

**CONFIRMED MINUTES OF THE MEETING HELD ON 2 JUNE 2020**

PRESENT (via Webex):

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| Neil Macdonald (Chair)  | Dr Julie Morrissy  |
| David Bradley           | Meg Munn           |
| Prof Sir Chris Husbands | Dr Stephen Timothy |
| Lord Kerslake           |                    |

IN ATTENDANCE:

AGENDA ITEM

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| Michaela Boryslawskyj, University Secretary and Clerk to the Board | All |
| Richard Calvert, DVC Strategy and Operations                       | All |
| Deborah Harry, Chief Finance and Planning Officer                  | All |
| Sally Jackson, Chief People Officer                                | All |
| Prof Chris Kinsella, Chair of Audit and Risk Committee (observer)  | All |
| Angela Temple, Governance Senior Adviser (Minute Secretary)        | All |

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| Agenda item 1<br>Paper Ref | <b>Apologies for Absence</b> | Minute Ref | FEC/20/22 |
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22.1 None.

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| Agenda item 2<br>Paper Ref | <b>Declarations of Interest</b> | Minute Ref | FEC/20/23 |
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23.1 There were no declarations of interest.

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| Agenda item 3.1<br>Paper Ref FEC/1/20M | <b>Minutes of Meeting held on 26 February 2020</b> | Minute Ref | FEC/20/24 |
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24.1 The minutes were confirmed as an accurate record.

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| Agenda item 3.2<br>Paper Ref FEC/2/20M | <b>Minutes of Meeting held on 23 April 2020</b> | Minute Ref | FEC/20/25 |
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25.1 The minutes were confirmed as an accurate record.

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| Agenda item 4<br>Paper Ref FEC/3/20/4 | <b>Matters Arising and Action Tracker</b> | Minute Ref | FEC/20/26 |
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26.1 There were no matters arising or amendments to the Action Tracker.

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| Agenda item 5.1<br>Paper Ref FEC/3/20/5.1<br>Confidential | <b>University Performance Report - Financial Monitoring (Period 9)</b> | Minute Ref | FEC/20/27 |
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27.1 The Chief Finance and Planning Officer (CFPO) introduced the University Performance Report for Period 9. The Committee noted that:

- i. income and expenditure were as expected, leading to an operating surplus which was within the best- and worst-case scenarios as reported at the 23 April 2020 FEC meeting;
- ii. the cash position was better than forecast due to a slowdown in capital expenditure;
- iii. work was on-going to investigate a potential liability related to the Teachers' Pension Scheme (TPS) which may result in the need to make a provision within the financial statements for the year ended 31 July 2020. There would be further clarity on this matter within the following few weeks.

27.2 During discussion, the following points were made:

- i. the UPR (breakdown by area) included several abbreviations and it would be helpful for future UPR reports to include a glossary of terms where abbreviations were used.
- ii. had the University accounted for all the necessary additional expenditure to facilitate remote working in its forecast for the year? The DVC Strategy and Operations confirmed that all expected expenditure for year ended 31 July 2020 had been accounted for. It was expected that further expenditure would take place in 2020/21.

28.1 The Chief Finance and Planning Officer (CFPO) updated the Committee in relation to covenants and the on-going discussions with the banks (Santander and Barclays). The Committee noted:

- i. that the University had two types of covenants (i) cash generation/income and expenditure covenants and (ii) balance sheet covenants – one pre-pension provision and one post-pension provision;
- ii. figures including details of headroom on covenants and the potential impact of the pensions valuation;
- iii. that pensions liability was volatile and difficult to predict, as this was based partly on stock market value. Human Resources and Organisational Development (HROD) were undertaking a sensitivity analysis in relation to the University's pensions schemes;
- iv. the University had asked Santander to consider whether the post-pension provision covenant was appropriate going forward, and also planned to ask Barclays to consider the status of their post-pension provision covenant;
- v. the outcomes of a QS survey of international students (conducted in May 2020) which indicated that a significant proportion planned to defer their entry to HE and some no longer intended to study overseas.
- vi. that in relation to home students there were risks that students would defer their entry and that the market would be affected by the student number cap<sup>1</sup>. HEIs reliant on high numbers of international students might seek to compensate by recruiting additional home/EU students;
- vii. the best- and worst-case scenarios for income;
- viii. the outcomes of a confidential BUFDG survey of HEIs in relation to the likelihood that in their worst case scenarios HEIs would breach covenants in 2019/20 and/or 2020/21 and the responses that HEIs had put in place/were planning in order to mitigate against potential covenant breaches;
- ix. that the University continued to monitor the status of its covenants and was in on-going discussions with Santander and Barclays.

28.2 During discussion, the following points were made:

- i. the impact of reduced undergraduate and international student numbers was on gross income;
- ii. the student number cap arrangements allowed the Office for Students the discretion to agree student number growth of 10% in some targeted areas – specifically NHS provisions and other priority subjects - with a maximum of 5000 additional healthcare students and 5000 additional students in other priority areas. The University was analysing the implications of the student number cap including identifying opportunities;
- iii. the University Leadership team had considered the cash conservation measures which the University may need to employ to address reduced gross income and this had been shared as part of agenda item 5.2b.

29.1 The Chief Finance and Planning Officer (CFPO) presented a paper setting out the timeline of events (from March 2020 to the end of 2020) and trigger points for decision and action. In particular, it was noted that:

<sup>1</sup> the Government planned to introduce a student number cap (SNC) for 2020/21 entry whereby the student intake to the University would be limited to an amount calculated from base entrant numbers for 2019/20, applying a base growth rate based on provider forecast data and then allowing an additional 5% growth) with some exceptions (see FEC/20/28.2)

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- i. the University would have an early indication of likely income and expenditure and cash following the UCAS deadline on 18 June 2020, and further information/clarity concerning medium term income and expenditure and cash in August 2020;
  - ii. any reduction in 2020/21 undergraduate student numbers would have a three-year impact on income;
  - iii. the University had already implemented a number of cost reduction measures and may need to consider additional short- or medium-term cost reduction measures when it had further information about its income and expenditure and cash position. The use of trigger points would ensure that the University had evidence on which to base any cost reduction decisions which would enable clear communication with staff about the need for any measures introduced;
  - iv. the University was planning for delivery in autumn 2020 including reviewing its portfolio which may encompass consideration of the financial sustainability of some part of the portfolio;
  - v. the University would need to consider the balance of cost savings made in particular areas and those made from across-the-board cost saving measures;
  - vi. work was being undertaken by College Deans on course viability;
  - vii. the University would consider the consumer protection (CMA) implications of any changes to course structure and/or delivery;
  - viii. the FEC meeting in July 2020 would consider the budget for 2020/21 for recommendation to the Board in July 2020;
  - ix. the additional FEC meeting in October 2020 would consider the five-year forecast (which would be submitted to the OfS as part of the annual accountability return). This would enable the preparation of the going concern report which was required as part of the audit of financial statements for the year ended 31 July 2020 and considered at the joint meeting of FEC and Audit and Risk Committee. There was a possibility that the OfS might require interim financial information, in which case the timetable may need to be amended.
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29.2 In response to questions the following was noted:

- i. in addition to the risk of reduced 2020/21 new student intake there was also a risk to retention of existing students including students seeking to defer, although this was felt to be a less significant risk as existing students would have built relationships within their existing cohort;
  - ii. communication had taken place with the Senior Leadership Group (SLG) concerning possible cost reduction measures and with the Trade Unions concerning the financial position of the University. In terms of Trade Unions there had been on-going communications pre Covid-19 concerning the University, and the sectors, financial position as part of negotiations in relation to the industrial action.
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29.3 The Committee was assured that the University was taking a robust approach to financial planning which would inform the budget for 2020/21 which it would consider in July 2020 (FEC/20/29.1viii refers).

