

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 21 February 2018

Present: Mr Edward Astle, (in the Chair), President and Vice-Chancellor, Dame Sue Ion, Ms Dapo Ajayi, Mr Gary Buxton Mr Michael Crick, Prof Aneez Esmail ,Prof Colette Fagan, Dr Reinmar Hager, Mr Nick Hillman, Dr Caroline Jay, Mr Paul Lee (until item 9d), Professor Silvia Massini, Dr Neil McArthur, Mr Shumit Mandal, Ms Isabelle Perrett, Mr Robin Phillips (until item 9d), Mr Andrew Spinoza, Mr Alex Tayler (General Secretary of UMSU), Prof Nalin Thakkar and Mrs Roz Webster (21).

In attendance: The Registrar, Secretary and Chief Operating Officer, the Deputy President and Deputy Vice-Chancellor, the Vice-President and Dean of Faculty of Science and Engineering, the Director of Finance, the Director of Human Resources, the General Counsel, Ms Sinead Hesp, the Director of Compliance and Risk (for item 5), Director of Estates and Facilities (for item 6), Mr Colin Thomasson (CBRE-for item 6), the Associate Vice-President for External Relations and Reputation (for item 7) and the Deputy Secretary.

Apologies: Prof Danielle George, Mr Colin Gillespie, Dr John Stageman and Dame Dr Angela Strank,

1. Declarations of Interest

Reported: there were no new declarations of interest.

2. Minutes

Resolved: The minutes of the meeting held on 21 November 2017 were approved.

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. Financial Performance (Deep Dive)

Received: a report from the Director of Finance providing an overview of financial performance, issues and risks.

Reported:

- (1) 2016-17 financial performance had been used for the Transparent Approach to Costing (TRAC) return and results presented to Finance and Audit Committees. Using TRAC methodology, the underlying surplus of £63 million (6% of income) translated into a £686,000 deficit, confirming that a target operating surplus of 5-7% was required for long term sustainability.
- (2) Year to date performance had been reviewed and there was a healthy underlying contribution. The forecast to year end deteriorated significantly and the Executive believed that that was unduly pessimistic.
- (3) The report reviewed tuition fee income, research income, pay costs, operating costs, capital investment, other income (including residences), investment income and philanthropic giving.
- (4) The impact of the more controlled application of research/pricing policies would take time to improve contribution generated, although there had been a noticeable improvement in industry funded work.
- (5) On the Fallowfield residences project, a mitigation plan to respond to the collapse of Carillion had been implemented.

- (6) The report also reviewed financial risks associated with pensions, student fees (and the recently announced review of student financing), IT modernisation, distance learning and research recovery.

Noted:

- (1) Whilst cost of undergraduate programmes varied, average cost was very close to the £9,250 fee.
- (2) TRAC methodology included attribution of overheads and ancillary costs.
- (3) A report to be published shortly by the Higher Education Policy Institute (HEPI) was sceptical about the efficacy of differential fees (a potential outcome of the student financing review).
- (4) Modelling of future scenarios may need to consider a possible future decoupling of fee charged from loan available to students.
- (5) To ensure sustainability and create the required headroom for investment, it was essential to deliver the commitments in the five-year plan; in this context Research Recovery was beginning to improve and Distance Learning targets were challenging but achievable.
- (6) Discussions about a more strategic approach to student residence provision were ongoing, involving both Manchester City Council and Manchester Metropolitan University; there was the possibility of a risk of over-supply, especially at the more expensive end of the market.
- (7) For major projects of significant value, engagement with contractors needed to meet the obligations of OJEU requirements.

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, which included the draft Stocktake Report and the draft Accountability and Planning Conference agenda.

Reported:

- (1) In the context of the recently announced review of student financing, the importance of ensuring that sufficient attention was also given to funding of research.
- (2) UCU would begin a scheduled fourteen days of phased industrial action on 22 February 2018 in the dispute over the future of the Universities Superannuation Scheme (USS).
- (3) Continued negative press coverage of the sector, including recent articles about the composition of Remuneration Committees, which failed to point out that Vice-Chancellors (whether or not they were Remuneration Committee members) did not attend meetings which considered their own remuneration.
- (4) Recent meetings with the new Ministers, Damian Hinds and Sam Gyimah.
- (5) Positive outcomes from the UKVI Tier 2 and Tier 5 audit (staff related); the Tier 4 (student related) audit outcome was awaited, but indications from initial feedback were that the outcome could also be positive.
- (6) The President and Vice-Chancellor had been part of the Prime Minister's Delegation to China and was the only Vice-Chancellor appointed to be a member of UK-China CEO Forum
- (7) A brief update on recovery after the Paterson Building fire.

