

Confirmed minutes

The University of Manchester

BOARD OF GOVERNORS

Thursday, 15 July 2010

Present:

Mr Norman Askew (in the Chair),
President and Vice-Chancellor, Ms Debra Dickson, Mrs Gillian Easson, Professor Peter Eccles, Professor Colette Fagan, Professor Luke Georghiou, Mr Robert Hough, Dame Sue Ion, Dr Kamie Kitmitto, Dr Keith Lloyd, Mr John McGuire, Dr Alison Qualtrough, Mr Peter Readle, Mr Anil Ruia, Dr Brenda Smith, Ms Kathleen Tattersall, Councillor Roy Walters and Mr Gerry Yeung. (19)

For unreserved business: Ms Sarah Wakefield, General Secretary, University Students' Union.

In attendance: The Registrar and Secretary, the Deputy Secretary, the Director of Human Resources, the Director of Finance and the General Counsel.

That, at the outset of the meeting, the Chairman offered warm congratulations, on behalf of the Board, on the appointment of Professor Dame Nancy Rothwell as the President and Vice-Chancellor of the University and welcomed her to her first meeting in that capacity. The Chairman also welcomed Mr Steve Mole, the recently appointed Director of Finance and attending his first meeting, and Ms Sarah Wakefield, the recently appointed General Secretary of the Students' Union.

1. Declarations of Interest

Noted:

- (a) That the Chairman noted that declarations of interest, as described in the agenda and where particularly wide-ranging, should be recorded at the outset of the meeting, and that any other relevant declarations of interest should be recorded at the appropriate point within the minutes.
- (b) That the declarations of interest made by the Chair of the Finance Committee and Chair -Designate, Mr Anil Ruia, in relation to HEFCE, and by Mr Robert Hough in relation to his Chairmanship of the NWDA, were relevant to some items on the agenda.

2. Minutes

Confirmed: The minutes of the meeting held on 20 May 2010.

3. Matters arising from the minutes

Received: A report summarising actions consequent on decisions taken by the Board.

4. Chairman's report

(1) Report from the Nominations Committee

Received: A report from Sir John Kerr, the Pro-Chancellor and Chair of the Nominations Committee.

Noted: That, as previously reported to the May meeting of the Board, an additional vacancy would become available through Councillor Roy Walters's retirement, and potentially, a fourth vacancy might arise. Following the decision taken by Mr John McGuire to retire from the Board because of the increasing demands on his time from other external commitments, there were two places on the Board that needed to be filled from 1 September 2010. The Nominations Committee had two individuals under active consideration for the known and the potential vacancy and was therefore able to bring forward recommendations for both to the Board in Category 2.

Resolved: That the following individuals be appointed on the Board's endorsement, each for a period of three years from 1 September 2010, as new members of the Board of Governors to fill the vacancies created by the retirements of Councillor Roy Walters and Mr John McGuire:

Mrs Christine Lee-Jones

Mrs Christine Lee-Jones is currently a Non-Executive Director of Walton Centre NHS Foundation Trust. She has gained extensive experience of corporate governance in both the maintained and independent sectors of education at both local and national levels prior to taking up this appointment. Until 31 December 2009, Christine was the Head Mistress of Manchester High School for Girls, and prior to that appointment was the Principal of Eccles College, Salford. Christine has amassed seventeen years of public service to higher education having served previously on the Council and Court of the University of Salford, and the Court of the Victoria University of Manchester and the General Assembly of the University of Manchester. She also served as a member of the Audit Committee at Salford, and its Strategic Policy and Resources Committee. She is a Deputy Lieutenant of Greater Manchester and a magistrate.

Mr Paul Lee

Mr Paul Lee was Senior Partner of Addleshaw Goddard until May 2010, and has practised with the firm since qualification, specialising in Corporate Finance. He read Law at Clare College Cambridge. He became Managing Partner of Addleshaw Sons & Latham in 1991 and Senior Partner of Addleshaw Booth & Co in 1997 before merger with Theodore Goddard in 2003 created what is now Addleshaw Goddard. Paul has held various company directorships in public and private companies. In addition to his business interests, Paul has for many years been heavily involved with a variety of cultural organisations and is currently Chairman of the Royal Exchange Theatre in Manchester and Chairman of the Feoffees of Chetham's School of Music, also in Manchester, where for fifteen years he was Chairman of the School Governors. Paul is involved in a variety of ways with Clare College Cambridge and is a Fellow of the Duke of Edinburgh's Award World Fellowship. He is also a Deputy Lieutenant of Greater Manchester. Previously, Paul has served on the Boards of the Hallé Concerts Society, Opera North and Northern Ballet Theatre and has been Joint-Chairman of the Prince's Trust Development Committee in the North West.

(2) Review of Board Committees

Noted: That in the light of imminent changes to the Board's membership (following approval by the Board, at this and a previous meeting, of recommendations from the Nominations Committee for the re-appointment and appointment of lay members, and further to the ongoing elections of members of Senate and Staff to serve on the Board), it would be necessary to consider the composition of certain Board committees for the session 2010-11.

Resolved: That Mr Anil Ruia, the Chair-Designate be authorised by the Board to determine any necessary changes to the membership and constitution of Board committees, in consultation with the Chairman and other Committee Chairs, during the summer of 2010.

(3) HEFCE Assessment of Institutional Risk

Received: A brief report outlining the HEFCE's assessment of institutional risk at the University and compliance with the Financial Memorandum and Accountability and Audit: HEFCE Code of Practice was provided for the information of Board members.

