

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 21 March 2018

Present: Mr Edward Astle (in the Chair), President and Vice-Chancellor, Ms Dapo Ajayi, Mr Gary Buxton, Mr Michael Crick, Prof Aneez Esmail, Prof Colette Fagan, Prof Danielle George, Mr Colin Gillespie, Dr Reinmar Hager, Dr Caroline Jay, Professor Silvia Massini, Mr Shumit Mandal, Ms Isabelle Perrett, Mr Robin Phillips, Mr Andrew Spinoza (until item 8), Mr Alex Tayler (General Secretary of UMSU) and Prof Nalin Thakkar. (18).

In attendance: The Registrar, Secretary and Chief Operating Officer, the Deputy President and Deputy Vice-Chancellor, the Director of Finance, the Director of Human Resources, Ms Sinead Hesp, the Director of Planning (until item 7), and the Deputy Secretary.

Apologies: Mr Nick Hillman, Dame Sue Ion, Dr Caroline Jay, Mr Paul Lee, Dr Neil McArthur, Dame Dr Angela Strank and Ms Ros Webster

1. Feedback on the Accountability and Planning Conference

Noted: the Chair invited members to comment on the Accountability and Planning Conference. The following were among the points noted:

- (1) The Accountability element of the Conference had been effective. Its effectiveness relied on members' consideration of materials circulated before the event and time for questions was relatively constrained. A helpful innovation would be to allow questions to be submitted before the session to provide presenters with an opportunity to reflect and respond. **Action: Director of Planning**
- (2) The effectiveness of the Accountability element could be enhanced even further by reducing time spent on presentation, allowing more time for interactive question and answer sessions. The February Board meeting provided an opportunity for the Board to specify aspects of performance which it wished to focus on at the Conference. **Action: Director of Planning**
- (3) The level of transparency in the materials and at the event itself had been very good and could be enhanced even further by highlighting specific, proposed action in areas where underperformance was evident and, in areas where targets had been achieved, reviewing those targets to ensure that they remained appropriate. **Action: Director of Planning**
- (4) The development of a specific log of actions taken following suggestions and proposals at the Conference would be helpful (i.e "you said, we did"). **Action: Director of Planning**
- (5) There was scope to improve performance in relation to social responsibility, particularly relating to diversity and inclusion. Representation of black and minority ethnic staff in senior positions remained below target and investigation of practice leading to improvement in other sectors was planned.
- (6) The papers supporting the sessions on the future vision of the University had been particularly effective (including the session from Professor Glyn Davies, Vice-Chancellor of the University of Melbourne) and the scenario planning sessions had been well organised and well delivered; the external facilitator had made a good contribution and if possible should be retained for future, similar events. In relation to strategy development, there would be merit (at a future event) in a session on Manchester's history, heritage and origins given the importance of sense of place that had begun to emerge in very early Board discussion about future vision. **Action: Director of Planning**

- (7) The discussion on the emerging vision had been an extremely useful starting point; engagement and consultation with stakeholders would enable further review and refinement over forthcoming months. The Board recognised the need for an appropriate balance between wide scale, effective consultation with stakeholders and timeliness (and noted that the currently volatile environment had the potential to impact on the emerging vision). The need for effective management of expectations about the outcomes of consultation was also noted.
- (8) The sessions with students (Manchester Access Programme (MAP) and Peer Mentoring/Peer Assisted Learning) had been very well received and it was noted further that the MAP session might be usefully repeated for a future General Assembly meeting. Generally, the Board had found recent opportunities for interaction with students extremely valuable and was keen to ensure that similar opportunities were available in future.
- (9) Board members commented on favourable feedback and positive messages about the “Inspiring Leaders” Programme which had commenced in January 2018 and would be the subject of further consideration at a future Board briefing.

2. Declarations of Interest

Reported: there were no new declarations of interest. In relation to item 6 below, the Registrar, Secretary and Chief Operating Officer confirmed his membership of the Universities Superannuation Scheme (USS) Joint Negotiating Committee. In relation to the same item, it was also noted that staff members present were members of USS and that Prof Aneez Esmail was a member of the local Universities and Colleges Union (UCU) Executive Committee.

3. Chair’s Report

Reported: the Chair had circulated the summary of the recent Performance and Development Review with the President and Vice-Chancellor to all members of the Board. The review reflected feedback from sixteen Board members, and also on the 360 degree assessment which was completed in January.

4. Secretary’s report

Reported:

- (1) The Office for Students (OfS) had published the Regulatory Framework for Higher Education and associated documentation which included initial conditions of registration. To meet these initial conditions, the University was required to submit, by 30 April 2018, an Access and Participation Plan, a self-assessment on compliance with consumer protection law, a Student Protection Plan and a self-assessment on management and governance, including an assessment against the public interest principles.
- (2) Following consideration by Planning and Resources Committee at its 10 April 2018 meeting, Audit Committee would review initial registration documentation at its meeting on 26 April 2018 to enable submission to the OfS before the deadline. The broader implications and follow up actions associated with the new regulatory framework will evolve over the next 18 months as the Office for Students develops.

