

**BOARD OF GOVERNORS**

Wednesday, 23 May 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 Colette Fagan, Prof Danielle George (by telephone link), Mr Colin Gillespie, Dr Reinmar Hager, Mr Nick Hillman, Dr Caroline Jay, Mr Paul Lee, Professor Silvia Massini, Mr Shumit Mandal, Ms Isabelle Perrett, Mr Robin Phillips, Mr Andrew Spinoza, Dr John Stageman, Dame Dr Angela Strank (by telephone link), Mr Alex Tayler (General Secretary of UMSU) and Prof Nalin Thakkar (22).

*In attendance:* The Registrar, Secretary and Chief Operating Officer, the Deputy President and Deputy Vice-Chancellor, the Vice-President for Teaching, Learning and Students, the Director of Finance, the Director of Legal Affairs and Board Secretariat, the Chair of UMI3 (for item 8), the Chief Executive of UMI3 (for item 8), the Director of Compliance and Risk (for item 13 ), Director of Estates and Facilities (for item 9), Mr Colin Thomasson (CBRE-for item 9), and the Deputy Secretary.

*Apologies:* Prof Aneez Esmail, Mr Neil McArthur and Mrs Roz Webster.

(NB To facilitate progress of business, there was some variation to the order of agenda items)

**1. Declarations of Interest**

**Reported:** there were no new declarations of interest. One declaration was made during the course of the meeting (item 12 ii) below).

**2. Minutes**

**Resolved:** The minutes of the meetings held on 21 February and 21 March 2018 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. The issues arising from the Strategic Briefing on student matters held before the February meeting were considered later in the meeting.

**4. 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) A brief update on the reported position on student recruitment for 2018.
- (2) Joanne Segars had been appointed as the Chair of the Joint Expert Group to consider the valuation of the Universities Superannuation Scheme (USS). UCU had nominated their three members, and UUK would nominate their three members shortly.
- (3) Meetings had been held with the Chair of the post-18 Education Review, Philip Augar.
- (4) The Prime Minister and other senior ministers had visited Jodrell Bank on 21 May 2018 to deliver a major speech on science and innovation; the visit was in part to celebrate the major award from the Heritage Lottery Fund to develop the new "First Light" gallery at the Discovery Centre.
- (5) The President and Vice-Chancellor had recently met with the full Board of BP when they had convened in Manchester.
- (6) An update on discussions regarding the partnership with a European diagnostics company which the Board had previously been alerted to.
- (7) An update on the replacement for the Paterson Building following a recent Steering Board meeting involving the Christie and Cancer Research UK.

- (8) Regular and wide-ranging communications about the imminent introduction of the General Data Protection Regulation (GDPR) had been issued.

**Noted:**

- (1) The Joint Expert Panel (JEP) was due to conclude its initial work by September 2018. It was hoped that any consequences of this could be considered by the Joint Negotiating Committee (JNC) by December 2018. Separate from the JEP, the USS Trustees had a separate legal accountability to progress the valuation; without changes to the Scheme's benefits, under USS rule 76.4, increased contributions to the Scheme would be required. Their intention would be to implement increased contributions from April 2019, hopefully on a phased basis.
- (2) Discussions about the partnership opportunity referred to above in (6) involve the Department of Business, Energy and Industrial Strategy and the Treasury.
- (3) The Russell Group will respond to the post-18 Review; issues to consider would include affordability for students and a sustainable base of funding over the long-term.
- (4) There were a variety of reasons for the decrease in diversification of the international postgraduate intake, including reduction in overseas government funding and increased in-country provision.

## 6. Summary of Board Conference Discussions

**Received:** a report summarising key issues and actions arising from the Board of Governors' Accountability and Planning Conference held on 20-21 March 2018.

## 7. Benchmarking Report

**Received:** a report providing further details on benchmarking supplementary to that included in the Stocktake Report submitted to the Board at its meeting in February 2018 and to the Accountability and Planning Conference in March 2018.

**Reported:**

- (1) The report identified key (and different) comparator Russell Group institutions for research (based on levels of research income) and teaching (based on institutions most likely to be alternative destinations for University of Manchester students), providing further information about the University's position as part of the conversation about the development of future vision.
- (2) Research profiles for the top four Universities reflect incorporation of BBSRC and MRC research institutes, reflected in research income and outputs.
- (3) Student metrics reflected underlying differences in institution shape and subject mix as well as absolute performance (e.g Imperial does not teach Humanities and not all of the benchmark group teach Nursing).