Noted:

- (a) That HEFCE monitor the risk of the institutions they provide funds for and formally share the results of their risk assessment with institutions on an annual basis. These assessments were based on information across many areas, including student recruitment and retention, financial performance, audit findings and estates management. Only two classifications were employed by HEFCE within this assessment. A small number of institutions are judged "at higher risk" and the majority are considered "not at higher risk". HEFCE's overall assessment of The University of Manchester was that it is "not at higher risk".
- (b) That it was noted within the benchmarking information supplied by HEFCE, that the University was performing in line with the overall sector mean in most of the indicators, but was below the overall sector mean in respect of the indicator that measured discretionary reserves as a percentage of total income (20.6% forecast 2009/10). The University's weaker performance in this indicator was not regarded as a concern. Nonetheless, its relative position would be monitored by Finance.

(4) The USS Pension Scheme

Received: Correspondence between the Chairman of the Board of Governors and Sir Martin Harris regarding the USS Pension Scheme.

Noted:

- (a) That the Employers Pension Forum had always maintained that specific changes were essential to address affordability issues and ensure that the USS scheme has a sustainable long-term future. On 7 July the USS Joint Negotiating Committee (JNC), via the casting vote of the Chairman, approved the reforms proposed by the Employers Pension Forum to the USS scheme.
- (b) That, following the anticipated USS Board's approval of the proposed reform of the scheme on 22 July, the USS scheme would require that the employers undertake a consultation with active and eligible members of the scheme in their employment. The consultation, which is a requirement under the Pensions Act (2004), was expected to commence in late September and run until early December 2010. The results would then be considered by the USS Board before the changes are finalised. The planned implementation date was 1 April 2011.
- (c) That as previously reported, the outcome of the review would have implications for the shape and structure of local schemes, including the UMSS.

5. Secretary's report

(1) Appointment of the President and Vice-Chancellor

Received: A report on the process of appointing Dame Nancy Rothwell, as President and Vice-Chancellor of The University of Manchester.

Noted:

- (a) That following the announcement of Professor Alan Gilbert's retirement as President and Vice-Chancellor of the University, the Board had agreed an appointment process for his successor in March 2010.
- (b) That Statute III, which concerns the role and responsibilities of the President and Vice-Chancellor, states that "The President and Vice-Chancellor shall be appointed by the Board following consultation with the Senate" and that "The President and Vice-Chancellor shall hold office for such period and with such terms and conditions as the Board shall determine".
- (c) That the University appointed Perrett Laver, the Executive Search Agency, to ensure that candidates of the highest calibre, nationally and internationally, were available for consideration by an Appointment Committee, which was chaired by Mr Anil Ruia, the Chairman-Designate. The Appointment Committee was delegated to act on behalf of the Board of Governors, and in order to ensure compliance with the obligations of the relevant Statute, it was agreed that the Appointment Committee would comprise:

Mr Anil Ruia, Chair
Mrs Gillian Easson
Mrs Brenda Smith
Mr Peter Readle
Dr Keith Lloyd
Professor Collette Fagan
Professor Luke Georghiou
Professor Peter Eccles
Ms Debra Dickson
Mr Gabriel Hassan (Observer)

The Registrar and Secretary acted as Secretary to the Appointment Committee, and the Director of Human Resources and representatives of Perrett Laver attended meetings and informal interviews in an advisory capacity.

- (d) That advertisements for the role were placed in the Times Higher Education and in the Chronicle of Higher Education. The interviews were held over the 17 and 18 of June, and Professor Dame Nancy Rothwell was duly appointed as the President and Vice-Chancellor of the University from 1 July 2010, (for a period of seven years). The announcement was made to the University community and press on 21 June 2010.
- (e) That as a distinguished Life Scientist, Dame Nancy had been a member of staff at the University since 1987 and Deputy President and Deputy Vice-Chancellor since 2007. She took-up her post on 1st July 2010 succeeding Professor Alan Gilbert, who retired after six years. Dame Nancy is the first woman to lead The University of Manchester or either of its two predecessor institutions.

(2) Elected membership of the Board of Governors in Category 3 and Category 4

Noted:

- (a) That ballots were underway in two constituencies in order to determine membership of the Board in Category 3, members of the Senate, and Category 4, members of staff other than academic or research staff.
- (b) That the ballot of Senate members for Category 3 was between five nominated members of the Senate for two places on the Board, and would be determined on Monday 19th July. The ballot of General Assembly members for Category 4, was between three nominated members within the Staff Category of General Assembly for two places on the Board, and would be determined on 28 July 2010. The outcome of both ballots would be communicated to Board members shortly after this later date.

(3) Revision to Statute IX

Received: The formal proposal, previously considered by the Board and subsequently approved by meetings of the Senate and the General Assembly, to amend Statute IX.1 Category 5.

Noted:

(a) That, as previously reported, when the University sought the re-appointment of three members of Category 5 of the General Assembly in June 2007, a representative of the appointing body, the President of Her Majesty's Privy Council, indicated that the President would be willing to re-appoint on that occasion, but that the University should seek an alternative arrangement beyond the period of membership approved.

(b) That the Nominations Committee subsequently agreed that this would be most readily achieved by transferring the individuals concerned, assuming they wished to continue to serve on the General Assembly, to Categories 9 and 10 (lay members appointed by the Board of Governors and the General Assembly). At the same time, the Committee agreed that a permanent link should be established with the Royal Northern College of Music, and that the College should be asked to appoint an individual to the Assembly within Category 5.

Therefore, at the meeting of the Nominations Committee in December 2009 it was agreed:

(i) To recommend the following amendment to Statute IX.1 Category 5, to take effect from 1 September 2010:

Delete "Three members appointed by the President of Her Majesty's Privy Council."

Add "One member appointed by the Royal Northern College of Music."

(ii) That the current members appointed by the President of the Privy Council to 31 August 2010 be considered for nomination as members of the General Assembly under Categories 9 or 10 or, if relevant, Category 3.

Resolved: To recommend the following amendment to Statute IX.1 Category 5, to take effect from receipt of confirmation of the proposed amendment by the Privy Council.

Delete "Three members appointed by the President of Her Majesty's Privy Council."

Add "One member appointed by the Royal Northern College of Music."

