

The University of Manchester

**BOARD OF GOVERNORS**

Wednesday, 16 February 2022

*Present:* Mr Edward Astle (in the Chair), President and Vice-Chancellor, Mrs Ann Barnes (Deputy Chair, by video conference), Prof Claire Alexander, Mr Gary Buxton, Prof Danielle George, Mr Miguel Gonzalez-Valdes Tejero, Mr Nick Hillman, Ms Philippa Hird, Ms Caroline Johnstone, Dr Eric Lybeck (by video conference), Prof Paul Mativenga, Dr Neil McArthur, Mr Jatin Patel, Mr Robin Phillips, Mr Raoul Shah, Mr Richard Solomons, Ms Melody Stephen, Ms Natasha Traynor (Associate Member, by video conference), Dr Jim Warwicker, Mrs Alice Webb (by video conference) and Ms Roz Webster (21 members).

*Apologies:* Ms Deirdre Evans and Dr Reinmar Hager.

*In attendance:* The Registrar, Secretary and Chief Operating Officer (RSCOO), the Deputy President and Deputy Vice-Chancellor (except item 21), the Interim Chief Financial Officer (except item 21), the Director of Communications (except item 21), the Director of Planning (item 5), the Head of Business Intelligence (item 5) 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 24 November 2021, subject to the following amendment under item (4) (amendment in bold and italics).

“overall, awarded A level grades would not be as high as predicted grades in 2021 but higher than actual grades awarded in **2019.**”

**Action: Deputy Secretary**

**3. Matters arising from the minutes**

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

**4. President and Vice-Chancellor’s report**

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

**Reported:**

(1) The President and Vice-Chancellor’s update referenced the recent publication of the Levelling Up White Paper and the potential opportunities it provided: for example, Greater Manchester was one of three regions denoted as ‘innovations accelerators’ with £100 million allocated (partners across the regions will have to bid for this funding). The President and Vice-Chancellor had been appointed to the Board of Innovation Greater Manchester.

(2) The return of students in the New Year had not resulted in any significant increase in Covid infection rates.

(3) In relation to the latest consultations on the Universities Superannuation Scheme (USS) valuation, and after consultation with the Finance Committee, the University would advise that it was not able to support the terms of the University and Colleges Union (UCU) proposal and that it remained of the strong view that the Universities UK (UUK) proposal was the most appropriate way forward. (NB:

Secretary's note: the full response to the UCU proposal for the valuation sent on 18 February 2022 is available [here](#).)

(4) Applications data remained healthy: there had been a slight increase in students withdrawing from programmes: this was being monitored and it appeared that the change was largely Covid related.

(5) The High Fliers 2022 report had just been released, with the University's Careers Service in first place, indicating that the University was targeted by the largest number of top employers in 2021-22.

(6) The appointment process for the Chief Financial Officer was nearing conclusion.

(7) Noting the increased threat of military action in Ukraine, there was no knowledge of any members of the University community currently in the country and any staff or students planning a visit to the country over the next three months were required to complete a risk assessment for review and approval by the relevant Faculty Dean/Vice-President.

(8) As envisaged by the [Race Matters Action Plan](#), work was taking place on a communication plan related to the University's history and heritage.

**Noted:**

(1) In response to a question regarding press and media perception of an improved and relatively healthy financial position for Russell Group universities, that it was important for all University stakeholders to understand the broader financial context and the need to generate surpluses to invest in facilities and systems to maintain and enhance quality of service and provision. The importance of developing this narrative was heightened given the current and likely future economic climate and increased inflationary pressures.

(2) In response to a question about the next intake of undergraduate students, current indications were that, on the basis that A level grades were similar to those awarded in 2020, it was likely that Widening Participation targets would be achieved: in 2021, higher than expected teacher awarded grades had impacted on the profile, given higher than anticipated numbers of students receiving required grades and the legal obligation to offer places to all students achieving target offer grade profile.