**Noted:**

- (1) The improvement in teaching and student metrics at some other specific institutions was in part attributable to investment in digital infrastructure which was now bearing fruit and the University expected to derive similar benefits once the Student Lifecycle Project was implemented. Some other specific institutions had also benefitted from improvements in presentation and branding.
- (2) In relation to the postgraduate research student: staff ratio, the overall University figure masked differences between research institutes. Whilst there were cost implications from increasing postgraduate research student numbers, there were resulting benefits in research output and reputation.
- (3) The metrics relating to industrial collaboration reflected the University's strength in this area.
- (4) The early outputs from the reputation tracker, showing the University was consistently judged to be one of the best in the UK, were useful although the methodology did not provide great insight into

causation (which was contained in the University's External Stakeholder Survey reported to the February 2018 Board)

- (5) The report demonstrated that amongst Russell Group peers, in relation to widening participation and access, the University performed relatively well. Whilst there was potential to increase the profile of the University's performance, this was a complex and nuanced area which would need careful consideration.

## **8. UMI3 Strategy: Intellectual Property (IP) Commercialisation Strategy**

**Received:** a report from the Chief Executive of UMI3, providing an update on the strategy of UMI3, the University's Innovation Group.

**Reported:**

- (1) The report contained a reminder of the University's IP commercialisation structure, the overall strategy and how it had evolved, an analysis of development of the strategy and its execution and next steps.
- (2) The past year had seen success in the HEFCE/Research England Connecting Capability competition: £5 million had been secured to establish the Northern Triangle Investment Fund, a planned £350 million fund jointly held with Sheffield and Leeds universities for the commercialisation of research.
- (3) The University had risen nine places in the Reuters Top 100: Europe's Most Innovative Universities ranking. This placed the University 7<sup>th</sup> in Europe and 3<sup>rd</sup> in the UK (this was the main independent ranking of the commercial impact of university patents).
- (4) The UMI3 Board recognised that in an increasingly competitive environment, there was a need to raise ambition further and to adapt the organisation to deliver on this ambition. The report referred to draft mission and vision statements, goals and future direction of travel.

**Noted:**

- (1) The importance of fostering culture change to enhance commercialisation activity; there was a need to encourage productive engagement (with focus at School level and not solely through the Technology Transfer Office) and integration with enterprise and business engagement activities.
- (2) Whilst there was prioritisation and rationing of resource, an increase in resources did not necessarily result in a commensurate improvement in quality of output.
- (3) The impact of Open Science developments had been patchy and localised across the institution; for example, there had been a significant impact on Computer Science with fewer commercialisable inventions in the area of cybersecurity and artificial intelligence.
- (4) The aim of the "Innovation Optimiser" service was to promote and generate impact rather than drive revenue.
- (5) Graphene Enabled (a wholly owned University subsidiary) was outward facing and industry focused, enabling academic staff to experience and operate in an entrepreneurial environment (e.g. co-working, developing incubators away from the University)
- (6) Developing Proof of Concept/Principle was typically linked to the academic cycle (e.g. over 1-2 years), given involvement of Postdoctoral students and Research Assistants; there was potential to contract out more of this work (e.g. on a 3-6 month basis) to reduce the time needed to bring products to the marketplace and this was an element of the culture change referred to above (future use of the Northern Triangle Investment Fund would also help in this regard).
- (7) There were some concerns emerging about the appropriateness and efficacy of metrics being used in the proposed Knowledge Exchange Framework exercise.
- (8) The size of the Northern Triangle Investment Fund was considered to be appropriate and fit for purpose and there was potential for other northern Universities to contribute.
- (9) The scale of ambition outlined in the report was welcome and was aligned to the development of the revised University strategy and options for the development of the North Campus.

## 9. North Campus

**Received:** a summary report (with the fuller consultants' report appended to it) providing an update to the Board on the Development Strategy for North Campus and the discussions held at the May 2018 meeting of Finance Committee on the delivery options.

**Reported:** Finance Committee had recommended the following:

- (1) Further work on development of options should focus on Options 3 and 4 as outlined in the report (ie Development Agreement with a ground rent or capital receipts and Minority Joint Venture respectively). This meant rejecting Option 1 (sale of long leasehold interest), Option 2 (sell site with planning permission), Option 5 (a 50-50 joint venture) and a notional Option 6 (direct development) which had been subject to limited analysis as it was not considered to be a suitable option.
- (2) Concentration on key risks for the development and Options 3 and 4.
- (3) Preparation of reports on examples of similar developments by other Universities and the options they had chosen.
- (4) Development of understanding of the external view of unique selling points of the development and the potential for innovative industry sectors to be attracted.

