

BOARD OF GOVERNORS

Wednesday, 22 November 2017

Present: Mr Edward Astle, (in the Chair), President and Vice-Chancellor, Dame Sue Ion, Ms Dapo Ajayi, Mr Gary Buxton (by telephone), Mr Michael Crick, Prof Aneez Esmail, Prof Colette Fagan (from item 10), Prof Danielle George, Mr Colin Gillespie, Dr Reinmar Hager, Mr Nick Hillman (by telephone), Dr Caroline Jay, Professor Silvia Massini, Dr Neil McArthur, Mr Shumit Mandal, Mr Paul Lee, Ms Isabelle Perrett, Mr Andrew Spinoza, Dr John Stageman, Dr Dame Angela Strank, Mr Alex Tayler, General Secretary of UMSU and Mrs Roz Webster (23).

In attendance: The Registrar, Secretary and Chief Operating Officer, the Deputy President and Deputy Vice-Chancellor, the Vice-President and Dean of Faculty of Biology, Medicine and Health, the Director of Finance, the Director of Human Resources, Ms Sinead Hesp, the Director of Compliance and Risk (for item 5), Director of Teaching and Learning Support (for item 14) and the Deputy Secretary.

Apologies: Mr Robin Phillips and Prof Nalin Thakkar.

1. Declarations of Interest

Reported: there were no new declarations of interest.

Noted: previous declarations of interest in relation to agendum 6 (Delivering Manchester 2020) from Prof Esmail (as a Manchester UCU Executive Committee member) and agendum 8 (Universities Superannuation Scheme-Progress Report) from the Registrar, Secretary and Chief Operating Officer (as a member of the USS Joint Negotiating Committee).

2. Minutes

Resolved: The minutes of the meeting held on 4 October 2017 approved, subject to the following amendment (amended text italicised);

Minute 1 (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 the Staffing Committee.”*

3. 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.

Reported:

- (1) Further detail of the proposed university funding and student funding review was still awaited.
- (2) The 2017 round of Accountability and Planning Reviews had now been completed.
- (3) An outline agenda for the Accountability and Planning Conference would be brought to the next Board meeting. Whilst the first morning would focus on 2016-17 performance, the rest of the conference would focus on the period beyond the current strategic plan and would include external input (for example from Prof Glyn Davis, Vice-Chancellor of the University of Melbourne) and provide members with an opportunity to consider future potential scenarios.

- (4) In relation to student numbers, the report noted that the University would fall marginally short of its total Home/EU undergraduate student target for 2017, with any financial shortfall mitigated through exceeding the total international undergraduate student target.
- (5) The latest position on undergraduate and postgraduate admissions for 2018 entry. Undergraduate admissions were slightly down on the corresponding position last year (although applications from the EU had increased) and it was very early in the postgraduate admissions cycle.
- (6) The insurance report following the Paterson Building fire was due in January 2018. Discussions with Cancer Research UK and the Christie Hospital were ongoing.
- (7) The University would receive a gift from Dr Lee Kai Hung of £5 million relating to the Manchester-China Institute.
- (8) The Chancellor of the Exchequer had just announced in the Budget Statement that the University had been awarded £4 million towards the "First Light" project at Jodrell Bank; this will meet the funding gap to enable the project to proceed. The project will create a new gallery in the gardens at Jodrell Bank, engaging visitors with stories of the history and development both of Jodrell Bank and of radio astronomy.
- (9) A potentially significant partnership and opportunity with a European diagnostics company was under discussion.
- (10) Confirmation of the University's invitation to join the Alan Turing Institute, the national institute for data science, had been received. The University had been announced as new members alongside Leeds, Newcastle and Queen Mary, London, joining founder members Oxford, Cambridge, Edinburgh, Warwick and University College London.
- (11) The Research Excellence Framework criteria had been confirmed and published; all research staff would be entered and publications were portable between institutions but Universities could enter publications from former staff.

Noted:

- (1) The University would pay a £1 million per annum subscription for five years to the Turing Institute and in return would have access to fellowships and funding sources. The University would be the lead for Health Data Analytics, and was in discussion with Leeds about the development of a shared northern hub.
- (2) The revised REF methodology still provided an incentive to recruit experienced researchers, given portability of data; the higher weighting for research impact in the revised methodology was a further significant factor. Subject panels would attempt to be sensitive to interdisciplinary research which was important given the potential for innovation and impact to emerge from this nexus.
- (3) Confirmation, regarding the reported £73 million detrimental impact following the decision to freeze tuition fees, that this figure was based on an expectation of annual inflationary fee increases.
- (4) The reason for the increase in undergraduate EU applications was unclear and the University was bucking the trend in the sector on this measure, although it was still very early in the admissions cycle.
- (5) The revised Teaching Excellence Framework (now Teaching Excellence and Student Outcome Framework) had, to some extent, considered feedback from the sector (for example, weighting given to National Student Survey outcomes had been reduced).
- (6) Media interest in and scrutiny of the sector had continued, much of it focused on senior staff (particularly Vice-Chancellor) remuneration. The Committee of University Chairs (CUC) had developed an early draft of a sector Code of Practice on senior staff remuneration as a precursor to broader consultation and adoption of the Code in 2018. HEFCE had also published its recommendations arising from the recent review of governance arrangements at the University of Bath.
- (7) A recent HEPI report had confirmed that, for home teaching, universities broadly broke even, losing money on research; the only activity resulting in surplus was international students.
- (8) The University had responded to the recent inquiry from Chris Heaton-Harris MP by providing the web link to its academic offer on the University website.

