

The University of Manchester

BOARD OF GOVERNORS

Wednesday 19 July 2023

Present: Philippa Hird (in the Chair), President and Vice-Chancellor (except item 1), Ann Barnes (Deputy Chair), Samantha Bronheim, David Buckley, Gary Buxton, Prof Daniela Caselli, Deirdre Evans, Prof Danielle George, Guy Grainger, Dr Reimnar Hager, Nick Hillman, Caroline Johnstone, Prof Paul Mativenga, Jatin Patel, Tesnime Safraou (via Videoconference), Natasha Traynor (Associate Member, via Videoconference), Dr Jim Warwick and Roz Webster (19 members).

Apologies: Anna Dawe, Dr Eric Lybeck and Robin Phillips

In attendance: The Registrar, Secretary and Chief Operating Officer (RSCOO), the Deputy President and Deputy Vice-Chancellor (except item 1), the Chief Financial Officer (except item 1), the Director of the Student Experience (item 6 only), the Director of Estates and Facilities (item 6 only), the Chief Executive of the Students' Union (items 9 and 10) and the Deputy Secretary.

1. President and Vice-Chancellor: update on process and next steps

Received: a report providing an update on the President and Vice-Chancellor Appointment Process.

Reported:

(1) The final role descriptor had been confirmed on 7 July 2023 and the advertisement had gone live on 13 July 2023.

(2) The report set out the respective roles of the Appointment Panel (supported by the search agent, Saxton Bampfylde), Remuneration Committee and the Board of Governors in the appointment process.

(3) The report set out the competitive remuneration range agreed by Remuneration Committee, which reflected relevant sector and non-sector benchmarking, as the basis for engagement with prospective candidates.

(4) There would be engagement with the full Board at longlisting, shortlisting and interview stages of the process and the Deputy Secretary would review existing dates to ensure optimal alignment, in the context of diary constraints.

Action: Deputy Secretary

(5) The advertisement details would be adjusted to reflect that contract status was fixed term (for five years) and renewable.

Action: Director of People and OD

2. Declarations of Interest

Reported: there were no new declarations of interest.

3. Membership

Noted: new members Guy Grainger and Tony Raven were welcomed to Board membership.

4. Minutes

Agreed: the minutes of the meetings held on 25 May and 8 June 2023, and the notes of the Board Strategy Day on 24 May 2023.

5. Matters arising from the minutes

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

Reported:

(1) In relation to the 25 May minutes, confirmation that Equality, Diversity and Inclusion criteria were an important factor in the Naming Policy for University Buildings, Facilities and Public Spaces.

(2) Also in relation to the 25 May minutes, there were ongoing discussions with Manchester City Council and the Trust that runs Wythenshawe Playing Fields to secure use for a longer term: [REDACTED]

[REDACTED] *Redacted – restricted information*

6. Residences Redevelopment Programme: Business Case

Received: An Outline Business Case update providing a comprehensive overview of the proposed residential redevelopment programme. This aimed to address the demand for purpose-built student accommodation and enhance the student experience at the University, while ensuring transparency, accountability, and effective decision-making. The Board meeting was preceded by a tour of the residential estate at Fallowfield (presentation slides are available in the Diligent Reading Room).

Reported:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Redacted – restricted information

(3) The proposed approach to procurement would see the University procuring a DBFO partner outside the Public Contracts Regulations 2015 and this was subject to Board approval of a recommendation in the report from Finance Committee (see item 16 ii) below).

(4) The importance of a holistic view of the University's residential accommodation (for example, in relation to Facilities Management) noting that after implementation, there would be a mixed economy of direct and external provision. It would also be important to keep under review longer term demand for student accommodation considering overall capacity in the city. In the latter context, there was recognition of the need to mitigate short-term impact on overall accommodation capacity whilst development was underway, through leasing arrangements. Projected University demand was cognisant of faculty five-year plans.

