

**CONFIRMED MINUTES OF THE MEETING HELD ON 14**

**OCTOBER 2020 PRESENT (via WebEx):**

Neil Macdonald OBE (Chair)	Lord Kerslake
David Bradley	Chris Kenny
Professor Sir Chris Husband	Meg Munn

**IN ATTENDANCE:**

Michaela Boryslawskyj, University Secretary and Clerk to the Board  
 Richard Calvert, Deputy Vice-Chancellor (Strategy and Operations)  
 Deborah Harry, Chief Finance and Planning Officer  
 Prof Chris Kinsella, Chair of Audit and Risk Committee (observer)  
 Daniel Ladbury, Director of Estates and Facilities (for Agenda item 10)  
 Pete Sweeney, Governance Senior Adviser (Minute Secretary)

**APOLOGIES:** Dr Julie Morrissy

Agenda item Paper Ref	<b>Opening Comments</b>	Minute Ref	FEC/20/81
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81.1 Neil MacDonald was congratulated on the OBE he had received in the Queen's Birthday Honours for services to Education and Business.

Agenda item Paper Ref	<b>Declarations of Interest</b>	Minute Ref	FEC/20/82
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82.1 There were no declarations of interest.

Agenda item Paper Ref	<b>Minutes of Meeting held on 16 September 2020</b>	Minute Ref	FEC/20/83
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83.1 The minutes were confirmed as an accurate record.

Agenda item Paper Ref	<b>Matters Arising and Action Tracker</b>	Minute Ref	FEC/20/84
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84.1 Minute 20/63.2: Further to comments made at the previous meeting, the Nominations Committee had decided to defer handover to the new Chair of the Finance and Employment Committee until after the completion of the 2019/20 financial reporting cycle.

84.2 Minute 20/79.1: In accordance with responses received from members following the meeting on 16 September, the Committee had resolved to recommend to the Board of Governors approval of a sub-lease of land on Howard Street and acquisition of property at the Olympic Legacy Park.

Agenda item Paper Ref	<b>Interim Financial Data Collection Workbook</b>	Minute Ref	FEC/20/85
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85.1 The interim financial data collection workbook provided a summary of information relating to the year ended July 2020 as well as forecast information on expected financial performance and position relating to the year ended July 2021. The interim submission was required by the OfS to maintain an assessment of the financial viability of providers as they managed the implications of Covid-19. The Chief Finance and Planning Officer reported that the University Leadership Team had reviewed the budget for 2020/21 and had decided no changes should be made at this stage. Elements of uncertainty remained around the forecast for 2020/21 and the figures could be adjusted if necessary, in the final version submitted in February 2021.

85.2 The Committee resolved to agree a recommendation to the Board that it approved the OfS interim financial data collection at its meeting on 23 October 2020 and subsequent submission to OfS by 30 October 2020.

Agenda item Paper Ref	6.	<b>Financial Sustainability</b>	Minute Ref FEC/20/86
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86.1 The Committee received a version of the presentation given to the Board at its meeting in September 2020 on the potential financial outlook for the University and key financial challenges. The purpose of presenting it again was to give the opportunity for a more detailed and technical discussion than had been possible at the Board. The presentation set out the potential financial outlook for the University taking account of the impact of the Covid-19 pandemic and pre-existing structural and economic factors.

86.2 In discussion, the Committee stressed the importance of moving from analysis of the problems that needed to be addressed towards identification of solutions. It was noted that proposals for strategic change, including addressing the financial challenges, were being developed for consideration at the Board Strategy Event in October 2020.

Agenda item Paper Ref	7.	<b>Pensions Overview</b>	Minute Ref FEC/20/87
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87.1 The report provided an overview of the current pension provision and highlighted some issues for the Committee's attention, including:

- I. The risk of increased pension liability potentially causing a negative balance sheet.
- II. The likelihood of increased cash contributions to Local Government Pension Scheme (LGPS) and Universities Superannuation Scheme (USS).
- III. The proposed USS financial restrictions.

87.2 The Chief Finance and Planning Officer reported that the Provisional Outturn for 2019/20 had been updated following discussions around the LGPS pensions assumptions. This had resulted in a reduction of the accounting liability. The updated version would be issued to the Committee outside of the meeting.

