

The University of Manchester

**BOARD OF GOVERNORS**

Wednesday, 18 July 2018

*Present:* Mr Edward Astle, (in the Chair, until item 16), President and Vice-Chancellor, Dame Sue Ion (in the Chair for item 17), Ms Fatima Abid (General Secretary of UMSU), Mr Gary Buxton, Mr Michael Crick, Prof Aneez Esmail (by telephone link), Prof Colette Fagan, Prof Danielle George, Mr Colin Gillespie, Dr Reinmar Hager, Mr Nick Hillman, Dr Caroline Jay, Mr Neil McArthur, Professor Silvia Massini, Ms Isabelle Perrett, Mr Andrew Spinoza (until item 10), Dr John Stageman, Dame Dr Angela Strank (from item 6) and Prof Nalin Thakkar (until item 7) (20).

*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, the Director of Legal Affairs and Board Secretariat, Mr Patrick Hackett (Registrar, Secretary and Chief Operating Officer Designate), the Director of Compliance and Risk (for item 6), the Head of Safety Services (for item 6), the Director of Estates and Facilities (for item 7), the Vice-President for Social Responsibility (for item 10), the Director of Social Responsibility (for item 10), the Head of Equality, Diversity and Inclusion (for item 10), the Chief Executive of UMSU (for item 12) and the Deputy Secretary.

*Apologies:* Ms Dapo Ajayi, Mr Paul Lee, Mr Shumit Mandal, Mr Robin Phillips and Mrs Roz Webster.

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

**1. Declarations of Interest**

**Reported:** there were no new declarations of interest.

**2. Minutes**

**Resolved:** The minutes of the meeting held on 23 May 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.

**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) The outcomes of the post-18 Education Review, chaired by Philip Augar, were awaited.
- (2) The Secretary of State had confirmed that maximum full-time undergraduate home fee for 2019 would remain unchanged at £9,250.
- (3) UCU had announced that it was to ballot its members for industrial action in response to the employers' pay offer; the ballot would open in August and close in October.
- (4) Partnership with Qiagen, a global diagnostics company, had been confirmed; the partnership, involving academia, industry and the health service would enable the creation of a world leading precision medicine campus in Manchester and provide major health, economic and employment benefits. The investment had been underwritten by Manchester City Council.
- (5) A bid was being prepared, in collaboration with Manchester Science Partnerships and the Greater Manchester Combined Authority, to the UKRI Strength in Places Fund, a new competitive funding

scheme that takes a place-based approach to research and innovation funding, to support significant regional growth.

- (6) Several recent meetings with key industrial partners.

**Noted:**

- (1) There had been a marginal reduction in overall home/EU undergraduate accepted places and the confirmation and clearing round in August was expected to be very competitive. International acceptances had increased by 6% compared to the previous year.
- (2) Postgraduate taught fees were set on a course by course basis, approved by Planning and Resources Committee.

## 5. Board committee reports

### (i) Audit Committee (4 July 2018)

**Received:** An Executive Summary of the meeting of Audit Committee held on 4 July 2018.

**Reported:** the meeting had considered: an IT Strategy update, Uniforum Benchmarking Data, proposed Internal Audit Plan for 2018-19 (adopted by the Committee), a progress report from Uniac, the annual report from the Research Compliance Committee (RCC) (the RCC summary report was appended to the Executive Summary), the latest version of University Risk Maps and risk registers and an update from the Registrar, Secretary and Chief Operating Officer on Public Interest Disclosure cases. The Committee meeting had been preceded by an annual training and update session which had included presentations from external auditors (EY) on potential future scenarios and from internal auditors (Uniac) on the implications for the Board and Audit Committee of the new Office for Students regulatory regime.