(4) Retirement of the Registrar and Secretary

Reported: That the Registrar and Secretary had announced, to his direct line reports and senior colleagues, his intention to retire from the University at the end of July 2011. The Registrar and Secretary's current appointment term would come to an end in October 2010, and therefore a formal proposal for an extension to the term would be presented to the Board in September 2010.

(5) Retirement of the Chairman of the Board of Governors

Noted: That the Chairman of the Board of Governors, Mr Norman Askew, would stand down from the Board on 31 August 2010. On the occasion of his last formal meeting as Chairman, the Registrar and Secretary proposed formal thanks, on behalf of the Board of Governors, to Mr Askew for the years of service he had given to the University as the inaugural Chairman of the Board of Governors, and previously as

Chairman of the Company Limited by Guarantee. The Board meeting would be followed by a Dinner in his honour to express grateful thanks for his Chairmanship, and to recognise the contributions of Mr John McGuire and Councillor Roy Walters who would also be leaving the Board of Governors on 31 August 2010. The proposal was moved with acclamation.

6. Report from the University of Manchester Students' Union

Received: A report from Ms Sarah Wakefield of the University of Manchester Students' Union on recent staffing developments.

Reported:

- (a) That the University of Manchester Students' Union (UMSU) had recently made a number of changes to its Senior Management structure, which had led to the departure of the General Manager and the Deputy Manager. UMSU enjoys a 'dependent autonomy' from The University of Manchester. Nonetheless the University remains the regulator of UMSU as set out in the Code of Practice on the Students' Union. Currently regulation of UMSU is carried out at Union-University Liaison Forum meetings which occur every Semester.
- (b) That the reasons for these changes were linked to an external review of management within the Union that took place in autumn 2009. The Union would seek to appoint a new senior manager, carrying the title of Director, and the role would be to lead the strategic direction of UMSU, and adopt a new strategic vision for UMSU to be recognised as the best Union in the country by 2020. The new role was designed to better fit the organisation and bring forward a clear strategic plan. The July meeting of the Union's Executive would seek to confirm the process for appointment of the new Union Director.
- (c) That currently the UMSU is employing an interim Manager working two days a week on secondment from The University of Salford Students' Union. The Union was also taking advice from NUS and an external HR Consultancy company. In the interim period all normal Union activities were operating as planned in tandem with their standard reporting structure, and the General Secretary provided an assurance that all risks were being managed and considered with the usual care.
- (d) That the Union accepted that these recent changes in the senior management at UMSU were not communicated to the University, and recognised that the flow of communication between the Union and the University had been inadequate.

Noted:

- (a) That in responding to these matters and the delayed development of a revised constitution in preparation for changes as a result of the Charities Act, the Registrar and Secretary had asked the Head of Student Support Services to conduct a wide-ranging review of the University's relationship with the Students' Union encompassing, *inter alia*, constitutional issues, communications, building leases, financial reporting, risk management, and the level of the financial contribution made by the University to the Union.
- (b) That the Board expressed its wider concern about the implications for the Union in terms of its risk management, the implementation of the Charities Act and the progress that was being made in terms of the Union's constitution and registration with the Charities Commission, and in respect of the Union's financial arrangements. In responding, the General Secretary provided further information on the interim arrangements, and the short-term action taken to address line management responsibilities within a functioning management structure. The longer term issues would be considered over the summer, and within the review.
- (c) That a member of the Board, in her capacity as a trade union representative, expressed her concern about the lack of consultation that had been undertaken within

the staffing review and the manner which it had been conducted. In responding, the General Secretary acknowledged difficulties within the process, but referred to the lack of clear procedures for HR and associated management matters as a contributory factor in the problems that occurred, and that these gaps demonstrated the need for a stronger management structure.

- (d) That the Board was reminded of the complexity of the merger process for the respective Unions of the Victoria University of Manchester and UMIST in 2004, and the expediency that had been adopted in preparing and agreeing a new constitution at that time. That process did not provide the opportunity to a conduct a full scale review, and ultimately could not deliver an optimal constitution. A further review, undertaken in 2007, was not sufficiently wide-ranging to address some of its deficiencies, and it was noted that the review of the reporting relationship and the work underway to review the constitution following the implementation of the Charities Act, would provide a welcome opportunity to improve the documentation and clarify accountability and reporting responsibilities.
- (e) That during the discussion, the General Secretary of the Union, highlighted the Union's independence and status as an unincorporated association, and the inherent tension that can arise in addressing the concerns expressed whilst maintaining the Union's autonomy and its representative and advocacy roles in respect of the student body.

Resolved: That the Board endorsed the formal review, established by the Registrar and Secretary, concerning the relationship between the UMSU and the University. As the Risk Committee has previously considered the risk profile of the Union and its accountability to the University in respect of assurances on risk matters, this Committee should receive and consider the outcome of this review on its completion, and after consideration by the Registrar and Secretary, in the next session.

7. Budget for 2010-11

Received: A copy of the proposed University Budget for consideration and formal approval by the Board of Governors.

Reported:

- (a) That, as previously agreed by the Board of Governors and Finance Committee, the Budget must deliver a surplus and facilitate strategic investment. It was anticipated that the Budget would deliver a surplus in the region of £20m, representing approximately 2.5% on income of £700m, and includes contingency funds of £15m. As prepared, the Budget did not account for further cuts that might affect the University in-year. Nonetheless, all projects have been prioritised accordingly and the situation would be closely monitored throughout the year to enable corrective action.
- (b) That the Budget did not reflect the £600m anticipated cut in HEFCE funding, where the University's share could be in the region of £9.5m. This cut was expected to materialise in 2011/2012 and 2012/13, however there remained the risk that it could affect the University in the forthcoming year.
- (c) That anticipated saving from ERVS has been included at £7m. A £10m increase in overseas fee income was assumed, of which £7.6m was attributable to price increases. This assumption attracted risk, as any shortfall would directly affect net income. Similarly assumptions about the level of income from research are not without risk, as delays or developments externally might affect the University's aspirational targets. Budgeted energy costs were also regarded as particularly vulnerable due to market volatility.
- (d) That the external environment was very uncertain and therefore it was highly that some of the assumptions adopted would change through the year. For this reason the Budget had been brought forward with an understanding among the primary budget

holders that those budget provisions made, but not initiated within the year, could be clawed-back if circumstances changed.

