

The University of Manchester

BOARD OF GOVERNORS

Thursday 24 November 2022

Present: Philippa Hird (in the Chair), President and Vice-Chancellor (until item 14 v), Ann Barnes (Deputy Chair, until item 14 v), Samantha Bronheim (until item 14 v), David Buckley, Deirdre Evans, Prof Danielle George (until item 14 v), Dr Reinmar Hager, Nick Hillman, Caroline Johnstone, Prof Paul Mativenga, Jatin Patel, Robin Phillips, Ms Natasha Traynor (Associate Member, until item 14 v), Dr Jim Warwicker, Roz Webster and Mrs Alice Webb (16 members).

Apologies: Prof Daniela Caselli, Gary Buxton, Anna Dawe, Dr Eric Lybeck, Tesnime Safraou and Alice Webb

In attendance: The Registrar, Secretary and Chief Operating Officer (RSCOO, until item 14 v), the Deputy President and Deputy Vice-Chancellor, the Chief Financial Officer, the Director of Communications, the Director of Compliance and Risk (item 10) the Director of Development and Alumni Relations (DDAR) (item 11) and the Deputy Secretary.

1. Declarations of Interest

Reported: there were no new declarations of interest.

2. Minutes

Agreed: the minutes of the meeting held on 5 October 2022 subject to a minor typographical amendment.

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 latest UCU industrial action was underway with strikes on 24, 25 and 30 November. Unison had advised that it would re-ballot its members on industrial action in relation to the 2022-23 pay offer from 30 November to 21 December 2022.

(2) Latest student number and recruitment data was available to members in the Reading Room and the overall position was healthy.

(3) As advised to the Board by separate communication, cost of living support payments for staff and students had been announced

(4) The commitment to research and development expenditure in the Chancellor's Autumn Statement had been welcomed.

(5) Continued pressure on staff recruitment, with vacancy levels particularly acute in areas of high demand such as IT.

(6) A class action had been issued against 18 universities: the action was on behalf of approximately 20,000 students who were claiming to have received a sub-standard experience because of disruption caused by industrial action and the pandemic.

(7) Results were beginning to emerge from the staff survey: overall response rate was 50% which was disappointing (Professional Services staff 62%: academic staff 38%: manual staff 17%). Detailed analysis was continuing but compared to the previous survey, responses to

most questions were less positive. 75% of respondents had indicated that they were proud to work for the University.

(8) The Henry Royce Institute had received [£95 million in government funding](#). The Arts Council had announced almost [£5 million support for the Manchester Museum, the Whitworth Art Gallery and the Manchester Art Gallery](#).

Noted:

(1) In response to a question about the impact of recent government changes, indications were that a primary focus of the new Minister of State, Robert Halfon, was skills, further education and apprenticeships. The first external visit by the new Business Secretary, Grant Shapps had been to the Royce Institute to announce the funding referred to above. The new Science Minister, George Freeman, was well known to the University and the sector, having previously served in the role.

(2) In response to a further question, funding to enable the continuation of Presidential Fellows was under consideration: some funds had been released as some previously appointed Fellows were now externally funded.

[Redacted]

[Redacted]

Redacted – restricted information The first group claim, against University College London, would be considered by the High Court in February and would determine whether a group litigation order would be issued.

(5) The Board should receive a more detailed update on the Staff Survey at its next meeting.

5. Chair’s report: Board forward look 2022-23

Received: the updated Board forward for 2022-23.

6. Strategic Change Projects

Received: an update on activity to realign the strategic change portfolio to the IT stabilization criteria and a status report on current strategic change projects. Review of the strategic change projects had also been a key matter for consideration at the meeting of Finance Committee on 9 November 2022.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Redacted – restricted information

Noted:

(1) Through a deep-dive scheduled for its April 2023 meeting, Audit and Risk Committee would be assessing risk to delivery of the University Strategy including affordability and resourcing (considering both capacity and capability), mitigations and interdependencies. This would form a helpful precursor to the Board Strategy Day in May 2023.

(2) A recent Strategic Change Sub-Committee workshop on prioritization had included assessment of strategic change projects with a further event planned for early in the New Year.

