

MINUTES OF THE MEETING HELD ON 7 JULY 2021
PRESENT (via Zoom):

Meg Munn (Chair)	Lord Kerslake
Professor Chris Husbands, Vice-Chancellor	Neil Macdonald
Chris Kenny	Julie Morrissy (excluding item 4)

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
Daniel Ladbury, Group Director of Estates and Facilities	Items 4-7.1
Dan Lally, Head of Business Engagement and Growth	Item 4
Simon Taylor, Director of Finance	Items 4-7.2
Richard Hughes, HROD Manager - Cultural Development and Wellbeing	Item 8.1
Vicky Meadows, HROD Manager – OP&C and EDI Development	Item 8.2/3
Lisa Stevenson, HROD Manager - Organisation, Performance and Culture	Item 8.2/3
Tracey Taylor, Committee Secretary	All

APOLOGIES: David Bradley

The Chair noted that David would be stepping down from the Board at the end of July and the Committee noted their appreciation of his long service on the Committee and wished him all the best.

Agenda item 2 Paper Ref	Declarations of Interest	Minute Ref FEC/4/21/1
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- 1.1 Julie Morrissy had previously declared a potential interest in relation to item 4, Potential Opportunity: Strategic Business Case, and would consequently withdraw from the meeting for this item.

Agenda item 3 Paper Ref FEC/3/21/M	Minutes of Meeting held on 19 May 2021	Minute Ref FEC/4/21/2
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- 2.1 The Committee approved the minutes as an accurate record.

Agenda item 4 Paper Ref FEC/4/21/4	Matters Arising and Action Tracker	Minute Ref FEC/4/21/3
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- 3.1 There were no matters arising not covered elsewhere on the agenda.

Julie Morrissy left the meeting at this point.

Agenda item 5 Paper Ref Verbal Update Confidential	Potential Opportunity: Strategic Business Case	Minute Ref FEC/4/21/4
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- 4.1 The Deputy Vice-Chancellor (Strategy and Operations) updated the Committee on progress with the strategic business case since the May meeting. A Confidential minute was recorded.
- 4.2 Members considered whether the Board should be asked to delegate authority to the Committee in terms of the commercial aspects and resolved to seek a delegation for the Committee to approve the Heads of Terms, subject to the Committee being comfortable.
- 4.3 A confidential minute was recorded.
- 4.4 The Board would have final approval on any contract should the project progress to that stage.

Julie Morrissy re-joined the meeting.

Agenda item 6.1
Paper Ref FEC/4/21/6.1
Confidential

Estates Plan

Minute Ref FEC/4/21/5

- 5.1 Members considered a proposal to accelerate the Campus Plan, building on the earlier ambition to reduce the overall size of the University Estate, as agreed at the October 2020 meeting of the Committee. The Chair highlighted the helpful presentation in support of the paper which included visuals of the phased investments required for the revised Plan. The Group Director of Estates and Facilities summarised the key considerations, particularly:
- the long-term ambition to create a single city centre Sheffield campus with the aim of enhancing sustainability and experience whilst maintaining consistent quality across the estate portfolio in terms of condition and suitability;
 - the significant cost of addressing backlog maintenance across the existing estate;
 - lessons learned from the pandemic and the opportunity to create a more vibrant campus focussed around flexible working and learning settings and an enhanced experience for all;
 - the ability to drive energy improvements across the estate and progress the achievement of the University's Net Zero Carbon strategy;
 - the phasing of the Plan. A confidential minute was recorded.
 - the considerable cost of underutilised teaching and workspace costs and the importance of driving improved space utilisation to optimise operational efficiencies;
 - the timely release of the University's poorest performing and condition assets including the disposal of Collegiate Campus as quickly as reasonably possible;
 - risks including the initial investment required to fund the revised Plan, inflation on costs and supply of materials and the ability to deliver the Plan which was linked to the current portfolio review. A key risk was managing the existing estate; the longer the University retained its current level of assets, at the same time as developing new, the greater the risk in terms of deterioration in quality and the further significant costs associated with achieving net zero carbon and addressing suitability constraints. Achieving the vacating and disposal plans within the indicative timescales is crucial to risk mitigation.

Members queried how stakeholder communications would be managed, particularly in respect of the potential impact on staff and students. The importance of ensuring the narrative reflected the affiliation of the revised Campus Plan with the University's overall strategic direction to ensure staff engagement was highlighted.

The Committee endorsed the direction of travel and the plans for accelerated development, and suggested that, in view of the significant amount of detail, a separate briefing session for the Board would be beneficial.