Resolved: To approve, on reference from the Finance Committee, the Budget for the Financial Year 2010/11.

8. President and Vice-Chancellor's report

(1) The Report of the President and Vice-Chancellor to the Board of Governors

Reported:

- (a) That, in reaffirming its strong support for the Manchester 2015 Agenda, the Board of Governors had previously accepted that it would be grossly irresponsible for the University to go into "survival mode" and cease to operate strategically in response to emerging financial pressures. At the most recent meeting of the Board in late May considerable discussion was devoted to the importance of holding an uncompromising line on the strategic development of the University in the emerging financial climate. Basic fiscal prudence was essential, but insufficient, and the President and Vice-Chancellor emphasised that the University must continue with strategic investment to implement the Goals and Strategies set out in *Advancing the Manchester 2015 Agenda*. Equally, the Board had reaffirmed the importance of resisting the temptation to resort to *ad hoc* measures to deal with what are likely to be major financial pressures associated with pension costs and public funding cuts, and remains committed to a "targeted, strategic approach" to dealing with these impacts.
- (b) That, in commenting on the uncertainty within the external funding environment, the President and Vice-Chancellor reflected that the impact of the cuts, and their application within the sector, would not become clearer until after the Departmental Spending Review. Nonetheless it was likely that "unprotected" departments, which included the Department for Business, Innovation and Skills, would face cuts of at least 25%. The impact of the additional £200m in cuts recently announced might affect the University by £2m in each year, and the in-year VAT increase announced in the recent Budget would have a likely impact of £3m. Further cuts were likely to impact upon other sources of funding in the University from those charities, bodies or agencies that were also in receipt of public funds.
- (c) That, in terms of the separate pressures of increased pension contributions, the John Hutton Review of Public Sector Pensions would be likely to influence the ongoing negotiating regarding schemes for the sector. Similarly, the Will Hutton Review of Pay within the Public Sector, and the pay freeze announced in the National Budget recently, would have implications for pay agreements reached by universities in joint negotiation.
- (d) That, from the next session, the report from the Board Monitoring Group would be a regular, formal item on the agenda.
- (e) That, at the time of report, the University had received 600 applications for ERVS. At this stage over 100 had been accepted and this was expected to deliver over £4m in savings of the £8m required. Therefore, there was confidence that the £8m target would be achieved within the scheme. In reporting on this item, the President and Vice-Chancellor recommended to the Board the extension of the scheme to 31 October 2010, subject to the required consultation with the trade unions and other employee representatives. This extension would provide staff members with the opportunity to further consider the scheme alongside the difficult financial environment for the University that was emerging. This was viewed as preferable to ending the scheme prematurely, only for the University to have to consider its re-introduction as the scale of cuts became clear with the

necessary formal, statutory consultation process that would also entail. The Flexible Working Scheme, which had been introduced at the same time as the ERVS scheme, had been less successful and had attracted only a small number of applications.

- (f) That the indications suggested positive student recruitment outcomes for 2010 entry when compared with the same point in the admission cycle last year. In terms of UG applications, Manchester continues to be the most popular University in the UK. The University's total number of UG applications has increased by 4% from 52,897 to 55,120. This compares to a Russell Group average increase of 7%. Offers to home applicants had increased by 3% and acceptances by 6%. Offers to international applicants had increased by 9% and acceptances were up by 11%. The key challenges for the University in this year's admissions cycle were to ensure that it achieved, but did not exceed, the agreed HEFCE home UG target and that it maximised the number of new full fee paying international UG students. The Intake Management Group (IMG), chaired by the Vice-President for Teaching and Learning, would manage the UG admissions process to ensure the University maximises the income from UG student recruitment. This group would, as last year, maintain tight controls on home UG numbers to avoid any financial penalties.
- (g) That PGT applications to Manchester had increased by 18% from 26,089 to 30,736. This increase is explained by a rise in home PGT applications by 27% from 5,988 to 7,605 and a rise in international PGT applications of 16% from 19,603 to 22,719. The number of offers made to PGT applicants had increased overall by 7%. It is worth noting that offers to home applicants had decreased by 6% from 2,619 to 2,470, while offers to international students had increased by 11% from 8,342 to 9,263. PGT acceptances had increased by 26% from 5,640 to 7,114.
- (h) That PGR applications to Manchester had increased by 4% from 4,170 to 4,339. Home PGR applications had risen by 3% from 1,395 to 1,434 and international PGR applications by 5% from 2,689 to 2,818. The number of offers made to PGR applicants had decreased overall by -2%. The number of offers made to international applicants had increased by 4% and acceptances by 19%.
- (j) That although numbers of offers and acceptances from international students appear positive, it was difficult to predict final outcomes, particularly with the unknown impact of the Points Based System (PBS) for immigration. The UK Border Agency (UKBA) introduced a new online visa system in February 2010 and the University has had to develop new business processes, and supporting systems, to respond to these changes. As with last year, it would be difficult to predict the number of international students who will be granted visas and actually enrol. Every effort is being made to support international students in their visa application process. The President and Vice-Chancellor had placed great emphasis on further improving the student experience and the priority of developing the University's international strategy. This, together with an ever increasing reliance on international student recruitment, means that an assessment of the experience of international students at the University is vital. In that context, the President and Vice-Chancellor welcomed the dramatic improvement in the "international student barometer" results, showing an overall improvement in international students' satisfaction increasing from 77 to 92% and thanked and congratulated colleagues, recognising that it was a small step in the improvements needed for students.
- (k) That Board members had received an informal briefing on Estates within the year, and were therefore aware that the University was developing an updated Estates Strategy as required by the HEFCE as a condition for future applications for capital funding. The strategy set out a development framework for The University of Manchester covering a ten year period from 2010 to 2020, focusing on providing the appropriate physical infrastructure to meet the University's vision contained in *Advancing the Manchester 2015*

