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| **CONFIRMED MINUTES OF THE MEETING HELD ON 20 SEPTEMBER 2022** | | |
| PRESENT: | | |
| John Cowling (Chair) | Lord Kerslake | |
| Professor Sir Chris Husbands | Giles Searby | |
| IN ATTENDANCE: | | AGENDA ITEM |
| Richard Calvert. Deputy Vice-Chancellor, Strategy and Operations (DVCSO) | | To item 7 |
| Mohammed Hannan, Governor Apprentice (Observer) | | All |
| Clair Marlow, Head of Legal Services and Deputy University Secretary | | All |
| Simon Taylor, Interim Chief Finance Officer (CFO) | | All |
| Tracey Taylor, Committee Secretary | | All |
| Dave Thornley, Head of Digital Architecture | | Item 12 |
| Toby Ward, Head of Estates and Workplace Development | | Item 13 |
| Libby Wilson, Group Director, Infrastructure and Change | | Items 12 and 13 |
| APOLOGIES: | | |
| Meg Munn, Gabrielle Berring and Katy Gaunt | | |

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| Minute Ref | Item of Business | Paper Ref |
| FEC/2022-09-20/1 | DECLARATIONS OF INTEREST |  |
| 1.1 | There were no declarations of interest. | |
| FEC/2022-09-20/2 | CHAIR’S BUSINESS |  |
| 2.1 | The Chair welcomed Mohammed Hannan, Governor Apprentice, to the meeting. Clair Marlow, Head of Legal Services and Deputy University Secretary, who would be clerking FEC meetings going forward, was also welcomed to the meeting. | |
| 2.2 | On behalf of the Committee, the Chair expressed their sadness at the passing of Her Royal Highness Queen Elizabeth II following a lifetime of service and devotion. | |
| FEC/2022-09-20/3 | MINUTES OF THE PREVIOUS MEETING | FEC/2022-09-20/P3 |
| 3.1 | The Committee approved the minutes (including the confidential minutes) of the meeting held on 20 June 2022 as an accurate record. | |
| FEC/2022-09-20/4 | MATTERS ARISING AND ACTION TRACKER | FEC/2022-09-20/P4 |
| 4.1 | There were no matters arising not covered elsewhere on the agenda. The Chair noted the addition of a regular digital report to the cycle of business and requested that timescales be agreed for the deferred item on reward and recognition and the item on Estates disposals options. | |
| FEC/2022-09-20/5 | PEOPLE PLAN REPORT |  |
| 5.1 | The Chair commented that it would be helpful in future to have a summary paper circulated in advance to assist members with meeting preparation. | |
| 5.2 | **Update on pay award negotiations and industrial action**; the DVCSO reminded members of this year’s 3% pay uplift negotiated by UCEA (incorporating higher increases for those staff at the bottom of the pay scale). Whilst this was rejected by all the main Trade Unions, UCEA had recommended that members implement the uplift and the majority of University staff would receive this in their September salary. A confidential minute was recorded. | |
| 5.3 | Members noted that Unison did not achieve the 50% threshold on the institutional ballot, but may choose to re-ballot. The outcome of UCU’s national aggregated ballot would not be known until late October. Other unions with a presence at the University had not yet confirmed their position. The DVCSO confirmed that no further action would be pursued by UCU under the previous year’s mandate. | |
| 5.4 | A confidential minute was recorded | |
| 5.5 | **Recruitment and retention**: following discussions at the previous meeting, it was reported that the turnover rate for permanent staff over the last 12 months stood at 8.1% which was higher than it had been historically but was not at a level that should cause too much concern in itself. . It was highlighted however that there were some areas around the University where retention of staff was an issue, such as IT specialist staff. This type of work could often be done remotely, and thus location was no longer a barrier to taking up employment elsewhere in the country. Due to various mitigating actions, it was hoped the position would improve over the next few months. | |
| 5.6 | A confidential minute was recorded. | |
| 5.7 | There were also pockets of specialist staff in Estates and Facilities and some areas of academic staff, particularly those coming from external professional roles, where similar issues were being experienced. Members noted that there were opportunities to recruit from outside the University sector for specialist IT and Estates posts.  The DVCSO advised that there was no single rationale for staff departing the University. Salary uplifts had prevented losing staff in some cases, but in others, particularly for mid-career and older staff, the differential in salary offered by other sectors was too great.  The Committee encouraged agility in key areas of risk and supported offering flexibility on location provided the job could be done effectively remotely. Members queried whether the current labour market difficulties may relate to withdrawal from the labour market during Covid and it was agreed that data on the proportion of staff who had taken early retirement/retirement over this period would be brought back to the Committee. | |
|  | **Action: Data on retirements during Covid to be provided – Chief People Officer, PVC (Diversity and Inclusion)** | |