(ii) Report from the Director of Compliance and Risk

Received: the report from the Director of Compliance and Risk

Noted:

- (1) The summary of the significant incident as reported in the Q2 Safety Services Report would be amended to ensure clarity. The incident had arisen through a combination of ineffective labelling and poor practice by the contractor. **(Action:** Director of Compliance and Risk)
- (2) The University had robust and well-established processes for hazardous waste disposal.
- (3) There was good awareness amongst staff about procedures to report accidents; the “deep dive” into health and safety later in the academic year would provide greater granularity in relation to risk reporting (and this would include consideration of the reasons for the recent downward trend in reported accident and incident numbers).

Resolved: that, given the presence of the Director of Compliance and Risk, the agenda be varied to enable him to present the report on Prevent Monitoring Report.

6. Prevent Monitoring Report

Received: the annual report (covering the period 1 August 2016 to 31 July 2017) setting out the University’s compliance with the Prevent Duty, following the introduction of the Counter-Terrorism and Security Act 2015 and subsequent legally binding Prevent duty guidance for the higher education sector.

Reported: the report followed a structure suggested by HEFCE and included follow-up on actions previously identified, implementation of Prevent-related policies, areas where further support is required and identification of good practice.

Noted:

- (1) The response to actions identified following submission of the previous monitoring report was full and robust.
- (2) The Duty Guidance required appropriate staff to be engaged in training and action had been taken to identify those staff most likely to be in regular contact with students.
- (3) There were two levels of training package available, a general Home Office awareness online package and more substantial face to face training package (Workshop for the Raising Awareness of Prevent or WRAP2) for staff most likely to come into contact with students in crisis (eg Occupational Health, Counselling and significant pastoral roles).
- (4) Approximately 500 staff would receive the online training, with approximately 150 staff receiving the WRAP2 training and roll out would be completed in 2018 (the data in the report reflected the reporting period 1 August 2016 to 31 July 2017). Refresher training would also be offered at (at least) two year intervals.

Resolved: that the monitoring report be approved for signature by the Chair and submission to HEFCE by the 1 December 2017 deadline. **(Action:** Deputy Secretary and Director of Compliance and Risk)

7. Delivering Manchester 2020-progress on proposals following closure of the voluntary severance scheme.

Received: a progress report on the M2020 programme proposals following closure of the voluntary severance scheme.

Reported:

- (1) As agreed by the Board at its 4 October 2017 meeting, a compulsory redundancy process had been undertaken in the Faculty of Science and Engineering Faculty Office resulting in two individuals being selected for compulsory redundancy. Opportunities for redeployment would continue to be sought until June 2018.
- (2) As advised by communication to Board members on 2 November 2017, and following agreement by the Deputy Chair (acting in the absence of the Chair);

- (a) The Directorate of Finance, the Photon Science Institute (PSI) and the National Composites Certification and Evaluation Facility (NCCEF) projects were now complete with the required reductions in posts achieved through voluntary severance and other mitigating actions and therefore it was not necessary to introduce a compulsory redundancy process in these areas.
 - (b) The projects in the Alliance Manchester Business School (AMBS) and the School of Arts, Languages and Culture (SALC) had met the objectives set out in their respective business cases and it was therefore not necessary to introduce a compulsory redundancy process in these areas.
 - (c) In the Faculty of Biology, Medicine and Health (FBMH) the objectives in the business case would be achieved by the end of the current financial year and it was therefore not necessary to introduce a compulsory redundancy process in this area.
- (3) Staffing Committee had received a full report at the meeting which had taken place earlier in the day.
- (4) Attention would now turn to implementation of other aspects of the M2020 programme, including investment in research fellowships and other investment to assure the University's long term success and sustainability.

Noted:

- (1) A robust approach had been taken in assessing applications for voluntary severance and, following assessment of relevant skills and experience linked to critical activity, some applications had been refused.
- (2) As reported at Staffing Committee, a review of the M2020 staffing related programme and other related processes was being undertaken.
- (3) Discussions at local level were taking place to provide assurance that teaching commitments could be met (noting that many of the staff leaving under voluntary severance would not do so until the summer) and this included some limited fixed-term contract appointments,
- (4) The comment that achieving the outcomes as set out in the various projects and business cases with only two staff selected for compulsory redundancy (with potential for redeployment of these staff still open) was a successful outcome.
- (5) The view that, whilst the small number of staff selected for compulsory redundancy was pleasing, overall the process had caused some damage and had a negative impact on staff morale.
- (6) The impact on staff morale was recognised and the Vice-President for Social Responsibility would be leading a programme on staff engagement and the Board would receive a report on the outcomes of this work. In addition, a new Inspiring Leaders programme was being launched early in the year and the consultations on the longer term future of the University (ie beyond 2020) would include a significant level of staff engagement. Local engagement by relevant leaders in areas impacted by the M2020 programme would continue.
- (7) There was recognition of the need for leadership at all levels of the University and this would be facilitated by the Inspiring Leaders Programme.
- (8) Staff generally recognised the need for change, particularly given the increasingly challenging external environment, and it was important to engage with staff and ensure that future programmes were not divisive.
- (9) The expressed hope that it would be possible to engage positively with those staff who had publicly opposed the recent programme.
- (10) The M2020 programme did not appear to have had an adverse impact on student recruitment or applications; early applications for 2018 in the Faculty of Biology, Medicine and Health had increased substantially (by over 750) and the Alliance Manchester Business School was on course to achieve its (slightly reduced) target.
- (11) Although the next Staff Survey was not due until 2019, the Vice-President for Social Responsibility would be exploring methods of broader engagement before then.
- (12) The outcomes of the External Stakeholder Survey would be reported to the Board in the New Year and the M2020 programme had barely featured in responses to this.

8. Progress against Key Performance Indicators

Received: a report providing a summary of the University's performance against high level key performance indicators and targets in the Strategic Plan.

Reported: the draft Stocktake Report, including 2016-17 final outturn key performance indicators, would be submitted to the February 2018 Board, before further consideration at the Accountability and Planning Conference in March 2018.

Noted:

- (1) Stretch targets had been set in some areas.
- (2) The Conference would provide an opportunity for robust discussion about achievement and areas where there was scope for improvement. This would include identification of actions to address any high priority shortfalls in performance.
- (3) A more strategic approach had been taken to the Annual Performance Review process which had just been completed and this had enabled a greater focus on key areas, including areas where there was scope for improvement.
- (4) On a specific issue, the Advertising Value Equivalent (AVE) measure of press coverage had been superseded and other more effective ways of evaluating and measuring media coverage had been developed.
- (5) The importance of information at a greater level of granularity (as would be provided at the Conference) to enable clear analysis of impact and pace of change.
- (6) In relation to the student experience, the challenge of sustaining and embedding improvement to the student experience, noting that this had been achieved on a consistent basis in some areas, eg Dentistry. The importance of long term, sustainable solutions rather than quick fix remedies was highlighted.
- (7) In different parts of the University, there were marked variations in teaching intensity between modules bearing the same number of credits.
- (8) The potential for a further student boycott of the Teaching Excellence and Student Outcomes Framework (TEF), despite the decoupling of TEF outcomes and tuition fees; there remained strong opposition in some quarters of the student body to TEF given its perceived role in the marketisation of higher education.

9. Universities Superannuation Scheme (USS) valuation-progress

Received: two reports providing updates on progress of the 2017 valuation of the USS Pension Fund.

Reported:

- (1) The USS had a triennial valuation process; the valuation currently underway was with effect from March 2017 and the Pensions Regulator required the process to be completed by June 2018.
- (2) The responsibility for determining the level of deficit contributions and the cost of future service lay with the USS Trustee Board; responsibility for determining any changes to future benefit structure lay with the Joint Negotiating Committee (JNC). The JNC was made up of five UCU nominated members, five UUK nominated members and an independent Chair.
- (3) The University had participated in the employer consultation process (through Universities UK - UUK) and indicated that it did not wish to pay more than the current 18% employer contributions and that it did not wish the Trustee to take more investment outperformance risk than was proposed. This position was endorsed by Finance Committee and shared at the October 4 2017 Board meeting. The University's response to the UUK consultation process was in line with other USS employers.
- (4) The Trustee Board had met on 10 November 2017 and indicated that the deficit in the pension fund has risen to around £7.5 billion at the valuation date. As a consequence, it had confirmed that it believed that the current deficit contributions of 2.1% would need to rise to at least 3.5% and possibly higher dependent upon the nature of future benefit accrual.

- (5) The Trustee Board had also indicated that the future cost of providing the current benefits had risen by over a third. Currently, employers made contributions of 18% of salary and employees make contributions of 8%.
- (6) UUK proposed to move to a largely defined contribution arrangement for future service. This proposal would not close the defined benefits structure entirely and kept open the possible reintroduction of defined benefits if scheme funding improves at future valuations. The UUK proposal also included maintaining death and incapacity benefits on a defined basis; existing benefits already accrued before any change is introduced would remain unaffected.
- (7) Following this proposal, on 17 November 2017, UCU had indicated that they will move to ballot members on industrial action. Communications to USS members by employers had commenced on the same date.
- (8) An extensive programme of informal and formal meetings of the JNC was planned before the end of the year.
- (9) Should the JNC conclude that reform of the benefit structure was necessary, all USS employers would be required to go through formal consultation processes with their own affected employees. If required, this was likely to take place in Spring 2018.
- (10) The next formal meeting of the JNC was on 30 November and a decision, whilst previously committed to, was unlikely at that meeting.
- (11) The weighting of the JNC meant that at some point, it was very likely that the independent Chair would need to exercise his casting vote, given the need to complete the valuation process by June 2018. In order to achieve this, an outcome on benefits was required soon.

