

The University of Manchester

BOARD OF GOVERNORS

Wednesday, 24 November 2021

Present: Mr Edward Astle (in the Chair), President and Vice-Chancellor, Mrs Ann Barnes (Deputy Chair), Prof Claire Alexander (by video conference), Mr Gary Buxton (by video conference), Prof Danielle George, Mr Miguel Gonzalez-Valdes Tejero, Dr Reinmar Hager, Mr Nick Hillman, Ms Philippa Hird, Ms Caroline Johnstone, Dr Eric Lybeck, Prof Paul Mativenga, Dr Neil McArthur, Mr Jatin Patel (by video conference), Mr Robin Phillips (by video conference), Mr Raoul Shah, Mr Richard Solomons, Ms Melody Stephen, Ms Natasha Traynor (Associate Member), Dr Jim Warwicker, Mrs Alice Webb and Ms Roz Webster (22 members).

In attendance: The Registrar, Secretary and Chief Operating Officer (RSCOO), the Deputy President and Deputy Vice-Chancellor, the Vice-President for Research (item 7), the Director of Compliance and Risk (item 11, by video conference) and the Deputy Secretary.

1. Declarations of Interest

Reported: there were no declarations of interest.

2. Minutes

Agreed: the minutes of the meeting held on 13 October 2021, subject to the insertion of an additional comment in minute 12 about the importance of defining themes and impact of the Fundraising and Engagement Campaign.

Action: Deputy Secretary

3. Matters arising from the minutes

Received: an updated report on ongoing issues that had been raised at previous meetings.

Noted: it was intended that the revised Scheme of Delegation would now be submitted to the February 2022 meeting.

Action: RSCOO and Deputy Secretary

4. President and Vice-Chancellor's report

Received: the report from the President and Vice-Chancellor.

Reported:

(1) Recruitment and applications data continued to be strong: December 1 was the cut-off date for 2021-22 registrations (a number of students had registered later than usual this year).

(2) It had been decided that all students would be required to return to campus for semester two: this was in line with the approach at the vast majority of Russell Group universities (some of which had required attendance in semester one). Infection rates for staff and students continued to be very low.

(3) A note to the Board had just been issued on the UCU industrial action (strike action on 1, 2 and 3 December 2021 and action short of a strike continuously from 1 December 2021, ending no later than 3 May 2022).

(4) The Board had also been recently apprised of the outcome of the trial of two University security officers, following common assault charges. Following the acquittal of the security officers, internal processes would now resume.

Noted:

(1) In response to questions, in relation to the UCU dispute on pensions, there was a clear view amongst all Russell Group Vice-Chancellors that, given the stance of the Pensions Regulator there was no scope to revisit the current position: the Chair confirmed as Chair of the CUC Group on this issue, that this was also the position of CUC. The effect of industrial action was hard to predict: the impact of the imminent three days of strike action was likely to be patchy across the institution. In response to a further question about use of recorded lectures during strike action, whilst material that was already available could be used, individual lecturer permission would be required to post new material. Balloting of other unions (including Unison) was about to commence and would conclude in early 2022.

(2) In response to a question about the acquittal of the security guards, in reaching their verdict, the magistrates had referenced the context of the very difficult background of the pandemic: the University owed a duty of care to all parties as internal processes were brought to a conclusion. There has been minimal press coverage of the outcome of the trial.

(3) In response to a question about the potential for the University to be over-subscribed in 2022, current assumptions were that (assuming no further impact from Covid), overall, awarded A level grades would not be as high as predicted grades in 2021 but higher than actual grades awarded in 2019. Grade boundaries would be more lenient than in a “normal” year. In some areas, the University had increased required entry tariff.

5. Health, Safety and Wellbeing Report

Received: the report on Health, Safety and Wellbeing from the first quarter of the academic year.

Noted:

(1) Whilst elements of the report content had been considered by Health, Safety and Wellbeing (HSW) Committee, the timing of the Board meeting meant it had not been possible for the report in its entirety to have been considered there before submission to the Board. While noting that HSW Committee reported to Planning and Resources Committee, there would be benefit in a faster executive review of safety and wellbeing outcomes, as well as ensuring that the review by the executive preceded the Board’s.

