

CONFIRMED MINUTES OF THE MEETING HELD ON 29 SEPTEMBER 2021
PRESENT (via Zoom):

Neil Macdonald (Temporary Chair)	Meg Munn
Professor Chris Husbands, Vice-Chancellor	Giles Searby
Lord Kerslake	

IN ATTENDANCE:	AGENDA ITEM
Michaela Boryslawskyj, University Secretary and Clerk to the Board	All
Richard Calvert, Deputy Vice-Chancellor (DVC), Strategy and Operations	All
Deborah Harry, Chief Finance and Planning Officer	All
Dr Sally Jackson, Chief People Officer	All
Riaz Nurennabi, Head of Pensions Development and Payroll	Item 9
Simon Taylor, Director of Finance	Item 6.3
Tracey Taylor, Committee Secretary	All
Libby Wilson, Director of Transformation	Item 7

APOLOGIES: Gabrielle Berring, Chris Kenny

Opening Remarks	Minute Ref
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- 1.1 Neil McDonald advised members that he was standing in for the Committee Chair who was joining the meeting remotely from a train. New Independent Member, Giles Searby, was welcomed to his first meeting of the Committee.

Agenda item Paper Ref	Declarations of Interest	Minute Ref
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- 2.1 There were no declarations of interests.

Agenda item Paper Ref	Minutes of Meeting held on 19 May 2021	Minute Ref
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- 3.1 The Committee approved the minutes (including the confidential minutes) as an accurate record, noting minor amendments post circulation.

Agenda item Paper Ref	Matters Arising and Action Tracker	Minute Ref
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- 4.1 There were no matters arising not covered elsewhere on the agenda.

Agenda item Paper Ref	Potential Opportunity: Strategic Business Case	Minute Ref
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- 5.1 The Deputy Vice-Chancellor (Strategy and Operations) updated the Committee on the status of the strategic business opportunity which had been considered at a special meeting of the Board earlier that day

- 5.2 A confidential minute was recorded.

Agenda item Paper Ref	Provisional Outturn 2020/21	Minute Ref
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- 6.1 The Chief Finance and Planning Officer presented the provisional outturn for 2020/21 (subject to audit), including a comparison with the previous year, which showed a positive performance. This was predominantly due to a better-than-expected performance in international student recruitment and significant non-pay savings due to the continuing impact of the pandemic on certain activities. It was noted that the most significant savings

were in the areas of estates costs (though any underspend on capital would be compensated for in future years), IT expenditure and staff travel costs.

6.2 A confidential minute was recorded.

6.3 In response to a member's query on the reduction against budget in pay costs as a percentage of income, the Chief Finance and Planning Officer confirmed that this was due a higher level of income than originally forecast rather than a particular initiative to reduce pay costs. Members questioned whether non-pay cost savings were likely to revert to previous levels and it was reported that in general the cost savings generated in 2020/21 should not lead to cost overruns in 2021/22.

Agenda item 6.2
Paper Ref FEC/4/21/6.2
Confidential

**Update from the Refinancing for
Transforming Lives Task and Finish Group**

Minute Ref FEC/5/21/7

7.1 The Committee received the last minutes of the last T&FG meeting on 27 August 2021, noting that the next meeting of the Group was taking place on 6 October. It was reported that legal advisors had been appointed and that the Information Memorandum had been reviewed by the Board at its meeting earlier that day. The Board had also delegated authority to the Vice-Chancellor and the Chief Finance and Planning Officer to progress discussions with funders. Members noted that the Board had requested, and had received, assurance on the scrutiny of proposals through the use of specialist external advisors and benchmarking activities. It was reported that a Framework for finalising the funding arrangements would be presented to the Board on 15 October 2021.

Action: Chief Finance and Planning Officer

The Committee agreed to take the following agenda item out of order.

Agenda item 7
Paper Ref

Digital Strategy

Minute Ref FEC/5/21/8

8.1 The Director of Transformation briefed members on the key elements of the University's Digital Strategy, noting the extended remit of digital transformation beyond IT developments and processes. Key elements included:

- the central role of Digital and Technology Services (DTS) post pandemic;
- the significant level of activity, both to maintain existing capabilities and to develop new, in this final year of the three-year technology investment agreed by the Board in 2019.
- the established interrelationship between digital technology and business strategy/ processes; in July 2020, the Digital Strategy had been more closely aligned with the Future Strategy Programme (FSP), a framework of value-creation, sustainable-delivery and user-engagement.
- the Strategy's aims to enable student recruitment, enhance the student experience and support research, the demands and pace of which were increasing;
- key achievements over the past year, particularly:
 - the procurement of Microsoft Azure Labs Services and the University's sector-leading approach in developing such solutions; and
 - support for students overcoming digital poverty and the enhanced hardware offer to staff and students generally;
- the focus over the coming year to align work to growth in the academic portfolio with support for teaching, learning and research, together with major work planned (with a partner organisation) in migrating University applications to the Cloud and the ongoing cyber security programme;
- the next steps in further developing the University's digital offer which included:

- the need to be outward looking and take account of how staff and students were teaching, learning and working differently recognising the need to digitally underpin; changing behaviours;
- choices about the digital elements of the campus experience – the innovations, capabilities and digital skills that would transform how students and staff engaged with the University, both physically and digitally; and
- work to improve management of the academic portfolio and students' experience of "student lifecycle" processes to ensure a seamless student journey.