Noted:

- (1) The independent Chair of the JNC would have access to external legal advice to assist him in decision making.
- (2) In previous valuations, the JNC had always come to a conclusion.
- (3) The previous (2014) valuation exercise had resulted in employers contributions increasing by 2% to 18% (including deficit contributions); employees contributed 8%, resulting in a total of 26% contributions for each new year of service. At the conclusion of the previous valuation the need for further increases in contribution had not been expected.
- (4) Each 1% increase in employer contribution represented an additional £2.8 million expenditure for the University of Manchester and if this materialised it would be necessary to reprioritise budgetary decisions.
- (5) The cost of future benefit accrual was a far more significant factor than deficit contribution.

10. Update from the Faculty of Biology, Medicine and Health

Received: a report providing an update on progress in the Faculty of Biology, Medicine and Health, following the integration of the previous Faculties of Life Sciences and Medical and Human Sciences in September 2016.

Reported:

- (1) The Faculty was strongly committed to the University's Social Responsibility goals and making its contribution to countering the growing regional health inequalities gap and improving life chances and life expectancy for the people of the region.
- (2) 27% of medical admissions were from Widening Participation backgrounds.
- (3) The Faculty Leadership Team had been very effective and the Staff Survey demonstrated the positive view of the team amongst staff.

- (4) The Faculty had achieved outstanding success in major institutional biomedical awards over the course of 2016-17, obtaining close to £100 million of external funding with such major awards in the first six months of the Faculty's life.
- (5) In teaching and learning, the Faculty had successfully managed the difficult balance between maintaining entry tariff and recruiting planned numbers.
- (6) The developing Greater Manchester Medical School proposal would provide a new regional medical school, jointly developed by Manchester Metropolitan University and the University of Salford, based on the University's medical curriculum. The proposed new School would extend the clinical training capacity in Greater Manchester.
- (7) Partnership activity was providing opportunities across postgraduate medical education and research and assisting in retaining doctors in the region.
- (8) The Greater Manchester devolution health and social care agenda provided significant opportunities for the Faculty.

Noted:

- (1) The integration of the disciplines of biology and medicine within the Faculty had created significant new academic and research opportunities.
- (2) The success of the Faculty's social responsibility aspirations would be measured via a variety of measures, including its contribution to improved health care, closing the regional health inequalities gap and to job creation such as in biomedicine.

11. Chair's report

Received: a Board and committee attendance record (since October 2016) and a summary of Leadership Foundation events and publications.

Reported:

- (1) There were some discrepancies in the Board attendance report, which would be corrected, and the report recirculated to members. (Action: Deputy Secretary)
- (2) In the absence of the Chair, and on behalf of the Board, the Deputy Chair had approved the naming of the Graphene Innovation Centre (GEIC) building as the Masdar Building.

12. Secretary's report

Received: a report on exercise of delegations.

Reported:

- (1) 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 had awarded the title of emeritus/emera professor to:
 - a) Professor Richard Pattrick, School of Earth and Environmental Sciences, with effect from 1 August 2017.
 - b) Professor Ray Boot-Handford, School of Biological Sciences, with effect from 1 September 2017.
 - c) Professor David Hayhurst, School of Mechanical, Aerospace and Civil Engineering, with effect from 1 October 2017.
 - d) Professor Helen Rees Leahy, School of Arts, Languages and Cultures, with effect from 1 November 2017.
 - e) Professor Richard Schilizzi, School of Physics and Astronomy, with effect from 1 January 2018.
 - f) Professor Trevor Wood-Harper, Alliance Manchester Business School, with effect from

1 February 2018.

g) Professor Ian Miles, Alliance Manchester Business School, with effect from 1 October 2018.

- (2) Acting on behalf of the Board of Governors, and on the recommendation of the Vice – President and Dean of the Faculty of Engineering and Physical Sciences, the President and Vice-Chancellor had approved the appointment of Professor Fiona Devine as Head of School of Alliance Manchester Business School for the period 1 August 2018 to 31 July 2021.
- (3) Acting on behalf of the Board of Governors, and on the recommendation of the Vice – President and Dean of the Faculty of Biology, Medicine and Health, the President and Vice-Chancellor had approved the appointment of Professor Martin Evans as Head of Environment, Education and Development for the period 1 November 2017 to 31 October 2022.
- (4) Pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to instruments recorded in entries 1906 to 1915.

13. Report from the External Auditors and Financial Statements

Received: The Report to the Audit Committee from the External Auditors, EY LLP, for the year ended 31 July 2017 and the Financial Statements. The Board of Governors also reviewed the External Auditors Letter of Representation.

