

FINANCE AND EMPLOYMENT COMMITTEE

Minutes of meeting held on Tuesday 10 July 2018

Present: Mr N MacDonald (Chair)
 Prof C Husbands
 Lord Kerlake
 Prof J Patnick
 Dr S Timothy
 Mr M Conway (University Secretary and Clerk to the Board)

In Attendance: Mr R Calvert, Chief Operating Officer
 Ms D Harry, Chief Finance and Planning Officer
 Dr S Jackson, Interim Director of Human Resources + Organisational Development
 Prof C Kinsella, Chair of the Audit and Risk Committee (observer)
 Mr Daniel Ladbury, Director of Estates (Item 6.1)
 Ms Emma Scoffield, Director of Management Accounting (Item 7.1)
 Mr M Swales, Director of Estates and Facilities (Items 6.1 to 6.3)
 Mr P Sweeney, Governance Services (Minute Secretary)

Apologies for absence: Mr David Bradley and Ms Meg Munn

Paper reference	Minute reference	
	FEC/18/39	Declaration of Interests
	39.1	There were no declarations of interest.
FEC/2/18/M FEC/2/18/MC	FEC/18/40	Minutes of the meeting held on 23 May 2018
	40.1	The minutes and the confidential minutes were each <u>approved</u> as a correct record.
FEC/2/18/action	FEC/18/41	Matters Arising/Action Tracker
	41.1	The Committee <u>noted</u> the action tracker.
	FEC/18/42	Other Urgent Business
	42.1	There was no other urgent business.
	FEC/18/43	Sheaf Street Tower Development
	43.1	The Committee received a presentation on the Sheaf Street Tower Development. The proposal was for a developer-led scheme that would deliver a 300 capacity University branded and operated Conference Centre leased to the University free or peppercorn in consideration of lease premium and would include a quality hotel and serviced accommodation. A further update would be presented to the meeting in September 2018.

Action: Director of Estates

43.2 Members commented that the proposals represented new territory for the University and that the selection of the preferred developer was therefore critical. The Director of Estates and Facilities explained that the criteria for the developer included its proposals for the conference centre, the capability of its staff, its experience and track record and its likely partners for the hotel and residential aspects of the development. He agreed to circulate the evaluation criteria to the Committee for any feedback.

Action: Director of Estates and Facilities

43.3 The Committee agreed to form a small working group to receive updates on the selection of a preferred developer, including assurances as to its capability against the evaluation criteria. The membership of the group to include the Chair of the Board, Chair of the Committee and Professor Julietta Patnick.

Action: Clerk to the Board

FEC/3/18/6.2
Confidential

FEC/18/44 **Estate Developments**

44.1 The Committee received the summary of estates major projects showing overall risk status and the estate capital plan schedule. It noted that FEC Chair's Action had been taken to approve the release of the sum stated in the paper from the agreed total budget for the Campus Masterplan Phase One Business Case.

44.2 The Chair of the Board reported that Chair's Action had been taken to approve the increase in funding for the AWRC project as recommend by the Vice-Chancellor and the Chair of the Finance and Employment Committee in a report to him on 15 June 2018. The Board would receive a report on the Chair's action at its meeting in July 2018.

Action: Director of Estates and Facilities.

FEC/18/45 **Health Innovation Park**

45.1 The Committee received a progress report. A minute confidential to the Committee was recorded.

FEC/3/18/7.1
Confidential

FEC/18/46 **OFS Budget 2018/19 and Forecasts to 2022/23**

46.1 The budgets and forecasts for 2018/19 through to 2022/23 would be submitted to the Office for Students (OFS) after the Board meeting in July. The report presented to the Committee set out the methodology behind the preparation of the budget and forecasts, the underpinning assumptions, key financial outcomes and key financial risks. The report included five appendices which set out the Revenue Budget for 2018/19 (Appendix 1), the Capital Budget (Appendix 2), the OFS Forecast Commentary (Appendix 3), the OFS Forecast (Appendix 4) and a briefing note on the FRS102 pension charge (Appendix 5).

- 46.2 The OFS Forecast represented a prudential financial view and did not reflect the University's recruitment targets. Prudence was necessary for several reasons, including:
- The current student market with increased competition and the pressure to retain current market share;
 - Current demographic trends;
 - UCAS and University forecasts on applications.
- 46.3 The following points were made in response to comments and questions:
- i) In terms of performance indicators, the University would ideally want an operating surplus of 6-7% and staff costs of 56/57% of total expenditure. Incremental pay progression, which was in-built into the current pay system, presented a big challenge to achieving this.
 - ii) The £10m figure for strategy implementation (net of benefits) still felt appropriate. There was a lot of uncertainty around voluntary exit costs. However the University was able to control these and would not be driven over budget.
 - iii) Cash balances would decrease significantly after financing of the Campus Plan. It was important to make this very clear to the Board.
 - iv) A schedule on borrowing had been provided to the working group to clarify fixed and variable rates.
- 46.4 The Committee recommended that the Board approve the:
- i) Revenue Budget for 2018/19 (Appendix 1) and to note the financial projections for 2019/20 to 2022/23 arising
 - ii) capital budget (Appendix 2), totalling £70.2m (£47.0m net of capital grants and disposals) for 2018/19; noting that individual projects are subject to separate authorisation, as set out in the Financial Regulations
 - iii) capital equipment budget (Appendix 2) totalling £7.1m (£5.2m net of capital grants); noting that individual projects are subject to separate authorisation where applicable, as set out in the Financial Regulations
 - iv) submission of the OFS forecast (Appendix 4) and OFS forecast commentary (Appendix 3).