In response to a member's query on whether Phase 1 was achievable within the proposed timescale, the Group Director of Estates and Facilities confirmed that the main component, the Howard Street Development, was required to address condition and capacity issues of the Collegiate campus and anticipated growth in key areas. (It was noted that Phase 1 works would not enable wholesale exit from Collegiate). The new developments are intended to include forwarding looking and flexible working and learning spaces in support of staff and students' desire to work and learn in more collaborative ways. Targeted refurbishment and enabling works were also required to improve efficiency in the existing campus. The Deputy Vice-Chancellor noted some in-built flexibility was necessary to respond to any need to adapt plans long the way. It was noted that the affordability of the Plan would be presented in more detail under agenda items 7.1 and 7.2.

Whilst the Committee acknowledged the potential for inflationary cost increases throughout the life of the Plan, concerns were expressed about the global supply of materials. The

benefits of the Hallam Alliance programme were noted and the Committee received assurance that this was being closely monitored.

In response to a member's question on how building design incorporated Covid considerations, the Group Director of Estates and Facilities reported that the University was in a good position in this regard, with high performing, well maintained ventilation systems. The design of new buildings reflected the Covid environment and designing in flexibility of space utilisation should facilitate any future social distancing measures. The use of materials that were hygienic and easy to clean would also assist with improving provision.

5.2 A confidential minute was recorded.

5.3 In relation to Phase 1 of the Campus Plan, the Committee recommended to the Board of Governors to proceed with the development of the first Phase of Howard St developments (Blocks A-D), subject to appropriate financing being in place. It was noted that a formal recommendation on proposals for Phase 2 plans would be brought to the Committee at a later date and that a separate session to discuss the Plan in more detail should be scheduled for Board members.

The Committee agreed to take agenda 7.2 before item 7.1.

Agenda item	7.2	Budget and Financial Forecast 2021/22	Minute Ref	FEC/4/21/6
Paper Ref	FEC/4/21/7.2			
	Confidential			

6.1 The Chief Finance and Planning Officer presented the proposed budget for 2021/22, together with the initial 5-year financial forecast, noting that the submission to the OfS of the Annual Financial Return (including the forecast) had again been extended, to March 2022. Consequently, the forecast would be revisited in Autumn 2021 to reflect the University's recruitment performance in September. It was noted that a 20-year forecast was also required to progress discussions with lenders on additional borrowing to finance the Campus Plan.

Members considered the budget for the 2021/22 financial year and the 5-year forecast which had been endorsed by ULT on 22 June 2021. Key elements included:

- significant income growth over the next few years partly due to an upturn in the 18-year-old demographic, improved retention and forecast growth in the Future Strategy Programme (FSP) areas of Health, Advanced Technical Education and Employer-Led Training;
- comparisons with the previous submission to the OfS in March 2021 including higher tuition fee income through strong international recruitment, the removal of capital grants following the OfS announcement on changes to bid allocation, increased pay costs and provision for funding the revised Campus Plan;
- work undertaken on the capital spend profile to ensure that a sustainable cash position was maintained across the forecast period.

6.2 A confidential minute was recorded.

6.3 The Director of Finance presented a range of scenarios which showed the impact on operating surplus, cash and capital expenditure of the Augar/Comprehensive Spending Review response, pension cost increases, a potential reduction in first year Home undergraduate student numbers for the 2021/22 academic year and the removal of additional borrowing. It was noted that all scenarios maintained the minimum cash balance across the 5-year period. In response to a members' query on whether it would be prudent to include a provision for increased borrowing in the forecast, the Director of Finance commented that should additional borrowing over and above current provision be required, there would be an opportunity to update the forecast in January 2022 in advance of final submission to the OfS

in March 2022. It was highlighted that additional borrowing would need to remain within covenant constraints and that the University would be at risk of breaching the OfS conditions of registration if borrowings exceeded the level provided for in the forecast.

Members queried the assumption of increased international fee income and were assured that predictions were driven by strong recruitment over the past year, together with a review of detailed plans from each of the Colleges and input from the Pro Vice-Chancellor for Global and Academic Partnerships. It was noted that applications for 2021/22 had significantly increased on the previous year with interest from new markets.

The Committee recommended the Budget 2021/22 to the Board of Governors for approval and endorsed the approach to the 5-year forecast, noting the latter would be revised and presented to the Committee for consideration in the autumn term.