(3) In a related question about the impact of the grade profile on continuation, withdrawal and interruption of students admitted in the current academic year, whilst there had been marginal impact, there were no areas where withdrawals and/or interruptions were particularly concentrated.

## 5. Performance Report

**Received:** the first institutional performance report based on Board scorecard metrics.

**Reported:**

(1) Updates on performance emerge (in many cases annually) at different times across the year, so each report will focus on different measures within the scorecard.

(2) The first update included metrics from the 1<sup>st</sup> December 2021 student dataset, a review of Access and Participation Plan milestone performance for 2020/21, an updated rank for the Times Higher Education Most International Universities table and an update on financial sustainability metrics based on 2021/22 forecasts.

(3) The key points from the analysis were:

- a) The University exceeded its intake targets for 2021/22, particularly in full-time programmes.
- b) There had been a slight fall in continuation since the previous year (as referred to above) which was being analysed further internally.

- c) Intake from key overseas markets had grown and the single market dependency for the whole student population remained at a similar level to the previous year.
  - d) The University dropped four places to 27<sup>th</sup> in the Times Higher Education Most International University table, against an ambition to be in the top 25.
  - e) It was expected that three of five Access and Participation milestone targets for 2020/21 would be achieved (future Access and Participation monitoring was expected to change).
- (4) The analysis drew on multiple data sources and work was underway to improve the quality and availability of these across the organisation. Some new metrics were also in development and definitions and data collection arrangements were in progress.

**Noted:**

- (1) The cross-cutting theme relating to carbon reduction referenced in the report would be added to the full list of Board scorecard metrics set out in Appendix 1 of the report.
- (2) The metrics in development about space utilization and number of off-campus learners were of strategic significance, given their relevance to future environmental and size and shape discussions.
- (3) Whilst some data about inter-disciplinary teaching was captured (for example through the work of the University College for Interdisciplinary Learning (UCIL) which was covered in Annual Performance Review Deep Dives), more would be required for effective measurement.
- (4) The need to develop student satisfaction metrics other than the NSS, noting ongoing work in this area, including the Unitu pilot which provided real time live feedback on performance and student satisfaction in certain disciplines.
- (5) Discussion about whether the “good place to work” metric was the most appropriate to measure staff satisfaction and the request to develop a composite metric which covered staff engagement (analogous to a net promoter score used in other sectors). People and Organisational Development (OD) metrics were subject to change, once the new People and OD Strategy was approved by the Board.
- (6) Equality, Diversity and Inclusion (EDI) metrics needed to cover students (e.g. in relation to attainment gaps) as well as staff, and progress against previous metrics needed to be included in the report for the July Board.
- (7) There was a need to reflect further on the student population single country exposure metric, given that the 2026 target (54%) was higher than the current position (50%).
- (8) Potential presentational improvements to the appendix showing student continuation data.
- (9) Additional work was required to improve data quality and accessibility and embed targets for faculties and Professional Services.

**Agreed:** subject to changes and further reflection on comments as outlined above, to approve the recommended set of scorecard metrics and the institutional targets for the period of the plan.

**Action: Director of Planning**

## 6. Innovation Performance

**Received:** a report on the University’s Innovation activities in 2020/21.

**Reported:**

- (1) As a theme in Our Future, Innovation was cross-cutting in a wide range of activities but the report focused on:
  - a) Commercialisation of intellectual property through spin-outs and licensing via the Innovation Factory and the formation of the Northern Gritstone investment company;

- b) Business engagement, covering partnerships with large corporates and small and medium-sized firms;
- c) Regional and local development, describing place-based initiatives, mainly in Greater Manchester;
- d) Entrepreneurship, focussing on the Masood Entrepreneurship Centre and aspects of the Careers Service; and
- e) Graphene application and commercialisation, covering the Graphene Engineering Innovation Centre and wider business engagement and commercialisation in 2-D materials.

