contents were consistent with corporate good practice.

Noted:

- (1) It was intended to include more detail about the work of the Remuneration Committee, drawn from the information contained in the above reports, in the narrative commentary accompanying the 2016/17 Financial Statements. This would demonstrate the University's commitment to transparency and confidence in its approach in this area, noting the potential for more prescriptive regulatory requirements in future years, in the light of recent negative national media coverage on the issue of senior staff pay in the University sector.
- (2) At the moment, although the Board received details of recommended percentage uplift of salary, it did not receive full salary details for senior officers other than the President and Vice-Chancellor. It

was agreed that this matter should be referred to the Remuneration Committee for initial consideration.

- (3) The importance of appropriate and sensitive positioning of communications arising from this matter in the current local and national political context.

NB The President and Vice-Chancellor and those University officers in attendance who had left the meeting, returned at the conclusion of this item.

15. Report from the Planning and Resources Committee

Received: a summary of matters discussed at the meeting of the Committee held on 4 July 2017 (a single item special meeting had been held on 19 September 2017, resulting in a recommendation to Staffing Committee and a further regular meeting had been held on 3 October 2017, the day before the Board meeting; a summary of matters discussed at the latter meeting would be provided to the November 2017 Board meeting).

16. Delivering Manchester 2020, including minutes from Staffing Committee meeting (27 September 2017)

Received:

- (1) a summary report setting out progress towards implementation of the M2020 Programme Proposals.
- (2) a more detailed report from the Chair of the M2020 Programme Board .
- (3) the minutes of the meeting of Staffing Committee held on 27 September 2017.

Reported:

- (1) In addition to the papers referred to above, on 1 October 2017, two further documents had been circulated to Board members "False Necessity" and "Collateral Damage".
- (2) On 3 October 2017 Staffing Committee members (as members of the Committee with responsibility for oversight in this area) had been sent the following further documentation by the University (the material was copied to all Board members, given that the communication referred to in (1) above had been sent to all Board members;
 - A letter from Professors Esmail and Williams (together with a further copy of the accompanying document "False Necessity") which was sent to the Chair of the Board on 27 September 2017.
 - The Chair's response sent on 29 September 2017 explaining that, as these were matters for senior management, he had asked management to reply and committing that the correspondence would be provided to Staffing Committee members who had an obligation, on behalf of the Board, to continue to scrutinise the M2020 process.
 - Professor Keith Brown's response dated 2 October 2017, sent in his capacity as Chair of the M2020 Programme Management Board.
 - A detailed response from management to a number of the issues raised in the "False Necessity" document.
 - An email dated 28 September 2017 from Professor Fiona Devine, Head of the Alliance Manchester Business School to staff in the School addressing issues raised in the "local survey" referred to in the "Collateral Damage" document
- (3) The M2020 Programme had been established to bring together a portfolio of projects designed to improve academic quality, invest in excellence, reshape the student profile, improve efficiency and effectiveness, grow income and improve financial sustainability.
- (4) The report from the Chair of the PM2020 Board set out the progress made against the M2020 Programme proposals following closure of the Voluntary Severance (VS) Scheme. This included

details of Collective Consultation, communication with staff and managers, correspondence received by the University (including by the Chair of the Board), the extent of external media coverage and consultation with School Boards.

- (5) The voluntary severance scheme (VS) had opened on 19 June 2017 and closed in the PSS areas on 14 August 2017 and in the academic areas on 11 September 2017.
- (6) The report set out details of steps taken to mitigate the need for redundancy, an assessment of impact on staff and activities, the current position in relation to staffing reductions by area and the impact of resignations, retirements, redeployment and the VS Scheme on the original post reduction figures.
- (7) Planning and Resources Committee met on 19 September 2017 and endorsed the recommendation of the Finance Sub Committee that the case for compulsory redundancies for two posts in the Faculty Office (FSE) be presented to the Staffing Committee on 27 September 2017.
- (8) At its meeting on 27 September 2017, Staffing Committee, having given full and proper consideration to a report from the President and Vice-Chancellor had agreed to recommend to the Board that Part III of Ordinance XXIII to effect compulsory redundancies (two posts) in the Professional Support Services (PSS) Faculty Office, Faculty of Science and Engineering (FSE) be instituted (while continuing to seek redeployment opportunities to avoid redundancy).
- (9) Staffing Committee had also noted that applications for VS were being processed in all except one of the areas under review, the Finance Directorate, where the reduction in posts has been secured through resignations, redeployment and posts in the new structure.

