

The University of Manchester

BOARD OF GOVERNORS

Wednesday 5 October, 2022

Present: Ms Philippa Hird (in the Chair), President and Vice-Chancellor, Mrs Ann Barnes (Deputy Chair), Ms Samantha Bronheim, Mr David Buckley, Prof Daniela Caselli, Mr Gary Buxton, Ms Anna Dawe, Ms Deirdre Evans, Prof Danielle George, Dr Reinmar Hager, Mr Nick Hillman (by video conference), Ms Caroline Johnstone, Dr Eric Lybeck, Prof Paul Mativenga, Mr Jatin Patel (by video conference), Mr Robin Phillips, Ms Tesnime Safraou, Ms Natasha Traynor (Associate Member, by video conference), Dr Jim Warwicker, Ms Roz Webster and Mrs Alice Webb (by video conference) (22 members).

In attendance: The Registrar, Secretary and Chief Operating Officer (RSCOO), the Deputy President and Deputy Vice-Chancellor (by video conference), the Chief Financial Officer, the Director of Communications, the Vice-President for Teaching, Learning and Students (items 1-4), the Director of Estates and Facilities (item 9), the Vice-President for Social Responsibility (items 11-12), the Director of Development and Alumni Relations (items 11-12), the Director of Research and Business Engagement (items 11-12) and Deputy Secretary.

Before the business of the meeting was transacted, the Chair welcomed new and returning members to her first meeting as Chair and invited all members and officers present to introduce themselves.

1. Declarations of Interest

Reported: there were no new declarations of interest.

2. Minutes

Agreed: the minutes of the meeting held on 22 July 2022

3. Matters arising from the minutes

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

Noted: there was a reference in minute 9 (Noted (1)) to updates on specific projects impacting on the staff and student experience which needed to be followed up. The presentation on IT which had taken place as part of the Briefing before the Board meeting covered some relevant material and the Board forward agenda included provision for regular overview of strategic projects.

Action: RSCOO/Deputy Secretary

4. President and Vice-Chancellor's report

Received: the report from the President and Vice-Chancellor

Reported:

(1) Changes at ministerial level since the previous meeting.

(2) At national, sector level, preparations for the "Plan B" domestic alternative to participation on Horizon and related EU funded programmes continued. There was some concern about potential future direction of the overall quantum of funding to support research.

(3) Recent ministerial comments raising concerns about the number of international students and dependents entering the UK.

(4) An update on the investigation into the work of a PhD student (the Board had been alerted to this matter in August, by correspondence).

Redacted –

restricted information

(5) Ongoing concerns about the cost of living and the impact of inflation. In recognition of the current situation, the Senior Leadership Team had agreed to a one-off uplift for staff (details would be announced in w/c 10 October). At a sector level (including at some Russell Group universities) there were serious concerns about the affordability of current and future, likely national pay awards (although there was limited appetite in the sector to move away from national pay bargaining). The report from student Board members referred to the establishment of a joint Cost of Living working group between the Students' Union and the University to develop mitigating action. There was recognition of the complexity of messaging in this space and the Board asked that this be given due consideration by the executive when issuing relevant communications. **Action: Director of Communications**

(6) Student data headlines had been provided before the meeting. Overall, home postgraduate taught full time numbers were significantly down on target, which may be partly as a result of the current positive employment position. This was more than offset by above target home undergraduate and international undergraduate and postgraduate taught intakes. Overall, the projection (noting potential for late movement) was for the University to be slightly above target.

(7) Action taken to manage and mitigate the impact of a shortage of student accommodation across Manchester. All students covered by the accommodation guarantee had been offered accommodation in Manchester.

(8) The announcement of a significant uplift in funding for the Manchester Biomedical Research Centre above the national average continued to be embargoed at present.

(9) Recent visits by the President and Vice-Chancellor to Abu Dhabi and India.

(10) A comprehensive action plan was in development to address National Student Survey outcomes: this would be considered both at the Accountability Review in November (where student experience would be a key focus) and the Academic Governance Assurance Review (after approval by Senate and review by Audit and Risk Committee) which would come to the Board in February.

(11) The latest Office for Students (OfS) Access and Participation Plan monitoring letter (issued at the end of August) had referenced an increase in the ethnicity attainment gap: the OfS did not require any action but had advised it might seek an explanation next year if it judged that insufficient progress had been made.

Noted:

(1) In response to a member's question, there were some concerns about the proportionality of the Free Speech Bill and potential additional compliance and administrative burdens if enacted.

