

The University of Manchester

BOARD OF GOVERNORS

Formal Session: Tuesday, 23 March 2010

Present:

Mr Norman Askew (in the Chair),

President and Vice-Chancellor, Dr Stuart Allan, Dr Wiebke Brockhaus-Grand, Ms Debra Dickson, Professor Peter Eccles, Professor Colette Fagan, Professor Luke Georghiou, Mr Robert Hough, Dame Sue Ion, Councillor Afzal Khan, Dr Kamie Kitmitto, Dr Keith Lloyd, Dr Anne McBride, 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. (22)

By invitation: The Deputy President and Deputy Vice-Chancellor.

For unreserved business: Mr Gabriel Hassan, General Secretary, University Students' Union.

In attendance: The Registrar and Secretary, the Deputy Secretary, Director of Estates, the General Counsel, the Director of Human Resources, the Interim Director of Finance and the Director of Sport, Trading and Residential Services.

1. Recommendations relating to the management of financial pressures

Noted: That The University of Manchester will manage public funding cuts and escalating employer pension costs on the basis of the following principles:

(a) Basic fiscal prudence

The University will not under any circumstances place its essential financial sustainability at risk, and annual budgets will not be approved by the Board unless they provide for realistically deliverable annual surpluses. Tight financial controls, detailed monthly monitoring of variances against budget and quarterly accountability to the Board through Finance Committee will be rigorously maintained.

(b) Clear strategic direction

For Manchester, basic fiscal prudence will be regarded as necessary but insufficient, and annual budgets will not be approved by the Board unless they provide for levels of strategic investment required to implement the Goals and Strategies set out in *Advancing the Manchester 2015 Agenda*. It follows that, in managing financial pressures, all decisions about divestment and investment alike will be aligned with the clearly defined strategic interests of the University.

(c) Maintaining a Strong Cash Position

The University will take all necessary measures to establish and maintain a cash reserve of such amount as may be reasonably expected to withstand any funding cuts and/or increases in employer contributions to pensions.

(d) Managing Staffing Levels on a Targeted, Strategic Basis

In the event of financial pressures requiring the University to reduce its payroll costs, all measures taken by the University to ensure that it remains operationally and strategically viable will be on a targeted, strategic basis. The criteria applied will be as follows:

(i) In the case of academic staff:

The extent to which individuals and activity centres are aligned with and contribute to:

- The research mission and goals of the University; and/or
- The education mission and goals of the University; and/or
- The financing of their own and/or the University's programmes and activities; and.

(ii) In the case of all other staff:

The direct and or indirect contribution of the staff concerned to:

- The efficiency and effectiveness of the University in meeting its legal, financial, administrative and statutory compliance obligations; and/or
- The success of the University in achieving the three core goals and the associated enabling goals of the University; and/or
- The success of Faculties and Schools in generating discretionary surpluses.

The purpose of this approach is to ensure that, in the regrettable event of the University of Manchester having to get smaller as resources contract, it will become a stronger institution in the process.

(e) **Valuing Collegiality**

Whatever the severity of the funding outcomes it faces, The University of Manchester will at all times seek to handle staffing issues as an exemplary employer, practising collegiality, keeping colleagues at all levels informed and engaged as issues emerge, treating them with dignity and never losing sight of the fundamental truth that a university is, in essence, a collegial community.

Resolved: That the Board adopt the principles set out above as the basis upon which detailed plans will be developed to deal with public funding cuts, rises in pension costs and other pressures on the University's finances over the next few years.

2. The first tranche of higher education cuts and imminent pension cost increases

Noted:

- (a) That the proposed financial package, totalling £19 million, which has been the subject of detailed discussion at the Planning and Accountability Conference, is made up of various measures designed to increase non-Government revenue and reduce expenditure with effect from 2010-11.
- (b) That the figure of £19 million is consistent with our best current estimate, based on expert advice, of the impact on the University's finances of cuts already announced in Government funding for UK universities and increased employer contributions to pensions over the same period.
- (c) That the balance between the various elements in the package will need to be flexible, and will vary if particular targets prove hard to meet. For example, greater reliance on cost-side measures will be necessary if revenue-based surpluses are below target, and greater reliance on reducing pay costs will be necessary should the combined impact of other measures fail to deliver the requisite financial outcomes.