(5) In response to questions, regular engagement was planned with students about the short-term impact on development, and managing the impact of this effectively would be a key criterion in assessing bids from tenderers.

(6) The initial demolition contract (for Owens Park) had been let and submissions were within budget.

(7) Comment on the potential opportunity offered by the programme: there were very few single sites on the size and scale of Fallowfield and the University had an opportunity to produce a landmark development. A sustainable approach was integral to development and delivery.

(8) In response to a question, there would be robust assessment of value for money from all external advisors and partners.

(9) In the medium to longer term, the importance of assessing the success of the programme against the objectives as set out in the report.

(10) The comment that it would be helpful to engage with institutions which had recently engaged in a partnership approach to delivery of residential accommodation to ensure lessons learned.

Agreed:

(1) To approve the recommendation from Finance Committee to endorse the OBC update, reflecting revised project scope, objectives and milestones

(2) To approve the recommendation from Finance Committee to proceed with a DBFO partnership model noting that this may need to be reassessed in the event that it is determined that this approach would be classed as debt.

(3) To approve the recommendation from Finance Committee to proceed with Competitive Procurement, following the established competitive dialogue framework, to identify a partner for design, construction, financing, and operation of student accommodation facilities.

(4) To note Finance Committee authorisation for further drawdown of funds required to preferred bidder stage, including site clearance and demolition costs

Redacted – restricted information

(5) To note Finance Committee approval to enter the demolition contract, subject to the conclusion of an Open Market tender exercise for site clearance and demolition of Owens Park.

(6) To approve the recommendation from Finance Committee to approve a DBFO partner outside the Public Contracts Regulations (PCRs), 2015 (NB the recommendation from Finance Committee that the University declare itself no longer a contracting authority under the PCRs from 1 August 2023 was approved-see item 16 ii) below).

Action: Chief Financial Officer and Director of Estates and Facilities

7. Cyber Incident Update

Received: An update on the ongoing response to the June 2023 cyber incident which complemented the most recent confidential Board briefing held on 14 July 2023. The report included a summary of key events to date, current status and management processes and strategic response.

Noted:

(1) The Chair, accompanied by the President and Vice-Chancellor and RSCOO had attended a recent listening event where staff most directly involved in the response to the incident had shared their experiences, reflecting on approach and potential lessons learned for the future. The Board placed on record its thanks for the dedication and hard work of all those involved, noting the leadership roles played by the RSCOO, the Director of IT Services, the Chief Information Security Officer and the Director of Legal Affairs and Board Secretariat. Members commented on the effective partnership working between academic and Professional Services colleagues in response to the incident.

(2) The incident was still live and there were continued constraints on information about the incident that could be shared more widely. Members of the University community impacted by the data breach had been contacted and thus far, there had been a very limited response. Future communications to others impacted were planned.

(3) The incident had highlighted that effective and regular information security training was essential: whilst take-up rates had improved, efforts to increase further were required to provide assurance to external agencies before full connectivity could be re-established (95% compliance was required). Members commented on the importance, as highlighted previously by Audit and Risk Committee, of consequences for persistent failure to follow agreed, institutional processes.

(4) Discussions about impact on key operational activities and planned mitigations.

(5) A separate report on the Board agenda covered impact of the cyber incident on major projects.

(6) The incident reinforced the importance of a rigorous approach to information retention.

(7) Once the response to the incident was concluded, that there should be reflection on the Board's response.

Action: RSCOO/Deputy Secretary

8. President and Vice-Chancellor's report

Received: a report from the President and Vice-Chancellor, with the latest Performance report appended.

Reported:

(1) In addition to responding to the cyber incident, the University was managing the impact of the UCU marking and assessment boycott. Thanks to a huge amount of work from academic and Professional Services colleagues and the leadership of the Vice-President for Teaching, Learning and Students, circa 3% of final year undergraduates were unable to receive a classification (approximately 260 students). The University was committed to ensuring that all work was marked, and classifications issued to all students as soon as possible, noting that there were large cohorts of postgraduate taught students whose work would soon need to be marked. Students who had not received a degree classification had been offered financial recompense for resulting distress and inconvenience.

