

Report from the Working Party to Inquire into the Case for Establishing the Manchester Business School in Whole or in Part as a Separate Faculty

1. Background

In response to a request from the Head of the Manchester Business School (MBS), and triggered by the announcement that the current Vice-President and Dean of the Faculty of Humanities is to retire in September 2010, the President and Vice-Chancellor and members of the Senior Executive Team agreed to set up a Working Party to inquire into the case for establishing MBS in whole or in part as a separate Faculty.

The Working Party (WP), chaired by the Deputy President and Deputy Vice-Chancellor, met on two occasions. Other members were the President, the Vice-Presidents and the Registrar and Secretary. The terms of reference of the WP are appended to this report.

From the outset it was made clear that any changes arising from the review could not be seen to set a precedent for other parts of the University and could be implemented only on the understanding that it did not preclude any possible future change to the faculty structure of the University impacting on MBS.

The first task for the Working Party was to establish whether there was sufficient support for the proposal to separate MBS from the Faculty of Humanities prior to discussion and decision by the Working Party. Any changes to Faculty structure must be approved by PRC and Senate, then by the University's Board of Governors.

It was agreed that the Working Party should reach conclusions as early as possible and well before interviews are held for the new Vice-President and Dean of the Faculty of Humanities.

2. The Consultation Exercise

2.1 Consulted Groups

Consultations were conducted both within MBS and throughout the rest of the Faculty of Humanities and soundings were taken from other Faculties and from the senior officers of the University, to determine the level of support for the proposal that the School, in whole or in part, should become a separate Faculty.

Specifically the views of the following were canvassed:

- MBS Leadership Team
- MBS Leadership Board (External)
- MBS School Board
- MBS Academic Activities Team
- MBS Activities and Services Managers
- MBS Relationship Management Team
- Heads from the other Schools in the Faculty of Humanities
- Vice-Presidents

In addition, the Chair of the MBS external leadership board spoke to the Deputy President and Deputy Vice-Chancellor (DP/VC).

2.2 Views from Manchester Business School's Staff and External Stakeholders

The feedback received from the major constituencies within MBS is summarised below:

- According to a recent survey undertaken by the School's Board, there is very strong support for MBS becoming a separate Faculty (91% in favour). The same poll indicated that MBS wishes to retain the full service model (100% in favour) and to remain part of the University (100% in favour). A couple of MBS staff contacted the DPVC directly to indicate that they were not supportive of the proposal.
- MBS (including MBSW) has grown substantially since the merger, almost doubling its turnover and, over the past 3 years, has converted an operating deficit of £3.4M to a forecasted £2.8M surplus by the end of the current financial year.
- The reputation of the MBS has grown with improved rankings in Business School (BS) league tables and much stronger relations with external stakeholders.
- The growth in research income and improved ratings in RAE 2008 shows MBS' ongoing commitment to one of the core goals of the *Manchester 2015 Agenda*.
- A key reason for wishing to create a separate MBS Faculty is bring it into line with other BSs across the world by giving it the ability to represent itself within the University's Senior Executive Team and, importantly, to allow its Dean to be a primary budget-holder. It was believed that this would signal to other Deans of BSs worldwide and to potential major donors to the MBS development funds the significance of the BS to the wider University.
- There was a recognition by some of those consulted that it is likely that there will always be a need for a cross-subsidy to other parts of the University, in particular to the Faculty of Humanities. However, as with other BSs (e.g. Warwick), there was also a need for some of the surpluses generated to be at MBS' disposal to invest as it felt best. What was considered vital was that there was transparency about the level of subsidy required and where it was going to.
- MBS as a separate Faculty would be more nimble and better able to react to the requirements of the markets and so increase its competitiveness. Flexibility to create programmes/courses quickly to attract new markets and the ability to recruit new and reward existing staff appropriately were felt to be essential.
- Only the full service model, where PGT/R and UG were offered alongside the traditional MBA and Executive Education, would ensure that MBS could be profitable in the future. The MBA was important reputationally but was not profit-making and the income generated by Executive Education would never be predictable and therefore could not be relied upon. It was said that some other BSs are moving towards full service education.
- There was an appreciation that, although PGT numbers looked set to continue growing in the short to medium term, over-reliance on this income strand carried with it some risk.
- If given Faculty status some services would need to be bought-in from other Faculties (e.g. quality safeguarding, currently provided by FoH) but as MBS already has a well-developed professional support structure (including providing its own support for IT,

Finance, Marketing, eLearning, etc) the amount of reorganisation needed would be minimal and cost-neutral.