Reported:

- (1) The Management Report covered issues arising from the audit work with respect to the financial performance and position of the University, internal controls (including risk management) and audit and accounting issues.
- (2) The Financial Statements included the Statement on Corporate Governance which included reference to a fuller Remuneration Committee report, setting out the Committee’s remit and key decisions made. The Public Benefit Statement had been integrated into the Financial Review. These documents had also been appraised by the external auditors within their technical review. The joint meeting of Finance Committee and the Audit Committee on 1 November 2017 had reviewed the Financial Statements, suggesting some minor textual amendments as part of their consideration. As the University was a Public Interest Entity, an extended audit report from EY was included within the Financial Statements.
- (3) EY had not identified any changes to the strategic and financial statement risk assessments or their planned approach as described in their Planning Report as a result of their procedures to date. These concerned revenue recognition, risk of management override of controls, accounting for pension obligations (this included reference to prior year adjustment for USS pension deficit recognition referred to at the previous meeting), endowments and donations, taxation and property plant and equipment. Throughout the audit, EY obtained appropriate and sufficient assurance to enable them to conclude satisfactorily on each of these matters. EY found no material matters which needed to be brought to the attention of the Audit Committee in respect of these matters or in respect their treatment in the statements during the year.
- (4) EY had documented and tested the controls of the University only to the extent necessary for them to complete their audit. Within the scope, they did not identify any significant deficiencies in the design or operation of an internal control system that might result in a material misstatement in the financial statements. The report contained reference to three relevant internal control issues as follows:
 - The identification of two bank accounts (totalling £46,000) not included in the general ledger and therefore omitted from the financial statements (and subsequently accounted for)

- Control and recording of staff leavers and updating of financial systems
 - Internal security arrangements for a small number of financial database administrators.
- (5) The first two issues identified above were high priority and were being addressed by management; the third was low priority and management had decided to tolerate the risk after assessing the potential for adverse impact on service availability and/or recovery.
- (6) One unadjusted audit difference had been identified; this related to a post balance sheet event within a University subsidiary and was below the level of materiality.
- (7) The external auditors stated that the audit had completed in line with the agreed timetable and they anticipated issuing an unqualified audit opinion. They had concluded that their work on key audit risks indicated that those risks were appropriately addressed, and their work on other areas of audit focus identified no major issues. The auditors had no issues with the quality and acceptability of the statements in respect of the University's reporting obligations.

Resolved:

- (1) That, as required by the Higher Education Funding Council for England (HEFCE) Audit Code of Practice, the Board approved the onward transmission of the External Auditors Report to the HEFCE Assurance Service.
- (2) That the Board of Governors, having due regard to the Letter of Representation, was not aware of any actual or potential non-compliance with law and regulations that could have a material effect on the ability of the University to conduct its business and, therefore, on the results and financial position to be disclosed in the Financial Statements for the period ended 31 July 2017.
- (3) That the Financial Statements for the period ended 31 July 2017 be approved for onward transmission to HEFCE, and that they be also forwarded to the General Assembly for comment in accordance with Statute IX.8 (b). (**Action:** Director of Finance and Deputy Secretary)

14. Academic Assurance

Received: A paper setting out the basis for the Board's assurances concerning the oversight of the academic experience and the setting and maintenance of standards, as part of the Annual Assurance Return to HEFCE on 1 December 2017.

Reported:

- (1) The University's formal review of student experience, outcomes and standards was covered by the Annual Performance Review (APR) which includes Faculties and Schools, PSS, Library and Cultural Assets. The APR reviews the following high level KPIs:
 - Student satisfaction and National Student Survey (NSS) (Q27 overall)
 - Widening participation (National Statistics-Socio Economic Classification and Low Participation Neighborhoods)
 - Employability (Destination of Leavers in Higher Education survey)
- (2) In addition the following were reviewed annually through the APR:
 - NSS: Teaching quality; assessment and feedback; academic support
 - Postgraduate Taught Experience Survey and Postgraduate Research Experience Survey
 - Employability and preparation for work
 - Average tariff score (summary only)
 - Student recruitment

- Student staff ratios
 - Student attainment (trend; gender, ethnicity and domicile)
 - Student retention
- (3) The Board of Governors received a stock take report and the APR action plans, considered at the Board's Annual Accountability and Planning Conference.
- (4) For the assurance required to HEFCE, a report to Senate outlined:
- A summary of the processes used for the annual review of undergraduate and postgraduate taught provision that is undertaken by the Teaching and Learning Group(TLG) each December and the annual review of postgraduate research provision that is undertaken by the Manchester Doctoral College (MDC) in February/March).
 - A summary of the periodic reviews, and any institutional issues identified, undertaken during 2015-16 (i.e. as reported to the TLG annual review in December 2016)).
 - A summary of the output from the annual review of postgraduate research provision undertaken by the Manchester Doctoral College (MDC) in February 2017
 - An overview of the student outcome data provided to the APRs available separately from the Senate intranet site at <http://www.staffnet.manchester.ac.uk/senate/meetings/>

Noted:

- (1) The Board drew assurance from the robustness and rigour of the processes described in the report and overseen by Senate.
- (2) The Audit Committee reviewed the processes described on a periodic basis (this included processes related to data quality).
- (3) The Board received APR summary data and action plans at the Accountability and Planning Conference; however, it was possible to supply members with supporting data if required.
- (4) The process for Board assurance of the academic experience and setting and maintenance of standards was relatively new and evolving, and the Office for Students may have different requirements.
- (5) There was a balance to be struck in order to provide sufficient information to provide assurance without swamping the Board with unnecessary detail.
- (6) That there was scope to enhance assurance to the Board through provision of further detail about process and content within the report from Senate (noting that assurance on data quality was routed through Audit Committee).