**Noted:**

- (1) The update and training session referred to above, had included discussion about the evolving concept of value for money and the need for this to be demonstrated from a student as well as an internal efficiency perspective.
- (2) The Audit Committee had received the full version of the RCC report and commended its comprehensive coverage and in-depth assurance.
- (3) All allegations of research misconduct, whatever the source and level of severity were investigated in accordance with relevant procedure. The number of reported cases was consistent with knowledge of practice elsewhere in the sector.

### (ii) Finance Committee (27 June 2018)

**Received:** An Executive Summary of the meeting of Finance Committee held on 27 June 2018.

**Reported:**

- (1) The meeting had considered a North Campus Project Board report (the subject of a separate item on the agenda), an update on the capital programme, a regular finance update, the May 2018 management accounts, a report on oversight of commercial activities and the Uniforum Benchmarking Data.
- (2) Since the meeting, further measures had been progressed to mitigate risks relating to the Paterson Building replacement and good progress had been made towards the development of a Memorandum of Understanding between the partners in the project.
- (3) Attached to the summary was the 2018-19 budget which was presented for approval, along with the forecast return for submission to the Office for Students; further work was being carried out on the five year plan, which would be presented to Finance Committee at its September meeting. The 2.1% surplus set out in the 2018-19 budget was lower than recent outturn and forecast figures and

represented a prudent management assessment in a challenging environment.

**Noted:**

- (1) The five year plan was predicated on a constant home undergraduate fee of £9,250, although modelling of other lower fee scenarios had taken place.
- (2) To achieve the required headroom for investment, continued efforts to drive efficiencies and income generation were required.
- (3) Business cases for the M2020 staffing interventions had been achieved, although some targets in other areas (income and non-pay related) had not been met; overall the programme had achieved significant savings and improved the University's financial position.
- (4) The importance of continued growth in international fee income was recognised and measures to sustain this included an increased focus on undergraduate international recruitment.
- (5) The report included risk based scenario planning across the duration of the five year plan; this included potential future blanket or subject specific fee reduction. Although the scenarios in the report did not include more radical potential changes (including the complete abolition of fees), the introduction of such changes would have to be accompanied by the reintroduction of some level of direct teaching grant, so overall the impact would be similar to the financial models included in the report.
- (6) The final version of the five year plan would be underpinned by specific action plans, a summary of which would be reported to the Board.

**Resolved:**

- (1) That the 2018-19 budget as set out in the report be approved.
- (2) That the financial forecast for 2018-19 to 2022-23 be approved for submission to the Office for Students (subject to changes for pension contributions).
- (3) That further work continue on the five year plan, which would be presented to the Finance Committee in September 2018.

**Action: Director of Finance**

**6. Health and Safety Deep Dive report**

**Received:**

- (1) The Safety Services annual report to the Board for the period April 2017 to March 2018.
- (2) Proposed minor changes to the Health and Safety Policy Statement, following the biennial review.

**Noted:**

- (1) In relation to significant incident investigation, there had been one case of exposure to harmful substances as referred to in the report. Investigation of the incident had revealed a specific, procedural difficulty rather than generic procedural concerns and it was agreed that this should be made explicit in the report. **Action: Director of Compliance and Risk**
- (2) Accident and incident number trends as shown in the report were encouraging and it was important to sustain management engagement to consolidate and sustain these improvements; the establishment of Faculty level Health and Safety Committees would assist in this respect.
- (3) The difficulty in establishing meaningful, consistent comparative data across the sector.
- (4) The increase in "building/structure" reported incidents over the past three years was possibly attributable to the significant amount of remedial work across campus and the data did not distinguish between serious and minor issues; this would be investigated further and the outcome reported to the Board.

**Action: Director of Compliance and Risk**

- (5) A proportionate approach was taken to incident investigation with a clear approach to escalation from local levels ; all cases were referred to the central team, with attention and resources

focused on the most serious cases, requiring intervention.

**Resolved:**

- (1) That, with the amendment referred to in (1) above, the report be endorsed.
- (2) That the revised Policy Statement be approved.