(3) The International Student Diversification Project outlined in the Appendix to the report related to provision of bursaries and was not IT dependent and would therefore be removed from the Strategic Change Portfolio.

(4) In relation to student diversification, good progress was being made in India (although the proportion of international students from India remained relatively stable) and there was increased focus on the United States. An update would be provided to the next Board meeting.

Action: Deputy Secretary

(5) The importance of effective communication in relation to the change programme to facilitate staff and student understanding of achievements, short and longer-term financial and non-financial benefits and outcomes, timescale and phasing.

Action: Director of Communications/Deputy Secretary

7. Student context- Significant issues challenging the student experience

Received: a report summarizing key long-term and immediate issues affecting the student experience, identifying new and emerging priorities.

Noted:

(1) The early and proactive joint University-Students Union response to cost of living pressures was seen as an exemplar in the sector. The [comprehensive cost of living payment](#) was welcomed by students, with more targeted payments to be made available in the New Year.

(2) The acute student housing shortage was a product of a significant reduction in the amount of student accommodation available (regulatory and legislative changes had made the landscape less attractive for landlords) and recent increases in the student population in Greater Manchester. In the short-term, as part of measures to alleviate the position, the University would engage with the wider community, including, for example, increasing the availability of accredited housing stock available through [Manchester Student Homes](#). Noting the longer-term plan for new accommodation (as reported to the previous Board meeting) consideration would be given to options for smaller scale development over a shorter timeframe and potential refurbishment of existing accommodation to extend life.

(3) In relation to ongoing industrial action, potential mitigating actions to negate the impact of the assessment boycott.

(4) There were no other significant changes to longer term issues identified in the previous report.

8. Report from Senate (19 October 2022)

Received: a report from the meeting of Senate held on 19 October 2022.

Reported:

(1) Senate had approved the Flexible Learning Strategy and Timetabling Policy which had both benefitted from thorough stakeholder consultation.

(2) There had been constructive consideration of NSS performance with helpful contributions from a range of Senate members: Senate Board members endorsed the President and Vice-Chancellor's comments about the positive nature of the meeting.

(3) The Senate sub-committees had now both met for the first time, but it was too early to assess effectiveness: work was in train to implement the expansion of Senate membership which had been agreed following the Governance Effectiveness Review.

(4) The Board and Senate would meet in joint session on 22 February 2023, to consider both the Teaching and Learning and Research annual academic assurance reports: Audit and Risk Committee would consider the reports earlier in February.

9. Five-Year Plan: high-level targets and principles

Received: further to the previous Board meeting in October 2022, a report presenting the high-level targets and planning principles which underpin the detailed planning and budgeting work now taking place throughout the remainder of this academic year. The output of this work will be a 2023/24 budget and five-year plan to 2027/28 for approval at the July 2023 Board meeting.

Reported:

(1) The strategic context and ambition within which the five-year plan was being developed (as summarised in the strategic plan, *Our future*, and subsequent work) remained unchanged from the previous planning cycle. However, rising economic and geopolitical turbulence increased the risk to an already vulnerable business model for research-intensive universities in the UK, with little prospect of the HE sector funding model materially improving in this planning horizon. Work on the evolution of the five-year plan would recognise those constraints.

(2) A range of Issues relating to resource allocation and cost reduction were under consideration by the Senior Leadership Team over the planning cycle (as outlined in the report) in the context of a deteriorating inflationary environment.

(3) The headline financial goal for this cycle remained the production of a plan to generate operating cash of 10% of revenue (pre-strategic investment), the minimum required to meet obligations and create a degree of headroom for investment, without damaging the academic mission. There was recognition that achieving this would require agility in response as conditions change, with the potential need to revisit the target if external conditions deteriorate further.

(4) Non-financial goals for this cycle were defined by the measures of success within *Our future* and the Board Scorecard. In some instances (e.g. student experience) additional actions would be required to achieve target, and work on this was already underway.

(5) In the case of decarbonisation

Redacted – restricted information emerging technologies may help. (6) In addition to focussing on areas for improvement, the plan must also seek to enhance existing strengths, and protect the long-term goal to remain in the elite level of global research-intensive universities.