Agenda. In addition to the key themes of improving the condition and functionality of the estate, and securing space efficiencies, the new Estates Strategy would also take account of the urgent need to reduce dramatically the University's carbon emissions over the next decade. This was the *right thing* for a responsible University to do and because HEFCE has determined to set challenging targets backed up by major funding incentives and disincentives. The first priority would be to secure the low carbon benefits of combined heat and power (CHP) technology. Board members received a copy of the draft plan at the time of the informal briefing in May and a final version will be submitted to the Board for approval for the first meeting of the next session.

- (i) That in October 2005, following the transfer of the Paterson Institute for Cancer Research (PICR) to The University of Manchester, the University's Board of Governors approved the establishment of the Manchester Cancer Research Centre (MCRC) as part of a strategy for positioning Manchester as a truly world-class centre for basic, translational and clinical cancer research. MCRC is an oversight body representing the key partners in Cancer-related research in Manchester, including (chiefly) the University, the Christie Hospital NHS Trust and Cancer Research UK. Its role is to co-ordinate, support and enhance cancer research in Manchester, with the key goal of delivering patient benefit through discovery and its application. It makes recommendations to the partners about the development and coordination of cancer-related research activities and priorities, promotes close interaction between scientists engaged in fundamental research, clinical researchers and practising clinicians committed to providing state-of-the-art patient care, to monitor research programmes, and generally to assist Manchester-based cancer research. Key to the future success was the development of additional space, and new and better facilities. Given the strategic significance of this development to the University, the Board of Governors, at its meetings in May and October 2007, agreed that there was a strong case for the University making the contingent commitment to match capital from external sources up to a maximum of £20 million for the development of a new Cancer Research Building on the Christie Hospital site. This commitment was subject to (i) confirmation by the Christie Hospital NHS Trust that the Paterson Institute for Cancer Research will have long-term access to its present space in the Christie Hospital, and (ii) agreement with the Trust of a satisfactory long term basis upon which the University will have guaranteed access to the site of the proposed Cancer Research Building. Since this decision was taken by the Board, the external funding climate had deteriorated significantly; however following recent discussions with CRUK and the Christie an alternative proposal was now being presented and submitted to the Board for endorsement.

- At present £10M funding has been identified from CRUK, this needed to be matched by a further £10M from the University.
- Of the matching funds from the University £5m (plus potentially a further £1M for equipment) is to come from the PICR's Director's Reserve Fund and £5m from the University. (It is important to note that the PICR fund could not be used for other purposes, and therefore this is not 'free' cash.)
- Christie to meet the cost of the site clearance and reprovision of the land (estimated at £2.2m) for the building in exchange for space in the new build which they would probably use mainly as office/meeting room/educational to support activities which are central to the MCRC's mission.
- Christie will retain freehold and provides land for a peppercorn rent. This will be additional to and not a substitution for the current Paterson space.

In return the University is to:

- Increase the size of building to create space for Christie clinical and academic research and associated meeting rooms.
- Grant Christie peppercorn lease for space on an equivalent term to the land lease.
- Fund the additional cost of increasing the size of the building via clearance costs savings (c. £2.2m) and a Christie 'bullet' payment.

The costs of the additional build would be met by the University funding the equivalent cost of the site clearance/reprovision (estimated at £2.2m). Any shortfall would be covered by a bullet payment from Christie to the University to make up the cost of space and the area "allocated" to Christie staff. This would be subject to further agreement based on "open book" costings. The University had agreed with Christie that in the first instance they would seek specific tax advice to explore the potential for VAT exemption (NB if VAT is 20%, this would be in excess of £4m). The University has some reservations about whether this approach will be acceptable, and the limitations that this might place on commercial research within the building, though there is the possibility of restricting most of this to the existing Paterson space. The University would of course need to take its own expert advice before this was determined. The University was also seeking to secure further external funding. A bid would be submitted to the Wolfson Foundation which, if successful, would increase the funds available for the building. The contribution from the University is leveraged capital which would bring in further funding which would not otherwise be available. This is consistent with one of the principles that the University had adopted for capital planning purposes which is to give priority to capital projects attracting external matching funding. For such a development to go ahead, and for the University to commit funds, it was recognised that clarity over both the identity and asset ownership of the building relating to research was essential. To this end, and subject to the Board's endorsement of the approach set out above, the University would move to agree the detailed terms and conditions for the design, construction and management of the building. In summary, the University would need to commit £5M towards a building of total cost £20-25M.

- (l) That the President and Vice-Chancellor would seek to appoint a Deputy President and Deputy Vice-Chancellor to provide support with the executive management of the University. As agreed with the Chairman-designate, this position had been advertised internally. It was anticipated that the appointments process would be completed in good time for the beginning of the next academic year.
- (m) That the President and Vice-Chancellor would be considering closely the future shape of the University recognising the priorities of funding, improving the student experience, maintaining research quality and power, developing the University's international strategy and in providing a clear focus and definition for the social responsibility goal of the strategic plan (Goal 3).