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Agenda item 5.2c  
Paper Ref FEC/3/20/5.2c

**Budget and Forecast Timetable**

Minute Ref FEC/20/30

30.1 The Committee noted the budget and forecast timetable (see FEC/20/29.1 viii and ix).

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30.2 In response to a question it was noted that the University was formally required to share its financial forecast with the banks following approval by the Board. As this would not take place until November 2020 the University would need to share some information about risks and scenarios with the banks earlier than this as part of negotiations in relation to its covenant position – however, these would not be a formal forecast.

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| Agenda item | 5.3          | <b>Students' Union Financial Monitoring (Period 9)</b> | Minute Ref | FEC/20/31 |
| Paper Ref   | FEC/3/20/5.3 |  |            |           |
|             | Confidential |  |            |           |

31.1 The Chief Finance and Planning Officer introduced the Students' Union Financial Monitoring Report for Period 9. The Committee noted the Students' Union income and expenditure and cash position.

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| Agenda item | 5.4          | <b>Students' Union Grant 2020/21</b> | Minute Ref | FEC/20/32 |
| Paper Ref   | FEC/3/20/5.4 |                                      |            |           |
|             | Confidential |                                      |            |           |

32.1 The Chief Finance and Planning Officer introduced the report on Students' Union Grant 2020/21. The paper set out plans for year one of a five-year strategy for Sheffield Hallam Student's Union (SHSU), their draft 2020-21 budget proposal and made a recommendation in relation to the award of a grant to SHSU for 2020/21. The Committee noted that:

- i. it was important that the SHSU demonstrated how the grant would enable them to meet that five-year strategy;
- ii. the SHSU five-year strategy was subject to further revisions – specifically ULT had requested (i) the addition of KPIs with milestone targets for each year of the plan (ii) further development of shared services/joint working, as part of the development of a Partnership Agreement, to achieve mutual cost savings in future years;
- iii. the five-year strategy would be submitted to the Board of Governors in July 2020;
- iv. in view of the need for further development of the five-year strategic plan ULT had recommended that the Board should agree the grant to the SHSU for the first six months of 2020/21 with the grant for the second six months of 2020/21 being considered in autumn 2020;
- v. it would be necessary to agree the full year grant in the autumn in order for the SHSU to prepare its going concern report for its external auditors.

32.2 In response to questions the following was noted:

- i. the SHSU strategy was still considered applicable and relevant in the light of Covid-19. In particular, the SHSU had already been working to implement an effective Digital First Strategy. In addition, developments such as reviewing the use of the HUBS to move activity into the Colleges (to support their representation role) and considering their commercial offer were still applicable;
- ii. the SHSU were aware of the proposal in relation to the grant and that the Board would consider the five-year strategy in July 2020.

32.3 The Committee recommended to the Board of Governors that the Students' Union should be awarded a grant as set out in paragraph 2.6 of FEC/3/20/5.4.

32.4 The Committee agreed to consider the further grant request for the remaining 6 months of the academic year in October 2020 .

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| Agenda item | 5.5          | <b>Orders and Contracts Above Threshold Level</b> | Minute Ref | FEC/20/33 |
| Paper Ref   | FEC/3/20/5.5 |   |            |           |
|             | Confidential |   |            |           |

33.1 The Committee received the report and noted:

- i. the award of a contract for Media Buying (which had been approved by Chair's action) [minute FEC/20/16.2 refers];
- ii. forthcoming tenders in a number of areas which would require either Committee approval/Chair's action or noting by the Committee;
- iii. that a 3-year agreement for Microsoft Azure licences had been procured using a Southern Universities Procurement Consortium Framework;

- iv. that negotiations were on-going in relation to the Virtual Learning Environment, Blackboard. A shorter contract period meant that the total value of the proposed new agreement would not require FEC/Chair's action (as set out in FEC/20/16.2);
- v. that the contract for CRM services, approved by FEC, was being extended for the remaining two-year period;
- vi. that, using the emergency provisions allowed within regulation 72 of the PCR15 and reinforced within the Procurement Policy Note 01/20, the contract for grounds maintenance had been extended beyond its initial term;
- vii. that a contract for healthcare uniforms had been agreed with the incumbent provider.