(2) UCEA and UCU had met formally recently for exploratory discussions on obstacles to resolving the current dispute. Some institutions in the sector were struggling to meet the costs of the current pay award and this was exacerbated by the significant increase in costs of the Teachers' Pension Scheme.

(3) The Government had announced its intention to [cap the number of students on "low value" degrees](#) (this essentially reiterated existing OfS powers). The Government had also announced a reduction in fees for Foundation Year programmes (likely to impact Band D programmes): it was not anticipated that either proposal, if implemented, would impact directly on the University.

(4) There had still as yet been no agreement that the UK could resume association with Horizon Europe funding.

(5) The Government had announced that the increase in pay announced for some public sector workers would be funded in part from a significant increase in visa fees, which would impact on staff and students from overseas and, potentially, on future staff and student retention.

(6) Prof Fiona Devine would take over as Dean of Humanities at the end of the current academic year, with Prof Ken McPhail and Prof Claire Alexander taking over as Heads of School of the Alliance Manchester Business School and the School of Social Sciences respectively at the same time.

(7) National Student Survey data would be published on the morning of 10 August 2023. Teaching Excellence Framework results would be released to institutions in August, prior to publication in September (with provision for appeal against assessment). A Level results were released on 17 August: University involvement in Clearing was likely to be minimal and focused on health-related programmes.

(8) The latest student data headlines for undergraduate and postgraduate recruitment were available in the Diligent Reading Room: overall, undergraduate applications and offers were broadly comparable to the corresponding date last year. Postgraduate applicants and offers were healthy (both taught and research), with some progress on diversification of country of origin.

(9) Public consultation on the [ID Manchester masterplan](#) had now opened. [Northern Gritstone](#) continued to thrive with total holdings now in the region of £300 million.

(10) A consultation just launched by the USS Trustee showed that the scheme was on track for full restoration of pension benefits by April 2024, with significant consequent reductions in both employer and employee contributions.

(11) Work continued on the University Campaign, with regular updates scheduled for the Board.

(12) The University had achieved another exceptional result in the [Times Higher Education Impact rankings](#), being placed top in the UK and Europe, and second in the world for meaningful contributions towards the [United Nations' Sustainable Development Goals](#) (UN SDGs).

(13) A [judgment](#) had been issued in the student group claim brought against University College London (similar claims were being raised against other universities and Manchester was one of several to have received letters before action). The High Court had ordered an eight month pause of the Court proceedings brought by a group of current and former students in response to changes in teaching during the pandemic and subsequent industrial action to allow for alternative dispute resolution (ADR) to be explored. At this stage, the judge had not issued the Group Litigation Order requested by the claimants and had recognised that the existing ADR process (internal complaints scheme and referral to the Office of the Independent Adjudicator) had the potential to resolve all, or a large proportion, of the students' claims provided they were resourced and managed in a timely fashion. The Court had also agreed that the claimant's lawyers needed to particularise each of the student's claims. Progress of the case would be kept under review.

Noted:

(1) Concerns about recently announced Government proposals to shorten the length of medical training and introduce medical apprenticeships: the Dean of Faculty of Biology, Medicine and Health was involved in responding.

(2) A working group chaired by the Deputy President and Deputy Vice-Chancellor was coordinating the response to the Higher Education (Freedom of Speech) Act: implementation would be expected in 2024-25.

(3) In relation to Innovation metrics as set out in the Performance Report, there were ongoing concerns about the data quality used to compile one of the indicators. Whilst the University's position in the ranking for research income from industry sources had declined, performance had improved (increase in income of £1.7 million) but not at the same rate as some competitors.

(4) A recent [Financial Times article](#) on the state of University finances would be circulated to the Board.