Noted:

- (1) The Office for Students would play a very different role from HEFCE; its remit did not include HEFCE's current role of being an effective broker between Government and the sector.
- (2) The pre-Board briefing had included an extremely valuable session with students; a number of issues had been raised (including for example catering and laundry facilities) and these would be discussed further at the informal supper after the Board meeting, with a view to further consideration of key issues at forthcoming meetings.
- (3) In relation to the draft Stocktake report, measurement of KPI 6 (Student Experience) was affected by UMSU's NSS boycott but there was still sufficient information from elements of the NSS (including qualitative comments) and other feedback mechanisms to enable evaluation. There was potential to review and revise measures used to evaluate KPI 6.

Action: Director of Planning

- (4) In relation to KPI3 (Quality) the importance, through explanation and persuasion, of reducing the number of low quality and low impact research papers.
- (5) Reference to the outcomes of the staff survey was prefaced by the caveat that the survey was undertaken prior to the announcement of staff reductions in some areas of the University.
- (6) There were no substantive comments on the draft Stocktake Report or the draft Accountability and Planning Conference agenda and these would be circulated in due course with other materials for the Conference.
- (7) In the appendix and brief report from the Director of Compliance and Risk, the update on the Prevent Annual Report and notification of a referral under the “Channel” programme.

6. North Campus

Received: a report summarising the work to date on formulating a Vision for the North Campus development, and setting out proposed principles, objectives and next steps. The report was accompanied by a presentation from Colin Thomasson, Executive Director, CBRE.

Reported:

- (1) Determination of the Vision was essential in order to anchor and inform future decisions about the future of the site.
- (2) The concept for the site was the creation of a world class, collaborative, multi-sector, applied innovation district, within agreed University subject specialisms.
- (3) The report proposed a delivery option which mitigated risk, had a proportionate share of control with partners, delivered the Vision and provided financial return at appropriate risk to the University.
- (4) The proposed Principles underpinning the Vision Statement were;
 - A place for University led, multi sector applied innovation and collaboration;
 - An international destination;
 - Accelerating Manchester’s International Growth;
 - Contributing to Regional and UK economic growth;
 - Sustainable financial return for the University at an appropriate risk.
- (5) The proposed Objectives of the Vision were:
 - The University acting as a magnet, attracting major partnerships within the subject specialisms and enhancing the University’s global reputation;
 - Embedding a culture of innovation;
 - Delivering a globally recognised sustainable environment;
 - Recognition of heritage;
 - Providing connectivity and permeability (e.g. links to main campus, the City, wider region, nationally);
 - Taking a long-term view, with freehold held in perpetuity by the University to deliver a lasting legacy.

Noted:

- (1) Although there was some tension between realising the full commercial value of the site and enabling innovation, there was overlap between these concepts which were not mutually exclusive.
- (2) It was rare for development opportunities of this type to either be sold off completely or developed directly; development with a partner or partners was the most common outcome, with the scope of the partnership and the number of partners being the key variables.
- (3) Retention of freehold interest and provision of a long lease would generate a long-term revenue stream for the institution.
- (4) Whilst reservations about committing to a course of action at this stage were expressed, inaction was not a viable option.

- (5) There was considerable reported market interest in investment in a facility of this type outside the “Golden Triangle” (London, Cambridge, Oxford).
- (6) There was room for further refinement of the sector specialisms outlined in the report (Advanced Materials, Biotechnology, Applied Health Innovation and Digital) although it was noted that narrowing the range of specialisms further might reduce the scope of opportunity.
- (7) The comment that enhancing the overall student experience, for instance through graduate employment opportunities, should be added to the list of Principles.

Resolved:

- (1) Noting the comments outlined above, that the Principles and Objectives be adopted as the basis for the Vision Statement and a further report to be brought to the Board in July 2018.
- (2) That further steps be taken to develop the July 2018 Board paper including sector specialism analysis, analysis of financial scenarios and potential financial returns, further work on optimal procurement and delivery mechanisms and a recommended set of options to mitigate holding costs (ie to utilise and generate value from the site before development began).
- (3) That progress reports be given to Board meetings before July 2018.

Action: Director of Estates and CBRE

7. External Stakeholder Survey

Received: a report from the Associate Vice-President for External Relations and Reputation, setting out the results of the seventh biennial External Stakeholder Survey, conducted in the summer of 2017. The research was conducted by the Knowledge Partnership (KTP), an educational research consultancy on behalf of the University and it captured perceptions of the University and its performance amongst a group of sixty-seven senior engaged stakeholders.

