

CONFIRMED MINUTES OF THE MEETING HELD ON 16

September 2020 PRESENT (via WebEx):

Neil Macdonald (Chair)	Chris Kenny
Professor Chris Husbands	Julie Morrissy
Lord Kerlake	Meg Munn

IN ATTENDANCE:	AGENDA ITEM
Michaela Boryslawskij, 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
Dan Ladbury, Director of Estates and Facilities	8.1-8.2
Linda Mason, Director of Strategy, Planning and Insight	7.1-7.2
Pete Sweeney, Governance Senior Adviser (Minute Secretary)	All
Simon Taylor, Director of Finance	6.3

APOLOGIES: David Bradley

Agenda item	Opening Comments	Minute Ref	FEC/20/58
Paper Ref			

58.1 The Chair welcomed Chris Kenny to his first meeting as a member of the Committee.

Agenda item	Declarations of Interest	Minute Ref	FEC/20/59
Paper Ref			

59.1 There were no declarations of interest.

Agenda item	Minutes of Meeting held on 15 July 2020	Minute Ref	FEC/20/60
Paper Ref	FEC/4/20M		

60.1 The minutes were confirmed as an accurate record.

Agenda item	Matters Arising and Action Tracker	Minute Ref	FEC/20/61
Paper Ref	FEC/5/20/4		

61.1 There were no matters arising or amendments to the Action Tracker.

Agenda item	Deputy Chair of Finance and Employment Committee	Minute Ref	FEC/20/62
Paper Ref			

62.1 The Committee agreed the appointment of Meg Munn as Deputy Chair until the point she takes the position of Chair.

Agenda item	Office for Students (OfS) Update on approach to Regulation and Information about Deadlines for Data Returns	Minute Ref	FEC/20/63
Paper Ref	Additional item		

63.1 The Committee received an additional paper which set out the University's planning to ensure that the revised data return deadlines set by the Office for Students were met. The implications for the Finance and Employment Committee included:

- I. A special meeting on 14 October 2020 to consider the interim return submission.
- II. A special meeting to be held in January 2021 to consider the Draft Annual Financial Return submission.

- III. A joint meeting with the Audit and Risk Committee to be held in January 2021, rather than November 2020 as originally scheduled, for the committees to consider the Annual Report and Financial Statements for recommendation to the Board, in accordance with their respective terms of reference.

63.2 In discussion, it was noted that the current chairs of the FEC and Audit and Risk Committee were due to step down from those roles at the end of 2020 as part of the succession arrangements agreed by the Board in July 2020. The Committee suggested that the Nominations Committee might consider whether the current chairs should remain in post until after the joint meeting in January 2021.

Action: Clerk to the Board

Agenda item	6.1	University Performance Report – financial monitoring Provisional Outturn 2019/20 (Period 12)	Minute Ref	FEC/20/64
Paper Ref	FEC/5/20/6.1			
	Confidential			

64.1 The provisional outturn for 2019/20 was broadly in line with the position at period 11 reported to the Committee in July 2020. The reported deficit was favourable to budget. The Committee commended the Chief Finance and Planning Officer for her work in helping to steer the University through a very challenging financial period.

Agenda item	Additional Item	University Budget 2020/21	Minute Ref	FEC/20/65
Paper Ref				

65.1 At its meeting in July 2020, the Board had resolved to approve the Income and Expenditure, Balance Sheet, Cash and Capital Budget for 2020/21. In doing so, the Board noted that given the uncertainty and the challenges for financial forecasting and planning, the University Leadership Team would review the 2020/21 budget in September 2020 and confirm whether to propose any in-year changes.

65.2 The Chief Finance and Planning Officer reported that the University Leadership Team had reviewed the budget at its meeting on 15 September 2020 and its recommendation was that no major changes were necessary. With regards the key risk areas:

- I. Undergraduate student recruitment was on, or just above, budget.
- II. Evidence from deposits received and Confirmation of Acceptance Statements issued by the University indicated that international student recruitment would be close to budget. Evidence from deposits received also suggested there could be a bigger than expected increase in recruitment in January 2021.
- III. Staff costs remained on budget following the decision that there would be no pay uplift in 2020/21.

65.3 The Committee noted that there were no in-year changes to propose to the Board.

Agenda item	6.2	Covenants Update	Minute Ref	FEC/20/66
Paper Ref	FEC/5/20/6.2			
	Confidential			

66.1 A minute confidential to the Committee was recorded.

66.2 At its meeting in July 2020, the Board had agreed to the re-formulation of the Financing the Campus Plan Task and Finish Group. The Group had been delegated authority for a specified period to carry out work in relation to the covenants in the loan facility agreements with the banks. The Committee noted that the Group had not been required to meet at present.