- There was some support for the creation of a two tier structure across the University, with nine or ten large Schools (MBS being one), but no Faculties, as it was believed that this model potentially could reduce costs and speed up the decision making processes.
- Every effort would be made to ensure that the other Schools within the Faculty of Humanities were not damaged by a separation. This assurance would be particularly needed by the School of Social Sciences (SoSS), especially in relation to the BA (Econ), and, to a lesser extent, by the School of Environment and Development (SED). Indeed, it was believed that separate Faculty status could facilitate an increase in research and teaching collaborations between MBS and other Schools in all Faculties.
- Staff, students and external stakeholders identify with MBS first and the University second. No particular allegiance is felt to the Faculty of Humanities and, in some cases, individuals remain unaware of the relationship MBS has with the Faculty of Humanities.
- There was a recognition that the timing of any reorganisation must take into account not only the fact that there will be a new Vice-President and Dean of the Faculty of Humanities in the latter half of 2010 and, in the not too distant future, a new President and Vice-Chancellor of the University, but also of the extremely uncertain financial climate ahead for the higher education sector which may necessitate a more fundamental reorganisation of structures across the University.

2.3 View of Heads of the other Schools within the Faculty of Humanities and of the Vice-Presidents

A summary of the feedback received is given below:

- All of those consulted agreed that MBS, under the strong leadership of its Director, has been very successful, especially in relation to its financial position. However, it was felt that the transformation was on-going since MBS has yet to deliver a significant surplus. MBS would be able to make a much stronger case after it had been in surplus for a number of years. Furthermore, the fact that the surplus forecast for 2009-10 is largely due to income generated by PGT is a potential cause for concern given the unpredictability of this market (though subsequent information indicates that applications are increased again for next year).
- The financial arguments were not considered strong since other large schools were in surplus. MBS' surplus, like those run by SoSS and Law, should be used by the Faculty to allow it to hit its targets and offset other Schools' deficits.
- The turbulence of the external environment suggests that there is probably strength to be found in being part of larger units and in considering external changes likely over the next 2 years.
- There was general agreement that the costs of setting up a new Faculty would not be inconsequential and would be coming at a time when the University would have to work hard to justify the outlay in both financial and human resource terms. An international search for a VP/Dean and the appointment of Associate Deans, a Head of Faculty Finance and a Head of Faculty Administration would be necessary, for example.
- The efficiencies which are currently achieved by the overlap in teaching with SoSS and SED might be harder to achieve if they were not all in the same Faculty. It was felt that discussions about future developments could also be hampered if MBS existed outside of the Faculty of Humanities.

- Concrete examples and evidence of where the current Faculty arrangements had slowed down or prevented MBS from acting as it wished to were lacking. Thus, it was not clear that being stand-alone would improve the speed of decision-making and lead to it being more competitive.
- There was some support for investigating the case for creating a 'traditional' BS with the MBA and Executive Education on offer.
- Faculties are invisible to almost everyone as they do not figure in the majority of the University community's day-to-day interactions, irrespective of which School one is affiliated to. It could therefore be argued that whether or not a School belongs to a particular Faculty or any Faculty at all is of little or no relevance to the majority of its stakeholders.
- There was a unanimous view expressed that now was not the right time to consider reorganising MBS' structure. Even without the retirement of Professor Ulph from his position as Vice-President and Dean of the Faculty of Humanities, and the possibility of there being a new President and Vice-Chancellor in the relatively near future, the external financial operating environment in itself was likely to impose a more radical review of the University's structures in the next 2 – 5 years. It was suggested that the proposals should be looked at again when the full extent of the financial implications of the recession are known, and as part of a wider restructuring exercise.