Reported:

- (1) The report summarised key messages including areas of reputational strength and areas where there was scope for improvement.
- (2) Areas of strength included:
 - research quality (with research beacons creating focus and a sense of ambition); in this context, whilst recognition of research success was still dominated by Graphene, there was increasing recognition of the University’s strengths in cancer and energy research;
 - perception of an improving and vibrant campus;
 - recognition of the University’s high quality social engagement in the region;
 - a strong leadership team with an engaging and well-known President and Vice-Chancellor;
 - overall recognition of a very impressive University, one of the strongest in the UK with global strengths.
- (3) Areas of improvement included:
 - Lack of a single clear ambition to replace the Manchester 2020 goals and top 25 narrative
 - Relatively low profile of Arts and Humanities
 - Reputation rested on a relatively small number of key individuals
 - Disappointing perception of teaching quality, for a university of global status and ambition
 - Scope to improve both business engagement and international profile.
- (4) The survey captured perception and as such helped to craft and prioritise the University’s approach to communications (there was recognition that changing perception took place over time and was not an immediate process).

- (5) An External Relations Strategy Group had developed an Action Plan in response to issues emerging from the survey and this was appended to the report.

Noted:

- (1) In relation to business engagement, the University's performance (consistently in the top five nationally) did not mirror perception so there was clearly work to be done to convey this message. An example of the University's activity in this area was the successful launch of the Scale-Up Forum designed to address the challenges faced in scaling up businesses and addressing barriers to growth.
- (2) In relation to perception of teaching quality, there was recognition of the difficulty, for large scale multi-disciplinary universities like Manchester, in carving out a distinctive niche.
- (3) Previous surveys had highlighted perceived concerns about performance in Medicine and the Business School and these no longer featured in the survey.
- (4) Initiatives like Stellify were relatively new and it would take time for their reputation to become established in the minds of external stakeholders.
- (5) Other comparative qualitative surveys (of prospective students and parents) indicated a very positive perception of the University.
- (6) The potential for issues raised in the Stakeholders Survey to become self-perpetuating as stakeholders fed back the outcomes of earlier surveys.

(Given the need for some lay members to leave the meeting early and to ensure that the meeting was quorate for items requiring a decision by the Board, it was **resolved** to amend the order of business.)

8. Chair's report

Received: a report from the Chair of the Board covering recommendations from Nominations Committee, appointment of a Deputy Chair (with effect from 1 September 2018), appointments to Committee Chair positions, and an update on Board recruitment.

Noted:

- (1) The brief for the consultants appointed to assist with Board and co-opted Audit Committee member recruitment strongly emphasised the importance of diversity (in relation to gender, ethnicity, background, experience etc).
- (2) The timeline for the appointment process provided Nominations Committee with the opportunity to review the longlist of candidates at its scheduled meeting on 11 April 2018.
- (3) Two Board members (to replace Dame Sue Ion and Dame Dr Angela Strank) were being sought.
- (4) It was important to ensure that members appointed, particularly those from outside the region, were fully informed of time commitments.
- (5) The Nominations Committee had considered a paper on optimal Board composition which would be brought to a future Board meeting.

Action: Deputy Secretary

Resolved:

- (1) That the following members be reappointed to the Board, each for a further term of three years from 1 September 2018:

Mrs Dapo Ajayi
Mr Gary Buxton
Mr Michael Crick
Mr Andrew Spinoza

- (2) That the following be reappointed to the General Assembly in Category 3 (Current and lay former members of the Board of Governors who are not otherwise members of the General Assembly), each for a fifth and final term of one year from 1 September 2018:

Professor Sir Robert Boyd
Mrs Jan Hennessey
Mr John McGuire
Ms Brenda Smith
Mr Roy Walters

- (3) That the following be reappointed to the General Assembly in Category 9 (lay members appointed by the Board of Governors), one for a fifth and final term of one year (as indicated below) and six for a further term of three years, from 1 September 2018 (noting that Mr Philip Robson had declined the offer of reappointment):

Mr Anthony McDermott
Mr Roger Milburn
Mr John Schultz
Mr Michael Taylor
Mrs Janet Valentine
Mr Peter Wainwright (1 year appointment)
Dr Janet Webster

- (4) That, at its next meeting, the General Assembly be asked to confirm that the following be reappointed to the General Assembly in Category 10 (lay members co-opted by the General Assembly), three for a fifth and final term of one year from 1 September 2018 (as indicated below) and four for a further term of three years, from 1 September 2018 (noting that Dr Josie Beeley had declined the offer of reappointment):

Mr Kabir Ahmed (1 year appointment)
Canon Michael Evans (1 year appointment)
Dr Kai Hung Lee (1 year appointment)
Mrs Susan Lipton
Mr Ian Munro
Canon Maurice Smith
Mr Asrar ul-Haq

- (5) That exceptionally and in the interests of Board continuity, during a period of change in Board membership and Committee chairs, Dr John Stageman's appointment be extended by one year (ie until 31 August 2020, ten years in total)

- (6) That Dr John Stageman be appointed as Deputy Chair with effect from 1 September 2018, until 31 August 2020 when his membership of the Board would cease.