FEC/18/47 **Campus Masterplan Phase 1: Funding**

- 47.1 The Board's Campus Masterplan Task and Finish Group met for a second time on 6 July 2018. The Group received a presentation from QMPF, the Independent Financial Advisers for the Campus Masterplan. Four financing models were currently being worked on: partial refinancing, full refinancing, use of the University's cash resource and the do nothing option. The next step would be to speak with Barclay's to get their feedback.
- 47.2 The Chief Financing and Planning Officer reported that the University was also currently looking at options for short-term funding to give some flexibility. The market had moved and rates more preferable than before. This was not an easy option however as it would also require consent and would incur costs from Barclays.

FEC/3/18/7.3 Confidential	FEC/18/48	<p>Students' Union Grant 2018/19</p> <p>48.1 At its meeting on 4 July 2017, the Board of Governors approved the proposal for calculating the Students' Union grant (BG/4/17/7.5). In order to allow the Students' Union time to implement its strategy to 2020, and to provide stability, the recurrent block grant for 2017/18 and 2018/19 was agreed to be maintained at £2,458,407.</p> <p>48.2 The Committee <u>noted</u> the Students' Union grant for the year 2018/19.</p>
FEC/3/18/7.4 and Tabled Supplement Confidential	FEC/18/49	<p>Orders/Contracts above Approval Threshold Level</p> <p>49.1 Following consideration of a tabled supplement to paper FEC/3/18/7.4, the Committee <u>approved</u> the award of a contract to DTP Group Ltd for the refresh of desktop PCs, notebooks and associated services. The contract was for a minimum period of two years but would not exceed five years (2+1+1+1) and would have a potential total value as stated in the paper.</p> <p>49.2 The Committee noted that a contract had been awarded to Logicalis UK Ltd for the Intrusion Prevention System, part of tranche 2 of the University's Cyber programme. It prevented the University's data-centre network from attempted unauthorised/malicious attack. Including both hardware and software, the commitment over the 3 year contract would be at the value stated in the paper.</p>
	FEC/18/50	<p>Investment Schedule as at 9 July 2018</p> <p>50.1 The Committee <u>noted</u> the tabled paper.</p>
	FEC/18/51	<p>Professional Services Operating Model (PSOM)</p> <p>51.1 The Chief Operating Officer provided an update on progress.</p> <ul style="list-style-type: none"> i) The Student and Academic Services and Faculty Central Services work-streams were in the implementation phase with recruitment to grades 7&8 taking place in July and August and grades 3-6 in the autumn. ii) Consultation was about to open on proposals for a new Business Engagement, Skills and Employability service and University Research Services within the Business and Outward Engagement stream. iii) Early design on the final area of work involving internal and infrastructure services had recently commenced. iv) It was hoped to complete the programme by this time next year. <p>51.2 The Committee asked for assurance that concerns being voiced by trade unions and individual members of staff were being taken into account. The Chief Operating Officer reported that all feedback received consideration and that material changes had been made within Student and Academic Services in light of such feedback.</p>

FEC/18/52 **Governance Arrangements for Subsidiary Companies:
Revision to FEC Terms of Reference**

52.1

Governance arrangements were being revised to ensure a common model, a consistent approach and a clear sense of why the subsidiary had been set up. They would enable the Finance and Employment Committee to check in on an annual basis and would inform how Annual General Meetings were held in 2018. The changes would also require a minor change to the Committee's Terms of Reference. Proposals would be presented to the Committee at the meeting on 19 September 2018.

Action: Clerk to the Board

FEC/3/18/10

FEC/18/54

Annual Review of the Committee's Effectiveness

54.1

The draft Annual Report 2017/18 would be finalised with the outcomes of the Committee's discussion of its effectiveness and presented to the first meeting of the Board in autumn 2018. The Committee's approach to its annual review would be based on the CIPFA Good Practice Self-Evaluation Tool for Finance Committee members. A small number of questions had been circulated in advance to members covering the FEC's responsibilities in its terms of reference for the three plans: Finance, Estate and People. It was agreed to circulate these again following the meeting.

Action: Clerk to the Board

54.2

Members commented that the task and finish groups established during the year were working well.

54.3

The Committee received the report.

FEC/3/18/11

FEC/18/55

Schedule of Meetings and Forward Planning Programme

55.1

The Committee received the forward planning programme and noted that the next meeting would be held from 3.00pm until 5.30pm on 19 September 2018.