Resolved:

- (1) To confirm that the Board had received and discussed a report and accompanying action plan relating to the continuous improvement of the student academic experience and student outcomes. This included evidence from the provider's own periodic review processes, which fully involve students and include embedded external peer or professional review.
- (2) To confirm that to the best of the Board's knowledge, the methodologies used as a basis to improve the student academic experience and student outcomes were robust and appropriate.

- (3) To confirm that the standards of awards for which the University is responsible had been appropriately set and maintained.

15. HEFCE Model Assurance Return

Received: The HEFCE Model Annual Assurance Return

Resolved: That on the basis of assurances from senior staff and via its consideration of other relevant material elsewhere on the agenda, the Board of Governors approved submission of the HEFCE Model Annual Assurance Return to HEFCE. (**Action:** Deputy Secretary)

16. Board committee reports

(i) Finance Committee (1 November 2017)

Received: an Executive Summary and minutes of the meeting of Finance Committee held on 1 November 2017.

Reported:

- (1) An update on the capital programme was provided and the following projects had been completed since the previous meeting:
 - Schuster Building – New Annex Extension (£11.8 million, £12.03 million including fire lobby works and IT Contribution)
 - Samuel Alexander Long Term Maintenance (LTM) and Space Rationalisation Project (£15.2 million, £5.5 million capital)
 - Students’ Union – Additional Floor Space and LTM Works Project Phases 1 and 2 (£10.9 million)
- (2) An update was provided on progress made with identifying options available on completion of the development of phase 1 of the Fallowfield development and for the possible delivery of phases 2 and 3, with one option removed from consideration.
- (3) The 2016-17 Financial Statements were recommended for approval by the Board of Governors. This was formally carried out in the joint meeting held with Audit Committee.
- (4) The Committee had recommended the approval by the Board of the Annual Accountability Return to HEFCE.
- (5) The Committee had noted the following:
 - Sickness costs 2016-17
 - VAT status of key capital projects
 - Cancer Research UK Manchester Institute/Paterson fire financial update
 - Moody’s down grade of University credit rating
 - Criminal Finance Act
 - Research Council UK Funding Assurance Process Action Plan.
- (6) The Committee had approved in principle the investment of up to £35m in the HSBC Global Asset Backed Bond subject to the University’s forecast available cash not falling below £75 million.
- (7) The September 2017 management accounts had been received and noted.
- (8) The insurance tender report for 2017 had been received with actions to be taken forward by the Director of Finance.
- (9) The Committee had received a presentation on the work of UMI³, a wholly-owned subsidiary company.
- (10) The unconfirmed minutes of Subsidiary Undertakings Sub Committee had been received and noted.
- (11) A verbal update on the USS and UMSS pension schemes had been received and noted.

- (12) A verbal update on the performance of the University's wholly-owned subsidiary UMC Ltd had been received and noted.

Noted:

- (1) The MECD contract was due for signature on 23 November 2017.
- (2) Recent publicity about the recent financial resilience of Carillion Construction Ltd; the Board was assured that this was unlikely to impact on the Fallowfield Redevelopment Project.
- (3) The Pankhurst Project Centre was a nascent development in the field of health economics and in its early stages.

Resolved: that the Annual Accountability Return be approved for return to HEFCE. (**Action:** Director of Finance and Deputy Secretary)

(i) **Audit Committee** (1 November 2017)

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

Reported:

- (1) The Committee had agreed to consider a "deep dive" on IT related risk at the February 2018 meeting.
- (2) The Committee had considered the Management Report and accompanying Management Letter from the External Auditors (EY LLP) on the Financial Statements for the year ended 31 July 2017, which recorded the key features of the audit to date, and contained details of specific observations arising, the way they had been treated in the Accounts, and the management responses. The Committee also considered the Letter of Representation in relation to the 2016/17 external audit. Also presented, and considered jointly with the Finance Committee, were the Financial Statements for the year ended 2016/17.
- (3) The external auditors anticipated issuing an unqualified audit opinion as to the truth and fairness of the financial statements.
- (4) The Committee had resolved that the completed Management Report should be accepted for onward transmission to the HEFCE Assurance Service, as required by the HEFCE Code of Practice on Audit and Accountability, and that it should be commended to the Board of Governors along with the Letter of Representation.
- (5) As reported to the October 2017 Board, following the September 2017 meeting of the Committee without auditors present, the Committee formally recommended to the Board the reappointment of the external auditors, EY LLP, for the audit of the 31 July 2017 financial statements, under the terms of their existing contract.
- (6) Uniac had finalised and completed six substantive audits since the last meeting of the Committee. These covered: University Policy Framework 2016-17, Competition and Markets Authority compliance 2016-17, Data Assurance Provider Profile 2016-17, Changes of Circumstances Processing (Student Loans Company payments) 2016-17, IT Post Audit Reviews 2016-17 and TRAC 2017-18
- (7) Uniac had commended the Annual Opinion of the Internal Auditors to the Board of Governors, and thereafter, for onward transmission to HEFCE as part of the Audit Committee's Annual Report.
- (8) The Committee had considered its Annual Report and agreed that it be commended to the Board for approval.
- (9) A Value for Money report, prepared by the Directorate of Finance had been considered. The report provided a holistic view of Value for Money related activity across the University, covering

process design and delivery, the three core goals of world-class research, outstanding learning and teaching and student experience and social responsibility, as well as procurement. The report was no longer a HEFCE requirement and a separate Efficiency Return would be returned by the 31 January 2018 deadline signed off by the Chair with advice from officers and Uniac as required.