- (7) That the following be confirmed as Chairs of Board committees:

- Paul Lee (Staffing Committee, with effect from the next meeting on 18 April 2018);
- Gary Buxton (Remuneration Committee, with effect from the next meeting on 18 April 2018);

- Colin Gillespie (Audit Committee, with effect from 1 September 2018 ,noting that this appointment would require Mr Gillespie to move from Finance Committee at the end of the current academic year).

Action: Deputy Secretary

9. Secretary's report

a) Remuneration Committee-change in composition and required amendment to Ordinance

Received: following discussion at the previous meeting, a report proposing an amendment to Ordinance VIII 1 (c), concerning the composition of Remuneration Committee (the report proposed that the President and Vice-Chancellor should no longer be a member of Remuneration Committee and that the Committee be chaired by a lay member other than the Chair of the Board).

Noted:

- (1) Although the amendment recommended that the President and Vice-Chancellor was no longer a member of the Committee, it also proposed that attendance by that post holder was permitted at the invitation of the Chair of the Committee, provided that he or she was not present for any matters relating to them personally.
- (2) The view of a small minority of members that attendance of any kind by the President and Vice-Chancellor presented difficulties and ran the risk of being poorly perceived given the current public spotlight on this area- complete detachment from the Committee was therefore preferable.
- (3) The alternative view that a significant element of Remuneration Committee meetings related to remuneration of the senior leadership team and the President and Vice-Chancellor's presence and ability to contribute was therefore extremely important.
- (4) At Remuneration Committee meetings, the President and Vice-Chancellor had always been absent from discussion about her own remuneration.
- (5) Appropriate and clear separation of business could ensure that the President and Vice-Chancellor was present and able to contribute to discussion about remuneration of senior colleague and absent from any matters of personal interest. This would enable the Remuneration Committee to hold a discrete meeting to consider the remuneration of the President and Vice-Chancellor, to which the President and Vice-Chancellor would not be invited.
- (6) Whilst the importance of a diversity of views on the Committee was recognised, the CUC draft Remuneration Guidance recognised the importance of expertise in the area of senior staff remuneration.
- (7) It was intended that in future, the Board would be asked to approve a remuneration framework which would set the parameters for the work of the Committee

Resolved:

- (1) That Ordinance VIII 1. (c) be amended as follows

“Pursuant to the provisions of Statute VI. 7(d), the Board shall appoint and constitute.....

...(c) a Remuneration Committee, chaired by a lay member of the Board other than the Chair of the Board, and with a wholly lay membership drawn from the membership of the Board (with provision for co-opted lay members from outside the Board). Whilst not a member, the President and Vice-Chancellor may attend meetings of the Committee at the invitation of the Chair of the Committee, provided that he or she is not present for any matters relating to him or herself. “

(2) That the following sentence be added to clause 1 of the Terms of Reference of the Committee:
“The President and Vice-Chancellor and other senior officers in attendance are absent from discussions about their own remuneration.”

Action: Deputy Secretary

b) Revisions to Statutes and Ordinances

Received: a report setting out the outcomes of further work on the review of Statutes and Ordinances in light of the recommendations of the Lauwerys review of governance effectiveness.

Reported:

- (1) The guiding principle in the approach had been to amend Statutes and Ordinances to reflect changes recommended in the review and approved by the Board.
- (2) The opportunity had also been taken to make relatively minor amendments to account for organisational and legislative change.
- (3) The report also noted the potential for further review of the Statutes relating to staffing matters (Statutes XII and XIII) and further reform that may be required depending on the outcome of the review of General Assembly.
- (4) The principal changes proposed related to the size and composition of the Board, within the context of an increase in student membership (from one member to two members).
- (5) A reduction of two lay members (from fourteen to twelve), two Senate members (from seven to five) and one other staff member (from two to one) was proposed in the report (the proposed reduction in lay membership went beyond the recommendation in the Lauwerys Report). These changes would result in an overall Board size of 21.
- (6) At its meeting on 14 February 2018, Senate had supported an alternative motion, that in the changes to Board size, Senate membership should remain in approximately the same proportion as at present to preserve the independent voice of those elected. This would mean a reduction of both lay and Senate members by one (rather than two in each of these categories) and an overall Board size of 23.
- (7) Other proposed amendments included changes to the composition of Nominations Committee, with the Chair of the Board becoming Chair of the Committee, retention of some General Assembly membership (not proposed in the Lauwerys recommendations), with the President and Vice-Chancellor being able to attend meetings at the invitation of the Chair.
- (8) Related work had been carried out on Ordinances and this work would continue with recommendations for amendment to be brought to the July 2018 meeting.