**Noted:**

- (1) Options 3 and 4 would enable the University to retain influence on the nature of the development on the site with some flexibility (i.e. the potential for exit points to crystallise value).
- (2) Option 4 provided for slightly more influence and leverage than Options 3.
- (3) Option 5 had a potentially higher return but greater risk exposure, given the scale of initial investment required and related issues of affordability, and the fact that this would initially be focused on required infrastructure improvements. Pursuit of this option was likely to require the acquisition of external competencies.
- (4) There was potential for differential development across the site and the history of development elsewhere in Manchester suggested that the planning position would evolve and develop over time.
- (5) The further work on understanding growth opportunities in the sector specialisms would enable a detailed report to be provided to the Board in July 2018.

**Resolved:**

- (1) To approve the recommendations from Finance Committee, including further exploration of Options 3 and 4, and related key risks.
- (2) The report to the July 2018 Board should include a further exploration of the feasibility of Option 5.

**Action: Director of Estates and Facilities**

## 10. Issues arising from February 2018 Board briefing involving students

**Received:** a report from the President of the Students' Union, summarising issues considered at the February 2018 briefing and subsequent post-Board discussion (this addressed academic and wellbeing issues as well as issues related to library and learning resources, food on campus, the Careers Service, and matters specifically relating to particular sub-sections of students (e.g postgraduate, international, mature, living at home, parents and carers)).

**Reported:**

- (1) The Board had already committed to focus on key strategic student issues in 2018-19, including mental health.

- (2) The position in relation to Counselling was better than reported, with same day appointments possible; however, access to external support within the NHS for difficult cases remained challenging.

**Noted:**

- (1) The report was a very helpful and balanced summary of key issues.
- (2) The report provided the basis for an action plan to be developed by the Students' Union in conjunction with University senior management: this would be addressed initially by Teaching and Learning Group.
- (3) In relation to mental health, the potential to explore approaches which were not solely reliant on counselling including preventative measures.

**11. Chair's report**

**(i) Recommendations from Nominations Committee for Board appointments**

**Received:** a report setting out recommendations from the Board recruitment process led by Nominations Committee and supported by Odgers Berndtson.

**Resolved:**

- (1) The following individuals be appointed to the Board, subject to the receipt of satisfactory references, from 1 September 2018, for the periods indicated:
  - Ann Barnes (until 31 August 2020)
  - Bridget Lea (until 31 August 2020)
  - Richard Solomons (until 31 August 2021)
  - Alice Webb (until 31 August 2021)
- (2) The Board would consider the appointment of the additional co-opted member to Audit Committee at the July 2018 Board meeting, following the conclusion of that element of the recruitment process.
- (3) Consideration be given to the feasibility of inviting newly appointed members to the Board dinner following the July 2018 Board meeting.

**Action: Deputy Secretary**

**ii) Extension of the Appointment of the President and Vice-Chancellor**

(The President and Vice-Chancellor and all officers apart from the Registrar, Secretary and Chief Operating Officer and the Deputy Secretary left the meeting for the duration of this item).

**Resolved:** following consideration of a report by the Director of Human Resources, to extend the appointment of the President and Vice-Chancellor for a period of two years from 1 July 2020 until 30 June 2022.

**Action: Director of Human Resources**

**iii) Appointment of Registrar, Secretary and Chief Operating Officer (RSCOO) and Vice-President and Dean of the Faculty of Biology, Medicine and Health**

**Reported:**

- (1) Following interviews held on 21 May 2018, the post of RSCOO had been offered to Patrick Hackett, currently Deputy Vice-Chancellor at the University of Liverpool. The offer was subject to references and as such strictly confidential: a formal announcement would be made as soon as formalities had been concluded satisfactorily
- (2) A shortlist had been drawn up for the post of Vice-President and Dean of the Faculty of Biology, Medicine and Health and interviews would be held in June 2018.

## **12. Secretary's Report**

### **i) Review of General Assembly**

**Received:** a report from the Secretary, summarising recommendations which had emerged from the review of the General Assembly commissioned as a consequence of the broader review of University governance arrangements.

