

CONFIRMED MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2021

PRESENT (via Zoom):

Meg Munn (Chair)	Chris Kenny
Gabrielle Berring	Neil Macdonald
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, Strategy and Operations	From item 6
Deborah Harry, Chief Finance and Planning Officer	All
Dr Sally Jackson, Chief People Officer	All
James Johnston, Head of Development and Alumni Relations	Item 9
Dan Ladbury, Group Director of Estates and Facilities	Items 6, 9, 11, 12
Dan Lally, Director of Business Engagement and Growth	Item 6
Clair Marlow, Head of Legal Services	Item 6
Lisa Stevenson, HROD Manager - Organisation, Performance and Culture	Items 7 and 8
Simon Taylor, Director of Finance	Item 6
Tracey Taylor, Committee Secretary	All

APOLOGIES: There were no apologies.

Opening Remarks	Minute Ref FEC/6/21/1
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1.1 The Chair welcomed members to the meeting.

Agenda item 2 Paper Ref	Declarations of Interest	Minute Ref FEC/6/21/2
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2.1 There were no declarations of interests.

Agenda item 3 Paper Ref FEC/5/21/M	Minutes of the Meeting held on 29 September 2021	Minute Ref FEC/6/21/3
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3.1 The Committee approved the minutes (including the confidential minutes) as an accurate record.

Agenda item 4 Paper Ref FEC/6/21/4	Matters Arising and Action Tracker	Minute Ref FEC/6/21/4
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4.1 There were no matters arising not covered elsewhere on the agenda.

Agenda item 5.1 Paper Ref FEC/6/21/5.1 Confidential	Draft Annual Report and Financial Statements	Minute Ref FEC/6/21/5
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5.1 Members considered the draft Annual Report and Financial Statements (ARFS), together with the external auditor's draft Audit Findings, noting the University's strong financial performance over the year despite the challenges of the pandemic. The ARFS was being presented for review at this meeting with the final draft to be considered by FEC at its joint meeting with the Audit and Risk Committee (ARC) on 26 January 2022 for onward recommendation to the Board of Governors for approval in February 2022. This was in line with the exceptional timetable issued by the Office for Students (OfS) during the pandemic, and it was highlighted that the timetable for the submission of the Annual Financial Return would revert back to pre-Covid timescales with effect from the following year.

It was reported that there were no audit adjustments so the results were consistent with the year-end management accounts and that there had been no changes in accounting practice or to the presentation and format of the Financial Statements.

The Chief Finance and Planning Officer (CFPO) presented the financial highlights including:

- an increase on the previous year in tuition fee income, funding body grants and research income;
- a reduction in investment income;
- an increase in total expenditure due to an increase in staff costs and other operating expenses;
- lower capital expenditure as a result of the ongoing Covid-19 pandemic and resultant delays in the first phase of the Campus Plan; and
- post balance sheet event note which included the updated USS valuation and additional borrowing.

Members were invited to submit any comments to the CFPO by 3 December, noting that the ARFS would be presented to ARC for early input later this week and to the Board of Governors on 7 December.

Agenda item	5.2	Approach to OfS Financial Forecast and Assumptions	Minute Ref	FEC/6/21/6
Paper Ref	FEC/6/21/5.2			
	Confidential			

6.1 The Committee considered the key amendments to be made to the Forecast since approval by the Board of Governors in July 2021 including:

- the impact of 2021/22 recruitment levels;
- an updated capital spend forecast to reflect any changes in the phasing of the Campus Plan;
- the impact of the new private placement financing arrangements;
- the 1.25% increase in national insurance from April 2022;
- an adjustment to take account of the latest pension deficit forecasts;
- the inclusion of income and expenditure associated with the Strategic Opportunity;
- the approach to incorporating Future Strategy Programme (FSP) related items into the forecast; and
- the impact of buying out the Head Post Office(HPO) lease.

It was noted that the key assumptions remained in line with those underpinning the July 2021 forecast including static Funding Council grants and the Home tuition fee.

In response to a query on the timing of acquiring the HPO lease, the CFPO confirmed that, should this be approved and go ahead, this would impact on the Forecast within the next 6 months.

Members noted the improvements made to the University's pensions forecasting methodology as a result of recent discussions with a potential funder on the University's cautious approach to calculating its pension deficit. In addition, it was reported that the changes in actuarial valuation had not been accounted for previously since this was a balance sheet only movement which did not affect surplus, cash or covenants, however this was now included, in recognition that this simplistic approach potentially distorted the balance sheet in the long term.

Lord Kerslake joined the meeting.