Noted:

- (a) That, in discussing the external funding environment and the likely cuts in public funding, the Board noted the commitment from management to share information on its contingency planning and on the future shape of the University, via the Board Monitoring Group during its early development, and formally via the Board of Governors on completion, and also noted the significant risks in bringing forward speculative proposals to the Board at an early stage when the distribution of public funding cuts was unknown.
- (b) That, in discussing the Flexible Working Scheme and the low number of applications received, the terms of the scheme were discussed and

specifically the requirement that those taking advantage of it sign up to a permanent change in their contract, with no guarantee of a return to their previous terms. This, it was argued, could be a factor in the low level of interest in the scheme, and a more flexible approach could lead more staff members to take this up in the short-term and assist the University over the difficult funding period that was anticipated. In responding, the Director of Human Resources explained the difficulties in making changes to the terms of the scheme as, under legislation, consistent changes would need to be introduced under the University's wider flexible working policy. The scheme introduced largely built on the policies and procedures that the University already had in place regarding flexible working arrangements. Under the scheme the University recognised that employees taking it up may in future wish to request to return to their previous working arrangements and undertook to consider such requests sympathetically where budgetary considerations permit and there is an opportunity to make beneficial changes to staffing arrangements or service levels. This prompted further discussion as to why the scheme had received so few applications, including reference to the affect of such a permanent change on future pension provision and the effect of that on take-up.

- (c) That, in terms of improvements to the student experience, the University had been considering a review of this area, encompassing the whole student experience of the University from public awareness and open days through to learning, research and graduation. It was recognised that, in these areas, the University's structures and support arrangements had developed in an ad-hoc way, and the lifecycle approach considered within the review could inform and deliver a more effective structure. In addition, further efforts were underway to improve the student experience via the establishment of courses made available to any student regardless of discipline, and provided via a "University College". Such courses would include the values distinctive to the University, and address societal, global and economic issues.

Resolved:

- (a) To extend the closing date of the ERVS scheme to 31 October 2010, subject to consultation with the trade unions, and with the opportunity for a review of the decision by the Board of Governors ahead of the extended closing date
- (b) That the Board endorse the alternative approach to the funding of the Cancer Building, as reported.
- (c) That the Senior Management of the University is asked to re-examine the terms offered within the Flexible Working Scheme, in the light of the discussion noted above at the Board meeting, and to report back to the next meeting of the Board of Governors.

(2) Report to the Board of Governors on exercise of delegations

Reported:

(a) Professorial appointments

The following appointments have been approved on behalf of Senate and the Board of Governors:

Tesco Chair of Economics and Executive Director of the Sustainable Consumption Institute

Professor Robert W Hahn, BA, MA, MS, PhD (California Institute of Technology, Pasadena, California), previously Senior Fellow, Center for Business and Public Policy, Georgetown University, Washington DC, as Tesco Professor of Economics (and Executive Director of the Sustainable Consumption Institute) in the Faculty of Humanities from 10 April 2010.

Director of the Neuroscience Research Institute

Dr Shaheen Hamdy, MB ChB, PhD, FRCP, Clinical Senior Lecturer, Epithelial Sciences Research Group in the School of Translational Medicine, as Director of the Neuroscience Research Institute from 1 August 2010.

(b) Grant of the title of Professor Emeritus

That acting on behalf of Senate and the Board of Governors, the President and Vice-Chancellor had approved the conferment of the title of Professor Emeritus on the following:

Professor Tim Eden, Teenage Cancer Trust Professor of Teenage and Young Adult Cancer in the School of Cancer and Imaging Sciences (from 1 October 2010).

Professor John Gallagher, Professor of Oncology in the School of Medicine (from 1 March 2009).

Professor David Mayer, Professor of Drama (in the Faculty of Humanities) (from 1 October 1996). (nb: There is no record of Professor Mayer officially being granted the title of Emeritus Professor on his retirement in 1996 although a Resolution of Thanks is recorded in the Senate minutes of 26 November 1996 and Council minutes of 4 December 1996.)

(c) Other authorisations on behalf of the Board of Governors

That acting on behalf of the Board of Governors, the Deputy President and Deputy Vice-Chancellor had confirmed in accordance with the terms of the Memorandum and Articles of Association of UMSS Ltd the re-appointment of Mrs Catherine Tansey as University Nominated Director of UMSS Ltd with effect from 1 August 2010 for a period of three years.

(d) The execution of the UMSS Legal Charge

1. Background

That it was previously reported to the Board of Governors on 27 November 2009 that:

1.1 The guarantee which had been issued by National Westminster Bank plc to the University of Manchester Superannuation Scheme ("UMSS") on the University's behalf (the "Bank Guarantee") would expire on 31 March 2010; and

1.2 The University has agreed with UMSS that, rather than renewing the Bank Guarantee, the University would give security to UMSS over certain of its properties by way of support for the University's contingent liabilities to UMSS.

2. The Legal Charge

2.1 That there was produced to the meeting the final draft of a legal charge (the "Legal Charge") to be executed by the University over the following properties:

- (a) John Owens Building and Eddie Newcomb Student Services Centre
- (b) Beyer Building
- (c) Christie Building
- (d) Martin Harris Centre for Music and Drama
- (e) Pharmacy Building
- (f) Coupland 3

- (g) Dover Street
- (h) Sackville Street Building
- (i) Chancellors Conference Centre, and
- (j) Jean McFarlane Building

(together, the "Properties").

2.2 That the Board, via the Finance Committee, considered the terms of the Legal Charge. It was noted in particular that the Legal Charge would create security over the Properties, all fixtures and structures attached to the Properties and all rights relating to the Properties. Furthermore, it was noted that the terms of the Legal Charge included various obligations in relation to the maintenance and insurance of the Properties, and a restriction on any disposal of any of the Properties without the prior written consent of UMSS.

3. Consideration of the Legal Charge

3.1 That it was reported that the execution of the Legal Charge was within the powers of the University under Paragraph IV of the University's Charter granted of 27th August 2004 and would not result in any breach of any existing contractual or statutory obligations of the University. It was further reported to the Board, via the Finance Committee, that, under Statue VI of the University's Statutes, the Board has the power to exercise this function on behalf of the University.

3.2 That the Board, via Finance Committee, also noted that it had received advice from Eversheds LLP on the effect of the Legal Charge.