(2) The University performed strongly in the innovation area on the indicators selected for the Board Dashboard, coming 2<sup>nd</sup> in UKRI's Knowledge Exchange Framework, ranking 7<sup>th</sup> in Europe against the United Nations Sustainable Development Goal on Industry, Innovation and Infrastructure and 5<sup>th</sup> nationally in research income from industry. On all of the above, the University's target was to improve its position by 2025/26.

**Noted:**

- (1) The report outlined principal risks to innovation activities, which included engagement with organisations that may carry a reputational risk for the University. This was mitigated by compliance with export control and national security requirements and screening of new relationships that were above an agreed threshold by the Research Relationships Oversight Group.
- (2) Other risks were more operational in nature and included failure to at least cover the full cost of work and failure to engage sufficient academic colleagues in academic activity.
- (3) Whilst there was a concentration of related work in science, technology and engineering, there were examples of activity in the Faculty of Humanities (for example, the [Knowledge Transfer Partnership involving British Salt](#)), work related to the creation of social enterprises and cross-institutional activity involving Humanities. The Masood Enterprise Centre in the Alliance Manchester Business School had the aim of developing entrepreneurial skills in University students, staff and alumni. The discipline of Gaming was one where there was further potential for innovation activity, involving a number of creative industries.
- (4) Innovation activity included support for the Careers Service to enhance its offer, particularly in building links with major employers and in finding opportunities for placements and internships. Initiatives attracting external recognition included the [International Talent](#) scheme which helped source paid jobs for University students who possess language skills or have knowledge of non-UK cultures. In 2020-21 this created and promoted over 250 International Talent jobs in Greater Manchester with the added benefit of enhancing export capabilities in many of the participating firms.
- (5) Comments about broader understanding of the concept of entrepreneurship amongst the wider student community and the potential to rebrand this to increase awareness and participation in related activity (although, in this context it was noted further that there is an active student enterprise group).
- (6) In response to a question about alignment with REF activity and output, that strategic partnerships with some key partners had resulted in co-authored papers.
- (7) In relation to the section of the report on Graphene application and commercialization, the next innovation report coming to the Board should benchmark our IP and commercialisation success against international peers (as in previous reports to the board).

**Action: Deputy President and DVC**

7. Mid-year update on financial performance

Reported:

[Redacted]

*Redacted – Restricted information*

Noted:

(1) Additional resource to support increased student recruitment was fixed term: there was some marginal benefit in increased home undergraduate student recruitment, but this was impacted by year-on-year real terms reduction in the value of the student fee. The Board was reminded of the strategic intent to grow both international student numbers and overall numbers in the Faculty of Humanities.

(2) Whilst energy prices were hedged until March 2023, given inflationary pressures, this would need attention in budget preparation (along with the costs of moving towards the University’s net zero carbon commitment).

8. Revolving Credit Facility

Received: a report setting out the rationale for switching to a new [Redacted] *Redacted – Restricted information* bilateral Revolving Credit

Facility (RCF) in place of the existing club facility.

[Redacted]

[Redacted]

[Redacted]

*Redacted – Restricted information*

9. External Stakeholders Survey

Received: A report setting out the results of the latest biennial External Stakeholder Survey (ESS), taken in autumn 2021. The ESS is a key component of the University’s planning and accountability cycle and has been undertaken every two years since 2005. The survey aimed to explore and understand the reputation of the University among senior external stakeholders and was used to inform planning and decision-making at a strategic and operational level.

**Reported:**

- (1) Overall, reputation was very strong in spite of a difficult year.
- (2) Stakeholders were recognising the University's strengths in a broader range of subject areas (e.g. sustainability, inequalities, culture and wider humanities).
- (3) The University was seen to be challenging the top London universities more than in previous surveys, as a contender for third place in the UK behind Oxford and Cambridge.
- (4) The University was seen as sector-leading in social responsibility with civic, business and innovation, and our campus viewed as key strengths.
- (5) The report noted some reputational challenges, with communication with students by far the biggest reputational issue of the past year or so: however it was mentioned by just under a third of respondents, with more than half saying there was no awareness of anything negative about the University.
- (6) The action plan accompanying the report would be available in May.