**7. North Campus-Development Strategy Update**

**Received:** further to the report to the Board at the May 2018 meeting, a further update on the North Campus development, including a recommendation for the delivery route for the project.

**Noted:**

- (1) There was broad endorsement of the proposed Vision Statement, the primary purpose of which was to attract the support of stakeholders and potential partners. Further enhancements were possible and members were encouraged to send in any further detailed comments. The deliverables as outlined in the report would form the core of communications about the development.
- (2) Whilst there were no proposals for teaching on the site, there would be student benefits (for example, in the shape of increased employment and placement opportunities) and there was scope to include this in the Vision Statement
- (3) The report reiterated options for both delivery and scale of investment in the proposed Joint Venture (and commensurate risk and returns involved); the recommendation from the Executive to Finance Committee had been that investment in the joint venture should at the minimum level necessary to maximise influence on the nature of the development, with the possibility that this might be funded through divestment of North Campus assets, ensuring an overall neutral financial impact.
- (4) The way forward outlined above represented Option 4 (minority Joint Venture) as set out in the report to the May 2018 Board; Option 5 (50:50 joint venture) had been rejected by Finance Committee as it was unlikely to offer the right balance of required investment and risk (and was likely to require additional debt financing, which was not believed appropriate for the University to consider at this time).
- (5) The report noted that Option 4 covered a range of equity contributions with corresponding levels of influence and veto. A contribution in the region of 25% had been suggested by Finance Committee as an indicative way forward.
- (6) The approach outlined in 5) above was seen as a balanced and pragmatic approach enabling a significant level of control and influence, and healthy indicative returns; the University would be able to indicate non-negotiable "red lines" when preparing tender documentation.
- (7) Whilst it was important to measure potential tangible benefits of the development, some benefits would be intangible (e.g reputational benefits influenced by the nature of partner occupiers).

**Resolved:**

- (1) To endorse in principle, the proposed Vision Statement, subject to consideration of any suggested further enhancements from members.
- (2) To progress to the next stages of the project on the basis that the University will prepare for the procurement of a joint Venture Partner to develop the site (with an indicative proposed 25% equity contribution, subject to final confirmation by the Board).
- (3) To establish a working group of the Board with delegated powers to oversee progress

**Action: Director of Estates and Facilities**

**8. Chair's report**

**(i) Recommendations from Nominations Committee for appointment of a co-opted member to Audit Committee**

**Received:** a report setting out a recommendation from the Nominations Committee

**Resolved:** that Erica Ingham be appointed as a co-opted member of Audit Committee

**(ii) Annual Review of Committee membership**

**Noted:** a report outlining changes in Committee membership for 2018-19 following discussions between the Chair and current and new members.

**(iii) Outcome of Board member review meetings**

**Noted:** a report summarising key issues arising from the annual reviews between the Chair and Board members.

**(iv) Appointment of Vice-President and Dean of Faculty of Biology, Medicine and Health**

**Reported:** Prof Graham Lord had been appointed as Vice-President and Dean of Faculty of Biology, Medicine and Health.

**(v) Office for Students-Registration**

**Reported:** the University had just received confirmation from the Office for Students (OfS) that it had been included in the register of English higher education providers, without any specific ongoing conditions of registration. The October 2018 meeting would consider, as a discrete agenda item, both the correspondence and a brief paper outlining key aspects of the OfS regulatory framework.

**Action: Director of Planning**

**9. Secretary's Report**

**i) Election of Senate members**

**Reported:** Dr Steve Jones and Dr Delia Vazquez had been elected as Senate members of the Board (Category 3) with effect from 1 September 2018.