Agenda item	5.3	Financial Monitoring Report	Minute Ref	FEC/6/21/7
Paper Ref	FEC/6/21/5.2			
	Confidential			

7.1 Members noted the Financial Report for Period 3 (to end October 2021), particularly:

- a forecast operating surplus slightly favourable to budget;
- higher income than anticipated due to a significant increase in international recruitment;
- higher expenditure with increases in staff costs (primarily due to the national insurance increase and a one-off winter payment to all staff) and non-pay costs (notably agents' fees linked to the increase in international student income); and
- an underspend on capital which had had a positive impact on cash balances, though this would likely be reversed as the projects progress over the Forecast period.

In response to a member's query on future pay negotiations, it was noted that the decision on whether to maintain the 1.5% pay award would be a matter for the sector as a whole. Members queried whether any of the categories that had produced costs savings in the 2021/22 financial year were at a higher level than anticipated; it was noted that travel expenditure was increasing, notably where this was in connection with specific overseas projects.

Agenda item	5.4	Review of the Treasury Management Policy	Minute Ref	FEC/6/21/8
Paper Ref	FEC/6/21/5.2			
	Confidential			

- 8.1 The CFPO advised that, as a result of securing additional borrowing, a change was required to the Treasury Management Policy to allow sufficient headroom across the University's six regular counterparties to cover the significant cash balances it would be carrying. Members considered the proposal to increase the maximum amount that could be held in any of the regular counterparties by £10m, noting that this was a short-term solution which would resolve itself as the Campus Plan progressed. It was highlighted that Finance colleagues would be undertaking a more comprehensive review of cash deposit options to accommodate higher levels of cash over the medium term. The outcome of the review and any recommended amendments to the Policy would be presented at the January 2022 meeting.

In response to a member's query, the CFPO confirmed that the University stipulated a minimum counterparty credit rating for lenders, the detail of which could also be reported to the January meeting, where applicable.

The Committee **approved** the amendment to the Policy as detailed above.

Agenda item	5.5	Draft Closure Report from the Refinancing for Transforming Lives Task and Finish Group	Minute Ref	FEC/6/21/9
Paper Ref	FEC/6/21/5.3			
	Confidential			

- 9.1 The Committee received an update on the Task and Finish Group's deliberations on 28 October 2021 which resulted in a pricing call on 3 November 2021 where the CFPO and Chair of the Task and Finish Group agreed the final position of the funding offer. Members received assurance that this was in line with the framework approved by the Board of Governors on 15 October 2021. It was reported that legal close would be achieved once the Note Purchase Agreement (NPA) and associated documents were executed, which was expected to take place prior to the Board meeting on 7 December 2021.

Members agreed to take agenda item 10 out of order

Agenda item	10	Annual Health, Safety and Welfare Report	Minute Ref	FEC/6/21/10
Paper Ref	FEC/6/21/10			

- 10.1 The University Secretary presented the key elements of the Report including:

- the risk-led approach to health and safety during the pandemic, at both a strategic and operational level;
- positive progress against the 2021/22 objectives;
- the following priorities for the coming year:
 - to further develop the safety management system;
 - to further strengthen leadership through core competency and training (work planned around leadership level training in 2021/22 had been delayed due to the pandemic)

- to more clearly establish obligations on the people responsible for colleges, departments, institutes and services as risk owners; and
- to ensure health and wellbeing continued to be a priority, particularly stress and mental health.

Members referenced previous Committee discussions regarding trade union concerns on staff health and wellbeing during the pandemic, particularly around face coverings and ventilation, and noted that the University held frequent meetings with the trade unions to discuss Covid-related issues and that the Transformation Team was also working closely with HROD and Health and Safety colleagues to brief the unions on proposals related to new ways of working. The Vice-Chancellor and Chief People Officer reported that the University enjoyed good relations with the unions generally.

In response to a query on the University's approach to mask wearing, it was reported that, whilst masks were used extensively by staff, this was not the case for the student population, despite University communications to strongly encourage mask wearing.

Agenda item 6 Paper Ref	Potential Opportunity: Strategic Business Case	Minute Ref FEC/6/21/11
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11.1 The Deputy Vice-Chancellor (Strategy and Operations) (DVC) updated the Committee on the status of the Strategic Opportunity (the Opportunity). A confidential minute was recorded.

11.2 A confidential minute was recorded.

11.3 A confidential minute was recorded.

Members agreed to take agenda items 9 and 11-14 out of order.

Agenda item 9 Paper Ref FEC/6/21/9	Annual Report on Donations including the Donations Framework and Register	Minute Ref FEC/6/21/12
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12.1 The Committee was briefed on proposed amendments to the University's framework on the acceptance of philanthropic donations which aimed to enhance the governance arrangements and due diligence in this area, in line with Charity Commission and fundraising regulator guidance. The key revisions included:

- clarity on how the University defined and recorded philanthropic income;
- the role of due diligence in the fundraising process – particularly for major donations and/or those with associated risks;
- the creation of a due diligence advisory group to consider any reputational risks associated with gift acceptance; and
- guidance for the approval of donations over £50,000 and the role of ULT, the Development and Alumni Relations Office (DARO) and FEC.