5. President and Vice-Chancellor’s report

Reported:

- (1) HEFCE had recently announced the allocation of the additional 1,500 medical school places for the three year period commencing in 2018-19. No additional places had been allocated to the University or to the proposed new Greater Manchester Medical School. A key consideration in allocating places had been providing additional places to areas which had difficulty recruiting doctors.

- (2) The Paterson Building would be replaced by a new research centre; the building would be owned by the Christie Hospital, with its partners, the University and Cancer Research UK being allocated space within it. The development would enable an integrated approach with researchers and consultants working together to develop and shape treatment and research.
- (3) Negotiations with a European company, regarding proposed investment in campus development of genomics and diagnostic facilities, were nearing conclusion.

6. Update on Progress of Universities Superannuation Scheme (USS) Valuation Process

Received: an update on the progress of the 2017 valuation of the USS Pension Fund

Reported:

- (1) Further to previous updates to the Board, confirmation that on 23 January 2018, as part of the 2017 USS valuation process, the Joint Negotiating Committee (JNC) of USS had approved a UUK proposal which held employer contributions at 18% and, effectively, moved USS to a defined contribution scheme for future accrual with effect from April 2019 until the next valuation (the Independent Chair had cast his vote in favour of the UUK proposal, with UCU members in opposition).
- (2) Following this decision, UCU had initiated industrial action at over sixty universities, spread over fourteen days. ACAS led talks had resulted in an agreement between UUK and UCU on 11 March 2018. The agreement maintained a meaningful level of defined benefits for all scheme members for a further transitional, three year period from 1 April 2019, requiring an increase in employer contribution to 19.3% and an increase in employee contribution to 8.7% (from 8%); this represented an additional contribution of approximately £3.64 million per annum to the University of Manchester. The agreement also included a commitment to form an independent expert group on valuation with an independent chair, involving academics and pension professionals, and liaising with USS. The objective was to inform the next USS valuation and therefore to be completed by the end of 2019; the group would consider issues of methodology, assumptions and monitoring, aiming to promote greater transparency and understanding, and would take account of the real strengths, sustainability and viability of the scheme.
- (3) Following consultation with Finance Committee, the University had confirmed its acceptance of the ACAS brokered agreement. However, following consultation within UCU, the union rejected the agreement the following day, on 13 March 2018. UCU did not attend, therefore, the planned JNC scheduled for 14 March 2018.
- (4) The timetable set by the Pensions Regulator required the valuation to be completed by the end of June 2018.
- (5) The next meeting of the JNC was scheduled for 28 March 2018 and a UUK Board meeting was scheduled for 23 March 2018.
- (6) Formally, the 23 January 2018 JNC decision to adopt the original UUK proposal stood unless the JNC decided to overturn it. If the JNC was unable to achieve agreement and the original agreement was not actioned, then the USS Trustee would have no option but to invoke rule 76.4 of the USS scheme which would require a set process to be entered into, committing to some of the benefits in the existing scheme. This would lead to a significant increase in contributions with a split of 35% of the cost increase to be met by employees and 65% by employers. Any agreed proposal to change the benefits structure required a legal minimum of a 60 day consultation period between over 300 individual employers and their employees.
- (7) The intention was that the University would seek to consider the impact of changes in USS in its own scheme, the University of Manchester Superannuation Scheme (UMSS); maintaining existing benefits without a change to defined contribution would require an additional £500,000 per month from the University.

Noted:

- (1) The equivalent scheme in post-1992 universities was the Teachers' Pension Scheme (TPS) which, unlike USS, was backed by government.
- (2) The strength of staff feeling and opposition to any proposal which removed or altered the level of defined benefit provided was significant and should not be underestimated.
- (3) There were ongoing discussions with the Students' Union about use of income from salaries saved as a result of industrial action (work to establish an accurate indication of numbers of staff participating in industrial action was continuing).
- (4) There was both a growing demand amongst the student population for compensation and an indication that further industrial action was likely to be met by student counter protest.

Resolved:

- (1) To endorse the University's response to the UUK proposals (as supported by Finance Committee). This included a total employer contribution of 19.3% of salaries (an increase from 18%) and a total member contribution of 8.7% (an increase from 8%). This would increase the University's USS contributions by around £3.64M per annum. These increased contributions were planned to be in place for the duration of the 3-year transitional arrangement starting in April 2019.
- (2) To note the changed position on USS may have implications for the UMSS and to support the University considering additional options for changes to UMSS.

Action: Director of Human Resources and Director of Finance

7. Annual Operational Priorities

Received: a report containing a proposed process for future reporting to the Board on the University's annual Operational Priorities, as part of governance accountabilities.