**ii) Review of Statutes**

**Received:** a report from the Director of Legal Affairs and Board Secretariat and Deputy Secretary updating the Board on the review of Statutes and related work on governing instruments (including Ordinances)

**Reported:**

- (1) The review had originated from the Lauwerys Governance Review which had reported to the Board in March 2017; the review, which had concluded that the University was well-governed with some sector-leading aspects, had resulted in one substantive proposal for change (to the size and composition of the Board). Some other recommendations had already been implemented and the report had recommended a general review of Statutes and Ordinances.
- (2) The October 2017 meeting had asked the Deputy Secretary and other members of the Office of the General Counsel to undertake further work, including a broad review of governing instruments. The February 2018 meeting had been advised of progress and endorsed the approach to enable informal liaison with the Privy Council on proposed changes before the formal process of Board approval.
- (3) The Privy Council had indicated that it was content with the approach to the review of Statutes as outlined in the report. The Charter required that, before considering amendments to Statutes, the opinion of both General Assembly and Senate be sought, and this had taken place at meetings on 20<sup>th</sup> June and 27<sup>th</sup> June respectively (a summary of relevant discussions was included in the report).
- (4) Some further changes had resulted from the engagement with General Assembly and Senate, ie, in Statute IX, to ensure that General Assembly had the opportunity to express an opinion on the Ordinance relating to General Assembly membership and in Statute X, reinstatement into the Statute (rather than the supporting Ordinance) of the clause relating to academic freedom (i.e. academic staff"....freedom within the law to question and test received wisdom, and to put forward new ideas

and controversial and unpopular opinions, without placing themselves in jeopardy of losing their jobs and privileges.”).

- (5) It was proposed that recommended changes to Statutes would be sent to Privy Council for consideration and formal approval following the November 2018 meeting, allowing time for Senate to consider supporting Ordinances within its purview at its October 2018 meeting and for Ordinances to be considered by the Board at the November 2018 meeting (an approach which would enable consideration of any necessary further adjustment to Statutes, should the review of Ordinances require this). The report proposed that Nominations Committee (comprising members of the Board, Senate and General Assembly) steer the overall process of Ordinance review, with the recently established Senate Effectiveness Working Group being used as a sounding board, for those Ordinances within Senate’s purview, before the consideration of such Ordinances by Senate.
- (6) Concerns had been raised by some Senate members about the approach outlined and this had included the view that the changes would result in a transfer of powers from Senate to the Board. The Board was assured that the proposed changes, which were in line with Department for Education expectations and recommendations to simplify and de-regulate Statutes, would see the transfer of detail from Statutes to supporting Ordinances and this detail would not be amended without good reason (Privy Council approval of changes to Statutes was required, but such approval was not required for changes to Ordinances). This did not involve any transfer of power from Senate to the Board.
- (7) The current Ordinance XXII which required the Board to seek the opinion of Senate before considering any changes to Ordinances within its purview would remain substantially unaltered and this requirement would continue.
- (8) Amendment to Statute XIII (Academic and Academic Related Staff: Dismissal, Grievance Procedures and Related Matters) were not being considered as part of the current review and would be brought forward later after negotiations with recognised trade unions had taken place; no other Statutes required negotiations with the trade unions.

**Noted:**

- (1) One of the Senate Board members explicitly opposed the recommendations, expressing the view that, whilst the principle of Statutes reform was accepted, there was concern about the detail and the review being characterised as an administrative exercise (for example, the reference to Senate as the Principal Academic Authority was no longer contained in Statute VII). More time was needed for Senate to consider changes and their implications, and the University should not be concerned about being different and not adhering to Department for Education expectations.
- (2) The reference to Senate as the Principal Academic Authority was set out in the Charter and there were no proposals to amend the Charter.
- (3) The University had received external legal confirmation that the primary concern of the Privy Council was to ensure that Statutes remained in compliance with charity law, public interest governance principles and the CUC HE Code of Governance. The revised Statutes retained coverage in these areas and the Privy Council was content for further detail to be removed.
- (4) Most Senate members on the Board of Governors had been reassured by the outlined process of Ordinance review, including using the Senate Effectiveness Review Working Group as a sounding board and Ordinances within Senate’s purview being considered at the October 2018 meeting
- (5) Approval of revised Statutes was required before the changes to size and composition of the Board (including increasing student membership from one to two) could be enacted and the introduction of this change would be affected by any delay in the process.