**Action: Head of University Marketing**

**10. Governance Effectiveness Review**

**Received:** a report summarising progress to date on implementation of the 34 recommendations and 26 suggestions arising from the [Governance Effectiveness Review](#)

**Noted:**

- (1) The Senate meeting on 26 January 2022 had recommended the establishment of two sub-committees (Teaching, Learning and Students and Research) chaired by the respective policy Vice-Presidents. Senate had also considered options for future membership composition to enable Heads of School to become members (a key recommendation from the Review), with potential compensatory increases in elected members and/or adding Chairs of School Boards. The outcome of a ranked preference ballot conducted after the Senate meeting would be considered at the meeting of Senate on 1 March 2022 to enable Senate's opinion to be reported to the Board.
- (2) The meeting of Senate on 1 March 2022 would also consider a draft academic governance protocol (another key Review recommendation), alongside a report setting out the proposed approach to the annual teaching, learning and students academic governance assurance review (with the reports setting out the roles of Audit and Risk Committee and the Board in that process).
- (3) Senate Board members commented on the constructive nature of discussion about the Governance Effectiveness Review recommendations at the January meeting, which had a more focused agenda in line with one of the recommendations from the Review.

**11. Board succession and skills**

**Received:** a report inviting the Board, following discussion at the recent Nominations Committee meeting (2 February 2022) to review Board skills requirements and consider priorities for the next recruitment round.

**Reported:** Nominations Committee had recommended that the focus of the two vacancies should be:

- (1) Strong financial and commercial skills and experience (with particular emphasis on the former), in order to refresh and augment the skillset on Finance Committee (noting that both of the members retiring from the Board, Edward Astle and Neil McArthur, were currently members of Finance Committee).

(2) Significant and senior understanding and experience of the Further Education sector, preferably based in the North West region (as this was a skillset currently absent from the Board).

**Noted:**

(1) In response to questions about relative priorities, the increased importance of understanding of developments in Further Education in the context of regional skills gaps and increased government focus on post-16 education and the levelling-up agenda (and unlike some other areas with potential skills gaps highlighted in the report, this was not an area where there was significant executive experience).

(2) Retirements from the Board also reduced innovation and entrepreneurship experience and expertise and this was an area which merited attention (potentially, for example, as desirable attributes for one of the vacancies).

(3) There was merit in further review of the current skills matrix (for example, removing details of retiring members) with a view to identifying future succession requirements (in this context areas such as construction and property management and manufacturing and engineering expertise were mentioned).

(4) There was the ability to make greater use of co-option to secure relevant expertise on Board committees and the revamped General Assembly could also be a potential pathway to Board or Board committee membership. The Audit and Risk Committee benefitted from the advice of a specialist on cyber-security, Alex Creswell.

**Agreed:**

(1) To confirm the focus of the two vacancies as recommended by Nominations Committee and outlined above.

(2) That a timetable be compiled (including commissioning of search agent support) to enable appointments to be recommended to the Board for confirmation at its July meeting.

**Action: Deputy Secretary**

**12. Chair's report**

**Reported:**

(1) The 2021-22 objectives for both the Chair and the President and Vice-Chancellor had been updated as requested at the previous meeting and were available for members in the Diligent Reading Room.

(2) A number of measures were being taken to implement the Effectiveness Review recommendation to enhance Board engagement, including publication of Board member profiles, a sketch of Board meetings (the first would follow this meeting) and planned engagement with staff in Schools before the next Board meeting (Board members would also, in due course, be invited to attend School Board meetings to raise awareness of the Board's role).

(3) Detailed work had been carried out on a revised delegation schedule and this had been shared with the Chair and the Chair of Finance Committee: the work codified existing delegations in a more consistent and digestible format, and further work was now being carried out to articulate financial thresholds.