Agenda item	6.3	Bad Debts: Recommended Provision and Write-off at 31 July 2020	Minute Ref	FEC/20/67
Paper Ref	FEC/5/20/6.3			
	Confidential			

67.1 A large proportion of the proposed bad debt write off related to student debt. The University had taken all reasonable steps to recover these debts, but now considered them to be irrecoverable.

67.2 In discussion, members commented that it was almost inevitable that provision would have to increase given current circumstances. The Director of Finance reported that the University had taken a more flexible approach in recent months to late tuition fee payments in response to Covid-19. Standard pre-exclusion measures for non-payment of fees, which included suspension of IT facilities, had not been operated. Students were however still required to pay outstanding tuition fees before they could progress to the next level of study or receive an award. Pre-exclusion measures had now been reinstated.

67.3 The Committee resolved to approve:

- i. the net write-off of debts of £276.3k that were considered to be irrecoverable against the prior year bad debt provision; and
- ii. an increase of £843k in the provision for new bad debts in the year.

Agenda item	6.4 FEC/5/20/6.4 Confidential	Students' Union Financial Monitoring Provisional Outturn 2019/20 (Period 12)	Minute Ref	FEC/20/68
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68.1 The Committee noted the provisional outturn which was favourable to budget.

Agenda item	6.5 FEC/5/20/6.5 Confidential	Orders and Contracts	Minute Ref	FEC/20/69
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69.1 The Committee received the report and:

- I. Resolved to approve a contract for the supply of half-hourly metered electricity.
- II. Noted that a further contract for non-half-hourly electricity would be issued to the Director of Estates for execution later in September.
- III. Noted the award of a contract for Microsoft software packages.
- IV. Noted the award of a contract for hot beverages.

Details of the successful tenders and the duration and value of the contracts were stated in the paper FEC/5/20/6.5.

Agenda item	7.1 FEC/5/20/7.1 Confidential	Key Performance Indicators for the Chief People Officer's Portfolio	Minute Ref	FEC/20/70
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70.1 At its meeting in July 2020, the Committee had received an overview of the range of work being undertaken by the Chief People Officer's portfolio and noted that performance indicators were being developed in relation to the various activities. The Chief People Officer now presented a report outlining the Key Performance Indicators (KPIs) that would be used to measure the success of those activities. It was intended for the KPIs to lead to team objectives and ultimately individual objectives.

70.2 The following points were made in response to comments and questions from members of the Committee:

- I. Equality, diversity, and inclusion was at the heart of everything the University did and a key stream within the University Strategy. It was recognised that there were insufficient performance indicators currently and this was being addressed. Everyone in the University had to understand their role in equality, diversity, and inclusivity for the activities to be successful.
- II. It was recognised that the % of staff costs in relation to overall costs was a crucial performance indicator that must be addressed. This would however require a careful consideration of risk and recognition that good staff were the University's most valuable assets.
- III. It was suggested that these KPIs could be considered by the Audit and Risk Committee so that it could provide assurance that controls were strongly embedded from a risk perspective; in discussion it was agreed that these could be considered for inclusion in the University Performance Report which would enable this oversight on an ongoing basis

and it was suggested that the Audit and Risk Committee might want to consider a presentation on this topic at a future meeting.

Action: DVC S&O/Chief People Officer

Agenda item	Organisational Values	Minute Ref	FEC/20/71
Paper Ref	FEC/5/20/7.2		

71.1 The Chief People Officer briefed the Committee on the work taking place to develop a shared set of organisational values. A comprehensive but rapid piece of work was planned between now and the end of November 2020 with final outputs developed and agreed by the end of the 2020 calendar year. The programme of work would be based around a series of facilitated conversations designed to get greater involvement and positive engagement across the University in thinking about the organisation's values and understand in what ways they were mission critical to future success.

71.2 The Committee noted there would be a session on organisational values at the Board's strategy event in October 2020. Governors would receive a questionnaire to complete ahead of the event.

Action: Chief People Officer

Agenda item	Capital Plan and Estates Considerations Report	Minute Ref	FEC/20/72
Paper Ref	Confidential		

72.1 The Deputy Vice-Chancellor (Strategy and Operations) reported there were two factors determining the current direction of travel with the Estates Strategy:

- I. The impact and Covid-19 on the University's financial position, and
- II. The opportunity to rethink the vision for the estate in a more ambitious way for students and staff.