Reported:

- (1) In future years, at the February meeting, the Board would consider a report measuring progress against University Operational Priorities for the previous academic year (as a companion to the Stocktake Report); the Operational Priorities would also be submitted with the Stocktake Report to the Accountability and Planning Conference in March (2017-18 Operational Priorities were provided for illustrative purposes).
- (2) A summary assessment of performance against strategic goals and annual Operational Priorities would form part of the evidence base for consideration by Remuneration Committee at its subsequent deliberations on senior staff pay.
- (3) At the February meeting, the Board would also receive, for formal agreement, the Operational priorities for the following academic year, following approval by Planning and Resources Committee (2018-19 Operational Priorities as agreed by Planning and Resources Committee were provided for illustrative purposes).
- (4) In parallel, the University was streamlining its approach to operational planning to enable greater visibility of priorities and greater assurance around those critical activities required to deliver the strategic plan.

Noted:

- (1) Compilation of University Operational Priorities would reflect issues emerging at Faculty and PSS level and the Board would need to reflect on competing priorities and resource requirements in considering and approving the overall list.
- (2) Operational Priorities were linked to objectives and key performance indicators but not always in a linear fashion; some objectives mapped onto more than one priority and some activities (for example in relation to teaching and learning) reflected "business as usual" activity not captured in the Operational Priorities.

- (3) Consideration of future year priorities at the February meeting would enable the Board to influence and shape the document before finalisation and use in the annual planning cycle.

Resolved: that the above process be adopted with effect from 2018-19.

Action: Director of Planning

8. Optimal Board skills, competencies and experience

Received: a report setting out optimal Board skills, competencies and experience, following consideration of a similar paper by Nominations Committee in February 2018 (the report had been amended to reflect consideration by the Committee and subsequent reflections by the Chair of the Board).

Noted:

- (1) The report represented a helpful and thorough summary of core requirements
- (2) The importance of inclusion of digital skills and understanding.
- (3) The importance of a full range of backgrounds and experience from corporate, public and third sector, including from those actively involved in the city-region.
- (4) The Board had not previously included active politicians or representatives of any religious denomination and there were no current plans to review this practice.
- (5) Not all skills listed would be available to the Board at any one time; the importance of both overall breadth of skills and experience and of overall approach and behaviour was recognised.
- (6) Given some recently aired Senate concerns about the composition of the Board (and the commitment arising from the Lauwerys report that the Senate electoral process be informed by Board membership requirements) the report be shared with Senate; this would indicate both the breadth and diversity of current membership and the Board's commitment to regular skills mapping to assess future recruitment needs. **Action: Deputy Secretary**

9. Appointment of Registrar, Secretary and Chief Operating Officer and Vice President and Dean of Faculty of Biology, Medicine and Health

Received: a report providing information on the recruitment and selection process for the positions of Vice-President and Dean of the Faculty of Biology, Medicine and Health (FBMH) and the Registrar, Secretary and Chief Operating Officer (RSCOO).

Reported: both appointments required Board approval and delegated authority from the Board to the Chair of the Board (who would chair and agree the composition of both interview panels) was sought in order to progress the appointments outside Board meetings.

Noted:

- (1) The recruitment consultants assisting with the appointments had consulted extensively as part of the process.
- (2) For both positions, the respective recruitment consultants had been reminded of the importance of ensuring a diverse field of candidates (the University had emphasised this in recent recruitment to a similar role and had asked consultants to revisit original lists where there was not a sufficiently diverse field).

- (3) The relative lack of BAME candidates in positions which would form part of the natural recruitment pool for both positions (along with a similar lack of female candidates in such positions for the Dean of FBMH role).
- (4) For the RSCOO role in particular there was potential to recruit outside the sector and there had been a number of recent appointments of female candidates from outside the sector, to other similar roles.
- (5) On a related topic, the Chair updated the Board briefly on the process of recruitment of two new lay Board members and a co-opted member of Audit Committee. It was still intended to bring recommendations for appointment to the May Board meeting for approval.

Resolved:

- (1) That the Chair of the Board be given delegated authority to progress offers of appointment with preferred candidates for both roles outside the calendar of Board meetings.
- (2) That the agreed role descriptor and person specification for both posts be circulated to members.
(To ensure compliance with quoracy requirements, the President and Vice-Chancellor withdrew from the meeting during consideration of the above resolutions.)

Action: Director of Human Resources

10. Data Protection update

Received: an update on the introduction of the General Data Protection Regulation (GDPR) which would come into force on 25 May 2018 and specifically, implications and responsibilities of Board members when handling personal data in a University capacity (eg when serving on Remuneration Committee, Staffing Committee and staffing hearings/panels considering sensitive personal data).

Reported: the importance of secure disposal of sensitive data in whatever format it was received.

Resolved: noting the helpful and practical advice about secure disposal contained in the report, further consideration be given to additional measures that might eliminate any future potential data breach.

Action: Deputy Secretary

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