**Resolved:**

- (1) The changes to the Statutes as outlined in the report be approved.
- (2) Nominations Committee be appointed to oversee and steer the process of revision of draft Ordinances (an approach consistent with the Lauwerys Review recommendations for Nominations

Committee to take on a broader governance role) with members of the already established Senate Effectiveness Working Group being used as a sounding board for proposed changes within the purview of Senate .

- (3) In accordance with the obligations set out in Statute XXII, to confirm that Senate's opinion on proposed changes to Ordinances within its purview will be sought at the meeting of Senate on October 17 2018.
- (4) The final draft version of Ordinances be brought to the Board for approval at its meeting on November 21 2018 and this will include any comments on Ordinances within its purview from Senate.
- (5) The amended Statutes be sent to Privy Council for approval following the Board meeting on November 21 2018 and approval of revised Ordinances; this approach would enable the Board to take account of any necessary further adjustments to Statutes that might be required following review of Ordinances, before formal submission to the Privy Council.

**Action: Deputy Secretary**

## **10. Social Responsibility**

**Received:** a report setting out a summary of progress in relation to the University's Social Responsibility objectives, including a specific update on equality, diversity and inclusion and key actions for 2018-19.

### **Noted:**

- (1) The new University roles of lead/champion for gender and race equality built upon and expanded existing roles, enabling a specific focus on these areas.
- (2) The potential to integrate and cross-reference this report with the Gender Pay Gap report.
- (3) Progress had been made towards targets set out in the Strategic Plan, but at a relatively slow rate. The new Inclusive Advocates programme had been developed in an effort to accelerate progress. It was also anticipated that the gradual increase in the proportion of Black and Minority Ethnic (BAME) lecturers (now 18%) would begin to impact on representation at senior levels.
- (4) Greater specificity and granularity of analysis of constituent elements of the BAME staff and student population would be helpful; this existed (and, for example had been included in detail in the University's application for the Race Equality Charter Mark) and consideration would be given as to how to include this most effectively in a summary report.
- (5) The efficacy and impact of initiatives outlined in the report should be measured.
- (5) Experience in other sectors suggested that peer pressure and benchmarking against sector expectations (e.g as set out in the Hampton-Alexander and Davies reviews) were important in achieving the necessary paradigm shift (e.g in the development of aspirations and targets, encouragement of inclusive language and elimination of unconscious bias).
- (6) The importance of mentoring and the establishment of positive role models.
- (7) Equality, diversity and inclusion actions in the report concentrated on staff and the Board should focus on student related equality, diversity and inclusion matters at a future meeting.
- (8) At a future meeting, it would be helpful to reflect on any areas where the University's Social Responsibility targets and goals could be potentially in conflict with other University objectives.

## **11. Remuneration**

(The President and Vice-Chancellor and all officers present left the meeting (except for the Director of Human Resources and Deputy Secretary); this included Prof Colette Fagan given her dual role as a Board member and a senior manager.)

### **(i) Annual report from Remuneration Committee**

**Received:** the annual report from the Remuneration Committee for 2017-18.

**Noted:**

- (1) The contents of the report had been reviewed and endorsed by Uniac as consistent with the CUC Senior Staff Remuneration Code and the requirements of the Office for Students Accounts Direction.
- (2) It would be useful to know which other institutions published an annual report.

**Resolved:** that the report be included in the Financial Statements, to be brought to the Board for approval in November 2018.