3.3 That it was reported that if the Bank Guarantee were to be replaced by the Legal Charge, there would be a cost saving to the University as it would no longer be liable to pay a guarantee fee to National Westminster Bank plc.

4. Approval and Authorisation

4.1 That, acting on behalf of the Board of Governors, the President and Vice-Chancellor approved, having considered the form of the Legal Charge and the factors referred to above:

- (a) that the execution of the Legal Charge was in the best interests of the University;
- (b) that the Legal Charge be approved in the form reported to the Board of Governors or with such amendments as any Authorised Signatory (as defined below) shall in his/her discretion approve; and
- (c) that the Registrar and Secretary as "Authorised Signatory" be hereby authorised to execute the Legal Charge as a deed and any other documents, notices, letters and to perform all matters, acts and things which such person in his/her absolute discretion deems to be necessary or desirable in connection with the Legal Charge.

(e) Seal orders

That pursuant to General Regulation VII.4, the Common Seal of the University had been affixed to the instruments recorded in entries no. 960-968, Seal Register 1.

9. Board committee reports

(1) Finance Committee (24 June)

Received: A summary report and minutes from the meeting of the Finance Committee held on 24 June.

Reported:

- (a) That the Finance Committee welcomed Professor Dame Nancy Rothwell to her first meeting as President & Vice Chancellor (designate) and Steve Mole who had taken up his appointment as Director of Finance on 21 June 2010. The Chairman thanked Mr Border for his support as Interim Director of Finance and Mr Gabriel Hassan for his contribution to Finance Committee over the last year. On behalf of Finance Committee, the Registrar and Secretary thanked Mr Ruia for chairing the Committee over the last three years.
- (b) That the Director of Estates was unable to attend the meeting but provided an update on the capital development programme. Finance Committee noted the progress that had been made and that the impact of the increase in VAT will be reported in due course. It was also noted that the availability of funds from NWDA sources was subject to review.
- (c) That the Finance Committee noted that a business case and associated funding had been approved (by PRC Finance Sub Committee) to proceed with a project to enhance existing Procure to Pay processes.
- (d) That the Finance Committee approved a strategy to transfer a prudent element of the University's cash balances into longer term fixed asset instruments, in tranches and based upon the anticipated requirements for cash over a two year period. This will provide a better rate of return.
- (e) That the Finance Committee reviewed the budget submission and recommended that the Board of Governors should be asked to approve the budget submission for 2010/11.
- (f) That the Finance Committee noted that the current forecast remained favourable to budget and agreed that the results to May 2010 be presented to the Board for information.

(2) Audit Committee (1 July)

Received: A summary report and minutes from the meeting of the Audit Committee held on 1 July.

Reported:

- (a) That a number of observations made within the 2008/9 audit of payroll undertaken by Uniac had yet to be addressed. The Director of HR would be meeting the Registrar and Secretary and the incoming Director of Finance, to ensure the risks and control issues identified were rectified.
- (b) That Uniac had conducted a review following the control deficiencies identified as result of the expenses fraud in the Faculty of Humanities previously reported to the Audit Committee. The majority of the observations made had been addressed within the Action Plan produced in response, however there remained some concerns about the risk arising from payments to individuals for work undertaken made by the Accounts Payable function, which should have been handled via the Payroll function. The Payroll Manager was working on the development of robust procedures in this area and Uniac had agreed to meet with the Director of Finance to discuss their

input thus far, with the objective of improving knowledge and controls relating to these processes.

- (c) That Uniac provided an update on the series work agreed as part of follow-up to the Management Letter, and their provision of an independent assurance that actions completed in follow-up to each observation provided controls that were adequate and robust.
- (d) That an updated plan of action was welcomed by the Committee both in terms of its contents and its presentation. Deloitte LLP indicated that they were content with the approach adopted by the University in following up the observations made in the Management Letter. Summarily, it was reported that solid progress had been made and that Uniac was working closely with management to formally sign-off the actions on completion.
- (e) That Professor Martin Humphries provided a report on the action taken within the Faculty of Life Sciences in respond to specific and broader observations made within the Management Letter. Further, top-down controls had been introduced and senior managers were now fully engaged in the process of improving the internal control environment. A Financial Operations Manager had been appointed, and as a result, the Faculty anticipated that they would be able to provide much greater comfort as to the level and efficacy of financial control within the year's reporting.
- (f) That Professor Alan North provided an update on the 16 Faculty-specific observations brought to their attention by Deloitte, and reported significant progress on the efficiency and effectiveness of financial control. Some restructuring had taken place, enabling the appointment of a Financial Operations Manager Officer, and an assurance was provided that all observations had been taken in hand and the action taken to resolve issues had been initiated and was well documented.
- (g) That the timetable for the close-down process for the accounts, and the formal consideration and input from the auditors in relation to the financial statements, was welcomed by the Committee. The Committee asked for the document to be updated with further information on the sign-off and approval process for the complete narrative supporting the financial statements and that it should include the date of the production of the interim Management Letter, including the date by which management responses can be produced for review by management ahead of formal consideration by the Audit Committee.
- (h) That the external auditors, Deloitte LLP, had completed their interim audit work, agreeing the scope and areas of focus for the audit of the 2009/10 financial statements. The team reported their satisfaction with the process thus far, and added that the information they had received had been of a good quality and had been submitted in a timely manner. They recognised a significant improvement in the process on the previous year, and added that management had responded well to their detailed information requirements, which augured well for the process in September, when the audit team would return and based on-campus.
- (i) That the Committee received a full report on the business conducted at the Subsidiary Undertakings Subcommittee.
- (k) That the HEFCE assessment of institutional risk, based on documentation submitted for 2009-10, concluded that the University is not at higher risk. In making this assessment HEFCE also concluded that the institution is meeting its accountability obligations as set out in the Model Financial Memorandum between HEFCE and institutions. The document was referred to the Board of Governors, for information.

- (l) That the Chair of the Committee expressed her sincere thanks to Councillor Roy Walters for his years of service on the Audit Committee.