(4) The Committee of University Chairs had prepared a helpful [statement](#) on the alternative proposal from UCU regarding changes to USS: this would be shared with members and inform the University's response to the current consultation (referred to in minute 4(3) above).

**13. Secretary’s report**

**i) Chancellor**

**Reported:** further to earlier reports to the Board, the Chancellor nomination process had opened on 14 February 2022 and ran until 28 March 2022.

**ii) Exercise of Delegations**

**Reported:** the award of Emeritus Professorships and use of Seal Orders as outlined in the report.

**14. Transfer of Students’ Union Superannuation Scheme (SUSS)**

**Received:** a report proposing the bulk transfer of the University of Manchester Students Union (UMSU) share of SUSS into the University of Manchester Superannuation Scheme (UMSS) in order to limit the University’s financial risks associated with SUSS.

**Agreed:**

(1) To approve the proposed bulk transfer from SUSS to UMSS which will be of the order of c. £7million, subject to the following:

[Redacted content]

*Redacted – Restricted information*

**15. Students’ Union-report from student Board members**

**Reported:**

- (1) Further to the meetings with students before the meeting, there would be informal discussion of key issues at the Board dinner immediately after the meeting and then a report to the next Board meeting in March 2022, including an executive response to issues raised.
- (2) There was ongoing work on issues relating to student diversity, involving the Director of Equality, Diversity and Inclusion.
- (3) Work was ongoing on the development of a Union strategy for the next three years.
- (4) There had been an increase in the number of students joining student societies, reflecting the desire for collective activity amongst the student body as society began to emerge from Covid restrictions.
- (5) There has been a significant increase in caseload for the Advice Service.



**16. Senate (17 November and 16 December 2021 and 26 January 2022)**

**Received:** reports from the three most recent Senate meetings on the above dates (noting that discussion of some key issues arising from the Governance Effectiveness Review were outlined under (10) above).

**17. Board Committee reports**

**(i) Audit and Risk Committee (26 January 2022)**

**Received:** a report from the Audit and Risk Committee meeting held on 26 January 2022, which included as an appendix, the Strategic Risk Register

**Reported:**

(1) The Committee received a report indicating progress in reducing the level of staff overpayments in the past few months. The report proposed setting a trigger point key performance indicator (KPI) of 0.1% of both overpayment per total staff paid and rate of total overpayments against the monthly pay bill: exceeding the trigger point on either of these grounds would require a report to the next Audit and Risk Committee meeting. Whilst there was recognition that it was impossible to completely eradicate overpayments, there was concern that the proposed KPI was not sufficiently ambitious. An ongoing further review by Uniac would enable further analysis of the root cause of the issue, and in the meantime, the Committee had agreed that there should be further reflection on the level of the trigger point that results in a report to the Committee and progress reports to the Committee should continue.

(2) The Uniac review of the Finance Transformation Programme had concluded that the University had made significant progress in addressing the issues that had arisen and that these issues were not indicative of systemic deficiencies in the University's governance and approach to strategic change.

(3) Other matters considered by the Committee included an update on management action to address the limited assurance rating arising from the UKRI Funding Assurance Programme audit. The Committee had also approved the revised Fraud Response Plan and the submission of the Transparent Approach to Costing (TRAC) return to the Office for Students.

(4) Members of the Board had recently attended a very helpful session led by the RSCOO and senior Professional Services colleagues on ongoing work on Professional Services transformation.

**(ii) Finance Committee (19 January 2022)**

**Received:** a report of the meeting of Finance Committee held on 19 January 2022. The report updated the Board on a number of key issues, including:

- Funding Strategy and the Revolving Credit Facility (see item 8 above)
- Residences Project-Funding Options and Request for Seed Funding
- UK Biobank Coordinating Centre
- Finance Transformation Programme-updated business case
- Endowment Investment Funds-Investment Beliefs and Objectives

### **Reported:**

(1) Since the previous Board meeting, Finance Committee members had visited a range of University student accommodation, noting difference in quality, with investment clearly required in some areas. The Committee approved further work on the business case, including work on different price points for any new residences. The Committee had noted the importance of funding of maintenance spend to ensure quality of residential estate in the future and avoidance of backlog maintenance (this was not fully costed into the current five year business plan).