**Action: Director of Human Resources**

### **(ii) Remuneration Committee Principles**

**Received:** a report setting out the remuneration principles to be followed in 2018-19 by the Remuneration Committee

**Reported:** included in the principles was a distinction between the responsibilities of the Chair of the Board and the Chair of the Committee and distinct processes for consideration of the remuneration of the President and Vice-Chancellor and the remuneration of other members of the Senior Leadership Team

**Resolved:** that the principles outlined in the report be approved.

(The President and Vice-Chancellor and other officers, including Prof Colette Fagan returned to the meeting at the conclusion of this item. )

## **12. Annual Report of the Students' Union**

**Received:** the annual report of the University of Manchester Students' Union (UMSU) provided to the Board, given its duties as the responsible body under Section 22 of the Education Act 1994

**Reported:** infrastructure developments had provided some challenges, but there had been a healthy level of student engagement, volunteering and campaigning activity

**Noted:**

- (1) The report contained details of the extent of the liabilities under a previous pension scheme, the Students' Union Superannuation Scheme; this was a shared scheme with approximately sixty other students' unions and had closed to new entrants in 2010. The substantial increase in potential liabilities for UMSU was the result of a recently discovered defective amendment to the scheme. Whilst this issue represented a strategic challenge, the UMSU balance sheet remained healthy.
- (2) Turnout in the recent elections was approximately 25% which compared favourably to the national average of 15.9%.
- (3) Across the sector there were some challenging issues for students unions and it was important that the National Union of Students was responsive and receptive to the needs of Manchester students.

**Resolved:** that the annual report be approved.

## **13. Report from the Senate**

**Received:** the report from the Senate meeting on 27 June 2018, including as an appendix, the recommendations from the Awards and Honours Group

**Noted:**

- (1) Whilst most recipients of honorary awards had a connection to or link with Manchester, this was not a requirement and some awards had been given previously without such a link or connection.
- (2) In future, it would be helpful if the report included reference to the status of candidates previously recommended for awards and awaiting conferment.

**Resolved:** that the recommendations from the Awards and Honours Group as set out in the report be approved. **Action: Deputy Secretary**

**14. Report from the Planning and Resources Committee**

**Received:** the report of the meeting of Planning and Resources Committee held on 12 June 2018.

**Resolved:**

- (1) that the existing Voluntary Severance Scheme continue until 31 July 2019.
- (2) that the revised Policy on Naming of Buildings and Identifiable External Spaces be approved

**15. Forward Agenda and Programme of Work**

**Received:** the forward agenda and programme of work for 2018-19 (members were encouraged to send any comments to the Deputy Secretary).

**16. Vote of thanks**

**Resolved:** that a vote of thanks be extended to all retiring members of the Board (Ms Dapo Ajayi, Prof Colette Fagan, Dame Sue Ion, Dr Caroline Jay, Ms Isabelle Perrett and Dame Dr Angela Strank) and the Registrar, Secretary and Chief Operating Officer who was attending his final Board meeting.

(The Chair left the meeting at this point and the Deputy Chair chaired the remainder of the meeting)

**17. Evaluation of Chair-oral report from Deputy Chair**

**Received:** a verbal update from the Deputy Chair on the recent evaluation exercise relating to the Chair.

**Reported:**

- (1) Feedback from members on the Chair continued to be consistently positive; he continued to be an exemplar to the Board and had driven some tangible improvements in Board processes.
- (2) The development of skill sets had been beneficial in assessing Board needs during the recent Board recruitment exercise and the outcomes of this had been very positive.
- (3) The Chair had been encouraged to ensure that all members of the Board were given the opportunity to contribute to meetings.
- (4) The relationship between the Chair and the President and Vice-Chancellor was seen as positive, constructive and appropriately challenging.
- (5) Overall, the consistent view of all members was that the Chair continued to be very effective.

**18. Any other business-BDO seminar**

**Noted:** details of a breakfast seminar organised by BDO (in Manchester on 10 October 2018) had been tabled and members were encouraged to attend; despite the title (HEI Audit Committee Breakfast Seminar) the content would be accessible and of value to any Board member.

**Close**