(3) Risk Committee (1 July 2010)

Received: A summary report on issues relevant to the Risk Committee held on 1 July.

Reported:

- (a) That the Committee recommended a framework governing the development, approval, monitoring and arrangements for review of all University policies for approval by the Board of Governors.
- (b) That the Committee recommended a new Information Security Policy for approval to ensure that information used for the University's teaching, learning research, commercial and administrative activities are protected from threats which may result in significant financial loss, reputational damage or legislative exposure.
- (c) That the Committee recommended for approval a Contracts Governance Policy to set out clear lines of responsibility for drawing up, approving, signing and ensuring compliance with contracts.
- (d) That the Committee received and discussed a report on the progress made within the Health and Safety Action Plan 2010-2015.

Resolved: To approve the Policy Framework, the Information Security Policy and the Contracts Governance Policy.

10. Report from the Senate

(1) Report from the Senate (from the meeting held on 30 June)

Received: A summary of matters discussed at the meeting of the Senate held on 30 June.

Reported:

- (a) That, in her capacity as President and Vice-Chancellor-Designate, Professor Rothwell thanked Professor Alistair Ulph for his contribution to the work of Senate. Professor Rothwell reported that she would be moving to appoint a Deputy President and Deputy Vice-Chancellor. Within her Report, she highlighted the changing financial landscape, the possible impacts on the University, the impact of VAT increases, the £5m saving required in the current financial year and the evolving picture with regard to pension costs.
- (b) That, under Teaching and Learning, Professor Colin Stirling reported on the improvement in the results from the International Student Barometer. He explained that the NSS results for this year were expected on 23 July and the importance of improved performance and the impact of these results on the University's positioning in national league tables. He reported on the review of arrangements for the provision of timetabled space for teaching. The two proposed amendments to the regulations for the undergraduate and postgraduate taught degree regulations were approved. The principles to inform the work of the Degree Regulations and Assessment Policies Group were endorsed subject to a minor change. The importance of the work to be completed by the Degree Attainment Group was emphasised.

- (c) That the proposal for a new MRes/PhD (Econ) doctoral training programme was approved in principle by the Senate, as was the revision to the Regulations for Professional, Engineering and Enterprise Doctorate Degrees.

(2) **Awards and Honours Group** (from its meeting on 30 June 2010)

(a) **Honorary Degrees**

Received:

1. A report on the recommendations arising from the meeting of the Awards and Honours Group held on 30 June 2010, and endorsed by Senate.
2. Four nominations agreed by the Awards and Honours Group for the award of honorary degrees at ceremonies to be held in 2011, and approved by Senate for onward transmission to the Board of Governors.
3. Three nominations approved by the Awards and Honours Group, out of session, endorsed by the President and Vice-Chancellor or Acting President and Vice-Chancellor, and to be conferred on 20 October 2010 at the Foundation Day honorary degree ceremony.

Resolved: To approve the recommendation that the individuals concerned be conferred with degrees *honoris causa* at ceremonies to be held in 2011. (NB Further information on the individuals concerned will appear in the minutes once the individuals concerned have been informed of the award and of the arrangements for its presentation.)

(b) **Medals of Honour**

Received: Three nominations agreed by the Awards and Honours Group for the award of Medals of Honour at ceremonies to be held over the coming year, and approved by Senate for onward transmission to the Board of Governors.

Resolved: To approve the recommendation that the individuals concerned be conferred with Medals of Honour at a ceremony to be held in the coming year. (NB Further information on the individuals concerned would appear in the minutes on their acceptance of the award and on confirmation of the arrangements for its presentation.)

11. **Report from the Planning and Resources Committee** (from the meetings held on 8 June and 6 July)

Received: A summary of matters discussed at the meetings of the Planning and Resources Committee held 8 June and 6 July 2010.

Reported:

- (a) That the Committee considered the draft Management Accounts as at 30 April and 31 May 2010 and the Debt Report for April 2010. At its meeting on 8 June, the Committee considered the 2010-11 Budget Submission and the HEFCE financial key performance indicators. At its meeting on 6 July, the committee considered HEFCE Circular Letter 14/2010 Higher education funding for academic years 2009-10 and 2010-11 including new student entrants and the letter from the Secretary of State for Business, Innovation and Skills and the Minister of State for Universities and Science on Higher education funding for 2010-11. The Committee also received reports from the Faculties on their use of Strategic Investment Reserve Funds (SIRF).

- (b) That, at its meeting on 6 July 2010, the Committee received progress reports from the new internal TRAC Equipment Utilisation Working Group and the TAS and Workload Allocation Models Working Group.
- (c) That the Committee had received regular update reports on pay and grading and at the meetings in June and July received updates on voluntary severance applications.
- (d) That, in light of the HEFCE limit on intake targets for 2010-11, the Committee received further updates at its meetings on 8 June and 6 July on applications for entry and how recruitment of Home full-time undergraduate students would be monitored during Confirmation and Clearing.
- (e) That, at its meeting on 8 June 2010, the Committee received a summary report of the key findings of the International Student Barometer questionnaire conducted in autumn 2009 which showed a marked improvement in the overall satisfaction rate expressed by international students at the University.
- (f) That, at its meeting on 8 June 2010, the Committee received the draft Operational Priorities 2010-11 for the University, Faculties and Professional Support Services, with amended versions received in July.
- (g) That, at its meetings on 8 June and 6 July 2010, the Committee discussed the Operational Performance Reviews which will take place in October/November.
- (h) That, at its meeting on 6 July, the Committee considered a paper on University League Tables and the draft response to the HEFCE consultation on the review of the teaching funding method.
- (i) That, at its meeting on 6 July 2010, the Associate Vice-President (Graduate Education) presented a paper to the Committee on delivering high quality researcher development, *Towards a Sustainable Roberts Agenda*.

Taken as read and signed as a correct record on 22 September 2010