

CONFIRMED MINUTES OF THE MEETING HELD ON 11 NOVEMBER 2020

PRESENT (via Zoom):

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

IN ATTENDANCE:	AGENDA ITEM
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
Richard Hughes, HROD Manager Cultural Development and Wellbeing	Item 5.3
Dr Sally Jackson, Chief People Officer	All
Prof Chris Kinsella, Chair of Audit and Risk Committee (observer)	All
Dan Ladbury, Director of Estates and Facilities	Item 7
Lisa Stevenson, Head of HROD - Organisational Performance and Culture	Item 5
Sharon Taylor, Head of HROD – Resourcing and Reward	Item 5
Umar Zamman, Director of Human Resources and Organisational Development	Item 5
Pete Sweeney, Governance Senior Adviser (Minute Secretary)	All
Hannah Boyce, Governance Legal and Sector Regulation Senior Administrator	All

APOLOGIES:

Dr Julie Morrissy

Agenda item 2 Paper Ref	Declarations of Interest	Minute Ref FEC/20/94
94.1 There were no declarations of interest.		
Agenda item 3 Paper Ref FEC/6/20/M	Minutes of Meeting held on 14 October 2020	Minute Ref FEC/20/95
95.1 The minutes were <u>confirmed</u> as an accurate record.		
Agenda item 4 Paper Ref FEC/6/20/A	Matters Arising and Action Tracker	Minute Ref FEC/20/96
96.1 There were no matters arising or amendments to the Action Tracker.		
Agenda item 5.1 Paper Ref FEC/7/20/5.1	Pay Gap Report 2020	Minute Ref FEC/20/97
97.1 There was a statutory requirement to publish seven specific calculations on gender pay on both the University's website and on a dedicated government website before 31 March 2018 and annually thereafter. The University's fourth Pay Gap Report would be published in December 2020 and, as in 2019, would include the pay gap for ethnicity and disability alongside the mandatory reporting on gender. The Head of HROD, Organisational Culture and Development drew the Committee's attention to the following points:		
<ul style="list-style-type: none"> I. There had been a continuing reduction in mean and median gender pay gaps, both with and without the inclusion of casual workers. The mean pay gap had reduced from 13.9% in 2018, to 9.8% currently. In the same period the median pay gap, had reduced from 18.6% to 13.7%. II. The reduction was primarily because of the decision to pay the Real Living Wage (RLW) to all employees and casual workers who would otherwise be paid below the 		

-
- RLW rate. However, simply maintaining the payment of the RLW would not reduce the gap further. Other approaches were required to do this.
- III. The bonus pay gap had shifted significantly in favour of male employees although the numbers of staff receiving bonus payments was small (less than 1% of the workforce). In 2019 the mean bonus gap was 6.5% in favour of male employees and the median bonus gap was 1.3% in favour of female employees. This year, the mean is 28.9% and the median 4.4%, both in favour of male employees.
 - IV. The ethnicity pay gap has remained broadly the same as 2019. The mean pay gap was 9.8% in 2019 in favour of white employees and this has decreased to 9.2%. The median pay gap was 2.9% in favour of white employees but had increased to 3.6%. The pay gap once casual workers were excluded remained very small with a mean of 0.5% in favour of white employees and a median of 1.5% in favour of BAME employees.
 - V. In relation to staff who have a disability, the pay gap has reduced from 13.6% to 10.5% on the mean and 17.3% to 16.2% on the median. The newly formed Disability Steering Group was investigating this pay gap to inform the development of a series of positive actions to improve this further.
 - VI. Five new actions had been added to the final section of the Pay Gap Report, including a targeted leadership development programme for BAME staff looking to progress into senior management roles.
-

97.2 In discussion, the Committee welcomed the positive progress being made on reducing the gender pay gap whilst noting the ongoing challenges and the actions being taken to address those challenges. The following points were made:

- I. The report would benefit from making the year on year improvements in reducing the gender pay gap more visible before being presented to the Board.
Action: Head of HROD, Organisational Culture and Development
 - II. It was recognised that the pace of progress may slow over the next 12 months and that there may not be significant changes in the 2021 report. It was important to be upfront about the reasons for this and about the ongoing actions to address the pay gaps.
 - III. The continuing transparency around reporting on ethnicity and disability, even though not currently mandatory, was commended. This would help put the University in a strong position when reporting did become mandatory because it had already identified issues and was taking actions to address them. The intention to expand reporting to include LGBT+ from 2021 was welcomed.
 - IV. The relatively small scale of bonus payments, the specific reason for the shift in favour of male employees, and the intention to review bonuses and contribution related pay, were noted.
-

97.3 In response to comments and questions about how recruitment processes could help reduce pay gaps, the Chief People Officer reported that HROD reviewed the relevant staff profile for every recruitment campaign and this helped to shape thinking about where to advertise the post. A lot of work was being done around roles at the lower end of the pay scale to encourage applications from groups that did not traditionally apply for such roles.