(10) The Committee had noted a potentially advantageous business opportunity involving the University, in partnership with other agencies (also referred to in minute 5 i) (9) above).

(11) The Committee had noted a report summarising the outcomes of Uniac's quinquennial external quality assurance review which, alongside other existing mechanisms, provided assurance that effective internal audit arrangements were in place.

Noted: that the February 2018 Committee meeting would also consider consolidated or composite risk, i.e. consideration of simultaneous worsening of the position of several significant University level risks.

Resolved:

- (1) To approve the Annual Report of the Audit Committee to the Board of Governors (which includes the annual opinion of the Internal Auditors) for onward transmission to HEFCE. (**Action:** Director of Finance and Deputy Secretary)
- (2) To approve the re-appointment of the external auditors for the financial year end 31 July 2018.

(ii) **Staffing Committee** (22 November 2017)

Received: a verbal report on the meeting of Staffing Committee which had taken place earlier in the day.

Reported:

- (1) The Committee had considered a regular report relating to fixed term employees and those on open-ended contracts supported by finite funding.
- (2) The Committee had also considered an equality and diversity analysis of staff on fixed term and open ended contracts, covering the period from 1 August 2016 to 31 July 2017.
- (3) The equality and diversity analysis had revealed one area for further investigation; it had shown that disabled staff on fixed term contracts of four years or more were less likely to have their contracts extended or to be redeployed, and were also more likely to be dismissed. A further report analysing the reasons for this would be presented to the next meeting of the Committee.
- (4) A report on progress of the M2020 programme proposals, following closure of the Voluntary Severance scheme had also been considered and the Committee had noted the outcomes referred to in minute 7 (1) and 7 (2) above.

Resolved:

- (1) To proceed with the process outlined in the Contracts Procedure to deal with those staff considered to be at risk on open ended contracts linked to finite funding for the period from 1 July 2018 to 31 December 2018.
- (2) That the University continues to take all steps outlined in the report to the Staffing Committee to avoid the need for redundancy wherever this is possible.

(iii) **Remuneration Committee** (22 November 2017)

Received: a verbal report on the meeting of Remuneration Committee which had taken place earlier in the day.

Reported:

- (1) The Committee had received the outcomes of the senior staff salaries review (ie the level below the Senior Leadership Team); the Committee had considered the framework used to arrive at decisions and overall outcome of these decisions.
- (2) The recommended total increase, endorsed by the Committee, was below the average for the rest of the University, once cost of living and incremental pay increases were taken into account.

- (3) The Committee had also considered and endorsed the recommended award for the Chief Executive of UMI3, a wholly owned subsidiary.
- (4) The Committee had received a report on professorial remuneration and had made suggestions to improve the future presentation of the report.
- (5) The University had received an early draft of the CUC Code on senior staff remuneration; a revised draft incorporating comments would be circulated by CUC early in the New Year, with a final draft version for consideration and adoption by the next CUC Plenary meeting in April 2018.
- (6) The Office for Students Regulatory Framework was currently out for consultation and included provisions relating to senior staff remuneration.
- (7) The University's approach to disclosure of the work of the Remuneration Committee and senior staff pay, as set out in the Financial Statements, had anticipated the need for change, meaning that the University would be in a sound position when the detail of revised requirements was clarified.

Noted:

- (1) The lack of consistent and comparable data across the sector meant that it was very difficult to benchmark senior leadership team pay.
- (2) In relation to disability, the decision to declare a disability rested with individuals, and some individuals who would meet the legal definition of disability chose not to self-declare. The University had appropriate support mechanisms in place once a declaration had been made.
- (3) The draft CUC guidance proposed that in future, as Chief Executive Officers, Presidents and Vice-Chancellors should not be members of Remuneration Committee, attending by invitation and not being present for discussions about themselves.
- (4) Removal of the Vice-Chancellor from formal membership of the Remuneration Committee would require a change to the relevant Ordinance and this would be actioned as part of the ongoing review of governing instruments. If the President and Vice-Chancellor attended by invitation and not as a member, as the CUC guidance may suggest, there would be little practical change and, as now the President and Vice-Chancellor would withdraw from consideration of their own performance and reward. **(Action: Deputy Secretary)**
- (5) The importance of perception of influence and the view that in order to ensure complete transparency and perceived independence, the President and Vice-Chancellor should not be a full member of either Remuneration or Nominations Committees

17. Report from the Senate

Received: a report on business from the Senate meeting held on 25 October 2017.