Members queried whether the University had fully captured the scope and opportunity of 'digital transformation' and whether a collaborative effort across a group of universities may be beneficial. The Director of Transformation highlighted the strategy as distinct from the digital experience of those students physically based at the University. Whilst the digital offer was under consideration, it was not yet fully integrated into the overarching technological priorities and was to some extent dependent on the outcome of the portfolio review.

8.2 A confidential minute was recorded.

8.3 Members questioned whether the budget allocated to delivery of the Digital Strategy was sufficient and it was noted that planned works were within the budget allocation.

The Committee requested that oversight of the digital agenda should be built into the forward schedule of business at regular intervals and its profile raised alongside consideration of the University's estate. The Deputy Vice-Chancellor (Strategy and Operations) and the University Secretary would discuss this further, possibly with a view to combining the estate and digital elements into a single infrastructure/extended campus item. The Committee agreed that the previous piecemeal approach to the University's digital and physical estate was unsustainable going forward.

Action: Deputy Vice-Chancellor (Strategy and Operations) and the University Secretary.

Agenda item	6.3	Write off of Bad Debts Provision	Minute Ref	FEC/5/21/9
Paper Ref	FEC/4/21/6.3			
	Confidential			

9.1 The Committee considered the proposed bad debt write-off against the existing provision, noting that this was lower than in previous years. It was reported that the increase in current bad debt provision was largely caused by a delay in implementing digital debt recovery processes due to the prioritisation of online teaching delivery in response to the pandemic. The Director of Finance reported that the increase was anticipated to be a temporary one, and that provision should fall over the 2021/22 academic year.

Members noted that debt recovery was returning to pre-Covid levels and that the Sales Ledger Team were working overtime to process the backlog. The Director of Finance confirmed that payment plan options were offered to students prior to instigating official proceedings and, in addition, the Team liaised with student welfare to ensure any vulnerable students were provided with adequate support.

The Committee approved the write off of net bad debts of £144k, considered to be irrecoverable, against the existing provision of £2,382k, and the further provision of £1,390k for new bad debts in the year.

Agenda item	8	People Plan	Minute Ref	FEC/5/21/10
Paper Ref	FEC/4/21/8			
	Presentation			

10.1 The Chief People Officer updated the Committee on the outcome of the national pay negotiations, noting that the 2020/21 pay award had been approved by the Chair of the Board under his delegated authority and implemented in the September 2021 payroll backdated to 1 August 2021. It was reported that the average award was 1.5%, with a 3.6% increase for the

lowest point on the pay scale. Members noted that the Trade Unions had met with UCEA in July under the new dispute resolution procedure but remained in dispute and UCU had confirmed they would be balloting members with a view to strike action.

Members queried the likelihood of local issues and the Chief People Officer confirmed that the University was doing all it could to mitigate against this, noting the importance of ensuring communication channels with the Union were open and, where any local issues presented, that positive statements on the University's engagement could be provided. The Committee commented on the threat to the national agreement presented by inflation and increasing fuel costs.

- 10.2 Members also received an update on the UKVI proposal to introduce a new points-based system to replace Tier 2 visas, following discussions at the February meeting. It was reported that HROD had processes in place to support the new approach and conducted regular reviews of international recruitment and compliance. During the pandemic, HROD had transitioned to Right to Work (RTW) checks by video call which would continue until 5 April 2022 in anticipation that the Home Office would be making an announcement early next year. It was highlighted that, whilst Covid continued to affect international staff, new immigration routes such as the Global Talent Visa had reduced costs and reporting requirements, and that changes to the post study work visa routine were proving popular with students.

- 10.3 The Committee was briefed on the new Protect and Respect programme which was supported by the Hallam Values and the University's EDI Objectives. The importance of the initiative had been highlighted by the OfS Statement of Expectation and the Chief People Officer was working closely with Director of Academic Services in this area. The three-phase programme was led by recent research, based on the active bystander principle (that all staff are empowered to challenge inappropriate behaviour) and covered all protected characteristics. Members confirmed their support for the programme which was thought to be an excellent initiative and noted that consideration on whether to make the programme mandatory for all staff or specific groups was ongoing. The Committee expressed the view that Board members should be required to undertake the training.

- 10.4 Members were appraised of a range of wellbeing initiatives undertaken across the University including refreshed webpages, the winter wellbeing plan, ULT blogs and manager and employee toolkits.

Members agreed to take the following agenda item out of order

Agenda item 10	Committee Annual Report and Effectiveness	Minute Ref	FEC/5/21/11
Paper Ref FEC/4/21/10	Review		

- 11.1 The University Secretary presented the Committee's Annual Report and the outcome of the Effectiveness Review exercise, noting that recent new Governor appointments had strengthened the Committee's skills balance in both HR and IT and that the search for an individual with accounting expertise continued. Committee membership in terms of gender had remained static, though the Committee now had a female Chair. Work continued to structure agendas to make time for substantive discussions as well as a continued drive for more concise, strategic papers.