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| Agenda item | 5.6          | <b>Ethical Investments Policy</b> | Minute Ref | FEC/20/34 |
| Paper Ref   | FEC/3/20/5.6 |                                   |            |           |

34.1 The Committee received the Ethical Investments Policy Report from the Chief Finance and Planning Officer and noted that the Ethical Investments Policy had not been amended since FEC approved this at its meeting on 22 May 2019. The Committee approved the policy for a further twelve months.

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| Agenda item | 6.1 | <b>Update on staffing</b> | Minute Ref | FEC/20/35 |
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35.1 The Chief People Officer provided an update on staffing.

35.2 The Committee noted the following in relation to the Government's furlough scheme (introduced in response to Covid-19):

- i. a number of staff had been furloughed (at 100% of their salary). The University had employed due diligence to decide on roles to be furloughed. All staff were from commercial services roles which were eligible for support under the Government's furlough scheme as they were not funded through public money;
- ii. the University had not used the furlough scheme for staff with carer responsibilities but had instead offered greater flexibility for those with carer responsibilities and the option to request compassionate leave. This approach had been discussed with the Trade Unions;
- iii. the University, via the Gold Group, would continue to review its use of furlough including requirements for staff on campus as buildings reopened etc;
- iv. there were a number of amendments to the furlough scheme arrangements – including introduction of more flexible furlough (from 1 July 2020), requirements for employers to meet the cost of national insurance and pensions contributions (from 1 August 2020), and changes to the proportion of salary paid by the government/requirements for employer contribution to salary. The scheme was due to end on 31 October 2020).

35.3 The Committee noted the following in relation to the University's People Plan:

- i. a review of the University's leadership development activities was being undertaken by a new member of staff in Human Resources and Organisational Development including a review of induction for new starters/those promoted to management roles to ensure that all managers understood the University's values etc.

35.4 In response to questions:

- i. it was confirmed that the University did currently have staff on campus to ensure that the estate was being appropriately monitored and managed;
- ii. in relation to furlough the University would consider part-time working (which was now permissible under the furlough scheme) and phase/staged furloughs.

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| Agenda item | 6.2          | <b>Staff Pulse Survey: Remote Working</b> | Minute Ref | FEC/20/36 |
| Paper Ref   | FEC/3/20/6.2 |   |            |           |

36.1 The Chief People Officer provided an update on the results of the Staff Pulse Survey on Remote Working that was open for staff to complete between the 30 April 2020 and 11 May 2020. The Committee noted that:

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- i. c.2500 staff had completed the pulse survey which had focused on questions in relation to communication, technology and support provided by managers during the transition to homeworking prompted by the Covid-19 situation. There had been a particularly positive response in relation to support provided by line management;
  - ii. in general, academic teaching staff had given slightly lower scores compared to professional services/academic research staff;
  - iii. further details of the results would be made available to the Board of Governors via the Governor Zone;
  - iv. action to respond to the 2019 staff experience survey was also on-going;
  - v. DTS had also conducted a survey on digital and technology capabilities. It was important that academic staff felt competent and enabled to deliver teaching remotely;
  - vi. Further analysis of the results of the pulse survey would be available for the July 2020 FEC and the Board

Agenda item 7

**Digital and Estates Strategies**

Minute Ref **FEC/20/37**

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37.1 The DVC Strategy and Operations gave an update on developments in relation to the Digital and Estates Strategies.