Action: Deputy Secretary

(5) In relation to proposals to amend the International Diversification metric, the Chair had asked the Director of Planning for further commentary on the relationship between leading and lagging indicators, and this would be reported back to the Board.

Action: Director of Planning

9. Student context-significant issues for the student experience

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

Noted:

(1) The report referred to ongoing student concerns about cost of living and in this context, the recently published [HEPI Student Academic Experience report](#) showed that 55% of students were now in paid work (compared to 45% at the same point last year). It was important that the University and the Students' Union collaborated to ensure that paid employment did not exceed the recommended 16-hour limit.

(2) Potential benefits of Artificial Intelligence (AI) and ChatGPT in a student context, if used in a formative, constructive way to enhance the quality of work submitted. A briefing on AI was planned for a future Board, covering teaching and learning, research and operational implications.

Action: Deputy Secretary

10. Annual Report from the Chief Executive of the Students' Union

Received: the annual report of the University of Manchester Students' Union, provided to the Board to exercise its duties as the responsible body under the Education Act, 1994. The report enabled the Board to fulfil its oversight function (including oversight of the block grant provided by the University), providing assurance of overall effective monitoring and control of the Students' Union as the official representative body of students of the University.

Noted:

(1) There had been an increase in participation and engagement in programmes and services post-pandemic, albeit not to pre-pandemic levels (approximately 10% reduction on 2019 levels).

(2) The most pronounced increase in engagement was with academic related societies and there was scope for greater integration between this activity and the more formal student representation system. The report acknowledged the potential to deepen academic engagement work into the nine Schools across the three faculties (this would be facilitated by the revised Students' Union executive structure with designated faculty roles).

(3) Discussion about the current relationship with the NUS. In comparison to other unions in the sector, Manchester Students' Union was relatively well resourced and not reliant on NUS services, and there was an increasingly strong relationship with the Russell Group students union network. The NUS had diminished in size and influence and there was recognition that there was more to do to ensure that the organisation was fit for purpose.

(4) Congratulations from the Board on the external awards and recognition received by the Students' Union.

(5) The Union and the University had worked closely on the Teaching Excellence Framework provider and student written submissions, and this was indicative of a good, collaborative working relationship which was seen as an exemplar in the sector.

(6) The Students' Union would make an annual written submission between institutional audits to ensure that it was able to track and celebrate impact of its advocacy work.

(7) The Students' Union had been integrally involved in the response to the cyber incident: some systems were hosted elsewhere but depending on the timescale for recovery, there might be a need for contingency arrangements.

(8) There was a mixed economy of in-house and outsourced catering outlets and the Union ensured that [Living Wage Foundation rates](#) were paid to all staff.

(9) As outlined in the report, the "Digital First" approach to policy making had significantly increased participation in democratic processes, with a more nuanced, deliberative (rather than adversarial) approach.

Agreed: to approve the Annual Report.

11. Major Projects: including assessment of impact of cyber-Incident

Received: a report summarising the impact of the cyber incident on major projects, noting that the approach in response would continue to evolve. The report summarised the range of impacts and an initial assessment of the impact on the portfolio.

Reported:

- (1) The initial assessment had grouped projects into the following four categories:
 - i) Project continues (either unaffected or needs to lean even more towards the cyber response).

- ii) Project can continue but without IT support and only if the business has capacity.
- iii) Project is not able to continue due to underlying technical dependency or other limits on capacity.
- iv) Project requires further discussion before a decision can be made.

Noted:

(1) A further report would be presented to the October meeting, reflecting subsequent developments and experience: whilst this would be more fully developed, the impact of the cyber-incident would be long lasting and the response would continue to evolve.

(2) The Audit and Risk Committee workshop had agreed on the importance of identifying the gateway stage that projects have reached, to facilitate better understanding of the need for change and providing the Board with a more informed narrative, e.g to enable identification and understanding of critical points for prioritisation, use of resources and impact.