| 5.8 | **Living Wage:** FEC noted that the University Leadership Team had approved a proposal to bring forward the award of the Living Wage supplement to October in response to the decision by the Living Wage Foundation to announce its new 2022/23 rate in September 2022 (usually November) in response to the rise in the cost-of-living. | |
| 5.9 | **Pulse staff survey results:** the DVCSO reported on the positive response rate to the May Pulse survey. Similar patterns were noted to previous surveys though scores had fallen slightly, possibly due to survey fatigue and concerns over the cost-of-living crisis. Scores for professional services staff were generally higher than those for academic staff which aligned with the sector trend and strong scores around localised team working and support were highlighted. It was likely that the next survey would be launched in November. | |
| 5.10 | **Health, Wellbeing, Welfare and Campus Working:** Members were updated on the generally positive response to hybrid working, noting that clear principles around this had been established with effect from this academic year and that most staff had settled into a work pattern. It was noted that next steps included considerations around the optimum work pattern, how much flexibility the University would accept for specific groups of staff and campus vibrancy. This was key for the Howard Street development in terms of future proofing building design. The Vice-Chancellor confirmed that generating sufficient staff to open the campus on the recent Bank Holiday had been without issue, demonstrating an engaged and willing workforce.  The Committee expressed its support for the University’s efforts to open the campus and agreed that campus vibrancy was key to the student experience.  Members commented that surveys were a useful pointer to health and wellbeing and that it would be helpful to routinely share staff survey results with the Committee. | |
|  | **Action: Committee Secretary to circulate the staff survey presentation after the meeting** | |
| FEC/2022-09-20/6 | UPDATE ON STRATEGIC OPPORTUNITY |  |
| 6.1 | Members were briefed on the current position with the strategic opportunity by the DVCSO. A confidential minute was recorded. | |
| FEC/2022-09-20/7 | PROVISIONAL OUTTURN FOR 2021/22 | FEC/2022-09-20/P7 |
| 7.1 | The CFO presented the highlights of the provisional outturn for the year ending 31 July 2022, which was subject to ongoing external audit. Key elements included:   * an operating surplus favourable to budget; * a strong closing cash balance; * compliance with financial covenants requirements. * A materially improved balance sheet position due to the revaluation of Local Government Pension Scheme (LGPS) deficit. | |
| 7.2 | Members commented on the positive outturn whilst acknowledging the challenges ahead. The CFO confirmed that a cautious approach had been taken to the preparation of the financial statements. In response to a member’s query, the Vice-Chancellor summarised the current student recruitment position with income targets balanced overall. | |
| 7.3 | A confidential minute was recorded. | |
| 7.4 | It was suggested that a further briefing on pensions and the recent changes would be helpful for FEC/the Board. | |
|  | **Action: Head of Legal Services and Deputy University Secretary to assess the appetite for briefing on Pension changes for the Board/FEC in 2023** | |
| FEC/2022-09-20/8 | BAD DEBTS PROVISION | FEC/2022-09-20/P8 |
| 8.1 | FEC considered the significant increase in overall bad debt provision compared with the previous year, largely due to outstanding Student Loan Company (SLC) debt over one-year old and adjustments made during the Covid pandemic where debt collection and legal processes had been paused. It was noted that the increase in total bad debt provision was also due to growth in international student numbers. Whilst international debt was more difficult to collect, the Finance Team were working actively to support these students as effectively as possible in order for them to be able to continue their studies and minimise the impact on their wellbeing. | |
| 8.2 | FEC supported the approach to debt visibility and **approved** the net write-off of irrecoverable debts of £119k and an increase of £1,889k in the provision for new bad debts in-year, as recommended by the University Executive Board (UEB). | |
|  | **Action: CFO to brief Giles Searby on the University’s debt collection processes.** | |
| FEC/2022-09-20/9 | STUDENTS’ UNION KPI PERFORMANCE | FEC/2022-09-20/P9 |
| 9.1 | The Committee reviewed the Students’ Union’s (SU) performance against agreed KPI, noting that engagement was particularly positive but with some shortfalls in student satisfaction over the last academic year. It was reported that performance had improved in some areas and that the University was working collaboratively with the SU on further improvements. It was also noted that whilst a very important voice, the number of students interacting with the surveys issued by the SU would not constitute a large enough representative to reflect the views of the whole student population. | |
| FEC/2022-09-20/10 | TREASURY MANAGEMENT POLICY (TMP) | FEC/2022-09-20/P10 |