In response to a member's query on whether due diligence was undertaken in-house, the Head of Development and Alumni Relations reported external assistance was available to support the University in due diligence work if required. It was noted that a meeting with Legal Services to review the Charity Commission guidance in further detail would shortly be taking place.

Members were keen that the framework was consistent and clear in this area. The University Secretary highlighted that as a general principle, the Charity Commission's starting position was that charities should accept donations and use them to further their charitable purposes; if the University opted to decline a donation (because, for example, the gift was at odds with its mission and values) due diligence was key to evidence the rationale behind its decision.

Members endorsed the Framework, subject to the amendments outlined above, and agreed that an annual report of activity would be presented to the Committee.

Agenda item 11 Paper Ref FEC/6/21/11	Proposed Procurement Strategy for Estates Minor Works	Minute Ref FEC/6/21/13
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13.1 The Group Director of Estates and Facilities outlined a proposal to procure two new partner supplier contracts to enable the Estates and Facilities Team to address a backlog of work and to deliver the forward plan of works in an effective and sustainable manner. It was reported that there was no supply chain in place for Project and Cost Management consultancy or for projects between £300k and £1m in value and the current framework for estates projects below £300k had expired. Consequently, the proposal recommended the procurement of the following contacts:

- 1) a single supplier **contractor** framework (Campus Works Partner) to deliver projects ranging in value from £0-£3m (including contingency plus VAT);
- 2) a single supplier **consultant** contract (Programme Support Services) to provide Project Management, Cost Management, Quality Control, Project Health and Safety and Programme Management Office support and advisory services to support planning and delivery of the capital programme.

Members considered the key benefits which included swifter access to skills capacity and capability, greater flexibility and resilience, more robust planning, management and monitoring of projects to fully deliver annual programmes of work. The Committee **recommended** the proposal to the Board of Governors for approval.

Agenda item 12.1 Paper Ref FEC/6/21/12.1 Confidential	Estates Development Report	Minute Ref FEC/6/21/14
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14.1 The Committee received an update on key estates developments since the last meeting. The Group Director of Estates and Facilities flagged the significant inflationary pressures on both materials and wages, particularly in relation to the proposed development of Blocks A-D . It was noted that the Team was working to mitigate these as far as possible but any options to reduce the scope were limited without detracting from the scheme benefits and a request to increase the scheme budget was therefore likely.

Agenda item 12.2 Paper Ref FEC/6/21/12.2 Confidential	Biannual Hallam Alliance Update	Minute Ref FEC/6/21/15
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15.1 Members noted the biannual update on the Hallam Alliance Framework and progress made in optimising the efficiency and effectiveness of the delivery model.

Agenda item 13.1 Paper Ref FEC/21/13.1	Investments Summary	Minute Ref FEC/6/21/16
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16.1 FEC noted the cash investment summary as at 31 October 2021.

Agenda item 13.2 Paper Ref FEC/6/21/13.2 Confidential	Students' Union Financial Monitoring	Minute Ref FEC/6/21/17
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17.1 The Committee received the financial monitoring report for the Students' Union for Period 3 which showed an operating surplus. A detailed summary of the impact of the Students' Union Welcome 2021 event was also shared with members.

Agenda Item 13.3 Paper Ref FEC/6/21/13.3 Confidential	Orders and Contracts above Threshold Level	Minute Ref FEC/6/21/18
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18.1 Members reviewed an update on orders and contracts since the previous meeting.

Agenda Item 14 Paper Ref FEC/6/21/14	Annual Business Cycle 2021/22	Minute Ref FEC/6/21/19
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19.1 The forward schedule of business for the remainder of the 2021/22 academic year was received.

Agenda item 7
Paper Ref FEC/6/21/7
Presentation

People Plan

Minute Ref FEC/5/21/20

20.1 The CPO briefed the Committee on planned UCU strike action between 1-3 December 2021 plus action short of a strike (defined as working only to contracted duties) with effect from 1 December 2021 through to 23 May 2022. The low number of employees at the University who had voted in favour of strike action was noted (270 out of 800 UCU members) as was the impact of action short of a strike on weekend Open Days. The planned action had been communicated to staff. A confidential minute was recorded.