(2) The report could be enhanced by further inclusion of trend data and the intention was to address this for the next iteration.

Action: RSCOO and Head of Safety Services

(3) There was likely to be under reporting of stress and mental health issues as a reason for staff referral to Occupational Health and this position should be alleviated by the inclusion of a new mandatory data field to be completed. There was a request to unpack the data on cases requiring mental health crisis intervention to, if possible, assess specific student groups who might be at risk.

Action: RSCOO and Head of Safety Services

(4) The need to improve the proportion of investigations completed during the quarter.

(5) In relation to concerns raised by student members about “spiking” of drinks, data was quite hard to establish and verify: there were ongoing discussions between the Directorate for the Student Experience and the Students’ Union and the University was working with the Manchester Anti-Spiking Partnership.

6. Financial Statements

Received:

(1) The report to the Audit and Risk Committee from the external auditors, PKF Littlejohn.

- (2) Summary of key points from the Financial Statements
- (3) Going Concern Report
- (4) Financial Statements for the year ended 31 July 2021

Reported:

(1) The Financial Statements and accompanying external audit report and the Going Concern report had been carefully scrutinized in a joint session of Audit and Risk and Finance Committees. Thanks were offered to the University Finance team and the external auditors, PKF Littlejohn, who had been appointed relatively late in the cycle, for their hard work and diligence in the preparation and review of the Financial Statements. A lessons learned exercise involving PKF Littlejohn, would be conducted after all matters had been concluded.

(2) In relation to the draft Financial Statements, members were reminded that as the University has bonds admitted to the Official List of the UK Financial Conduct Authority and traded on the Regulated Market of the London Stock Exchange, it was required to comply with various rules, regulations and standards. This imposed specific responsibilities upon the University and its employees, particularly with regard to the handling of information, which could potentially affect the trading price of the bond. This information must be kept confidential and not disclosed to anyone without the prior authorisation of the interim Chief Financial Officer.

(3) Overall, the University was reporting a consolidated operating surplus of £61.4 million, an improvement of £56.2 million from the previous year.

(4) The summary report outlined post balance sheet events in relation to USS contribution, with different scenarios if the proposed benefit reforms were either implemented or not agreed: in both instances this increase in provision would adversely affect the University surplus for 2021/22 but would be disclosed separately on the face of the income and expenditure account. The report also referred to an ongoing sector wide issue relating to compliance with US Department for Education requirements for institutions like Manchester which receive, administer and distribute US federal loans and a consequent note to the accounts (and possible impact on the audit report).

(5) The summary report referenced two adjustments identified by and agreed with the auditors and reflected in the Financial Statements, where there was no legal or constructive obligation at the balance sheet date.

(6) The Going Concern report set out severe but plausible downside scenarios, the current position and trends since the year end. Having secured the £250m Revolving Credit Facility (which had so far not been utilised), the University considered that it had more than sufficient headroom to enable it to continue to operate with confidence. On the basis of the above analysis, for the period to 31 July 2023, it was considered that there was no material uncertainty that the University is a going concern.

(7) PKF Littlejohn had asked for a non-standard representation from the Board of Governors in the letter of representation from the Board (appended to the auditors report) in relation to the Pharmacy and Schunck Buildings: confirmation had been received that these were no longer in use and there was no future intention to use them.

(8) The timeframe to conclude all outstanding audit matters had been challenging and a very small minority of issues remained outstanding: these were not substantive and were not expected to impact on the overall opinion, and this had been confirmed in a call between the Chair of Finance Committee, Interim Chair of Audit and Risk Committee and the lead partner for PKF Littlejohn earlier in the day. As a result, and assuming confirmation that there were no substantive matters, it would be necessary to delegate final dating and signing of the Financial Statements to the Chair of the Board, the President and Vice-Chancellor and the Interim Chief Financial Officer.

Noted:

(1) Whilst documentation produced to support the process had improved on the previous year (e.g the Going Concern report) there was scope for further enhancement in relation to underlying contribution and subsidiaries reporting.

(2) There had been a significant improvement in liquidity days (129 as against 81 in 2019/20) with the University now in line with sector average.