3. Conclusions of the Working Party

The Working Party considered the views of all those consulted and agreed that, under the strong leadership of Professor Michael Luger, MBS was in a stronger financial position than it had been for some years and now enjoys an enhanced reputation. The School looks very well placed to continue along the ambitious trajectory it has set for itself.

The very strong support within the School and from the external Leadership Board for the creation of a separate MBS Faculty was noted, as were the reservations from elsewhere in the Faculty and the wider University.

The Working Party felt that for the following important reasons it was not able to recommend that the MBS should, in part or in whole, become a separate Faculty:

1. Although the current financial position of MBS looks extremely encouraging, with a surplus of £2.8M forecast for this year, the WP would like to see stronger evidence that this surplus will be sustained and grown in the long term.
2. While it was acknowledged that the request to consider the case was appropriate given the forthcoming retirement of the current Vice-President and Dean of the Faculty of Humanities, the HE sector is clearly facing a prolonged period of serious financial uncertainty. A new President and Vice-Chancellor is likely to be sought in the not too distant future and that individual, when appointed, may choose to make both structural changes and alterations to the University's internal financial allocation model. Taking all the above factors into account, it is felt that the timing for creating a separate MBS Faculty is not right.
3. MBS's proposal to retain its current full service model as an independent Faculty would potentially have a negative financial impact on parts of the Faculty of Humanities, namely with the loss of PGT and UG income from SoSS and SED. If MBS were to

become a stand-alone Faculty in the future, consideration would need to be given to establishing a cross-subsidy to offset this loss of income.

The Working Party wished to make it clear that the creation of a separate MBS Faculty was not being ruled out in perpetuity and that the candidates for the position of the Vice-President and Dean of the Faculty of Humanities would be informed of the possibility of revisiting this issue at a future date when the conditions are considered right.

The findings of the Working Party will be reported to the Board of Governors at its next meeting in March 2010.

December 2009

Working Party to Inquire into the Case for Establishing the Manchester Business School (MBS) in Whole or in Part as a Separate Faculty

TERMS OF REFERENCE

If there is to be any separation of Manchester Business School (MBS), in whole or in part, from the Faculty of Humanities the University would only agree to such separation having considered carefully the potential academic and financial consequences of such a separation for the viability of the Faculty of Humanities, and determined the steps that would need to be taken to ensure the Faculty's long term viability.

The Working Party will:

1. Begin by consulting widely within MBS and the Faculty of Humanities, and taking soundings from other Faculties and from the senior officers of the University, to determine the level of support for the proposal that the School, in whole or in part, should become a separate Faculty.
2. In the event of this initial consultation indicating that there is little or no support for any separation of MBS from the Faculty of Humanities, the Working Party will report back to the University accordingly.
3. If the initial consultation indicates that there is a case to be considered for transferring the *whole* of MBS into a separate Faculty, the Working Party will consider the financial implications of such a transfer, including the allocation of shared university costs between MBS and the Faculty of Humanities, and identify the minimum annual revenue that would be required from the MBS to be made available to the Faculty of Humanities (or its successor organisation/s) in the event of the establishment of the MBS, as currently constituted, as a separate Faculty, together with advice as to how such a guaranteed revenue stream could be built into the financial management of the MBS.
4. If this initial consultation suggests that there is a case to be considered further for transferring *parts* of MBS into a separate Faculty, the Working Party will identify those functions, activity centres and individuals to be transferred to a separate Business School and those which should remain within the Faculty of Humanities (principally in the School of Social Sciences) in order to provide that School and the wider Faculty over the long term with the kinds of academic activities and revenue streams normally flowing into a Faculty of Humanities and/or Social Sciences rather than a typical Business School.
5. Advise as to any senior appointment/s that may need to be made pursuant to any structural change being recommended.

Note: Any recommendation to change the current faculty structure will be considered by PRC, then Senate, with ultimate approval being sought from the Board of Governors.

Alan Gilbert
President and Vice-Chancellor
December 2009