- (d) That the measures recommended are:
- A firm commitment to prudent budget management and robust financial controls sufficient to secure substantial positive variance against pay and non-pay budgeted outcomes in end-of-year accounts for 2009-10;
 - Targets for additional, discretionary, non-Government surpluses of £4m derived from additional revenue growth in excess of current Five-Year forecasts
 - Targets for savings in addition to current Five-Year forecasts of £7 million from 2010-11, to be secured through tight vacancy and casual employment management and reductions in non-pay costs;
 - An additional target of £7 million in payroll savings secured through an Early Retirement Voluntary Severance (ERVS) scheme to be introduced in April 2010 (as outlined in the paper provided as Appendix One, and which are subject to consultation with the trade unions); and
 - An additional target of £1 million payroll savings in 2010-11 derived from a range of flexible employment arrangements to be introduced in April 2010 (as outlined in the paper provided as Appendix Two, and which are similarly, subject to consultation with the trade unions).

Resolved: That the Board adopt the package of measures recommended for handling the first tranche of higher education cuts and imminent pension cost increases subject to appropriate consultations with trade union representatives and the wider University community.

3. A programme of estates disposals

Noted:

- (a) That one element in the implementation of the University's commitment to strengthening its cash position will be to consider prudent, strategically sensible property disposals. As a recently merged institution, the University is in the enviable position of having an estate that is significantly larger than required for present needs or foreseeable future expansion. There are very substantial costs associated with maintaining parts of the Estate that are under-used, not strategically located and/or not fit-for-purpose.
- (b) That in close consultation with City Planners, including the Chief Executive of the Manchester City Council, the University is in the process of formulating an up-dated *Estates Strategy*, an early draft of which will be submitted to the Board for information at its May 2010 Meeting. The *Estates Strategy* will address both the long term estate needs and spatial configuration of the University, including the identification of (a) areas for strategic expansion, and (b) elements of the current estate which should be considered for disposal on the basis of judgements about location, maintenance costs and capital value. In relation to a small range of properties, the case for disposal is already overwhelming, not least because it forms part of the business case for building projects currently in the pipeline.
- (c) That because commercial matters such as property disposals are best deal with on a commercial-in-confidence basis, the following recommendation seeks approval for implementing the disposal of the latter properties by delegation.

Resolved: That the Board delegate to the President and Vice-Chancellor, the Chairman of the Board of Governors, and the Chair of Finance Committee, on the advice of the Director of Estates, authority to proceed with a divestment schedule of properties no longer required by the University.

4. Industrial relations on campus

Noted:

- (a) That the University is committed to constructive, timely consultation with campus-based Trade Unions and with the wider University community on all issues relating to the management of financial austerity, and will seek at all times to handle even the most difficult

staffing decisions in the most collegial way possible. With industrial unrest already leading to action in other UK universities, it is nevertheless be prudent for the Board to re-affirm the principles adopted by the University in 2007 and 2009, when industrial action threatened to disrupt student assessment, progression and graduation. Board members will recall that during 2007, when industrial disputation led to “action short of a strike”, the University acted on the basis of two cardinal principles. These committed the University, in the event of industrial action with the potential to disadvantage students, to take all possible steps:

1. To ensure that the interests of students are not compromised, particularly in relation to the setting and marking of examinations and other forms of assessment, the timely processing of results and the rights of final year students to graduate on schedule; and
 2. To preserve the norms and values of collegiality as the defining characteristic of an authentic academic community, recognising that it is always going to be tested during episodes of industrial disputations, but knowing that there is no viable alternative.
- (b) That pursuant to this approach, the University put in place emergency measures for protecting students while fully respecting the conscientious rights of staff to undertake industrial action. There was no checking and recording by supervisors of staff attendance at work, for example, and individual academics were trusted to inform the University if and to what extent they were withdrawing labour. In the absence of such explicit advice from a member of staff, all staff were assumed to be working normally.
- (c) That the Board should adopt the approach that was implemented in 2007, when “action short of a strike” did eventuate, and re-affirmed in 2009, when, however, such action was avoided.
- (d) That this resolution would not constitute Board interference with the academic decision-making powers of Senate. Its effect would be to require Senate to proceed in the event of future industrial action on precisely the same basis that Senate adopted in the two recent instances identified above.

Resolved: That the Board endorsed, as a standing arrangement, the emergency measures set out in Appendix Three for safeguarding the assessment, progression and graduation of students adopted by Senate and approved by the Board previously on 17 May 2006 and reaffirmed on 13 July 2009.