Noted:

- (1) UCU had balloted its members for industrial action in response to the current M2020 proposals. The result had been announced earlier in the day and the ballot had achieved the required 50% threshold for the result to be binding (57.7% turnout, 1,049 votes cast). 86.7% of those participating had voted for strike action, with 93.1% voting for industrial action short of a strike. Industrial action was planned for 23 and 24 October 2017.
- (2) A UCU organised protest had taken place before the Board meeting and approximately 40 UCU members had taken part.
- (3) There was a level of anxiety and disquiet amongst staff at risk which was acknowledged and management was making every effort to mitigate this through regular communication, including a regularly updated frequently asked questions webpage.
- (4) There was no evidence of the programme affecting student and staff recruitment and/or retention.
- (5) The view that impact on morale could be intangible and difficult to measure.
- (6) From the outset, there has been awareness of the likely impact and reception of any proposal involving redundancies and this had previously been discussed extensively at both the Staffing Committee and the Board.
- (7) Once implementation of the current proposals had been concluded, there was a need for constructive dialogue with UCU and other campus unions.
- (8) Any further recommendations for compulsory redundancy would be subject to scrutiny by Staffing Committee which would then make recommendations to the Board.
- (9) Other universities were going through similar and in some cases more extensive staff restructuring programmes and these were generally less visible than the Manchester programme.

- (10)The results of the informal survey conducted in the Alliance Manchester Business School and referred to in the “Collateral Damage” document were flawed and unreliable as it had been possible for one individual to make multiple returns and for non-staff members to participate.
- (11) Programmes of this type were a regular feature of corporate life in the private sector and essential to ensure organisational agility; the cultural differences between such organisations and universities were acknowledged.
- (12)The Students’ Union, at its recent Senate meeting, had voted to oppose redundancies through support for the “Save our Staff” campaign.
- (13) Investment in the MECD building would enable the University to decant from the North Campus with resulting potential major asset realisation; remaining on North Campus would be more than twice as costly as completion of the MECD building.
- (14)The view from a number of members that circulation of the response to the issues raised in the documents circulated on 1 October 2017 had been helpful and had exposed weaknesses in the arguments.
- (15)The response to these documents had not yet been circulated beyond the Board although wider dissemination remained a possible option.
- (16)Should the Board approve the recommendations, the immediate priority would be communication with staff affected by the decision; once this had happened, further broader communications were also planned.
- (17) The justification for the staffing reductions in the Faculty of Biology, Medicine and Health was financial and the notional target number of posts to be removed depended on the seniority of applicants.
- (18)A member expressed the view that the use of Standing Order 6.6 as justification for a Board member needing to leave during consideration of this item was regrettable and unjustified; the UCU ballot indicated a significant level of opposition to the programme and it would have been helpful for the Board to hear this opposing view.
- (19)The alternative view offered by a number of members that the conflict of interest was clear and that the circulation of papers to the Board meant that his views on the matter were clearly understood. Senate members of the Board also confirmed that there had been a full and robust discussion of the programme at the June Senate meeting and a proposal to pause the programme had been clearly defeated (by 35 votes to 10 with three abstentions).
- (20)The composition of the Board was designed to allow and encourage a plurality of views. The conflict of interest arose not because of UCU membership (a number of members of the Board were UCU members) but because of the role of Secretary of UCU (and consequently, a member of relevant University-Union Negotiating Committees), a body which was in an employment dispute with the University following initiation of the consultation process referred to above.
- (21)Had the conflicted Board member been on the Board when the proposals were initially discussed, there would have been no conflict of interest.
- (22)The potential for other staff members to be conflicted in future should recommendations directly impact on them.

Resolved:

- (1) To approve the recommendation from the Staffing Committee that Part III of Ordinance XXIII to effect the proposed compulsory redundancies (two grade 7 posts) in the PSS Faculty Office in FSE should be instituted.
- (2) To approve the recommendation from the Staffing Committee to continue to oversee the progress of the proposals in accordance with Part II of Ordinance XXIII.

17. Forward Agenda

Received: the latest version of the outline forward agenda.

Noted:

- (1) Since the drafting of the forward agenda it had been agreed that the November Board briefing would now include consideration of the visioning process for the North campus.
- (2) The November Board agenda would include an item on pensions.

18. Any Other Business

There was no other business.

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