Noted:

- (1) The view of a small minority of members that it was inappropriate for the President and Vice-Chancellor to attend Nominations Committee in any capacity, given that Committee’s role in recommending the appointment of lay members to the Board and the role of the Board in reviewing and scrutinising the performance of the President and Vice-Chancellor.
- (2) CUC guidance recommended that the President and Vice-Chancellor be appointed to membership of Nominations Committee.
- (3) Whilst methods other than attendance of meetings could be sought in order to obtain the input of the President and Vice-Chancellor, this ran the risk of not appearing transparent.
- (4) Attendance by the President and Vice-Chancellor at the invitation of the Chair allowed for flexibility and represented a reasonable approach.

Resolved:

- (1) That the approach outlined in the report be endorsed to enable further liaison with the Privy Council, before the process of formal Board approval (which also required engagement with Senate and the General Assembly) was initiated.
- (2) That in relation to Board size and composition the following be adopted as an amendment to the report and the Lauwerys Report , as this was a close representation of the Senate recommendation ;
 - President and Vice-Chancellor (*ex-officio*)
 - Two officers of the Students' Union (*ex-officio*)
 - Thirteen lay members (including Chair as *ex-officio*)
 - Six members of Senate
 - One member of staff other than academic or research staff

Action: Deputy Secretary

c) Conflicts of Interest Policy**Received:**

- (1) A report setting out the background, context and rationale to the development of a policy and procedure on Board Conflicts of Interest.
- (2) A draft Policy and Procedure on Board Conflicts of Interest.

Reported:

- (1) The background report codified and reinforced the Board's approach and practice in this area, and included external reference points (e.g the CUC HE Governance Code and Charity Commission guidance on Conflicts of Interest) and practice elsewhere in the HE sector.
- (2) Building on the background paper, the proposed Policy defined Conflicts of Interest and Conflicts of Loyalty and the Procedure set out how matters would be dealt with in practice.

Noted:

- (1) The Procedure stated that in the event that, following declaration of a conflict of interest or loyalty, the Chair and the member with the declared conflict were unable to achieve mutual resolution, the Chair determined how the conflict should be handled, and could take advice from other Board members as appropriate.
- (2) The view of a small minority of members that in such cases, the Board should determine how the conflict should be handled.
- (3) The alternative view that it was reasonable and within accepted corporate governance practice for the Chair to rule on such matters and the discretion within the Procedure enabled the Chair to take advice and soundings from the Board as appropriate.
- (4) Once a conflict was declared, the Procedure provided, normally, for one of two options, i.e. having registered and fully declared the interest, the Board member either remained present and took full part in consideration of the item in question or withdrew from the meeting before discussion of the item in question. In exceptional circumstances, the Chair may decide to allow the conflicted member to speak before withdrawing from the meeting.
- (5) In light of the above, it was likely that, should there be a repeat of the circumstances which had led to the withdrawal of a conflicted member at the meeting of the Board on 4 October 2017, that member would have been given the opportunity to speak before withdrawing from the meeting.
- (6) General support for the approach outlined in the background paper and the Policy and Procedure, which was consistent with corporate practice.

- (7) The text of paragraph 12, relating to the Procedure, be reviewed to ensure it was explicit that it applied to both conflicts of interest and of loyalty.

Resolved: that, following a vote in which eighteen members indicated their support for the Policy and Procedure, and two indicated their opposition, the Policy and Procedure be adopted.

Action: Deputy Secretary

d) Naming of Building-Lee Kai Hung Building

Received: a report proposing that 178 Waterloo Place be renamed the Lee Kai Hung Building

Noted:

- (1) The proposed building name had already been announced in the regional press and on the University website in error and was thus already in the public domain.
- (2) For building projects, proposed building names were often known early in the project lifecycle and should therefore be brought forward for ratification at an earlier stage.
- (3) Whilst current policy required Board approval for naming of buildings there was scope to revisit this.

Resolved:

- (1) That 178 Waterloo Place be renamed the Lee Kai Hung Building and the circumstances surrounding the premature announcement of this be investigated.
- (2) That a revised approach to the process of approval and ratification of building names be considered and brought back to the Board.

Action: Deputy Secretary

(Mr Paul Lee and Mr Robin Phillips left the meeting at this juncture and the meeting was therefore inquorate from this point; the meeting proceeded as there were no further items requiring a Board decision)

e) Exercise of Delegations

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:
Professor Rachel Calam, School of Health Sciences, with effect from 1 January 2018
Professor Gary Davies, Alliance Manchester Business School, with effect from 1 February 2018
- (2) Acting on behalf of the Board of Governors, and on the recommendation of the Vice – President and Dean of the Faculty of Humanities, the President and Vice-Chancellor had approved the appointment of Professor Brian Heaphy as Head of School of Social Sciences for the period 1 August 2018 to 31 July 2023.
- (3) Pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to instruments recorded in entries 1916 to 1949.