(3) The impact of the Marking and Assessment Boycott was being managed alongside the cyber incident and the combined impact should not be underestimated.

(4) The one-page summary outlining which of the four categories applied to each project was very helpful: this would be refreshed and help to inform broader understanding as the response developed, noting that it was very likely that some business cases would need to be submitted.

12. Chair's report: Board forward look 2022-23

Reported:

(1) Evaluation questionnaires (both individual member self-assessments and Chair assessments) would be circulated shortly. Member assessments were a precursor to individual one-to-one meetings with the Chair. The Deputy Chair would prepare a summary report based on responses to the Chair evaluation for the October meeting.

(2) Comments were invited on the draft Board forward look for 2023-24.

(3) Given the potential volume of business to be considered by the October meeting, members agreed to a slightly earlier start to the meeting.

Action: Deputy Secretary

13. Budget Approval

Received: the Operating Budget for 2023-24 and five-year plan and the Capital Budget for 2023-24 and Infrastructure Investment

Reported:

(1) Key points were as follows:

[Redacted]

Redacted – restricted information

- iii) Research grant and contract income showed [Redacted] growth per annum.
- iv) Inflation was the key driver for staff cost increases over the life of the plan, with limited net change to the staff base.
- v) Cash balances remained strong throughout the period.

- vi) Substantial investment requirements remained unfunded.
- vii) No provision had been included for cyber incident management or recovery costs as these were not currently established.

(2) The USS position had significantly improved, and early indications suggested a substantial potential saving from the 2023 actuarial valuation, not currently included in the five-year plan and a reversal of the deficit revenue recognition.

(3) Approval was sought for the budget subject to further work on the financial implications of required cyber recovery work, the impact of which was not expected to be material: some reprofiling of planned expenditure would be required.

(4) Whilst the costs of the Campaign were included, no provision had been made for potential income generation.

[Redacted]

– restricted information

Noted:

(1) The comment that, given the extent of unfunded potential projects, it would be helpful to see a single consolidated list, alongside the categorisation of projects and impact of the cyber incident as outlined in 11 above. **Action: Chief Financial Officer**

(2) The comment that the plan was predicated on tuition fee growth driven by an increase in international fee income and the potential risks of this alongside a strategy to diversify the source of international students to reduce single country dependency. Potential decrease in international student fee income (at varying levels) had been modelled into downside scenario planning. There was recognition that leveraging pricing to generate value could increase concentration risk, but the lack of alternative sources of income was a fundamental feature of the sector funding model. All international pricing was now above the bottom of the top quartile benchmarks, with further re-pricing under review. In this context it was very important that the University has robust metrics to measure the quality of the international student experience.

(3) The target of an overall [Redacted] **Redacted – restricted information** increase in research income was robust, given the University's reputation, additional national funding promised from UKRI and planned changes to funder mix and research recovery. This would be an area of focus over the next six months with a cross-functional team established to secure delivery.

(4) Given that no provision was currently contained in the budgets and plans for cyber incident management or recovery, it was likely that there would be an update to the budget once the extent of these costs became clearer.

(5) Set aside of [Redacted] **Redacted – restricted information** for the future repayment of the Private Placement and Bond would cease, with funds being diverted for the more pressing need to support Long Term Maintenance.

Agreed:

(1) To note actions being taken to operationalise the strategic priorities across the Faculties and Professional Services.

(2) To note that the Vice-Principal for Research will lead a task and finish group to establish the research targets for the next iteration of the plan and actions to deliver the ambition.

(3) To approve the budget for 2023/24 and five-year plan to 2027/28, including the capital budget and financial metrics, subject to a review of the impact of the cyber incident at the appropriate time. **Action: Chief Financial Officer**

14. Senate

Received: a report from the meeting of Senate held on 7 June 2023, including the recommendation from the Awards and Honours Group.

Noted:

(1) Comments that the criteria for the recommendation of honorary awards should be reviewed to ensure that they were sufficiently distinctive and reflective of the University's culture and values.