Agenda item	7.1	Financing the Estates Plan – 20 year forecast	Minute Ref	FEC/4/21/7
Paper Ref	FEC/4/21/7.1			
	Confidential			

- 7.1 Members received a detailed briefing from the Chief Finance and Planning Officer on the 20-year forecast which built on the 5-year income and expenditure forecast considered above and had been considered and recommended by ULT. Key assumptions included:
- an increase in Home undergraduate fees year 6 onwards;
 - depreciation – based on forecast depreciation of existing assets plus forecast depreciation for new additions;
 - capital expenditure for years 6 to 20 based upon forecast capital equipment spend and the proposed Campus Plan; and
 - additional capital spend in years 17 to 20 for future investment.
 - non-pay costs which include a reduction in estates operating costs;
 - pension provision and the impact of a potential increase relating to LGPS contributions; and
 - an improvement in surplus and cash generation from year 6.

It was noted that the 20-year forecast would form the basis of modelling different funding options, to be discussed, and recommended by, the Financing for Transforming lives 2 Task and Finish Group.

Members commented that the scenario modelling highlighted a need to demonstrate the rationale behind the base scenario, including the importance of accelerating the Campus Plan to enhance the student experience and achieve the University's net zero carbon objectives. It was agreed that the Chief Finance and Planning Officer would revise the 'no loan' scenario to take account of a reduced level of recruitment should the Campus Plan not be achieved at the desired pace.

The Chair of Governors left the meeting at this point.

- 7.2 The Committee recommended the 20-year forecast to the Board of Governors for approval, subject to the above scenario amendment.

Agenda item	7.3	Ethical Investment Policy	Minute Ref	FEC/4/21/8
Paper Ref	FEC/4/21/7.3			
	Confidential			

- 8.1 Members noted that the recent review of the Ethical Investment Policy had not resulted in any changes since the Policy was approved by the Committee in July 2020 and that the University's investments complied with the policy.

The Chair of Governors re-joined the meeting.

Agenda item	8.1	People Plan	Minute Ref	FEC/4/21/9
Paper Ref	FEC/4/21/8.1			
	Presentation			

9.1 The Chief People Officer updated members on work undertaken in respect of sexual misconduct including revisions to the University policies. It was noted that Student Support and HROD were working together in response to the OfS Statement of Expectations which would be reported to the Board at its July meeting.

9.2 It was noted that unreported behaviour continued to be a challenge for the University. Members were briefed on the report which was the subject of a recent article in The Times. It was reported that induction talks would be provided to all year groups where it would be made clear that any breach of the Student Charter would not be tolerated and may result in disciplinary action. A great deal of work to encourage reporting and create an environment where people felt comfortable to report any issue was underway. The Chair of the Finance and Employment Committee noted the discussions at EDI Committee and the assurance that the University was doing all it could in this area.

The Committee agreed to take items 8.2 and 8.3 out of order.

Agenda item 8.2
Paper Ref FEC/4/21/8.2

The University's EDI Objectives

Minute Ref FEC/4/21/10

- 10.1 The HROD Manager for OP&C and EDI Objectives delivered a helpful presentation on work undertaken in respect of the proposed EDI Objectives 2021-2024, particularly:
- a reminder of the current objectives and the opportunity to build on these to include all protected characteristics reflective of the more expansive approach to EDI by the University;
 - work undertaken by the cross-University working group led by the Chief People Officer on the guiding principles and the development of 5 themes underpinning the objectives: cultural competence, equality of access, outcome and experience, inclusion, place and safety;
 - an analysis of the impact of the new Equality Objectives which spoke to both students and staff and were primarily about inclusion and a sense of belonging;
 - potential measures to monitor the objectives; and
 - next steps including the September launch of the new objectives and the development of an accompanying delivery plan, subject to consideration by the Board of Governors at its July meeting.

Members agreed with the approach, noting the importance of aligning work in this area with the Hallam Deal. The Chief People Officer confirmed that a number of KPIs were tied in with the equality objectives, representing the aspirational direction of the University with regard to both staff and students.

- 10.2 Following further detailed discussion, the Committee recommended the University's EDI's objectives, detailed below, to the Board of Governors for approval:
1. Empower students and staff with the skills to respect different cultures and to study, work and lead inclusively.
 2. Improve equality of access, outcome and experience for students and staff so that all can succeed and thrive.
 3. Support all students and staff to bring their whole selves to study or work in order that everyone knows that they belong.
 4. Be a leader in inclusive practice, collaborating with individuals, stakeholders and society.
 5. Provide an environment where all students and staff feel confident in raising concerns and receiving a response.