10. Update from Vice-President and Dean of the Faculty of Science and Engineering

Received: an oral report from Professor Martin Schroder, Vice-President and Dean of the Faculty of Science and Engineering.

Reported:

- (1) The Faculty of Science and Engineering had enjoyed a successful year, making a £100 million contribution and performing well in generation of research income. The Manchester Engineering Campus Development (MECD) project continued and the Faculty was involved in a range of high profile and prestigious collaborative activity including the Henry Royce Institute, the International Centre for Advanced Materials, the Rosalind Franklin Institute, and the Thomas Ashton Institute.
- (2) Over the past fifteen months, a review of the Faculty had taken place. The Vice President and Dean of Faculty of the Humanities had led a review which reported in June 2017 and, within this, proposed a three or four School structure (the Faculty currently had nine schools).
- (3) Extensive consultation had taken place since the review and this had resulted in a refined proposal for a two school structure (focusing on Engineering and Natural Sciences respectively); the revised structure would enable the protection of the identity of disciplines (in a sub-school Departmental structure), which was one of the principal issues to emerge during consultation. The new structure will facilitate multi-disciplinary research within the Faculty
- (4) The revised structure will include increased focus on distinctive teaching and best practice in pedagogy through a Faculty Teaching College and a simplified and standardised programme structure across the Faculty.
- (5) The revised structure will enable a more responsive and agile, multi-disciplinary approach to external bidding (for example to the Industrial Strategy Challenge Fund).
- (6) Senate had been advised of the proposal at its most recent meeting (14 February 2018) and a formal proposal would be put to the next Senate meeting in April 2018 and then, if supported, to the Board meeting in May 2018

Noted:

- (1) The current related Estates developments (MECD and the Royce Institute) fitted well with the proposed, revised structure.
- (2) The importance of ensuring that implementation of the restructure (once approved) did not prove to be a distraction given the extent and importance of ongoing Estates development and other related activity.
- (3) There was an eighteen month window to plan for potential changes to Professional Support Services activity within the Faculty; the University's approach to similar activity during the faculty of Biology, Medicine and Health restructure had been commended.
- (4) There would be other, broader changes to Professional Support Services arising from business process review (for example the Student Lifecycle Project).
- (5) When the formal proposal for change came to the Board, it should be accompanied by a clear rationale for change including potential benefits.

Action: Vice-President and Dean of the Faculty of Science and Engineering

11. Board committee reports

(i) Finance Committee (8 February 2018)

Received: an Executive Summary and minutes of the meeting of Finance Committee held on 8 February 2018.

Reported:

- (1) The Committee had endorsed the approach to the North Campus Development Strategy.
- (2) An update on the capital programme had been received; no projects had been completed since the previous meeting and no projects required approval.
- (3) The Committee received a report on the liquidation of Carillion and the Fallowfield Residential Redevelopment. Given the extreme urgency of the situation, following the liquidation of Carillion, the Committee had endorsed and approved the appointment of an alternative contractor, subject to conditions as outlined in the report to the Committee.
- (4) The Committee had approved a shareholder agreement relating to international exploitation of graphene.
- (5) The Committee had noted the TRAC return, prior to its consideration by Audit Committee on 13 February 2018 (see item 4 above).
- (6) The Committee had noted the following:
 - i) RCUK Funding Assurance Process Action Plan
 - ii) Submission of 2016/17 HEFCE Annual Efficiency Return
 - iii) Museum and Whitworth Gallery savings
 - iv) Additional investment in University of Manchester Worldwide China Centre
 - v) NW E-Health – options for raising additional working capital.
 - vi) Proposal to transfer the Manchester Academic Health Science Centre-Clinical Trials Unit (CTU) from the Christie NHS Foundation Trust to the University of Manchester .
 - vii) Proposal to increase the frequency of the Time Allocation Survey
 - viii) International Payroll Obligations Project progress
 - ix) Endowment bids communication
 - x) November forecast outturn for 2017-18 and the expectation of material movements in the outturn over succeeding months
 - xi) December 2017 management accounts
- (7) The Committee had noted an update on pension schemes and had confirmed its support for the approach to both USS and UMSS.
- (8) The Committee had also noted the overall list of projects and approved the allocation to each of the merged endowment funds.

(ii) **Audit Committee** (13 February 2018)

Received: an Executive Summary and minutes of the meeting of Audit Committee held on 13 February 2018.