(2) Member comments about the unhelpful nature of recent ministerial comments in relation to international students, which failed to acknowledge their positive contribution. Whilst it was unlikely that such pronouncements would have a significant deterrent effect on applications, the potential for future restrictions on overall international student numbers was noted.

(3) Recent Office for National Statistics (ONS) recalculations meant that the government target of 2.4% expenditure of GDP on research had technically now been met.

(4) In response to a member's question about the impact of the recent fiscal event on the Universities Superannuation Scheme (USS), the Scheme was less exposed to hedging than some other schemes and the increase in gilt prices had been beneficial.

(5) The University Campaign was making good progress and there would be a full report to the November Board.

(6) Ongoing staff recruitment issues across the institution, with particularly acute shortages in IT and Estates and Facilities.

(7) In response to a member's question about the way in which individual staff experienced the benefit from the QR uplift, there was a mixture of broad and discipline specific focused investment, but there were consequential reputational benefits for all staff (for example in relation to impact on bids for further investment).

(8) A member asked about the impact of recruitment above target on specific schools. Some areas had been challenged by higher recruitment over the previous two years combined with higher recruitment this year and the Department of Computer Science in the School of Engineering was amongst these.

5. Chair's report: Board focus areas and forward look 2022-23

Received: further to recent meetings with Board members, a draft schedule of Board focus areas and a forward look as a proposed basis for the work of the Board over 2022-23.

Noted:

(1) The regular student item on the forward look was better described as "student context".

(2) A comment from one member about the difficulty in achieving appropriate balance between city, regional, national and international influence and this was an early issue to be determined.

Agreed: to approve the documents, noting that the forward look was dynamic and would continue to evolve.

Action: Deputy Secretary

6. Performance Report

Received: the latest institutional performance report, based on scorecard metrics in the Board dashboard. Many of the indicators would be considered in detail as part of the Annual Performance Review (APR) process and outcomes would be summarized in reports to the November Accountability Review, which would also include an overall assessment of progress in 2021-22 and a summary of performance for key UK benchmark institutions.

Reported:

(1) The report included the latest National Student Survey (NSS) results: student satisfaction was below target and remained a priority area to address.

(2) Although the innovation indicator of research income from industry ranked the University seventh in the UK (with a target top three position) there were some concerns about the stability of this indicator and the basis for calculation used by some institutions.

Noted:

(1) The staff survey was currently underway and outcomes would be reflected in future reports.

(2) Future reports should include expanded narrative on any red ranked indicators, so that this was the focus of Board attention.

(3) There was scope to provide greater clarity in relation to "gap to future ambition" column (which measured the difference between current position and numerical target) to provide further detail and context about action needed to achieve ambition.

(4) Some indicators were not RAG rated (e.g. number of EDI targets met and NSS assessment and feedback-absolute satisfaction) and clarification of the reasons for this should be sought.

(5) The report was relatively new and would continue to evolve and improve.

Action: Director of Planning/Head of Business Intelligence (1-4 above)

Agreed: to approve the recommendation to include a summary of proposed benchmarking institutions in the Accountability Review each November.

7. **Students Union-report from student Board members**

Received: a report summarizing key long-term and immediate issues affecting the student experience.

Reported: the report was not intended to provide a comprehensive report on activity of the Students' Union, which would continue to be reported to the Board via the University-Students' Union Relationship Committee.

Noted:

(1) The University and the Students' Union had established a Cost of Living Working Group to create short-term action to support students and the University had approved expenditure of £360,000 for immediate support measures, including adjusted opening times for buildings, dedicated "cosy" spaces on campus and better access to hardship funds. Students would be surveyed to test awareness and use of support measures

(2) The Students' Union welcomed the speed of the University response, which compared well to the rest of the sector, but given the scale of the current crisis, the executive recognized that there was more to do.

(3) In response to a member's question, confirmation of the significant impact of the increased cost of living on student mental health (a recent NUS report showed that 90% of students reported a negative impact) with a marked increase in demand at the Students' Union Advice and Wellbeing Centre.

(4) The Greater Manchester student mental health hub, which provided dedicated support for students across all institutions in the Greater Manchester region, had reported an increase in the number of complex cases which needed referral to specialist teams within the NHS. The Annual Report on Health, Safety and Wellbeing included metrics on use of student counselling and mental health services. The University had also just launched [a GP service pilot](#).

(5) The potential for an increase in the number of students dropping out of studies at the University and across the sector. In this context, members emphasized the importance of regular, real time data measuring student engagement (eg with lectures, laboratory sessions, tutorials, blended learning etc) which enabled appropriate intervention and pre-emptive action. Further detail on this should be provided to future Board meetings.