Noted:

(1) In relation to review of tuition fee pricing, the key context was demand and relative market position (rather than quality) and the report should be amended to reflect this.

Action: Director of Planning

(2) The international student market was nuanced and volatile (for example differences in price sensitivity between countries) and the University's approach would need to be agile and flexible to reflect this (for example in relation to potential use of bursaries).

(3) The challenge of achieving the 10% operating cash generation target over the life of the plan given current turbulence.

Action: Chief Financial Officer/Director of Planning

(4)

(5) The importance of developing common institutional understanding of the rationale for the required operating surplus in the context of a challenging external environment.

Action: Director of Communications/Chief Financial Officer

10. Prevent Annual Report

Received: the Prevent Annual Report, which described the University’s approach to fulfilling the “Prevent Duty”, for the period 1 August 2021 to 31 July 2022.

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 Office for Students (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 for the Chair to be able to sign the Declaration on behalf of the Board.

Noted:

(1) As reported in previous years, 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) The Director of Compliance and Risk was involved in the Department for Education review of sector specific Prevent guidance in light of the independent review of the Duty.

(3) The potential for additional requirements in relation to free speech arising from the Bill currently before Parliament: whilst existing policy and procedure had proven effective and proportionate, this would need to be reviewed once the Bill was enacted and the Board should be updated accordingly.

Action: Director of Compliance and Risk and Deputy Secretary

(4) Comments about the specifics of one of the case studies cited in the report.

(5) In response to a question, there were adequate numbers of staff who had received the requisite training, but there was scope to expand this further.

(6) The Board would welcome a briefing on the Prevent Duty: the related Protect Duty was due to come into force in early 2023 following consultation and a briefing could potentially cover both elements.

Action: Director of Compliance and Risk

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

Action: Director of Compliance and Risk

11. University Campaign

Received: further to initial approval by the Board in October 2021, documents seeking endorsement to progress with a University-wide Fundraising and Engagement Campaign. This included an executive summary of the business case (as approved by Planning and Resources Committee) and a slide deck summarising key issues for information and comment.

Reported:

(1) The key elements of outline business case remained unchanged:

[Redacted]

[Redacted] **Redacted – restricted information**

c) In addition to raising philanthropic income, the Campaign would engage and energise the whole University community with the aim of enhancing reputation.

Noted:

(1) Benchmarking of philanthropic income was possible through the [Ross-Case Survey](#); whilst differences in institutional approaches meant that direct comparison was not straightforward, available evidence suggested that the level of investment was appropriate. The overall target income [Redacted] **Redacted – restricted information** had also been subject to robust consideration and review (including a feasibility study) based on resources and track record. There was potential for this to be impacted by delays in recruitment, noting that this was a sector-wide challenge.

(2) Discussion about the balance of investment between pay and non-pay, with further reflection on the potential to increase the latter.

Action: Director of DDAR

(3) The importance of developing understanding of the complementary and distinctive objectives of the Campaign and events to mark the University's Bi-Centenary (the former was a multi-year event launching in (but not confined to) 2024, and the latter would be a celebration of the University throughout 2024). Complementary and mutually supportive branding was also essential.

(4) Development of long-term relationships was integral to successful fundraising: this enabled detailed understanding of donor motivation and the potential to align this with University priorities.

(5) Student involvement in the Campaign was a key element, and there would be liaison with the Students' Union to enable this (for example, developing appropriate messaging, and establishment of volunteering and (potentially) paid roles.

(6) IT expenditure referred to in the report related to a third-party supplier.

(7) There was a robust process for assessing potential gifts, through the Gift Oversight Group, with any gifts over £10 million referred to the Board for approval.

Agreed: to endorse the approach outlined, noting that the Board would welcome regular briefings on the Campaign and this would be scheduled into the forward agenda. Additional thoughts, comments and suggestions from members should be forwarded to the Director of DDAR.