Reported: the business considered at Senate included: M2020 programme updates, proposed Senate Effectiveness Review, relevant government announcements, progress against high level KPI and student number performance, National Student Survey and Postgraduate Taught Experience Survey outcomes, developments relating to the Teaching Excellence Framework, the award of National Teaching Fellowships, the academic assurance report for the Board (see minute 14 above), REF 2021 preparations, costing and pricing of research contracts and proposed revisions to academic promotions documentation.

Noted:

- (1) Some Senate members had expressed concern about the lack of consultation before the Governance Effectiveness Review had recommended a reduction in size of the Board (including number of Senate members)
- (2) Any changes to the number of Senate members on the Board would be submitted to Senate (and General Assembly) for an opinion before being put to the Board and then Privy Council for approval.
- (3) The rationale for the proposed reduction had been that the Board was relatively large compared to the rest of the sector and a small decrease in membership would help to improve effectiveness (in

the context of a small overall reduction in size, the Review proposed an increase in student membership from one to two).

- (4) In relation to future Senate membership, once the Review recommendations were implemented, it was envisaged that Nominations Committee would advise Senate of the optimal skills and experience required and this would be used to inform the electoral process.

18. University Union Relations Committee

Received: A report of the meeting of the University-Union Relations Committee held on 9 October 2017.

Reported:

- (1) Progress of the building project to upgrade facilities at the Students' Union. This was proceeding in accordance with the agreed programme and would be complete in Summer 2018. The lease for the Students' Union building had been finalised and agreed.
- (2) A review of the Students' Union Code of Practice by Uniac had been commissioned (the last such review was in 2013). UURC Terms of Reference were also being reviewed.
- (3) The report from the Student's Union included;
 - a. Presentation by officers on current priorities and activities being undertaken.
 - b. A verbal finance summary whilst the Union accounts were undergoing an external annual audit. A detailed report on the Statutory Accounts would be presented to the next meeting. The revaluation of pensions deficit payments was noted.
 - c. Welcome Week.
 - d. International Society: Continuing negotiations had resulted in a short Memorandum of Understanding being signed although there were matters outstanding around staff support and related employment matters.
 - e. UMSU Senate Policies.
 - f. Thirteen Media project, a media sales project, for which a new subsidiary company (registered as Th1rt3en Limited) had been formed. Operating on a commissioned basis, the project had been successful in signing up three other Unions.
 - g. Officer Role Review-options to be put to a referendum
 - h. Academy 1 Building Lease. Meetings to commence the process of review would be arranged early in 2018.
- (4) The report from the University included Stellify, the Teaching Excellence and Student Outcome Framework (TEF), the Visiting Speakers Policy and the Student Lifecycle Project. The Sexual Violence Task Force Report would present to the next UURC meeting.
- (5) A significant increase in the malicious sounding of fire alarms in Halls of Residence. This was being addressed by the Union and relevant partners.

Noted:

- (1) The Officer role review had resulted in two options being chosen for consideration by the Students' Union Senate.
- (2) The Union was attempting to ensure greater diversity in its latest staff recruitment round
- (3) Over 500 societies were now registered with the Union.

19. Report from the Planning and Resources Committee

Received: A summary of matters discussed at the meetings of the Committee held on 3 October and 7 November 2017 was provided for the information of members.

Reported: recent matters considered by the Committee included risk issues, financial issues, the Director of Development and Alumni Relations Annual Progress Review and Gift Oversight Annual Report (both considered by the Board at its October 4 meeting), student satisfaction, International student placements (Erasmus) and financial impact, Access Agreement Review, the University Collections Policy-Tabley House and its collection, planning and accountability issues, human resources issues, estates issues, IT Issues, governance issues, the Manchester University Press report, the Library, Equality and Merit Scholarship Programme, the Office for Students consultation and University of Manchester Worldwide.

Noted: that a further report was being prepared on the University Collections Policy-Tabley House

20. Forward Agenda

Received: For review, the Forward Agenda for the Board of Governors

Noted:

- (1) It was hoped that at least part of the February 2018 Strategic Briefing could be held in the Students' Union.
- (2) The potential to hold a future meeting or briefing in the new Alliance Manchester Business School building once completed.
- (3) That the scheduled May 2018 briefing on People Development would provide an opportunity to update the Board on the progress of the Inspiring Leaders Programme.

21. Any other business

(i) Fundraising and wealth screening

Reported:

- (1) Recent media attention and focus on the fundraising activities of Universities and use of external organisations to assist through profiling and wealth screening alumni as potential donors.
- (2) Enforcement action had previously been taken against other charitable organisations outside the higher education sector which had shared data between themselves without permission. No universities had engaged in this practice.
- (3) Profiling individuals for a fundraising campaign and using external agencies to assist with this was within the law, provided that individuals were aware how their data was being used and shared.
- (4) The University had previously clarified and strengthened its privacy notice and was reviewing it again to make sure it was fully compliant with the strengthened data protection law (the General Data Protection Regulation) which would come into force from May 2018.
- (5) There had been two recent articles that gave further context to the recent press coverage (from the Russell Group and a fundraising consultant) and these would be circulated to the Board for information.

(6) The Information Commissioners Office (ICO) would give careful consideration to information included in recent media reports and on the basis of this consideration decide whether any further action was necessary.

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