| 10.1 | Members **approved** a proposal to extend the 6-month trial of the cash management platform (approved by FEC in March 2002) for a further period, subject to a review in 6 months. It was noted that there had been a delay in creating the account due to challenges in agreeing terms and conditions and recommended counterparties. The extension would allow the University to continue to assess the level of return (versus direct investment), counterparty diversification and administrative savings. | |
| 10.2 | The CFO briefed FEC on a breach of the TMP involving the credit rating of an individual counterparty. Whilst the investment could not be withdrawn before the end of the term, a risk assessment by the University’s external advisors had provided assurance that there was no immediate cause for concern and the position would be reviewed in early 2023. The Committee noted that improvements to monitoring processes had been implemented; credit ratings for all approved counterparties will be checked monthly, regardless of whether funds are placed with them. | |
| 10.3 | A confidential minute was recorded. | |
| FEC/2022-09-20/11 | FINANCIAL REGULATIONS | FEC/2022-09-20/P11 |
| 11.1 | The Committee was briefed on the following key changes to the Financial Regulations:   * the removal of outdated decision-making structures and other general updates; * a revised authorisations and accountability matrix which included: * a move to College Dean/Group Director approval below £500k spend supported by controls to ensure the relevant Deputy Vice-Chancellor/Pro Vice-Chancellor was consulted on significant expenditure; * a reduction in the financial threshold requiring approval by FEC from £2.5m to £2m to enhance compliance with procurement regulations; * the introduction of an upper limit for FEC approval of £5m with the aim of reducing traffic to the Board; and * a tiered approach to approvals of land/property acquisition, disposals and leases.   It was noted that Phase 2 of the review would focus on incorporating risk and address any accessibility issues. | |
| 11.2 | FEC resolved to **recommend** the revised Financial Regulations to the Board for approval. | |
| FEC/2022-09-20/12 | DIGITAL TRANSFORMATION REPORT | FEC/2022-09-20/P12 |
| 12.1 | The Group Director, Infrastructure and Change and the Head of Digital Architecture presented the highlights of the regular Digital Transformation Report, including:   * progress with the CRM programme which reached a major milestone over the summer and went live in August; the focus in 2022/23 would be to introduce enhancements to improve the user experience; * significant work around the changes to systems and processes required to support the growth agenda taking a holistic student lifecycle approach; * the new user interface for the Virtual Learning Environment (VLE); * the key challenge of balancing sequencing, budget and resource requirements to enable reduced dependency on external support over the next two years.   Members commented that information on student feedback would be helpful for the Committee. In response to a question on how the CRM could enhance the student experience, the Group Director reported that the CRM enabled different professional service areas to connect and acted as a single holding place for student encounters, enquiries and interventions. However, academic advisors mostly engaged through the learner analytic system and it was necessary to continue to test which vehicle was the most appropriate. It was suggested that a deep dive into learner analytics and the VLE would be beneficial.  The Committee discussed how lessons learned had influenced the CRM roadmap; it was advised that this focussed on a more agile approach. The positive feedback on team working had not yet been assessed as to whether this related more to the individuals involved or the methodology. It was agreed that the Group Director would explore how much lessons learned would inform the approach to future projects and feed back to FEC.  In response to a member’s question regarding the extent to which cyber security had been linked to upgrades, it was reported that a dedicated group had been established to look at the immediate steps to be taken over next few months and how the University approached the Cyber Essentials accreditation. | |
|  | **Action:**  **Group Director, Infrastructure and Change to report back to FEC on how lessons learned informed the approach to future projects**  **Committee Secretary to schedule deep dives into learner analytics/VLE and cyber security** | |
| 12.2 | Members considered a proposal to proceed with the Networking Equipment Project; although the individual orders from the project would be under £2m, the total cost of the project was likely to be above the threshold for FEC approval. This long-term project would be managed through the Technology and Data Strategy Implementation Board (TDSIB) and updates would be provided to FEC through regular reporting. The Committee resolved to **approve** the Networking Equipment Project following consideration by UEB on 13 September 2022. | |