97.4 The Committee resolved to recommend to the Board of Governors the publication of the Pay Gap Report 2020.

Agenda item 5.2

Real Living Wage

Minute Ref FEC/20/98

Paper Ref FEC/7/20/5.2

98.1 The report presented recommendations around Real Living Wage (RLW) following the decision taken by the Board in 2019 that the University should not become an accredited RLW employer but that it should start to pay the RLW to all casual workers and work towards paying it to contractors. Since the circulation of the report to the Committee, the RLW

Foundation had confirmed the rate of RLW for 2020 as £9.50 per hour (a 20p per hour increase from 2019).

98.2 The following points were raised in discussion:

- I. There was a clear case for paying the RLW to staff and this should become the University's default position. The Committee would only need to review this position if significant concerns about cost arose.
- II. Paying the RLW to staff was a bigger priority at this stage than becoming an accredited RLW employer. The pros and cons of accreditation, which had been explored in discussion in 2019, remained in place. This could be reviewed again next year.
- III. RLW should also be paid to contractors. Assuming a further increase in the NLW of 6.2% in April 2021, the difference between this payment and the proposal in the paper to pay National Living Wage +2.5% was marginal.

98.3 The Committee resolved to recommend to the Board of Governors that:

- I. The University did not become an accredited RLW employer at this time.
- II. That it continued to track the RLW and paid the increased rate to all affected staff, including casuals, from 1 January 2021. This would be the University's ongoing position unless significant concerns around cost arose.
- III. The RLW would apply to the outsourced security tender.
- IV. Once the recommendations had been agreed, an equality impact assessment would be completed.

Agenda item 5.3

Staff Surveys Update

Minute Ref **FEC/20/99**

Paper Ref Verbal update

99.1 The Committee received an update on the results of the Staff Pulse Survey on Remote Working conducted in October 2020. The questions within the survey mirrored those asked previously in May 2020 and focussed on communication, access to technology, line manager support, and health and wellbeing. The key findings included:

- I. There had been a general decline in scores from the first survey in May 2020 although they remained positive overall.
- II. Scores from academic staff groups were lower than those from professional services groups.
- III. Questions about support from line managers received very positive responses.
- IV. The lowest scoring questions were those on health and wellbeing and work/life balance.
- V. The overall appetite to work from home had increased.

Several of the questions on the survey invited written comments to explain further the score given. Around 10,000 comments had been received and these were currently being analysed.

99.2 In discussion, the Committee welcomed the approach being taken to staff surveys and noted the positive aspects to emerge from the latest pulse survey. There was concern however over the responses about staff wellbeing and this needed to be a University priority over coming months. In response to questions about how staff would be supported, the Director of HROD assured the Committee that the University was already acting on this and that a winter wellbeing plan was in place.

99.3 The Chief People Officer gave an update on the work undertaken on dignity and respect in the workplace following results from a survey in April 2019 that found 26% of respondents had witnessed some form of bullying and harassment. A series of focus groups led by external consultants had identified several issues including; unwillingness and lack of ability to recognise and address issues, poor behaviours being excused, a skills deficit amongst leaders,

and a lack of support for recipients of inappropriate behaviour. The development work being conducted in response to those findings included:

- i. ULT champions for protected categories.
- ii. A Senior Leaders Group event on dignity and respect planned for January 2020.
- iii. Repositioning of unconscious bias training from online to in person.
- iv. An induction for new staff with focus on dignity and respect.
- v. The Inclusive Hallam programme.

99.4 The Committee noted the update and commended the amount of work taking place. It was agreed to receive further updates on the development work at a future meeting.

Action: Chief People Officer

Agenda item	6.1	Draft Annual Report and Financial Statements	Minute Ref	FEC/20/100
Paper Ref	FEC/7/20/6.1			
	Confidential			

100.1 The Committee received a draft of the Annual Report and Financial Statements (ARFS) noting that:

- I. The final version would be submitted to the joint meeting of the Committee and Audit and Risk Committee (ARC) on 13 January 2021 for recommendation to the Board. This would enable the University to meet the extended deadline for submitting the ARFS to the OfS.
- II. Individual members were welcome to submit feedback directly to the Chief Finance and Planning Officer within the next two weeks.
- III. The external auditors, Grant Thornton, were behind schedule with their audit due to staff absence. It was noted that the delays had not been caused by the University and that staff had provided information requested by Grant Thornton in a timely manner. The outstanding work was largely going concern review and routine testing and Grant Thornton were not expecting any substantive issues to be raised by the work. It was expected that most of work would be completed by early December 2020.

100.2 In discussion, the Committee drew attention to the comment in the draft Audit Findings that the alternative assumptions adopted by the University for the LGPS pension scheme were 'optimistic' although still in the acceptable range. In response, the Chair of the ARC highlighted the following points:

- I. The Audit Findings were still in draft form and could change.
- II. The auditors also made the point that the University should maintain a consistent approach to the assumptions in future years.
- III. The ARC was comfortable with the assessment provided that the University did remain consistent.