Action: Vice-President (Teaching, Learning and Students) and Director for the Student Experience

(6) Confirmation that the aim of flexible learning was to combine the best elements of face-to-face and digital learning to enhance the student learning experience.

(7) In response to a member's question, it was difficult to provide accurate information about student use of food banks, although indications were that this was increasing.

(8) Discussion about actions and measures to mitigate the increased cost of living would continue and the Board would be appraised at future meetings.

8. Five-Year Plan

Received: the updated five-year plan to 2026/27 in line with previously agreed targets and the strategic ambition set out in the *Our Future* strategic plan.

Reported:

(1) The current financial targets to 2025/26, associated actions and risk appetite were approved by the Board in October 2021. The agreed targets continued to emphasize the need to strengthen financial sustainability (against a backdrop of the unsustainable financial model that all research-intensive universities in the UK were facing) without compromising on academic quality. The Board reviewed the environmental factors shaping the strategic plan and the implications for investments in May 2022 and confirmed no major change was required to the strategic plan. As noted in July 2022, increased cash generation allows for investment in key priorities but leaves much which cannot be self-funded, and prioritization was continuing in this regard.

(2) The 2022/23 budget was approved by the Board in July 2022. The report extended the financial outlook for five years and summarized the actions (including those highlighted previously to the Board) required to deliver the plan. The updated plan delivered the trajectory of financial sustainability improvement agreed in October 2021 [REDACTED]
[REDACTED] **Redacted – restricted information**

(3) The rolling planning process for the 2023/24 budget and the next five-year plan to 2027/28 would commence shortly. The executive team will present high level targets and planning principles to the Board in November to provide a starting platform for that work, aiming to conclude presentation of the next budget and five-year plan in July 2023.

(4) Finance Committee had recommended approval of the Five Year Plan at its meeting on 21 September 2022. The Committee had noted the key risks and opportunities in the current economic climate (including inflation and rising energy costs which had come into much sharper focus in recent weeks) and the scenario analyses modelled risks to the University's cash position.

(5) The Committee considered complete loss of China student fee income to be very unlikely and had asked for consideration of incremental reductions (eg 10% and 20%) to be factored in (including potential mitigations).

(6) The Committee had noted that the five year plan did not include all long term, strategic cost burdens and income opportunities and had suggested setting these out as an overlay rather than inclusion of a large number of unfunded projects within the Plan.

(7) Whilst there was provision for long term maintenance in the plan, there was the potential need for this to increase given backlog and maintenance spend profile in the current five year plan.

Noted:

(1) Action was being taken across the faculties and Professional Services to operationalize the Plan.

(2) The unsustainability of the current financial model meant that increasing international fees as outlined in the plan was one of very few levers available to the University to enable delivery of the [REDACTED] (**Redacted – restricted information**) operating cash generation target over the life of the plan.

(3) Questions from student members about the long term viability of continued increases in international student fees: in response, it was noted that the proposed fee increases reflected market and competitor context and fees were not increased for existing students after enrolment. In the short term, the recent decrease in the value of the pound would benefit those paying international fees.

(4) The potential to offer explanation and rationale to international students about the basis for fees, noting the considerable support for the sector from the UK taxpayer.

Action: Chief Financial Officer/Director of Communications

(5) More generally, sector wide concerns about value for money and student expectations were understood and the expenditure profile within the plan recognized this (albeit in the context of some currently unfunded projects as outlined above).

(6) The comment that there was scope to learn from the experience of the Further Education sector in enhancing student satisfaction and overall experience without significant investment.

(7) The further work requested on long term, strategic cost burdens and income opportunities (including the gap to achieving the ambition of Zero Carbon by 2038) would be a key focus for discussion at the May 2023 Strategy Day.

(8) The potential for tension between the ambition to grow overall international student numbers and diversify international student recruitment, given the dominance of the Chinese market. In this context, the May Strategy Day discussion could consider ring fencing some elements of the plan deemed to be significantly at risk by potential adverse movements in this area.

(9) In response to a question about the impact of student: staff ratios, the comment that this was a relatively crude measure and there was not a clear, direct correlation between low ratios and higher student satisfaction rates. There was potential to explore further relevant benchmarking data and other factors, such as efficiency measures, were important.

(10) Finance costs were fixed as a result of the Bond (due to mature in 2053) and no additional costs were anticipated.

(11) The comment from a member that there was government recognition of the fundamental unsustainability of the current funding model but a lack of willingness to address this in the face of other competing priorities, and, in addition, the potential for short-term worsening of the funding position for the sector in the wake of the recent fiscal event.

(12) The importance of clear communications for staff and students about the rationale for investment as outlined in the plan, noting the constraints within which the University was operating.