In response to a member's query on the response rate of 57%, the University Secretary suggested that the recent major Governance Effectiveness Review exercise and the recent number of retirements may have impacted on the response rate. Members agreed that a Board level questionnaire with the opportunity to add Committee specific comments where appropriate would be more time efficient for Governors.

Whilst it was noted that meeting attendance had improved with remote meetings, it was suggested that alternate meetings could be held in person. The University Secretary agreed to

reflect on this and test with Committee members. It was, however, noted that new Governors had been recruited on the basis that Committee meetings would, in the main, be conducted remotely.

Members considered and recommended the Report including the proposed revisions to the Terms of Reference and were assured of the Committee's compliance with the primary elements of the CUC Code of Governance.

Action: University Secretary

- 11.2 It was noted that one expression of interest had been received for the role of Deputy Chair and members unanimously approved the appointment of Chris Kenny.

Agenda item 9

Paper Ref FEC/4/21/9

Confidential

Pensions Update

Minute Ref FEC/5/21/12

- 12.1 The Head of Pensions Development and Payroll outlined the University's complex pension arrangements, noting the sizeable costs and risks associated with the LGPS, TPS and USS schemes. Whilst Terms of Reference for a Governors' Pensions Governance and Risks Standing Subcommittee had been approved by the Board of Governors at its March 2021 meeting, it was noted that some pension consultations had not yet reported and further consultations were anticipated. The Committee considered a proposal to subsume pension-related business within FEC meetings (with at least 6-monthly reports) until the consultation outcomes were known, at which point the need for a Sub-committee or Task and Finish Group would be reviewed. Members agreed that discussions tended to be more reactive at present and endorsed the suggested approach.

- 12.2 A confidential minute was recorded.

- 12.3 Other key points included:

- the FRS102 balance sheet deficit in relation to the University's participation in LGPS. Based on the initial draft schedule produced by Mercer (using their 'standard' assumptions), the deficit had deteriorated from the position disclosed as at 31 July 2020. However, the University requested an additional schedule from Mercer, with the pension liabilities calculated using alternative assumptions (specifically for mortality, pension increases and salary increases). This second schedule illustrated a slight reduction in the balance sheet deficit and the figures in this schedule were included in the University's Period 12 financial update to the Committee. The University was awaiting comment from its external auditors on the adoption of these alternative assumptions and a further update would be provided once the outcome was known.
- the various consultations on the USS, TPS and LGPS schemes including the potential industrial relations risk associated with the benefit reforms to the USS though mitigated by the availability of other pension schemes for affected employees to join.
- an update on the delegation of Trustee powers in relation to the University's Death-in-Service Policy (applicable to NEST employees).

The Chair thanked the Head of Pensions Development and Payroll and his team for their hard work in this area and members suggested that a detailed induction on pensions for the new Governors (and any others who wished to participate) would be beneficial.

Action: Chief People Officer/Head of Pensions Development and Payroll.

Agenda item 11 Paper Ref FEC/4/21/11 Confidential	Estates Development Report	Minute Ref FEC/5/21/13
<p>13.1 The Committee received the Estates Development Report, noting the new format. The Deputy Vice-Chancellor (Strategy and Operations) updated members on the following key developments:</p> <ul style="list-style-type: none"> the Atrium was due for completion by early December and some disruption was being suffered by students and some staff. Positively, works to the roof were now complete and should provide a long-term solution to earlier problems; and ongoing work around enabling the campus to support hybrid working, particularly in Professional Services; it was noted that the Furnival Works building was now handed over and final IT works were being undertaken prior to being available to staff. 		
Agenda item 12.1 Paper Ref FEC/5/21/12.1	Investments Summary	Minute Ref FEC/5/21/14
<p>14.1 Members received the summary of cash investments for the year ended 31 July 2021.</p>		
Agenda item 12.2 Paper Ref FEC/5/21/12.2 Confidential	Students' Union Financial Monitoring	Minute Ref FEC/5/21/15
<p>15.1 The Committee received the financial monitoring report for the Students' Union as at end July 2021 which showed an operating surplus significantly above budget, largely due to staff savings relating to unfilled position and non-pay savings from a reduction in face-to-face activities and building costs.</p>		
Agenda Item 12.3 Paper Ref FEC/4/21/12.3 Confidential	Orders and Contracts above Threshold Level	Minute Ref FEC/5/21/16
<p>16.1 Members noted the Committee Chair's action on the annual insurance renewal as recommended by the University Leadership Team.</p>		
Agenda Item 13 Paper Ref FEC/5/21/13	Annual Business Cycle 2021/22	Minute Ref FEC/5/21/17
<p>17.1 The forward schedule of business for the 2021/22 academic year was noted.</p>		
Agenda Item 14	Other Urgent Business	Minute Ref FEC/5/21/18
<p>18.1 There was no other business.</p>		
Agenda Item 15	Date of Next Meeting	Minute Ref FEC/5/21/19
<p>19.1 23 November 2021 at 14.00.</p>		

Meg Munn
Chair of the Finance and Employment Committee