(3) It was evident that the external auditors had drawn comfort from the availability of the RCF even though it had not been used: the facility was available until January 2024, with the potential to extend for two further 12 month periods. The availability of the RCF helped to de-risk the University's position at a time of continued uncertainty and many other institutions in the sector had availed themselves of it: whilst its availability mitigated potential severe downside scenarios, there was a comment that it would be beneficial to assess the cost in the context of the wider funding strategy.

Agreed:

(1) That it was appropriate for the Financial Statements to be prepared on a going concern basis, and following a meeting of Audit and Risk Committee (in joint session with Finance Committee) and on the recommendation of Audit and Risk Committee to approve the Financial Statements themselves, subject to conclusion of outstanding audit matters.

(2) Once outstanding audit matters were satisfactorily concluded, to approve delegation of authority to date and sign the final version of the Financial Statements to the Chair of the Board, the President and Vice-Chancellor and the Interim Chief Financial Officer.

Action: Deputy Secretary and Interim CFO

7. Research annual update

Received: a report from the Vice-President for Research summarising progress against the University's research strategy priorities and measures of success (KPIs), highlighting key achievements and strategic actions taken to address challenges. The Accountability Review which immediately preceded the Board meeting had also considered research performance and outcomes in 2020-21 and there is a separate report on this discussion in the notes of that meeting.

Reported: the report covered the impact of Covid and mitigation, the Research Excellence Framework submission, research funding and future research and discovery priorities.

Noted:

(1) The report referred to working with the Institute of Teaching and Learning to explore the educational benefits of research informed teaching: this work was in its early stages.

(2) Discussion about the importance of strategic global partnerships in the context of an increasingly challenging environment, as outlined in the report.

(3) REF outcomes would be announced on 12 May 2022.

(4) Senate received a summary of research performance (applications, awards and income) by Faculty and this could be made available to the Board. **Action: Deputy Secretary**

(5) £5.1 million had been invested to recruit 87 Presidential Fellows since 2017-18: consideration would be given to a further round in due course.

(6) Whilst there had been a slight deterioration in some benchmarks relating to collaboration with industry (partly attributable to some delay in receiving payments and reduction in some international contracts) the University continued to perform relatively well: as outlined at the Accountability Review, diversification of funding would be pursued as a priority.

8. Objectives 2021-22

Received: objectives for the Chair and President and Vice-Chancellor for 2021-22

Noted:

(1) Both documents would benefit from the addition of objectives relating to environmental, social and corporate governance, including achievement of the zero carbon target.

(2) Improvement to student and staff engagement, relations and well-being (as measured by pulse surveys and NSS) was an objective for the whole of the Senior Leadership Team.

(3) The Chair's objectives as drafted referred to implementation of Board related recommendations from the Governance Effectiveness Review: the Board retained responsibility for implementation of all recommendations, noting that there was ongoing consultation with Senate (including at a meeting on 17 November) on relevant recommendations, with the process supported by the RSCOO through Nominations Committee.

9. Chair's report (Board communications strategy and staff engagement and Board strategy day)

Reported:

(1) Recent appointment of Board members had been widely publicised and further separate communications about Board activity were planned.

(2) The evolving Board forward agenda contained provision for Board engagement with staff, including for example, visits by members to staff in Schools.

(3) The Board strategy day would take place on 25 May 2022, and the focus of the day would be on the key environmental factors shaping the long-term future of the sector and the implications of this for long term priorities. The date previously reserved for the Strategy Day, 22 March 2022, would now be used for an extended briefing session on the University's relationship with China (and engagement with Schools).

Noted:

(1) A range of member views about the most effective way of engaging with staff to raise awareness of the role of the Board and visibility of its members: clarifying objectives for meetings would be important.

(2) There would be further reflection on views raised, noting a preference for a relatively informal approach which encouraged engagement (although this might necessitate a degree of structure to optimise effectiveness).

Action: Deputy Secretary

10. Secretary's Report

i) Update on Chancellor Nomination and Election Process

Received: a report setting out the timetable and process for seeking a new Chancellor

Noted:

(1) The role descriptor had been designed to be flexible, enabling the person appointed to the role to exercise discretion in determining the areas where they wished to focus effort.