Agenda item 8.3
Paper Ref FEC/4/21/8.3

The Hallam Deal

Minute Ref FEC/4/21/11

- 11.1 The HROD Manager for Organisation, Performance and Culture presented an update on the Hallam Deal, noting that significant progress across the five themes had been made over the last 12 months, despite the impact of Covid. Key aspects included:
- the introduction of new guidance to support staff emphasis on health, wellbeing and welfare;
 - work towards an inclusive culture including regular staff surveys and work to develop Hallam values;
 - feedback from staff to indicate they had felt empowered over the last year;
 - the challenges brought about by the current financial constraints in respect of the reward elements; and
 - the opportunity to review the Hallam Deal; whilst concluding that the 5 themes were still relevant and reflective of the Hallam values and new ways of working, a number of changes were recommended to the descriptors and expectations.

The Committee endorsed the above approach, subject to the timing of the revisions in relation to what else might be happening within the University. The HROD Manager responded that communications were key and, whilst some work would be undertaken this side of summer, the need to align with the FSP was acknowledged. It was noted that HROD was meeting shortly with the Communications Team to begin mapping this out against the revised EDI Objectives and work on the University's values to create a joined-up approach. The Chief People Officer highlighted that the senior leaders' group would be leading on some initiatives to emphasise that this was very much a University-wide initiative.

Agenda item	8.1	Staff Engagement Survey	Minute Ref	FEC/4/21/12
Paper Ref	FEC/4/21/8.1			

- 12.1 Members noted that, following presentation of the headline scores from the April 2021 Pulse Survey to the Committee in May, this report, and the accompanying presentation, provided an update on the key themes from the free-text comments (9,600+ comments across the 5 applicable questions) made in the survey. Highlights included:

- work- life balance and flexibility and reference to new ways of working in the future; a desire for a blended approach to working;
- whilst some challenges in access to technology and equipment were noted, comments acknowledged the hard work carried out by DTS to put in place the required technology and overall IT support (it was noted that this score had progressively increased over the last 15 months);
- concerns about the health and safety aspects of returning to campus and the use of public transport, which had been the focus of recent staff communications; and
- feedback around the role of leaders and managers including many positive comments and some opportunities for improvement.

It was reported that further analysis relating to specific staff groups was being undertaken and the Chief People Officer highlighted the cultural shift over time evidenced by the growing number of free comments, despite some initial reluctance.

Julie Morrissey left the meeting at this point.

Agenda item	9	Estates Development Report	Minute Ref	FEC/4/21/13
Paper Ref	FEC/4/21/9			
	Confidential			

- 13.1 The Committee received the Estates Development Report and noted that a regular update on the Hallam Alliance would be provided at 6-monthly intervals, with the next one being due in November 2021.

Agenda item	10	Investments Summary	Minute Ref	FEC/4/21/14
Paper Ref	FEC/4/21/10			

14.1	The updated investments summary was noted.		
Agenda Item	11	Students' Union Financial Monitoring	Minute Ref FEC/4/21/15
Paper Ref	FEC/4/21/11		
	Confidential		
15.1	The Committee received the financial monitoring report for the Students' Union as at end May 2021 which showed an operating surplus.		
Agenda Item	12	Orders and Contracts above Threshold Level	Minute Ref FEC/4/21/16
Paper Ref	FEC/4/21/12		
	Confidential		
16.1	Members noted that the exact cost of the University's desktop and service licence contract had yet to be confirmed but was expected to exceed the threshold. Should this be the case, approval would be sought at the next meeting of this Committee, or via Chair's Action if required sooner.		
Agenda Item	13	Pensions Update	Minute Ref FEC/4/21/17
Paper Ref	FEC/4/21/13		
17.1	The Committee received the report, noting progress on establishing a Pensions Subcommittee; the status of consultations related to pensions, the delegation of Trustee powers in relation to the University's Death-in-Service Policy and the FRS102 balance sheet position as at 31 July 2021 (due to the LGPS pension provision).		
Agenda Item	14	Annual Business Cycle 2020/21	Minute Ref FEC/4/21/18
Paper Ref	FEC/3/21/14		
18.1	Members received the forward cycle of business for the Committee over the 2021/22 academic year.		
Agenda Item	15	Other Urgent Business	Minute Ref FEC/4/21/19
19.1	There was no other business.		
Agenda Item	16	Date of Next Meeting	Minute Ref FEC/4/21/20
20.1	29 September 2021 at 1500.		