(2) Required residential investment was inextricably linked to the overall funding of the University and the extensive list of priority investments would come to the Board later in the year, now that the existing capital programme was nearing conclusion. The Committee was keen for the University to consider all options for funding the residences.

(3) The Committee had received a paper on long-term funding for the University and there would be further development of this work, noting the need for the Board to consider the possible extent of additional borrowing, what other sources of funding might be available, and a long-term plan to repay existing borrowings: all additional funding would need a clear financial business case.

(4) Ongoing work on the Finance Transformation Programme will reflect on the potential benefits, currently estimated at [REDACTED] **Redacted – Restricted information** per annum against an implementation cost of [REDACTED] **Redacted – Restricted information** the Committee would request earlier sight of business cases and consider the need for capital expenditure or strategic projects to come back to Finance Committee for re-approval.

(5) The Committee had asked the executive team to consider how the Board might have annual assurance on the effectiveness of capital strategic programmes. It had also started a deep dive on specific projects at each meeting, and would focus on identifying and tracking financial benefits of strategic and capital projects.

### **Noted:**

(1) The return on investment in the Finance Transformation Programme as noted above did not reflect value added non-financial benefits arising from, for example, automation, improved process efficiency, ensuring regulatory compliance and better overall user experience: [REDACTED]

[REDACTED] **Redacted – Restricted information**

(2) It was important that the benefits of improvement to business as usual activity and operational effectiveness were clearly articulated in consideration of future business cases.

### **Agreed:**

(1) To approve the Investment Beliefs and Objectives related to the Endowment Investment Funds as recommended by the Committee

(2) To approve the OfS Annual Financial Return 2021 Workbook and Commentary for submission.

### **(iii) Nominations Committee (15 December 2021 and 2 February 2022)**

**Received:** a report from meetings of the Committee held on 15 December 2021 and 2 February 2022.

**Agreed:**

- (1) The amended Terms of Reference of the Nominations Committee.
- (2) The Board member Code of Conduct and amended role description of the Deputy Chair.
- (3) The role specification for the two lay member vacancies which will arise from 1 September 2022 and the process by which they are recruited (as noted under 11 above)
- (4) The extension of Roz Webster's term of office as a Category 4 (staff) member for a further year until 31 August 2023.
- (5) The re-appointment of Nick Hillman and Robin Phillips as Category 2 (lay members) for a further term of three years each, until 31 August 2025.
- (6) The appointment of Philippa Hird as a lay member of the Remuneration Committee.

**18. Planning and Resources Committee (14 December 2021 and 1 February 2022)**

**Received:** a report from the meetings of Planning and Resources Committee held on 14 December 2021 and 1 February 2022

**19. University-Union Relations Committee (UURC) (20 January 2022)**

**Received:** a report from the meeting of UURC on 20 January 2022.

**Agreed:** to approve the Students' Union constitution appended to the report, which had been subject to the required quinquennial review.

**20. Forward agenda for 2021-22**

**Noted:** the latest Board forward agenda for 2021-22.

**21. President and Vice-Chancellor: Performance and Development Review**

Before consideration of this item, the President and Vice-Chancellor left the meeting along with all officers in attendance except the RSCOO and the Deputy Secretary.

**Received:** a report summarising feedback from Board members as part of the Performance and Development Review process for the President and Vice-Chancellor.

**Reported:** noting the breadth of feedback from members (and consideration of issues such as delegation, effective succession planning, optimal use of the President and Vice-Chancellor's time and effort in the remainder of her term of office and the exceptional external standing and reputation of the President and Vice-Chancellor), the collective view of the Board was that, the performance of the President and Vice-Chancellor continued to be very strong.