Action: Director of Communications

9. Student Residences Outline Business Case

Received: the Outline Business Case for investment in the University's residential portfolio as part of the wider residential strategy with the aim of improving the student experience. The report outlined scope, nature and proposed approach to the investment and had also been considered by Finance Committee at its meeting on 21 September 2022. Earlier in the year, Finance Committee had approved the outline approach and initial expenditure to enable the development of an Outline Business Case.

Reported:

(1) There was recognition that previous underinvestment in the residential portfolio meant that remedial action was required now. The Business Case covered investment in new developments to the Fallowfield and Whitworth Park campus sites as well as increased long term maintenance provision to enhance existing stock.

(2) The proposal represented a step change in the quality of the residential offer. Amenity and social space and integrated pastoral support were essential elements of the Outline Business Case, with gateway hubs facilitating interaction with key services, enabling the development of an inclusive and welcoming community.

(3) Given the significant investment required, and as outlined in the report, self-funding was not a viable option and at this stage in principle approval to a Design, Build, Finance and Operate (DBFO) model was sought, on the basis of the options appraisal set out in the Outline Business Case:

 **Redacted – restricted information**

(4) Affordability was recognized as a major concern for students. Proposed prices in the Outline Business Case referred to new stock only and there was no agreement yet on the pricing of the remainder of the portfolio: ensuring a range of price points was an essential element of the strategy.

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(6) The arrangement would require a full competitive dialogue process, likely to be four years from start date to occupation (including two years for construction): key areas for negotiation would include design specification, rent setting, room allocation, long term maintenance provision, facilities management and pastoral care, length of lease and shareholding and extent of control and influence.

Noted:

(1) Acknowledging the funding constraints set out in the report, the student members encouraged further consideration of other options including a larger University stakeholding in a joint venture arrangement. Whilst this was not discounted, the larger upfront investment required was a significant inhibiting factor. There was scope to learn from the experience of other universities involved in joint-venture arrangements, recognizing that some of these had proved problematic for universities during the pandemic. Negotiations with prospective partners about affordability, provision of support services and expected rate of return provided other mechanisms for the University to retain meaningful control.

(2) Members of Finance Committee had visited the accommodation estate and this confirmed that, whilst recent additions were of commendably high quality, some of the older stock was undoubtedly sub-standard and in need of replacement.

(3) In response to questions, the University was actively engaging with the City Council in relation to its Residential Strategy: this was part of a joint approach with other Greater Manchester Universities, recognizing that shortage of student residences was a city-wide issue.

(4) The importance of ensuring that the Residential Strategy was fully aligned with future growth plans and expectations re mode of attendance and student expectations about

quality and availability of services (in this context, it was confirmed that place making would be an integral element of any agreed partnership arrangement).

Agreed:

(1) To approve the recommendation from Finance Committee that, in the absence of the ability for the University to fund the scheme outright, to proceed in principle to develop a Full Business Case for a Design, Build, Finance and Operate (DBFO) model.

(2) That, noting the comments from student members about the potential to consider other options, the decision in (1) above did not preclude at this stage further exploration of the feasibility of a joint venture arrangement and this should remain under consideration.


Redacted – restricted information

Action: Chief Financial Officer/Director of Estates

10. Health, Safety and Wellbeing Annual Report

Received: the annual report on Health, Safety and Wellbeing covering current levels of assurance, including significant adverse events, relevant external inspections and audits, key performance indicators and metrics (including key trends) and progress against strategic priorities and core objectives. A routine review of the Health and Policy Statement also required a minor change.

Noted:

(1) The request for clarification of the definition of “non-injurious incidents”.

Action: Head of Safety Services

(2) There had been no reported on campus cases of Covid transmission, recognising the possibility of some unreported cases.

(3) There was no wellbeing equivalent to the Health and Safety Policy Statement, noting that wellbeing was dealt with in a holistic, strategic way with People Committee having a key oversight role going forward.

Agreed: (on the recommendation of Planning and Resources Committee)

(1) To approve the annual report.

(2) To approve the revised Health and Safety Policy Statement.

11. Research Relationships Oversight Group

Received: the annual report on the purpose and activity of the Research Relationships Oversight Group (RROG) from its inception in March 2021 and throughout the financial year 2021-22 (this included a record of decisions made by the Group). The Group’s *modus operandi* was analogous to the Gift Oversight Group (GOG, see 12 below) and the Groups had the same membership.

Reported:

(1) The objective of the RROG was to review and assess the suitability of higher-risk research funders and (more rarely) research partners, collaborators, or sub-contractors. It

provided greater assurance that research relationships were consistent with the University's guiding principles, values, mission, and goals (including academic freedom) and provided assurance that these relationships were unlikely to have a significant negative impact upon the reputation of the University.