| 12.3 | Members received a detailed briefing on Cloud migration project from the Head of Digital Architecture, key elements of which included:   * the definition of the ‘Cloud’ and its key benefits; * work up to the point of the pandemic which had positioned the University extremely well to respond to Covid. It had been quoted as a sector exemplar in bringing students back on campus in September 2021 and was a Microsoft Case Study for one particular area of the University. * the provider, MS Azure, the largest adopted solution in public sector; and * the successful migration of 60-70% of the University’s systems to the Cloud.   In response to a query on any emerging risks/consequential areas of concern, the Group Director, Infrastructure and Change reported on the risk of finance to support the programme given competing priorities. In terms of risk relating to providers, whilst MS Azure was not the largest player in the market, it did dominate the public sector. It was expected to see the market continue to be dominated by a small number of large players which did leave the University open to some less competitive pricing. An alternative option would be Multi- Cloud which spread the risk across several providers. | |
| FEC/2022-09-20/13 | ESTATES DEVELOPMENT REPORT | FEC/2022-09-20/P13 |
| 13.1 | Members received the report, noting the good progress on the Howard Street Site and the successful diversion of the Yorkshire Water sewer to budget and programme. It was reported that the new naming conventions would be based on Sheffield rivers. Key risks continued to be around inflation and material supply, but Members were reassured that the Team were managing to keep build costs down as much as possible.  With regard to the extended campus, the Group Director, Infrastructure and Change reported that the University was bringing together the thinking around the Campus Plan including the pace at which new spaces will be available, the evolving teaching and learning strategy and practice, changing staff use of space and underpinning digital enablers. | |
| 13.2 | A confidential minute was recorded. | |
| 13.3 | A confidential minute was recorded. | |
| FEC/2022-09-20/14 | COMMITTEE TERMS OF REFERENCE | FEC/2022-09-20/P14 |
| 14.1 | The Head of Legal Services and Deputy University Secretary presented the key changes to the Terms of Reference including   * reference to the delegated authority to FEC to approve the set-up of subsidiaries/joint ventures as per the financial thresholds in the revised Financial Regulations (£2m-£5m inclusive of VAT); and * changes to membership, clerking arrangements and internal decision-making structures.   FEC resolved to **recommend** the revised Terms to the Board of Governors for approval. | |
| 14.1 | Members were also briefed on highlights from a review of the Committee’s annual cycle of business for the 2021/22 academic year including the recruitment of an External Co-opted member to strengthen the balance of skills and work on the cycle of business to reposition the digital elements. The positive responses from the recent governance questionnaire regarding the effectiveness of the Committee’s operation were also noted. | |
| FEC/2022-09-20/15 | STUDENTS’ UNION FINANCIAL MONITORING | FEC/2022-09-20/P15 |
| 15.1 | The Committee received the SU financial results for the 2012/22 financial year which showed an operating surplus favourable to budget. The variance was largely due to savings on utilities and building maintenance and merchandise sales. | |
| FEC/2022-09-20/16 | **ORDERS AND CONTRACTS ABOVE THRESHOLD LEVEL** | FEC/2022-09-20/P16 |
| 16.1 | Members noted that 8 contracts with a value between £500k and £2.5m had been awarded since the last meeting including one approved under FEC Chair’s action on 1 September 2022 to publish a VEAT (Voluntary Ex-Ante Transparency) Notice in relation to the University’s Financial Trading courses. It was also noted that approval to award the Campus Works Partner and Project and Programme Support Partner contracts (approved by the Board in November 2021) would be sought under FEC’s Chair’s action following consideration by UEB on 27 September 2022. The outcome would be reported to the next Committee meeting on 14 November 2022. | |
| 16.2 | The Committee **approved** two tenders for release to the open market for AV Equipment and Furniture in the new build blocks A-D, noting that this spend was included in the overall Budget as approved previously by the Board. | |
| FEC/2022-09-20/17 | INVESTMENTS SUMMARY | FEC/2022-09-20/P17 |
| 17.1 | FEC noted the cash investment summary as at 31 May 2022. | |
| FEC/2022-09-20/18 | PENSIONS UPDATE | FEC/2022-09-20/P18 |
| 18.1 | Members received a comprehensive summary on the current position with the various pension schemes including the rationale for the movement on the LGPS deficit. | |
| 18.2 | A confidential minute was recorded. | |
| FEC/2022-09-20/19 | ANNUAL CYCLE OF BUSINESS 2022/23 | FEC/2022-09-20/P19 |
| 19.1 | FEC noted the Committee business for the remainder of the academic year and work to ensure good coverage of the various strands. | |
| FEC/2022-09-20/20 | ANY URGENT BUSINESS |  |
| 20.1 | There was no other business. | |
| FEC/2122-09-20/20 | DATE OF THE NEXT MEETINGS |  |
| 21.1 | Both meetings to be held on campus:   * Monday,14 November 2022, 13.30-14.30 - joint meeting with the Audit and Risk Committee to consider the Annual Financial Return. * 14 November 2022, 15.00-18.00 – to consider any additional Finance items outside of the joint meeting. | |

Meg Munn

Chair of the Employment and Finance Committee