(2) Whilst there might be scope to optimise this further, the nominations process allowed any nomination to go forward, provided it met the requisite number of electors supporting the nomination.

ii) Office for Students (OfS) update

Received: a report apprising the Board of the latest OfS guidance on reportable events.

Noted: the Deputy Secretary was accountable for bringing relevant matters to the attention of the Board.

Action: Deputy Secretary

iii) Board attendance record 2020-21

Reported: the Board attendance record for 2020-21

iv) Exercise of Delegations

Reported: the award of Emeritus Professorships as outlined in the report.

11. Prevent Annual Report

Received: the Prevent Annual Report, which described the University's approach to fulfilling the "Prevent Duty", for the period 1st August 2020 to 31st July 2021.

Reported: the Chair was asked to sign the document on behalf of the Board in the form of a "Declaration" (for the purpose of the OfS submission), included as an appendix to the report. The purpose of the main body of this report was to provide the assurance and evidence in order for the Chair to be able to sign the Declaration on behalf of the Board.

Noted:

(1) All external speaker events had been approved and a small number had been approved subject to conditions: this involved liaison with event organisers and agreeing conditions that mitigated any potential risk (e.g in relation to venue, ticketing etc).

(2) There was recognition of the potential for the Prevent Duty to impact negatively on the perception of Islamic students: the University enjoyed a good, constructive relationship with the Islamic Society, in the context of the University's requirement to comply with the Duty.

(3) Nationally, there had been an increase in concern about extreme right wing activity in the context of the Prevent Duty: whilst there was a small but significant presence across Greater Manchester, there was no indication that there was a significant issue on campus.

Agreed: that the report be noted and that the Chair sign the declaration for return to OfS.

Action: Director of Compliance and Risk

12. Update from the Students' Union

Reported:

(1) The outcomes of the Students' Union Democracy Review which would result in a change in Sabbatical Officer structure from 2021-22: this would be reported formally to the Board after consideration by the Union Trustee Board

(2) In relation to the forthcoming industrial action, the Students' Union supported the right of staff to seek better working conditions and take strike action, but its primary focus was on ensuring student welfare.

13. Report from Senate

Received: the report from the Senate meeting on 20 October 2021 and a brief verbal report on the additional Senate meeting on 17 November 2021, held to consider and offer comment on the Senate related recommendations from the Governance Effectiveness Review.

Noted:

(1) The additional Senate meeting had considered comparative data from the sector on the composition of Senate and committees and further work on this and other relevant recommendations was planned: comments had been raised by one Senate member in relation to

the composition of Senate committees and the capacity to provide second-line assurance and this would be considered further with the Chair (see item 16 (v) (2) below).

(2) Senate had agreed to a ballot on the establishment of a working group to consider the Senate related recommendations in detail and the outcome of this would be known on 26 November 2021: the Board had previously expressed a preference for consultation with the whole of Senate, but recognised that mode of engagement was a matter for Senate.

14. Board Committee reports

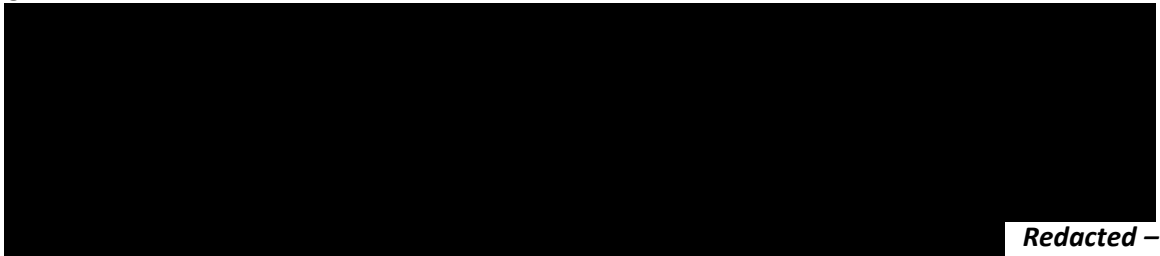
(i) Audit and Risk Committee (8 November 2021)

Received: a report from the Audit and Risk Committee meeting held on 8 November 2021, which included as an appendix, the Committee Annual Report.

Reported:

(1) The Committee had met in joint session with Finance Committee to consider the External Auditors report and the Financial Statements and the Committee recommended approval of the Financial Statements and related documentation to the Board (this matter was considered under item 6).