Action: Director of DDAR/Deputy Secretary

12. Financial Statements and return to the Office for Students (OfS) 2021-22

Received:

- (1) The report to the Audit and Risk Committee from the external auditors, PKF Littlejohn (the letter of representation in relation to the audit was included as an appendix).
- (2) Summary of key points from the Financial Statements
- (3) Going Concern report
- (4) The Financial Statements for the year ending 31 July 2022.
- (5) The OfS Annual Financial Return for 2021-22

Reported:

- (1) The Financial Statements and accompanying external audit report and the Going Concern report had been scrutinized in a joint session of Audit and Risk and Finance Committees.
- (2) 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 regarding 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 authorization of the Chief Financial Officer.
- (3) The operating surplus was £119.7 million (9.8% of income) compared to £61.4 million (5.6% of income) in 2020-21: the operating surplus had been adjusted to exclude the impact of a one-off charge of £219.5 million in relation to the Universities Superannuation Scheme which recently extended the deficit recovery by ten years.
- (4) PKF Littlejohn had confirmed that it was now able to conclude the audit (subject to the usual review of subsequent events and going concern up to the date of signing).

Redacted – restricted information

- (5) The Going Concern Report noted that, though the sector faced significant risks, particularly over the short to medium term, the University had taken the necessary steps to protect against uncertainty. The University continued to consider the latest base case, severe but plausible downside scenario, current position, and trends since the year end. Having secured a £150m revolving credit facility (not yet utilised) the University considered that it had more than sufficient headroom to enable it to continue to operate with confidence.
- (6) The OfS Annual Financial Return 2022 Workbook was due to be submitted in draft form to the OfS by 1 December 2022 for review. Any verification queries must be resolved by 9 January 2023 to enable sign off by the President and Vice-Chancellor as the University's Accountable Officer.

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 for the year ending 31 July 2022, for submission to the OfS, the London Stock Exchange and publication.
- (2) To approve the draft OfS Annual Financial Return 2022 Workbook.
- (3) To delegate authority to the Accountable Officer (the President and Vice-Chancellor) to finalise submission of the Annual Financial Return Workbook to the OfS, with any significant amendments to be noted at Finance Committee in January 2023.

Action: Chief Financial Officer

13. Objectives 2022-23

Received: objectives for the Chair and the President and Vice-Chancellor for 2022-23, noting that the respective lists were not in priority order.

14. Board Committee reports

(i) Finance Committee (9 November 2022)

Received: the report from the Finance Committee meeting held on 9 November 2022.

Reported:

(1) As noted above, review of strategic projects had been a key focus for the Committee.
(2) In consideration of three projects requiring formal Board approval (Research Lifecycle and Innovation, Humanities Size and Shape and Flexible Learning), the Committee strongly endorsed the very clear non-financial aims and objectives and advised that it would like to understand better potential financial benefits. It would also welcome an overview of the proposed benefits of all major projects with an indication of timing, to track implementation.

Noted: the projects (particularly the Flexible Learning Strategy) had implications for future use of the estate and the longer-term zero carbon target and should be a consistent and regular feature of future Board discussions (with the zero-carbon target to be considered as part of Social Responsibility in February 2023).

Action: Deputy Secretary

Agreed: on the recommendation of Finance Committee:

(1) In relation to the Research and Innovation Lifecycle Programme (Phase 2) to approve:

a) an increase in the funding allocation (held by Strategic Change Sub-Committee) [REDACTED]
[REDACTED]
[REDACTED] *Redacted*
– *restricted information*

(2) In relation to Faculty of Humanities Size and Shape Capacity Building:

a) to approve an interim funding request before Full Business Case [REDACTED]
[REDACTED] and [REDACTED]
b) to note the updated forecast for Estates related elements [REDACTED]
[REDACTED] *Redacted – restricted information*

(3) In relation to the Flexible Learning Programme:

a) to approve the Full Business Case, [REDACTED]
[REDACTED]
[REDACTED] *Redacted – restricted information*

(ii) Audit and Risk Committee (9 November 2022)

Received: the report from the Audit and Risk Committee meeting held on 9 November 2022, which included as an appendix, the Committee Annual Report.

Reported:

(1) As noted above, 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 12 above).