100.3 The Chairs of FEC and ARC both highlighted the value of them observing each other's meetings and recommended that the Board should consider this to be the ongoing position.

Action: Clerk to the Board

Agenda item	6.2	Assumptions and Risk Underpinning the Five-year Financial Forecast	Minute Ref	FEC/20/101
Paper Ref	FEC/7/20/6.2			
	Confidential			

101.1 The report set out the planned approach to meeting OfS reporting requirements:

- I. The OfS required a 5-year forecast by 1 March 2021. This forecast was also fundamental to the auditor's review of 'going concern' status and consequently their audit opinion on the 2020 Annual Report and Financial Statements (ARFS).
- II. Due to the second wave of Coronavirus and operational pressures, the Future Strategy project was behind its original schedule and it would not be possible to

evaluate the potential financial impact of this work until specific actions and projects were agreed. This work was fundamental to developing the longer-term financial forecasts, recognising that financial strategy should be driven by organisational strategy.

- III. To meet the OfS requirements and deadlines, it was proposed that the existing 'do nothing' forecast was updated to include the impact of the latest 2020/21 forecast and then a small number of very high-level adjustments were made to provide a forecast which met OfS and bank requirements. These high-level adjustments would likely include staff costs, estate costs and borrowing.

101.2 In discussion, the Committee noted:

- I. The assumptions and risks that would underpin the OfS Financial Forecasts. The Committee agreed that the pay increase assumption should be updated
- II. The expectation that strategic actions would be defined and quantified in the first quarter of 2021 to enable the development of the detailed long-term forecast that would be needed ahead of any major decisions on the campus masterplan and refinancing.

Agenda item 6.3

Paper Ref FEC/7/20/6.3

Confidential

**Draft Students' Union Financial Statements for
the year ended 31 July 2020**

Minute Ref FEC/20/102

102.1 The Committee received the latest draft of the Financial Statements which would be presented to the Board of Governors at its meeting on 25 November 2020. In response to concerns from members about the Statements not having received final audit clearance and sign off from the SU Trustees Board, the Chief Finance and Planning Officer and Clerk to the Board reported that they would be engaging with the SU about its timescales for future reports.

Action: Clerk to the Board + Chief Finance and Planning Officer

Agenda item Additional

Paper Ref FEC/7/20/Tabled

Confidential

Financial Monitoring (Period 3)

Minute Ref FEC/20/103

103.1 The Committee received the tabled report which showed a significant improvement on budgeted performance in the latest draft forecast of the financial position for 2020/21. This was mainly due to improvement in income forecasts resulting from higher continuing undergraduates, higher postgraduate recruitment, and international recruitment being 35% less than target rather than the 89% budgeted

Agenda item 6.4

Paper Ref FEC/7/20/6.4

Confidential

Orders and Contracts Above Threshold Level

Minute Ref FEC/20/104

104.1 The Committee received the report and:

- I. Resolved to approve the release of Invitations to Tender before the end of January 2021 for provision of capital equipment to the University's Testing, Imaging and Characterisation Centre, with permission to award contracts based on the published award criteria.
- II. Noted the insurance renewal approved by the ULT on 28 July 2020.
- III. Noted the release of a purchase order for Microsoft Dynamics licences, Microsoft Azure, and the Microsoft Imagine Academy

Details of the successful tenders and the duration and value of the contracts were stated in the paper FEC/7/20/6.4

Agenda item	Additional	Estates Update	Minute Ref	FEC/20/105
Paper Ref	Verbal			
105.1	The DVC Strategy and Operations gave an update on a potential business opportunity. A minute confidential to the Committee was recorded.			
105.2	The DVC Strategy and Operations gave an update on developments following the decisions taken by the Board at its meeting in October 2020. The demolition of the Science Park was scheduled to begin in January 2020. Work was continuing around the design of new buildings, although decisions to proceed with these buildings were subject to finances being available prior to commencement of construction. At its next meeting on 25 November 2020, the Board would be asked to agree to the formation of a Board Task Group on Financing the Campus Plan which would report to the Finance and Employment Committee.			
Agenda item	7.1	Lease for Electricity Substation Aspect Court	Minute Ref	FEC/20/106
Paper Ref	FEC/7/20/7.1			
106.1	The Committee <u>resolved to recommend</u> approval of the lease to the Board of Governors.			
Agenda item	8-10	Items to Receive	Minute Ref	FEC/20/107
Paper Ref	FEC/7/20/8-10			
107.1	The Committee received the following reports:			
	I. Estates Development Report (FEC/7/20/8)			
	II. Investments Summary (FEC/7/20/9)			
	III. Annual Business Cycle (FEC/7/20/10)			
Agenda item	11.	Other Urgent Business	Minute Ref	FEC/20/108
108.1	There was no other urgent business			
Agenda item	12	Date of Next Meeting	Minute Ref	FEC/20/109
Paper Ref				
109.1	13 January 2021.			