Reported:

- (1) The Committee had received the HEFCE annual assessment of institutional risk, noting that HEFCE's assessment was that the University is "not at higher risk".
- (2) The Committee had endorsed the TRAC return referred to in item 4 above, noting the following key issues:
 - i) The TRAC position of non-publicly funded teaching had improved mainly due to income increasing by a higher percentage than costs.

- ii) Overall the research deficit continued to increase both in actual terms and as a percentage. It was anticipated that the revised Costing and Pricing Policy would improve the cost recovery position in future years.
 - iii) Other activity showed a significant surplus in 2016-17 compared to a deficit in 2015-16, as a result of correction of the accounting error on pensions, inclusion of the UMSS actuarial adjustment as a result of a change in TRAC guidance and a higher market return on investments.
 - iv) The TRAC data demonstrated that a ca 5-7% operating surplus was required in order to be sustainable in a TRAC context.
 - v) there were sector wide concerns about the sustainability of research funding.
- (3) The Committee had approved the HEFCE Annual Efficiency Return, noting that that it had been submitted by the 31 January 2018 deadline (following review by the Chair of the Committee and Uniac assurance) and that HEFCE guidance permitted retrospective review and approval.
- (4) The Committee had received a report on a Public Interest Disclosure matter, noting that review by the external auditors EY had concluded that there were no prima facie grounds for concern and the matter would not be taken further.
- (5) An oral update on the outcomes of the UKVI audit indicated that no issues of substance had been raised. Uniac assistance in preparing for the UKVI audit was acknowledged and the report was awaited (the President and Vice-Chancellor's Report –item 5i above-provided an update on this position).
- (6) The Committee had received an update on IT Strategy and Risk. Key issues noted included:
- i) The IT Strategy supported and enabled delivery of University goals.
 - ii) The IT Strategy was designed to be adaptable so that it supported the University's future strategic direction; it was designed to provide a flexible, future-proof platform which would enable innovation and with self-service and digital capability in mind.
 - iii) Whilst the Strategy would not in itself put the University "ahead of the pack", it would provide the framework for the development of innovative practice which had this potential.
 - iv) To get best value from the Strategy a cross-institutional approach was required, so that local sub-optimal approaches were eliminated. The Committee recognised that amendments or enhancements to relevant policies might be required to minimise the potential for divergence from a standardised approach.
 - v) The overall cost and affordability of the IT Strategy was a key concern and the Change and IT Projects Sub-Committee would play a crucial role in determining priorities within the resources available.
 - vi) A more standardised approach would not necessarily reduce flexibility and the importance of a balance between the two concepts was recognised.
 - vii) The ability to see through the strategic change was crucial and in this context, succession planning was a key factor.
 - viii) Efforts had been made to ensure capable bidders to work in partnership with the University; the evaluation process included competitive dialogue to enable the University to work collaboratively with bidders to design relevant specifications.
- (7) Uniac had finalised and completed five substantive audits since the last meeting of the Committee. These covered: UUK Accommodation Code of Practice (ACOP) Private Halls, UUK ACOP- University Halls, Students' Union Code of Practice, Review of IT Service Desk and Ethical Research Compliance (Research). In addition four other pieces of work had been undertaken: Cancer Research UK Manchester Institute: HR Risk and Assurance, HEFCE Efficiency Return Verification Exercise, UKVI Compliance (approach and input to the Home Office visit), General Data Protection Regulation (GDPR) Preparedness Health Check.

- (8) The review of ACOP in relation to Private Halls had noted significant areas for improvement at Denmark Road, highlighting improvements required to improve the effectiveness of fire safety controls. A University response indicated that actions identified had been completed by 1 February 2018, with one exception where an alternative solution was being progressed. A further report setting out action taken to address the audit findings from the Denmark Road review would be provided at the next meeting of the Committee. The review of ACOP in relation to University Halls had resulted in findings of substantial assurance on all counts.
- (9) The assessment of General Data Protection (GDPR) preparedness indicated that the University was in a reasonable position to achieve compliance, notwithstanding the constraints of the existing student records system. The Committee noted the good progress towards achieving compliance but recognised the sector wide challenges in meeting the deadline. The importance of embedding cultural and behavioural change in relation to information assets was noted.
- (10) The Committee had considered a developing approach to the assessment of cumulative or composite risk. Further work on this would be carried out and could inform future Board consideration of risk. Latest risk maps and registers were discussed, and the Committee noted the mitigating measures to address points of concern.

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

Received: the minutes of the meeting of Staffing Committee held on 22 November 2017, noting that a verbal report had been given to the previous Board meeting.

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

Received: the minutes of the meeting of Remuneration Committee held on 22 November 2017, noting that a verbal report had been given to the previous Board meeting.

12. Report from the Senate

Received: a verbal report on business from the Senate meeting held on 14 February 2018.