(2) Further comment that the University's prestige and reputation was enhanced by making awards to recipients of international standing in their respective fields.

Agreed:

(1) To approve the recommendations for the award of honorary degrees and Medals of Honour from the Awards and Honours Group.

(2) To invite the University executive to review the current criteria for honorary awards. **Action: RSCOO**

15. Planning and Resources Committee

Received: the report from the meetings held on 6 June and 4 July 2023.

Noted: whilst noting the challenges involved, the Committee had approved the adoption of a net zero target for Scope 3 emissions by 2050, and to publish the target to achieve compliance with various internal and external commitments. The 2038 zero carbon target for Scope 1 and Scope 2 emissions would remain the University headline commitment for the time being.

Agreed:

(1) To approve the unconditional repatriation of identified cultural heritage material to the Anindilyakwa Peoples of Groote Eylandt. **Action: Director, Manchester Museum**

(2) To approve the updated Health and Safety Policy Statement and Organisation Document.

(3) To note the update on the proposed naming allocation in the new Paterson Building.

(4) To note the Committee's approval of the proposed target for the University's Scope 3 carbon emissions

16. Board Committee reports

i) Audit and Risk Committee (27 June 2023)

Received: the report from the Audit and Risk Committee meeting held on 27 June 2023, which included the notes of the workshop on Major Projects and Risk, the Research Compliance Committee Annual Report and the Strategic Risk Register.

Noted:

(1) The potential need to revisit Risk 7 (Failure of Operating Model) in light of the ongoing response to the cyber incident.

(2) For risks where the target score had been achieved, further assessment of the nature of the risk and whether such risks should remain on the Risk Register.

Action: Director of Compliance and Risk

ii) Finance Committee (21 June 2023)

Received: the report from the Finance Committee meeting held on 21 June 2023.

Noted:

(1) The report included requests for project business case approvals.

(2) As noted in item 11 above, in its dedicated workshop on Major Change Projects, Audit and Risk Committee had recognised the importance of reaching the gateway stage that projects had reached, to facilitate better understanding of the need for change. In this context, members commented that there were some funding requests to proceed to Outline Business Case and it would be helpful to understand the rationale for this more clearly. **Action: Director of Finance/Director of Planning**

Agreed: (noting that approval of budgets and the Residences Redevelopment Programme had been agreed under earlier agenda items)

(1) To approve the People and Organisational Development Transformation Programme Update and Interim Investment Request.

(2) To adopt a policy of Total Return for its endowments.

(3) That the University should declare that it is no longer a contracting authority under the Public Contracts Regulations 2015 from 1 August 2023, subject to receiving a favourable opinion from the King's Counsel.

Action: Chief Financial Officer

(4) To note approval of the International Student Diversification Project Full Business Case.

(5) To note the other matters considered by Finance Committee at its 21 June 2023 meeting.

iii) Remuneration Committee (8 June 2023)

Received: the report from the Remuneration Committee meeting held on 8 June 2023.

Reported: as noted in item 1 above, the Committee had agreed a competitive remuneration range which reflected relevant sector and non-sector benchmarking, as the basis for engagement with prospective candidates.

17. Secretary's report

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

18. Dates of meeting in 2023-24

Noted:

(1) Meeting dates in 2023-24 as below (unless stated, lunch from 12pm, briefing 12.30-2.30pm, meeting 3-6pm, supper 6-c7.30pm (all meetings in person)

- Wednesday 11 October
- Thursday 23 November (including Accountability Review which starts c9am). Board meeting starts at c3.15pm
- Wednesday 21 February
- Tuesday 19 March
- Wednesday 22 May (Strategy Day, all day from 9am): Board meeting Thursday 23 May (am)
- Wednesday 24 July

(2) The joint Board/Senate meeting would take place on Wednesday 13 December, 3.30-5pm (reception to follow).