(2) The internal audit report from Uniac included review of the Oracle Upgrade (financial systems) project. Since completion of the review and following the resignation of the sponsor (the Chief Financial Officer), a workshop had been held to review parameters of the project and review previous design decisions. Following a reset of the programme, a further gateway review was planned in mid-December and the Finance Committee would receive recommendations relating to the business case. The Committee had agreed to receive a further report on “lessons learned” at its next meeting in January, enabling both further Uniac input and independent, external assurance, with further, subsequent work to take place as required to provide continued assurance to the Committee that the project was on track with robust management and governance.



Restricted information

(4) The Committee had been apprised of the outcome of a constructive subsequent meeting with UKRI which had indicated that a **Redacted – Restricted information** was likely: the full consequences of this, including financial implications, would be known when UKRI’s report was submitted towards the end of November and this would be reported to the Committee.

Agreed: to approve the annual report from the Committee

(ii) Finance Committee (13 October and 8 November 2021)

Received: a report on the meetings of Finance Committee held on 13 October and 8 November 2021 (the previous Board meeting had received a verbal report on the October meeting).

Reported:

(1) In relation to the Chemistry Building refurbishment, the Committee had approved the latest estimate of



Redacted – Restricted information

(2) Current Financial Regulations required Finance Committee approval for projects over £10 million, but there was no explicit requirement for Board approval beyond this: the Chair had asked for consideration of this issue in the ongoing update of the Scheme of Delegation.

Action: RSCOO and Deputy Secretary

(3) The Committee received a progress report on the Residences Strategy, a further significant, high priority project, and had asked for an appraisal of all funding options and an overall financing strategy (Committee members were touring the residences on 29 November).

(4) As noted above, the Committee had reviewed the Financial Statements and noted the significant potential non-cash adverse impact of revised USS pension contributions.

(5) Noting consideration of the Oracle upgrade project by Audit and Risk Committee and reflection on lessons learned, as noted above, the Committee had expressed concern about delays, noting that a full business case was still awaited.

(6) As reported to the previous meeting of the Board, the Committee had approved completion of the legal agreements required to form a Joint Venture with Bruntwood Sci Tech to deliver the ID Manchester project.

iii) Staffing Committee (3 November 2021)

Received: a report from the meeting of Staffing Committee held on 3 November 2021

Noted: the Committee's consideration of observations from lay chairs of Appeal Panels..

Agreed: on the Committee's recommendation for fixed-term employees and those on open ended contracts with finite funding:

(1) The University proceed with the process outlined in the Contracts Procedure to deal with those staff considered to be at risk on open ended contracts linked to finite funding for the period from 1 July 2022 to 31 December 2022.

(2) The University continues to take all steps outlined in the report to avoid the need for redundancy wherever this is possible.

Action: Director of People and OD

iv) Remuneration Committee (4 October and 3 November 2021)

Received: a report from the meetings of Remuneration Committee held on 4 October and 3 November 2021.

(v) Nominations Committee

Reported:

(1) A preferred candidate for the vacant lay member role (to become Chair of Audit and Risk Committee) had been identified and references were being taken up. Confirmation of the appointment would be sought from Board members in due course.

(2) The Committee would receive the updated Governance Effectiveness Review Action Plan at its next meeting on 15 December 2021: noting ongoing dialogue with Senate on related recommendations, a meeting of Senate Board members, the Chair of the Board, the President and Vice-Chancellor and the RSCOO would be arranged shortly.

Action: Deputy Secretary

17. Planning and Resources Committee (5 October and 9 November 2021)

Received: a report from the meetings of Planning and Resources Committee held on 5 October and 9 November 2021 (the recommendation to approve the Prevent report was dealt with under item 11 above)

18. University-Union Relations Committee (UURC) (14 October 2021)

Received: a report from the meeting of UURC on 14 October 2021 (the quinquennial review of the Students' Union constitution would be considered at the next meeting of UURC in January and brought to the Board at its February meeting).

18. Forward agenda for 2021-22

Noted: an updated Board forward agenda for 2021-22 would be circulated by the Deputy Secretary.

Action: Deputy Secretary