**Action: Chief Finance and Planning Officer**

87.3 The Committee held a full and open discussion of the issues raised by the report, the options available to address those issues, and the University's appetite for exploring those options. The following points were raised for the attention of the Board:

- I. No action taken around pensions would impact significantly on the University's financial position over the next five years. The focus for addressing the immediate financial challenges should remain on income growth and alternative measures to reduce expenditure.
- II. Where membership of pension schemes was mandated, for example with LGPS and TPS, then options were limited. Applying such options would be difficult, high-risk, and potentially disruptive. However, this did not mean they should be discounted without detailed consideration of these issues.
- III. The issues around pensions affected the whole of the sector and would be best addressed on a sector-wide basis. There was no intention for the University to be a forerunner in this area.
- IV. Adoption of the current Government proposal around the removal of the requirement for higher education corporations to offer new non-teaching staff access to LGPS would likely have limited impact in the medium-term. The Government had yet to respond to the consultation and unions opposed the proposals.
- V. There was a danger of not acting because of the difficulties around doing so only to then keep returning to the same issues. The Board needed to keep an eye on this therefore

and might want to establish a working group to monitor the regulatory position and activity elsewhere in the sector. The Committee would also keep the issue on its agenda.

87.4 The Committee noted the current position and requested further information regarding impact timescales for the range of cast reduction options and potential impact of any change in policy around offering access to LGPS.

**Action: Chief Finance and Planning Officer**

Agenda item	8.	<b>Risks and Implications of a Negative Balance Sheet</b>	Minute Ref	FEC/20/88
Paper Ref	FEC/6/20/8			

88.1 The report set out the risks and implications should increasing pension liabilities mean the University found itself in a negative net assets position (negative balance sheet). The Committee noted that this was not an immediate issue facing the University but that should this become an issue in the longer-term, a negative balance sheet could have potential implications around the OfS, auditors, and banking arrangements. The University was not alone in facing these issues and many institutions across the sector would be in a similar position.

Agenda item	9.	<b>Students Union Grant 2020/21 (February 2021- July 2021)</b>	Minute Ref	FEC/20/89
Paper Ref	FEC/6/20/9			

89.1 The Committee resolved to recommend to the Board of Governors approval a grant to the Students' Union of £1,229k for the remaining 6 months of the 2020/21 academic year (February-July 2021).

Agenda item	10.	<b>Estate Strategy Developments</b>	Minute Ref	FEC/20/90
Paper Ref	FEC/6/20/10			

90.1 The report set out key decisions and a forward decision timeline for the development of the Estates capital plan further to the direction of travel agreed by the Committee in September 2020. The Director of Estates and facilities reported that further work had taken place around the affordability of the capital plan. It was not considered feasible to deliver new build and other capital projects simultaneously and it may be necessary to look at additional financing to prevent pushing the programmes out too far into the future. The Committee was being asked to consider some immediate priorities at this meeting. There would be further discussion at the Board Strategy Event around the requirements of the campus in the future. This would be informed by work coming out of the Future Strategy Group.

90.2 In discussion, members commented that the case for demolishing the Science Park was very strong. There were risks associated with this, but these could be mitigated with creative thinking about how to use the space if it were not possible to develop within the planning permission timeframes. The site was a core part of City Campus going forward so it was unlikely that it would not be built on. The uncertainty was around when the building would start.

90.3 It was noted that whilst the ongoing financial plan did not include any capital receipt, work was taking place to consider realisation of asset value. The Committee suggested that the Board might want to establish a working group on this going forward with a similar remit to that proposed around the Sheaf Tower development.

90.4 The Committee:

- I. Resolved to recommend to the Board of Governors approval to proceed with the demolition of the Science Park and undertake enabling works at an estimated cost of £2.9m. This would require approval to draw down further funds from the agreed budget.
- II. Resolved to recommend to the Board of Governors agreement to proceed with RIBA 4 design work. This would require approval to draw down further funds from the agreed budget.

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- III. Confirmed the intent to proceed with construction of new buildings, subject to finances being available prior to commencement of construction. A key decision point set for May 2021 on this.
  - IV. Noted the intent to investigate alternative financing models to address the cashflow pressure to enable the Howard St developments to proceed as a single development and to support financing of the remainder of a revised Campus Plan.

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item

**Staffing Update**

Minute Ref **FEC/20/91**

91.1 The Deputy Vice-Chancellor (Strategy and Operations) reported the following points:

- I. The wellbeing of staff and students remained of utmost importance. A pulse survey conducted shortly after lockdown had returned some generally positive views about remote working. It was recognised however that pressures on staff were now increasing and that those who might have been expecting to resume on-site working soon now faced the prospect of several more months working from home.
- II. The UCU national position was online by default. This had been adopted by the local branch which had issued a failure to agree notice. However, it had not yet moved to ballot for industrial action.
- III. A new pulse survey would be issued shortly.

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item

**Finance and Employment Committee Annual  
Business Cycle**

Minute Ref **FEC/20/92**

Paper Ref **FEC/6/20/12**

92.1 The Committee noted the report.

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**Date of Next Meeting**

Minute Ref **FEC/20/93**

93.1 11 November 2020

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