(2) A 'Gold List' of funders had been agreed for whom RROG approval was not required regardless of the value or frequency of research funding. The 'Silver List' comprised organizations given RROG approval on a long or medium term basis. For other providers RROG approval was automatically required for any individual instance of proposed research funding of £1 million or more, or any individual instance of proposed research funding of £100,000 or more from nominated sensitive countries or regions. Irrespective of financial thresholds, RROG had the ability to review in the case of any identified potential ethical or reputational concerns about a proposed relationship. Philanthropic or research relationships with a potential value to the University of £10,000,000 or more were automatically brought to the Board for approval.

(3) RROG did not assess the ethics of an individual research proposal or area of research. The nature of a research project might provide important context for RROG about the activities or purposes of the funder or partner, but this did not extend to a direct consideration of the ethical merits of the research itself. Decisions were made on a case-by-case basis and could vary for the same funder. The University's Policy on Responsible Investment was also entirely separate from this process.

(4) Details of approvals declined by RROG were shared with the Board in the meeting and the rationale for such decisions would be included in future reports.

Action: Director of Research and Business Engagement

Noted:

(1) Both GOG and RROG had the ability to consult with a lay member of the Board (the Chair of Finance Committee) if required although this had not been required over the past year. Members with experience of similar groups elsewhere commented on the potential value of lay membership, to provide an external perspective and asked that the Groups consider this.

Action: Vice-President for Social Responsibility/Director of Research and Business Engagement/Director of Development and Alumni Relations

(2) Unless prohibited at sector level (ie tobacco related) academic freedom enabled all fields of research to be considered and the RROG would assess on the merits of specific cases in all areas of legitimate research.

(3) The increasingly uncertain geopolitical situation meant that in a relatively small number of subject areas, there was a need for enhanced scrutiny and diligence and effective engagement and communication with key staff in those disciplines was essential.

Agreed: to note the report.

12. Gift Oversight Group

Received: the annual report providing an update on the purpose and activity of the Gift Oversight Group (GOG) for the academic year 2021-22.

Reported: GOG was responsible for ensuring that philanthropic donations and the purposes to which they were applied were consistent with the University's principles, values, mission and goals and did not undermine reputation or standing. Any single or cumulative

donation of £100,000 or more was considered by GOG and donations for lesser amounts could be referred at the discretion of the Director of Development.

Agreed: to note the report.

13. Board Committee reports

(i) Audit and Risk Committee (22 September 2022)

Received: the report from the Audit and Risk Committee meeting held on 22 September 2022, noting the Committee's continued focus on cyber risk.

Agreed: on the recommendation of the Committee to approve revised terms of reference.

(ii) Finance Committee (21 September 2022)

Received: the report from the Finance Committee meeting held on 21 September 2022, noting in addition to matters approved under discrete agenda items above, continued focus by the Committee on the Finance Transformation Programme and energy costs and supply.

Agreed:

(1) To approve

- i) the five year plan (see item 8 above):
- ii) the granting of Power of Attorney to Myerson Trust Corporation Limited (in relation to administration of an estate):
- iii) the Committee's revised terms of reference (subject to reflecting the change of title of the student member of the Committee).

(2) To confirm endorsement of the Committee's approval in principle of the Residences Programme (see item 9 above)

14. The role of the Board of Governors

Received:

- (1) The Statement of Board Primary Responsibilities
- (2) Standing Orders of the Board
- (3) Membership of the Board from 1 September 2022

Noted: the Scheme of Delegation as approved by the Board at its July meeting was available in the Board Reading Room.

15. Annual update on members' legal obligations

Received: an annual update on members' legal obligations.

Reported: the report reminded members of the University's charitable status, set out members' fiduciary duties, compliance obligations to the regulator (the Office for Students) and the expectations of the Nolan Principles and the Committee of University Chairs Code of Governance. It also set out the Board's responsibility for strategic direction and risk management, its ultimate accountability for academic governance, and emphasised the Board's stewardship role, and its responsibility to ensure the University thrives.

16. Secretary's report

Received:

(1) Board attendance report for 2021-22

(2) The report on Exercise of Delegations covering the recent award of Emeritus Professorships and use of the Seal.

17. Planning and Resources Committee (20 September 2022)

Received: a report from the meeting of Planning and Resources Committee held on 20 September 2022.

18. University-Union Relations Committee (21 July 2022)

Received: a report from the meeting of University-Union Relations Committee held on 21 July 2022

19. Any other business

Noted: there was no other business.