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37.2 In relation to Technology Strategy it was noted that:

- i. the IT infrastructure and network had responded well to the move to remote working. Moves to more to cloud based systems had increased capacity for remote working. Work was on-going especially around building capacity and resilience for performance computing activities (though the provision of a specialist remote desktop). Many more staff working with portable/mobile devices - shifting gradually away from desktop equipment which a lot of staff have been using, Action was being taken to ensure that all staff had the ability to work remotely, or on campus with portable device. The University had invested in laptops to support this accelerating transition;
- ii. in terms of systems architecture the key priorities were learner analytics and lecture capture both of which were more relevant post covid-19. These developments remained on track to deliver. Continuing investment in the CRM system and web technology also remained appropriate. The current view was that Blackboard remained the most appropriate virtual learning environment (VLE);
- iii. the IT team had been asked what their priorities would be if the University decided to significantly increase investment. Whilst this was not a commitment to do so it would enable the University to understand IT needs. It was likely that the outcome of this request would be available by the FEC meeting in July 2020.

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37.3 In response to a question about whether users IT requirements had been surveyed, it was noted that a skills audit was planned which would help identify IT training requirements

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37.4 In relation to Estates Strategy it was noted that:

- i. the Atrium contractors would be back on site this week or next, and contractors were already on site at Furnival Works.
  - ii. the University had rescheduled some essential maintenance during campus closure;
  - iii. the University had paused decisions on the next phase of significant new work in the estates plan, including the demolition of science park and major new builds, and would review further in autumn 2020 once the financial position was clearer;
  - iv. the significant interest in home working meant that there were opportunities to rethink the use of space. In addition, it was felt that there was opportunity to use the estate more efficiently by, for example, looking at the balance of generic space and speciality space and considering whether space should be owned by a particular area. There was a need to think more flexibly about design of teaching/learning spaces in the future and to use buildings for multiple purposes;
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- v. there may be opportunities to accelerate plans to exit some buildings which may have financial benefits though cash generation.

37.5 It was suggested that the University should consider opportunities for using space more creatively to support students including supporting the needs of students who were daily commuters to the campus and that this linked to the SHSU's plans to locate their representatives in Colleges to support students. The DVC Strategy and Operation suggested that the Future Strategy Group should consider the student campus experience and he would discuss this further with the Director of Estates in the first instance.

37.6 It was suggested that the Board members who had participated in the Board's task and finish group on financing the campus masterplan might be an appropriate group to use as a sounding board for discussions about estates developments.

37.7 It was noted that it was understood that a partner in the Hallam Alliance Partnership, was currently subject to a professional indemnity claim and it was suggested that the University should consider the impact of this on its Alliance partnership including ensuring that all appropriate papers/insurance coverage were in place. It was noted that FEC had received a paper concerning the Alliance contract/insurance and this would be re-circulated to members. The DVC Strategy and Operations would discuss this matter further with the Director of Estates and consult with Dr Julie Morrissy concerning this if further information about the PI claim was required.

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| Agenda item 8        | <b>Estates Development Report</b> | Minute Ref FEC/20/38 |
| Paper Ref FEC/3/20/8 |                                   |                      |
| Confidential         |                                   |                      |

38.1 The Committee received the Estates Development Report.

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| Agenda item 9        | <b>Investments Summary</b> | Minute Ref FEC/20/39 |
| Paper Ref FEC/3/20/9 |                            |                      |
| Confidential         |                            |                      |

39.1 The Committee received the Investments summary report.

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| Agenda item 10        | <b>Finance and Employment Committee Annual Business Cycle</b> | Minute Ref FEC/20/40 |
| Paper Ref FEC/3/20/10 |   |                      |

40.1 The Committee received the Committee's business cycle setting out items for discussion to the end of 2020.

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| Agenda item 12 | <b>Date of next meeting</b> | Minute Ref FEC/20/41 |
| Paper Ref      |                             |                      |

41.1 Wednesday 15 July 2020