**Reported:**

- (1) The report reflected consultation and engagement with General Assembly members and included a review of practice in the sector.
- (2) The report contained a number of proposals for consideration by General Assembly, including enhancements to member engagement, fewer prescriptions of membership categories and a gradual reduction in size with a transitional approach enabling members to see out their current terms of office

**Noted:**

- (1) The recommendations were designed to enable a more engaged membership, playing a key role in supporting the University's vision as a civic university.
- (2) The report would benefit from inclusion of some specific proposals to enable enhanced engagement.
- (3) The proposal that in future General Assembly members should serve for a maximum of three three-year terms could be varied to enable retiring Board members to serve on General Assembly for a limited period after retirement.

**Resolved:** that the report, with minor amendments to take into account matters noted above, be circulated to General Assembly members to enable consideration at the next meeting, on 20 June 2018.

**Action: Deputy Secretary**

### **ii) Naming of Buildings**

**Received:** two reports containing proposals for naming of buildings, one of which was tabled as it contained recommendations approved the day previously (22 May 2018) at Capital Planning Sub-Committee.

**Resolved:**

- (1) Phase One of the Fallowfield Residential Development be named Unsworth Park, in recognition of alumnus Ronald Unsworth, a distinguished athlete and supporter of University sport (former President of University Athletic Union)
- (2) The Manchester Cancer Research Centre building to be renamed. One Board member declared a potential conflict of interest regarding this item and did not participate in the discussion. .

**Action: Director of Estates and Facilities**

### **iii) Exercise of Delegations**

**Received:** a report on exercise of delegations.

**Reported:**

- (1) Action carried out under delegated authority by the President and Vice-Chancellor as set out in the report on exercise of delegations.
- (2) Pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to instruments recorded in entries 1950-1986.

## **13. Risk Deep Dive**

**Received:**

- (1) A report on the University's developing approach to composite or cumulative risk, considered earlier by Audit Committee.

- (2) An extract from a Uniac Risk Management Report highlighting risk themes across the sector.
- (3) A verbal update on current issues from the President and Vice-Chancellor.

**Reported:**

- (1) The report categorised risks as “disruptors” (i.e. having most impact on other risks) and “sensitive” (i.e. most affected by combinations of other risks) and attempted to quantify cumulative impact.
- (2) Examples of multi-faceted risks included the current pensions position (e.g. financial impact, risk to reputation, impact on staff collegiality, impact on student satisfaction because of related industrial action) and international (e.g Brexit, increased international competition, student visa issues).
- (3) Focus was on mitigation of events once they had occurred as well as prevention.
- (4) Measures to counteract threats to cybersecurity included a mixture of preventative and risk mitigation measures, including provision of a Secure Operations Centre, updating potential areas of vulnerability such as software and websites and appropriate and risk-informed data segregation.

#### **14. Board committee reports**

##### **(i) Finance Committee (2 May 2018)**

**Received:** An Executive Summary and minutes of the meeting of Finance Committee held on 2 May 2018.

**Reported:** the meeting had considered the latest report on development strategy of North Campus (see item 9 above); an update on the Capital Programme; changes to Financial procedures and Financial Regulations (in the latter case with recommendations for Board approval); the Finance report, including resolution of the Fallowfield Carillion insurance bond, the March 2018 Management Accounts, the review of the Socially Responsible Investment Policy, including agreement to a review of the wording of the Policy in relation to Environmental, Social and Governance issues; an update on the UniForum support services benchmarking; external (HEFCE and KPMG) reports in the financial health of the sector; Financial Statements benchmarking information and updates on both USS and UMSS. The latter included approval of a revised proposal (a Career Average Defined Benefits Scheme at 1/100<sup>th</sup> future accrual for existing staff and a generous Defined Contribution only scheme for new staff).

**Resolved:** that recommended changes to Financial Regulations be approved and the changes to UMSS be noted.

**Action: Director of Finance**

##### **(ii) Audit Committee (26 April 2018)**

**Received:** An Executive Summary and minutes of the meeting of Audit Committee held on 26 April 2018.

**Reported:** the meeting had considered: a detailed update on preparations for the implementation of the General Data Protection Regulation, a brief update on the IT Strategy, documentation required as part of the University’s initial registration with the Office for Students; the annual Prevent Duty monitoring outcome (with no actions required), an update from Uniac including completion of two substantive audits and the proposed approach by EY to the audit of the 2017-18 accounts. Since the meeting, the University had received written confirmation that it had passed the Tier 4 (student) audit.

##### **(iii) Staffing Committee (18 April 2018)**

**Received:** the minutes of the Staffing Committee held on 18 April 2018.

##### **(iv) Remuneration Committee (18 April 2018)**

#### **a) Meeting to consider remuneration of President and Vice-Chancellor**

(The President and Vice-Chancellor and all officers present left the meeting (with the exception of the Registrar, Secretary and Chief Operating Officer and Deputy Secretary));

**Received:** the minutes of the meeting of Remuneration Committee held on 18 April 2018, to consider the remuneration of the President and Vice-Chancellor.