5. Resolutions carried over from the meeting of the Board of Governors held on 8 March 2010

Noted: That the following resolutions, discussed and considered at the inquorate meeting of the Board of Governors held on 8 March 2010 were presented again for action by the Board of Governors.

Resolved:

- (a) To approve the process considered and discussed by the Board of Governors for the recruitment and selection of the next President and Vice-Chancellor of the University.
- (b) To approve the recommendation of the Nominations Committee that the Founders of the University (Professor Sir Martin Harris, Professor John Garside, Mr Tom Hincliffe, and Mr Rodger Pannone) be invited to attend all future meetings of the General Assembly, without voting rights, and with effect from 1 September 2010.
- (c) To approve the appointment of Mrs Gillian Easson as Chair of the Press Board, in succession to Mrs Margaret Kenyon, and to express the Board’s gratitude to Mrs Kenyon, and to Ms Gillian Hush, who will also be standing down from the Press Board.
- (d) To approve The University of Manchester’s Carbon Management Plan, subject to the amendment of management responsibilities and reporting lines, as provided within the President and Vice-Chancellor’s Report to the Board of 8 March 2010.
- (e) To approve the report on the exercise of delegations submitted as part of the President and Vice-Chancellor’s Report to the Board of Governors of 8 March 2010.

APPENDIX ONE

PROPOSAL

VOLUNTARY SEVERANCE SCHEME (including Early Retirements)

Purpose and Basic Principles

The purpose of the Voluntary Severance (VS) Scheme is to achieve headcount reduction and payroll savings on a voluntary basis.

The Scheme is a voluntary scheme targeted in support of the University's fundamental strategic priorities. While the Scheme does not impose any restrictions as to which employees may apply, decisions about which applications will be accepted will be determined in the strategic interests of the University.

This means that in arriving at a judgement about an application, careful consideration will be given to the extent to which individuals and activity centres are aligned with and contributing to:

(a) In the cases of academic staff:

- The research mission and goals of the University; and/or
- The education mission and goals of the University; and/or
- The financing of their own and/or the University's programmes and activities.

(b) In the case of all other staff:

- The efficiency and effectiveness of the University in meeting its legal, financial, administrative and statutory compliance obligations; and/or
- The three core goals and the associated enabling goals of the University; and/or
- The success of Faculties and Schools in generating discretionary surpluses.

Consideration will also be given to whether the skills and expertise of an applicant can be covered adequately by continuing members of staff, and whether the severance package required under the Scheme is affordable.

Accordingly, the University reserves the right to accept or reject any application for severance from any individual.

The aim of the Scheme is to introduce savings and therefore, as a general rule, applications will be unsuccessful if there is a need to replace the applicant, unless there are other consequent or overall savings. This will be assessed within the overall context of the level of savings achieved through this Scheme.

Effective dates

The Scheme will be effective from 30th April 2010 and will remain open for applications until midday on 30th July 2010. Applications received after this date will not be considered. The University will aim to process applications as soon as possible so that staff know where they stand. There may be several steps that need to be taken, and these will in most cases take a few weeks to complete. Interested staff are encouraged to apply and leave as early as possible in order that the University can assess the effectiveness of the Scheme relative to its financial position.

Final departure dates will normally be before end August 2010 unless there is a compelling need to complete existing commitments.

Severance Package

The package available will be offered as follows:

Up to 1 year service – 3 months basic salary;

Between 1 year and 3 years service - 6 months basic salary;

3 years plus continuous service – 12 months basic salary.

The package can be used flexibly by the applicant for severance purposes – taking part or all as cash, or investing whole or part into the purchase of additional years of pensionable service.

Severance payments will be inclusive of statutory redundancy provisions, and be subject to Her Majesty's Revenue and Customs rules, but the normal expectation should be that payments up to £30000 will be free of income tax.

Process

The Vice President & Dean for the staff on a Faculty budget, and the Registrar and Secretary for all other staff will:

(a) identify a group of individuals who will be available for informal and confidential consultation about the operation of the Scheme. Individual members of staff may also wish to consult with their Human Resources Management team, a member of the Pensions Office or the Director of Human Resources who will discuss in confidence and without obligation on the part of the individual the implications of any subsequent agreement and alternative means of exercising the flexibility which is a feature of the Scheme.

(b) take advice from the applicant's line manager on the extent to which the individual's case is in the strategic interest of the University in order to arrive at a recommendation to accept/reject.