Further consideration was being given to the content of the Strategy and the pace of delivery. Proposals for this would start to take shape by the time of the Board's Strategy Event in October 2020 where there would be recommendations for initial phases of delivery.

72.2 The Director of Estates and Facilities introduced the report which set out options and considerations for the development of the Estates capital plan, noting the impact of Covid-19 on working methods and University finances. The report contained issues requiring immediate and imminent consideration by the Committee alongside longer-term options for initial discussion

72.3 The Committee considered requests to bring forward spend or increase budgets for individual projects and:

- I. Resolved to recommend to the Board of Governors approval to increase the budget works for Howard Street Developments by £540k to a total of £11.74m to complete the RIBA 3 design works and include some contingency, noting this is bringing forward spend rather than changes in overall budget.
- II. Resolved to recommend to the Board of Governors approval to increase overall scheme budgets for the Howard Street developments and University Green and factor these costs into longer term planning through a re-profiling of the capital plan. Total cost pressure was £7.9m.
- III. Resolved to approve the increased budget for Adsetts, funding this from programme contingency already approved within the capital plan.

72.4 The Committee noted that decisions would be required in October 2020 about whether to:

- I. Pause design development work for Howard Street developments at the end of RIBA 3 or continue with RIBA 4 development, and
- II. Proceed with the demolition of the Science Park buildings and bring forward enabling works noting wider capital plan considerations.

72.5 The Committee considered a set of options for progressing with future developments in light of the current financial challenges. The options ranged from pausing developments whilst

undertaking essential works only through to an accelerated delivery of a truly changed estate. In discussion of these options, the following points were made:

- I. Commitment to radical change must align with University strategy, including how it intended to teach in the 'new normal' and the outcomes of the portfolio review.
- II. A range of financing options would need to be considered, including consideration of the bond market. It was noted that the overall appetite for lending to the sector had not changed since this was last explored
- III. There were risks associated with a dependency on capital receipts for financing in the current financial climate.
- IV. The current estate was used inefficiently. The University needed to make better use of a smaller estate to deliver high value for students.
- V. Thinking around the options would need to be informed by research into how working practices might look in the future.

72.6 The Chair summarised the view of the meeting as supporting a radical approach whilst being cognisant that the world was a different place. An enhanced version of Option 2 appeared to be the way forward. It was noted that the Committee would return to this issue at the meeting in October where the key question would be whether it was sufficiently confident in the financial position to proceed with the demolition of the Science Park.

Agenda item Paper Ref	9 Update on Potential Business Opportunity	Minute Ref FEC/20/73
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73.1 A minute confidential to the Committee was recorded.

Agenda item Paper Ref	10 Finance and Employment Committee Draft Annual Report to the Board	Minute Ref FEC/20/74
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74.1 The draft annual report took account of responses from members to a set of questions on committee effectives issued in August 2020. Reflecting on those comments, the Clerk to the Board reported that a procurement process for a digital board pack had commenced. In discussion it was noted that the Committee's Terms of Reference did not include reference to 'digital' alongside finance, estates, and capital programmes. It was agreed to recommend to the Board that this should be added.

Action: Clerk to the Board

Agenda item Paper Ref	11 Estates Development Report	Minute Ref FEC/20/75
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75.1 The Committee noted the report.

Agenda item Paper Ref	12 Advanced Wellbeing Research Centre	Minute Ref FEC/20/76
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76.1 The Committee noted the report. In doing so it commented on the very positive content and requested it be circulated to the rest of the Board for information.

Action: Clerk to the Board.

Agenda item Paper Ref	13 Investment Summary - 31 August 2020	Minute Ref FEC/20/77
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77.1 The Committee noted the report.

Agenda item Paper Ref	14 Financial and Employment Committee Annual Business Cycle	Minute Ref FEC/20/78
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78.1 The Committee noted the report.

Agenda item	15 Other Urgent Business	Minute Ref FEC/20/79
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79.1 The Clerk the Board reported that a paper containing proposals regarding leasing and acquisition of land had been uploaded to the Governor's Zone following the University leadership team meeting on 15 September. The action required of the Committee in both cases was to agree to recommend approval to the Board of Governors. Given the short notice, members would be asked to respond outside of the meeting no later than 23 September. The views of members would be reported to the Chair after this deadline and the confirmed decision recorded in the minutes of the next meeting on 14 October.

Action: Clerk to the Board

Agenda 16
item

Date of Next Meeting

Minute Ref **FEC/20/80**

80.1 14 October 2020