Reported:

- (1) Senate had supported a motion relating to the size of its membership on the Board (see 9 b) 6) above); the composition of a Task and Finish Group to oversee the review of Senate effectiveness had also been determined. Related motions from two School Boards had been received and referred to the Task and Finish Group for consideration once constituted.
- (2) Senate had also received reports on:
- i) Government announcements of relevance to higher education, overarching priorities for 2018-9 and student numbers.
 - ii) The National Student Survey for 2018, noting that the University of Manchester Students' Union would again boycott the survey, and plans for a mock subject level Teaching Excellence and Student Outcomes Framework (TEF) assessment
 - iii) Preparations for the next Research Excellence Framework exercise in 2021, the Knowledge Excellence Framework, new UMRI institutes and strategic investment in "Digital Futures". Minor amendments to various research policies were agreed.
 - iv) Progress on the review of the Faculty of Science and Engineering (see 10 above)
 - v) Student appeals, student complaints and student discipline cases for 2016-17.

13. University Union Relations Committee

Received: A report of the meeting of the University-Union Relations Committee held on 18 January 2018.

Reported:

(1) The meeting had considered:

- i) Progress of the building project to upgrade facilities at the Students' Union. This was proceeding on schedule and would open in summer 2018.
- ii) An update on Prevent, including the "Channel" referral noted under item 5 above.
- iii) The Uniac review of the Code of Practice on the Student's Union, since considered by the meeting of Audit Committee on 13 February 2018 (see 11 ii) 7) above).
- iv) Revisions to UURC Terms of Reference.
- v) A report from the Students' Union providing an overview of activity since the last meeting, which included;
 - a. A report by Officers on current priorities and activities being undertaken
 - b. The Union Statutory Annual Accounts.
 - c. Welcome Week.
 - d. International Society and plans for the Society and Students' Union to be one organization by the start of the 2018/19 academic year
 - e. Union Senate Policies.
 - f. Sabbatical Officer Elections, which would begin in mid-March.
 - g. An update on Stellify
 - h. An update on subject level TEF
 - i. The report from the Student Safety-Sexual Violence Task Force
 - j. A presentation on the Student Lifecycle Project

Noted:

- (1) UMSU policy required support of the imminent industrial action by UCU members in the dispute over the future of USS pensions.
- (2) The University would be doing all it could to mitigate the impact of the strike on students, and a contingency planning group was meeting regularly.
- (3) Along with other institutions affected by the strike, the University had no plans to compensate students for programmed activity missed as a result of the strike. However, the University would be consulting with the Students' Union about the most effective use of funds generated as a result of pay withheld from staff on strike and agreed that it would not benefit financially from the strike action.
- (4) Confirmation that negotiations between UUK and UCU members of the Joint Negotiating Committee (JNC) had concluded once the independent Chair of the JNC had used his casting vote in support of proposals to change the USS benefit structure. There was now a process of consultation between all individual employers and their employees and the outcome of this would be fed back to the USS Trustees in May. If any proposition to revise proposals came forward, this would then need to be considered by the JNC at its meeting in June 2018.

14. Report from the Planning and Resources Committee

Received: A summary of matters discussed at the meetings of the Committee held on 12 December 2017 and 6 February 2018 provided for the information of members.

Reported: recent matters considered by the Committee included:

- i) Annual Performance Reviews for Jodrell Bank Discovery Centre, the Manchester Museum and the Whitworth;
- ii) Financial issues (including fee levels for 2019-20);
- iii) Access Agreement Monitoring Return;
- iv) Manchester Masters Bursary;
- v) Office for Students consultation;
- vi) External Stakeholder Survey;
- vii) The University Collections Policy (Tabley House and its collection);
- viii) Planning and Accountability issues (including the draft Stocktake report and materials for the Accountability and Planning Conference);
- ix) Human Resources issues (including updates on USS and UMSS);
- x) Estates issues (including North Campus development and impact of liquidation of Carillion on the Fallowfield Residences project);
- xi) IT issues (including report from Change and IT Projects Sub-Committee);
- xii) Risk issues (including the Prevent Annual report);
- xiii) Governance issues (including a report from the Information Governance Committee and recommendations in relation to General Data Protection Regulation issues) and;
- xiv) University of Manchester Worldwide

15. Forward Agenda

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

Noted:

- (1) Feedback from the pre-Board briefing student sessions and consideration of a Remuneration Framework would be added to the next iteration of the Forward Agenda.
- (2) In response to a question about succession planning for members of the senior leadership team, this issue did not fit neatly within current Board and Board committee structures but this would be given further consideration.

Action: Deputy Secretary

16. Schedule of meetings 2018-19

Received: a proposed schedule of Board and Board Committee meetings for 2018-19 (details would be circulated after the meeting for members to include in their diaries).

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