It is important to note that an application will only be confirmed if approved under the Approval process set out below. Therefore employees should not expect or assume that their application will be successful based on discussions that take place at this informal consultation stage.

Should the individual decide to proceed, initial application should be made to the Director of Human resources on the attached form.

Approval

Applications will be considered through a University approvals process ultimately by a Panel (the VS Panel) as follows:

1. Recommendation to the VS Panel for acceptance or rejection by the applicable Dean, for Faculty academic staff; and by the Dean in consultation with the Registrar and Secretary for Faculty based PSS staff; or
2. Recommendation to the VS Panel by the Registrar and Secretary for all other staff; and
3. Acceptance or rejection by the VS Panel which will comprise the Deputy President and Vice-Chancellor; the Director of HR; the Vice-President (Teaching and Learning); and the Vice-President (Research and Innovation). The decision of the VS Panel is final.

Where accepted, a formal offer will be made. There must be no presumption that an offer has been made - or is about to be made - until such an offer is received by the applicant in writing from HR.

All accepted applicants must enter into a compromise agreement with the University.

Re-employment

There will generally be no re-engagement or re-employment of a member of staff who leaves under the provisions of this Scheme for a period of 3 years from the date of leaving.

APPENDIX TWO

PROPOSAL

Increased Flexible Working Proposals

The Contingency Planning Project Team (Working Group 2: HR Policy Development) has considered a number of alternative options to reduce payroll costs.

Working Group 2 believes that the options proposed below are realistic because some of them will be potentially attractive to some University employees, they will contribute to payroll savings and they can be introduced without significant disruption to the University's administration (for example payroll).

It is proposed that employees who apply for any of the flexible working options below will, if successful, be offered a permanent change to their contracts of employment. However, the University recognises that such employees may in future wish to request to return to their previous working arrangements. The University will consider such requests sympathetically where budgetary considerations permit and there is an opportunity to make beneficial changes to staffing arrangements or service levels.

It will be necessary to consult with the Trade Unions about the proposals below. We believe that the unions will be receptive to them as they largely build on the policies and procedures that the University already has in place regarding flexible working arrangements. In addition, the University does not intend to impose any of the options onto employees. Take up will be entirely voluntary.

These changes are targeted in support of the University's fundamental strategic priorities. Whilst the changes do not impose any restrictions as to which employees may apply, decisions about which applications will be accepted will be determined in the strategic interests of the University.

This means that in arriving at a judgement about an application, careful consideration will be given to the extent to which individuals and activity centres are aligned with and contributing to:

(a) In the cases of academic staff:

- The research mission and goals of the University; and/or
- The education mission and goals of the University; and/or
- The financing of their own and/or the University's programmes and activities.

(b) In the case of all other staff:

- The efficiency and effectiveness of the University in meeting its legal, financial, administrative and statutory compliance obligations; and/or
- The three core goals and the associated enabling goals of the University; and/or
- The success of Faculties and Schools in generating discretionary surpluses.

Accordingly, The University reserves the right to accept or reject any application for these proposed changes.

Option 1 – Sabbatical

Currently the University offers paid sabbaticals to academic staff, and this will remain in place. Under a revised policy, all staff will be able to take sabbaticals for a minimum of 6 months up to a maximum period of 2 years. This sabbatical will be unpaid, and there will be a consequent impact on pension rights. The post will be left vacant during the period of the sabbatical. It will be necessary to create a new procedure to cover this new policy, to include management discretion as to whether sabbatical leave should be granted (which would include a right to decline a request where appropriate). Introducing a new policy and making changes to our existing policy will require consultation with the Trade Unions.

Option 2 – Reduction in the Working Week

The University currently has a flexible working policy which enables employees with caring responsibilities to request a reduction to their working hours with a consequent pro rata reduction in salary and benefits (including pension). We propose to extend the policy to all members of staff, irrespective of whether they have caring

responsibilities. The maximum period of reduction would be 50% of their current working hours. We believe that it is appropriate to consider introducing these changes to our existing policy on the same basis as we currently offer; that is, any change to working hours will be deemed to be a permanent change. Any changes to our existing policy will require consultation with the Trade Unions.