20.2 A sub-group, chaired by the Director of HROD, comprising a College Dean, the Dean of Students, the Director of Student and Academic Services and a representative from Communications, had been established to review the situation weekly and report to ULT. In response to a query on how action short of a strike was determined, the CPO confirmed that, whilst the UCU encouraged a national position, this was locally determined.

20.3 The Committee received an update on the forthcoming Senior Leadership Development Programme designed to enhance the University's leadership development and training offer and to complement work undertaken on leadership resilience earlier in the year. The programme would be championed by ULT and support the delivery of University priorities; further detail would be provided to the Committee in early 2022.

Members welcomed the initiative and queried whether the University was encouraging staff to engage with leadership programmes at a sufficiently early point in their career. The CPO advised that a parallel piece of work was being undertaken on a suite of essential leadership and management modules that the majority of staff would be expected to take as part of their induction. The opportunity to undertake Chartered Manager training was also discussed.

Lord Kerslake left the meeting.

20.4 FEC received an update on work being undertaken on the Institution's culture and values. The CPO highlighted the importance of developing a culture which was underpinned by the Hallam Values, aligned to the Equality Objectives and enabled staff to recognise the role their role (and that of the University) in the Hallam Deal. Other key aspects included the important work being done by over 50 Inclusive Hallam Champions, an update on departmental/college EDI activity, particularly the introduction of a more substantial EDI role to lead and support EDI work within each department and uptake of the new Protect & Respect programme. It was noted that colleagues in HROD were preparing a tailored session of the Protect and Respect training for Board Members which would be delivered during the Spring term.

It was reported that the EDI Delivery Plan would be presented to the Committee in February, concurrently with the annual EDI report and the CPO KPIs.

Agenda item 8
Paper Ref FEC/6/21/8
Confidential

Pay Gap Report 2021

Minute Ref FEC/6/21/21

21.1 Members reviewed the University's fifth pay gap report, noting that, in addition to mandatory reporting on the gender pay gap, the report included ethnicity and disability pay gaps (which had been published for several years) and, for the first time, the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+) pay gap. However, the challenges with reporting the pay gaps for these protected characteristics due to lower disclosure rates was noted. The CPO presented the following highlights:

- an increase in the gender pay gap on last year mainly due to an increasing number of females in the lowest quartile. This was likely in part due to the impact of Covid where female employees have moved into lower paid roles to fulfil caring responsibilities and HROD colleagues were conducting a more detailed review;

- the bonus pay gap (one-off payments to staff - mainly stipends, honorariums, royalties) which was significant in favour of male employees this year. Neither the SSG pay review process or the contribution pay process took place in this reporting period and consequently only 48 payments were included, 52% of which were small additional payments made to casual workers. It was noted that a small number (less than 5) bonus payments were all made to male employees which had skewed the figures and that the bonus gap would remain unpredictable when the usual contribution pay processes are not running. A more detailed review of base payments had identified that one payment had been incorrectly processed as a bonus payment which would reduce the pay gap slightly and the Report would be amended before presentation to the Board;
- a reduction in the ethnicity pay gap reduced though more work was required to increase representation from minoritised groups especially at senior levels;
- a lower disability gap which may have been due to impact of Covid and the associated benefits of working from home; and
- the LBTGQ+ pay gap which supported earlier comments on the high level of non-disclosure and the need to encourage a culture where people feel safe to disclose.

Members were also briefed on the next steps:

- to encourage employees to complete their diversity information to reduce the number of employees whose status under each protected characteristic is unknown;
- to undertake more outreach activity to widen the pool of potential candidates for vacancies; and
- to develop the leadership and management development offer to ensure it fully supports all employees.

The Committee thanked the CPO and her team for a detailed and thorough report and on the proactive approach to reporting in this area. Members discussed the impact of the small number of large bonus payments and sought assurance that these had been properly awarded. The HROD Manager confirmed that all decisions were correct in isolation and were within the usual parameters. It was noted that historically honorariums had been used for one-off payments awarded in recognition of work that was not covered by any other pay process. Such payments were now placed in a fund for the individual to use for development purposes, but the current reporting period including some legacy payments and this would likely continue into the next reporting period. It was also noted that in the context of other sectors, the payments were relatively insignificant and that this could be referenced in future reports.

Agenda Item 15	Other Urgent Business	Minute Ref FEC/6/21/22
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- 22.1 The Chair noted that this was Neil McDonald's last Committee meeting due to his impending retirement from the Board of Governors on 31 December 2021 and thanked him for his outstanding contribution to the work of the Committee.

Agenda Item 15	Date of Next Meeting	Minute Ref FEC/6/21/23
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- 23.1 26 January 2022 at 15.00 to be preceded by a joint meeting with ARC at 13.30 (it is anticipated that both meetings will take place on campus. subject to government guidance regarding Covid-19 at the time).