(2) The Committee had also considered the Human Slavery and Modern Trafficking Statement, approved the Anti-Money Laundering Policy, agreed an increase in capital equipment capitalisation threshold from £50,000 to £100,000, received an annual update on procurement and value for money and noted that the University was now in compliance with the Office for Nuclear Regulation Prohibition Notice.

(3) An additional, one-item meeting of the Committee would be required to enable consideration of the academic governance assurance reports after the Senate meeting on 1 February 2023 and before Board consideration on 22 February 2023

Agreed:

(1) To approve the Committee Annual Report.

(2) To approve the Modern Slavery and Human Trafficking Statement for publication.

(iii) People Committee (3 November 2022)

Received: the report from the People Committee meeting held on 3 November 2022.

Reported: the Directors of People and Organisational Development and Equality, Diversity and Inclusion had been commended on the successful launch of respective strategies on 19 October 2022.

Agreed: on the recommendation of the Committee:

(1) Having given full and proper consideration to progress as outlined in the report and, following the closure of the Voluntary Severance Scheme, proposals in relation to posts within the Faculty of Science and Engineering Technical Services to proceed (in accordance with Part III of Ordinance XXIII) with the recommendation for [REDACTED]

[REDACTED] *Redacted – restricted information*

(2) In relation to fixed-term employees and those on open ended contracts with finite funding:

(a) To 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 2023 to 31 December 2023.

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

(iv) Remuneration Committee (26 October 2022)

Received: the report from the Remuneration Committee meeting held on 26 October 2022.

(v) Nominations Committee (12 October 2022 and 23 November 2022)

Received: the report from the Nominations Committee meeting held on 12 October 2022 and a verbal report on the meeting on 23 November 2022. The report was in two parts, with the latter part relating to President and Vice-Chancellor succession arrangements. The President and Vice-Chancellor and prospective members of the President and Vice-Chancellor Appointment Panel left the meeting for consideration of part two of the report.

Reported:

(1) Part one of the report included a role specification for lay member vacancies: based on this specification (which was before the Board for formal approval) at its meeting on 23 November 2022, Nominations Committee had considered an initial list of prospective candidates from the DDAR database and related work was now progressing, to enable recommendations to come to the Board in February 2023.

(2) Part two of the report set out a schedule of proposed skills and experience for the President and Vice-Chancellor Appointment Panel and a supplementary report of proposed Panel members was tabled at the meeting on the recommendation of Nominations Committee, following its meeting on 23 November 2022.

Noted:

(1) A schedule of cross-institutional consultations, involving key stakeholders was being developed, to take place in early 2023 to determine the role specification.

(2) Nominations Committee will recommend the final specification and the selection of the search partner to the Board for approval and Remuneration Committee will recommend the associated package to the Board.

(3) The intention was to go to market in early summer 2023 to enable an appointment to be made towards the end of 2023.

(4) Anna Dawe and Pro-Chancellor Jim Hancock had agreed to act as convenors to enable discussions between shortlisted candidates and selected groups of key regional stakeholders.

Agreed: following deliberation, to approve the proposed schedule of skills and experience for the President and Vice-Chancellor Appointment Panel and the following membership:

Philippa Hird- Chair of Board (Chair of the Panel)

Sam Bronheim – Student Union Affairs Officer

Prof Danielle George - Senate Board member

Prof Colette Fagan – Vice-President for Research

Prof Richard Jones – Vice-President for Regional Innovation and Civic Engagement

Zeb Farooq - General Assembly member

Ann Barnes - Deputy Chair of Board

Natasha Traynor - Associate Board member

Patrick Hackett – Registrar, Secretary and Chief Operating Officer

National Teaching Fellow (to be determined)

External member (to be determined)

(The Deputy Secretary would act as Secretary to the Panel)

15. Secretary's report

Received: the report on Exercise of Delegations covering the recent award of Emeritus Professorships and use of the Seal.

16. Planning and Resources Committee (25 October 2022)

Received: a report from the meeting of Planning and Resources Committee held on 25 October 2022.

17. University-Union Relations Committee (1 November 2022)

Received: a report from the meeting of University-Union Relations Committee held on 1 November 2022

18. Any other business

Noted: there was no other business.