Option 3 – Increased Use of Job Share Arrangements

This is similar to Option 2 above, and would be included in the same policy. Members of staff can indicate if they are interested in a job share arrangement. The University will create a register of those who are interested, and where possible, will seek to match employees on the same grades, carrying out similar duties to a job share arrangement. Where an employee's hours are reduced there will be a consequent reduction in salary and benefits (including pension). We believe that it is appropriate to consider introducing these changes to our existing flexible working policy and on the same basis as we currently offer; that is, any change to working hours will be deemed to be a permanent change. Any changes to our existing policy will require consultation with the Trade Unions.

Option 4 - Revise contract to offer a shorter working year

The University can offer employees the ability to work a shorter working year (reduced from 12 months to a minimum of 9 months). Employees who opt for a shorter working year will receive reduced salary and benefits (including pension) on a pro rata basis. The pro rata salary will be paid over a 12 month period. It would be appropriate to consider introducing this change to our existing flexible working policy on the same basis as we currently offer namely that the change will be deemed to be a permanent change.

APPENDIX THREE

Protocols for protecting the interests of students in the event of industrial action against normal assessment, Progression and Graduation arrangements

The establishment of a University Examinations Board (with the Faculty Examinations Boards), with overall authority and responsibility in relation to the University's assessment and examination processes and the determination of grades for the academic year, including, where appropriate, the authority to determine all matters relating to the progression and award or non-award of degrees and other distinctions to students.

- (i) That any strike or 'action short of a strike' taken by staff of the University or other persons that prevents a student from beginning or completing the final examination or assessment should be regarded as "other sufficient cause" under the provisions of Statute XX.3, and "good cause" under the provisions of Paragraph 33 of the Regulations for Undergraduate Awards. In addition, the Board acknowledges that Senate has previously regarded these exceptional circumstances as justifiable reasons to relax conditions relating to the assessment of individual students, as permitted under the provisions of General Regulation XII.9.
- (ii) The empowerment of the University Examinations Board to authorize changes or amendments to the requirements for examination, assessment, progression and award or non-award of degrees and other distinctions, as set down in the Regulations for Undergraduate Awards, the Regulations for the Degree of Master, Postgraduate Diploma and Postgraduate Certificate, in Regulations for individual degree programmes, and any other Regulations as appropriate, provided that any such changes or amendments do not disadvantage students and maintain the quality of the University's awards.
- (iii) The University Examinations Board will have the following membership:
 - The President and Vice Chancellor (*in the Chair*)
 - The four Vice-Presidents and Deans of Faculty
 - The Vice-Presidents with policy responsibilities
 - Two professorial members of Senate, to be nominated by the President and Vice-Chancellor
 - One member of Senate from each of the four Faculties, drawn from the elected members of Senate
 - At least one external examiner The Registrar and Secretary (*Secretary*)

The University Examinations Board will have powers to co-opt up to four additional members.
- (v) The University Examinations Board will take all necessary steps to ensure: that a final result is determined for each student for the academic year; and
 - that the status of each student in relation to progression and, where appropriate,
 - the award or non-award of degrees or other distinctions is determined in time to meet the end of July deadline.
- (vi) The University Examinations Board, in determining results and making decisions in relation to progression and the award or non-award of degrees and other distinctions, will use its best endeavours at all times to ensure that the scholarly integrity of assessment and examination processes is maintained and that results are comparable with results in previous years.
- (vii) The establishment of a Faculty Examinations Board for each of the four Faculties, with overall authority and responsibility in relation to the processes for the assessment and examination of students in Schools assigned to the Faculty and the determination on recommendation from Boards of Examiners or from Heads of School for the progression of students and for the award or non-award of degrees or other distinctions.
- (viii) The Faculty Examinations Boards will have the following membership:
 - The Vice-President and Dean of the Faculty (*in the Chair*)
 - All Heads of School (or equivalent) within the Faculty
 - The Faculty Associate Dean for Teaching and Learning
 - The Faculty Associate Dean for Graduate Education
 - At least one external examiner
 - The Head of Faculty Administration or nominee (*Secretary*)

The Faculty Examinations Board will have powers to co-opt up to four additional members.

- (ix) Each Faculty Examinations Board will provide the University Examinations Board with a final result for all students in the Faculty concerned, according to a timetable determined by the University Examinations Board, together, where relevant, with recommendations about the progression and the award or non-award of degrees or other distinctions.
- (x) The Faculty Examinations Boards and the University Examinations Board will have assigned to them the responsibilities given to Boards of Examiners under General Regulation XII for assessing the form and content of examination papers and statements of other requirements and the determination of results.

Taken as read and signed as a correct record on 20 May 2010