**Reported:** the President and Vice-Chancellor had again declined any pay increase.

#### **Noted:**

- (1) The President and Vice-Chancellor's stance on remuneration was well-known and respected throughout the sector.
- (2) Notwithstanding this, there was a need to maintain benchmarking to ensure appropriate and competitive remuneration (for example when the time came to recruit a new President and Vice-Chancellor) and to guard against compression of senior salaries.

#### **b) Meeting to consider other senior staff remuneration**

(The President and Vice-Chancellor returned for consideration of this item; the Registrar, Secretary and Chief Operating Officer and other officers (with the exception of the Deputy Secretary) left the meeting (this included Prof Colette Fagan given her dual role as a Board member and a senior manager).

**Received:** the minutes of the meeting of Remuneration Committee held on 18 April 2018, to consider the remuneration of other senior staff.

#### **Reported:**

- (1) The Committee had confirmed that the cost of pay increases for the eight direct reports to the President and Vice-Chancellor should be 1.6% of total salary costs (noting that the estimated average annual pay increase for staff across the University was approximately 3.5%).
- (2) Gender Pay Gap and Equal Pay Audit reports had been received.

### **15. Report from the Senate**

**Received:** a report from the Senate meeting held on 25 April 2018. The report included recommendations on the future structure of the Faculty of Science and Engineering, a request from Senate for the Board to give consideration to the operation of UUK and its interaction with the University and, for information, a report on elections to Senate.

#### **Noted:**

- (1) The recommendations for the restructuring of the Faculty of Science and Engineering would not hinder, and indeed were designed to encourage, cross-School and cross-discipline collaboration and interaction (for example the Teaching College was designed to facilitate the sharing of best practice).
- (2) The request for a review of interaction with UUK arose in part from concerns about the operation of UUK in relation to the recent USS dispute.
- (3) USS governance principles meant that UUK would represent the University as an employer whether or not the University was a member of UUK. These processes had their origins in a much smaller and less diverse sector.
- (4) The challenges faced by UUK in attempting to summarise and determine a sector position on USS from the multitude of responses from individual institutions.

- (5) UUK was considering a review of internal governance processes and the University supported this position.

**Resolved:**

- (1) that the recommended revised School structure in the Faculty of Science and Engineering, i.e. a reduction from nine Schools to two Schools named Engineering and Natural Sciences respectively, be approved with effect from 1 August 2019.

**Action: Vice-President and Dean of FSE**

- (2) that the University supports and participates in any future review of UUK internal governance.

**Action: Registrar, Secretary and COO**

## **16. Report from the University-Students' Union Relations Committee (UURC)**

**Received:** the report from the UURC meeting held on 3 May 2018.

**Reported:** matters considered by UURC included an update on progress of the building project, the Students' Union budget for 2018-19, an overview of activity since the previous meeting and consideration of industrial action and use of strike pay.

## **17. Report from the Planning and Resources Committee**

**Received:** a summary of matters discussed at the meetings of the Committee held on 6 March, 10 April and 8 May 2018 provided for the information of members.

**Reported:** matters considered by the Committee included financial issues (including Management Accounts and financial benchmarking analysis), Office for Students matters (including initial registration requirements), Competition and Markets Authority compliance, Planning and Accountability issues, Human Resources issues (including approval of Career Break and Flexible Working Policies), Estates issues, IT issues (including funding of the Student Lifecycle Project), IT issues, the Faculty of Science and Engineering restructure, proposals relating to the Tabley House Collection, the University's response to the Review of Post-18 Education and Funding and minutes of meetings of University of Manchester Worldwide Board and the University of Manchester Research Institute.

## **18. Forward Agenda**

**Received:** for information, the forward agenda for the Board.

## **19. Any other business**

**Noted:**

- (1) Members were asked to complete self-evaluation forms and Chair's evaluation forms and return the latter to the Deputy Chair.
- (2) The incoming Chair of Audit Committee had recently attended a seminar organised by BDO and commended this to all members, not just members of Audit Committee.
- (3) Congratulations were extended to Board member, Dame Dr Angela Strank and to Prof Richard Marais who had both recently been elected as Fellows of the Royal Society.
- (4) This was the last Board meeting for the General Secretary of the Students' Union who was thanked for his contributions to the Board's work.

**Close**