

SHEFFIELD HALLAM UNIVERSITY

FEC/5/17/M

## FINANCE AND EMPLOYMENT COMMITTEE

## Minutes of the meeting held on Friday 17 November 2017

**Present:** Mr N MacDonald (Chair)  
 Mr D Bradley  
 Lord Kerslake  
 Prof C Husbands  
 Prof J Patnick  
 Dr S Timothy  
 Mr M Conway (University Secretary and Clerk to the Board)

**In Attendance:** Ms K Brewin, Senior Management Accountant (item 9.3)  
 Mr R Calvert, Chief Operating Officer  
 Ms D Harry, Chief Finance and Planning Officer  
 Dr S Jackson, Interim Director of Human Resources + Organisational Development  
 Prof C Kinsella, Chair of the Audit and Risk Committee (observer for items 6.1 and 8.1 to 10)  
 Mr D Ladbury, Director of Estates (items 6.1 to 6.4)  
 Ms L Stevenson, Head of Rewards and Benefits (item 8.1)  
 Ms S Swales, Assistant Director of Human Resources (item 8.1)  
 Mr S Taylor, Director of Financial Services (items 7.3 to 10)  
 Ms T Goodwill, Governance Services  
 Mr P Sweeney, Governance Services (Minute Secretary)

**Apologies for absence:** Ms M Munn

| Paper reference           | Minute reference |   |
|---------------------------|------------------|---|
|                           | FEC/17/59        | <b>Chair's Opening Remarks</b>  |
|                           | 59.1             | The Chair welcomed Julietta Patnick and Sally Jackson (Interim Director of Human Resources and Organisational Development) to their first meeting of the Committee. |
|                           | FEC/17/60        | <b>Declaration of Interests</b>   |
|                           | 60.1             | There were no declarations of interest.   |
| FEC/4/17/M<br>FEC/4/17/MC | FEC/17/61        | <b>Minutes of the meeting held on 20 September 2017</b>   |
|                           | 61.1             | The minutes and the confidential minutes were each <u>approved</u> as a correct record.   |
| FEC/4/17/action           | FEC/17/62        | <b>Matters Arising/Action Tracker</b>   |
|                           | 62.1             | The Committee <u>noted</u> the action tracker.  |

FEC/17/63

**Other Urgent Business**

63.1

There was no other urgent business.

FEC/17/64

**Developing the Estate Masterplan**

64.1

The Director of Estates reported on progress towards developing the estates masterplan. There had been no significant changes since the report to the governors' strategy event in October 2017. Financial modelling was on-going at present and would be reported to the Board at its meeting on 30 January 2018. Immediate technical challenges included addressing short-term pressures on the estate via leased office space, investment in minor works and a review of timetabling to enable more efficient use of the estate. It was also necessary to move forward with property acquisition. Other challenges to be addressed included balancing ambition with affordability, overall timescales, adapting to changes in business needs and income streams, and securing external and internal stakeholder support.

The Committee received the presentation.

64.2

The Committee discussed the financial aspects of the masterplan including, how and when the overall financial implications would be presented to governors, borrowing scenarios, and the ability to offset borrowing by generating increased surplus. The following points were made in response:

i) The masterplan was a framework for development and would be reviewed regularly as business needs changed. Although an indication of the overall cost of doing everything would be provided, financial approval would be sought for individual phases. Each of these phases would be freestanding though might consist of more than one particular building project.

ii) The Strategic Plan did not include borrowing for early work towards the masterplan. Borrowing scenarios were being considered at present and the Committee would have the opportunity to look at the financial elements of the masterplan at its meeting in February 2018.

iii) It was expected that borrowing requirements would be offset in part by the ability to grow a surplus. Whilst student number projections remained relatively stable overall, increased operational effectiveness should enable the University to operate at a higher margin. These student number projections indicated that the undergraduate population would be maintained up until 2020-21 at which point the demographic position would improve slightly. There were anticipated challenges in the international student market but expected growth in postgraduate

taught numbers.

64.3 In respect of the intention to review timetabling and help offset current pressures on the estate, members referred to concerns raised by students in recent National Student Surveys about having large gaps between scheduled classes. In response it was stated that the principles applied in timetabling to address those concerns would be retained.

64.4 The timescales for reports to governors in connection with the estate masterplan were:

- i) the masterplan would be recommended to the Board for approval at its meeting on 30 January 2018;
- ii) the Committee would receive a report on the estate capital plan in the context of the developing University Financial Plan (UFP) at its meeting in February 2018;
- iii) the Board would receive a report on the estate capital plan at its meeting in March 2018.

**Action:** Director of Estates and Facilities and University Leadership Team

FEC/5/17/6.2  
Confidential

FEC/17/65

**Estate Developments**

65.1 The Committee received the summary of estates major projects showing overall risk status (appendix 1) and the revised estate capital plan schedule which was tabled (appendix 2). The Director of Estates reported that the main risk to the Food Engineering project was not being able to complete the project before the HEFCE funding deadline, which might leave the University in a position where it was unable to draw down all the committed funds. The scope of the project was being revised to mitigate this risk. An on-going audit of the University's contractor procurement framework could cause further delay and at present there was no timescale for when this would be completed.

65.2 **Lease of two floors at Aspect Court**

The Committee received a report on the arrangements and timescales to progress the lease of floors 5 and 6 in Aspect Court. The Committee resolved to approve that Chair's action be taken to finalise the lease arrangements in advance of the Committee's next meeting in February 2018.

**Action:** Director of Estates and Facilities and Chair of the Committee

FEC/5/17/6.3  
Confidential

FEC/17/66

**City Campus Atrium business case**

66.1 The Committee noted the Chair's action taken to approve the business case for the refurbishment of the City

Campus Atrium including the replacement of the roof.

|                              |           |   |
|------------------------------|-----------|---|
|                              | FEC/17/67 | <b>Olympic Legacy Park: Next Steps</b>  |
|                              | 67.1      | The Committee <u>received</u> a progress report. A minute confidential to the Committee was recorded.   |
| FEC/5/17/7.1<br>Confidential | FEC/17/68 | <b>HEFCE Annual Accountability Return 2017 - Financial Commentary</b>   |
|                              | 68.1      | As part of the HEFCE annual accountability process, the University submitted a financial forecast to HEFCE in July 2017 (minute BG/17/67.2 refers). The Committee received the commentary which explained material variances between the University's 2016/17 audited performance and position relative to the July 2017 forecast.  |
|                              | 68.2      | The Committee <u>resolved to recommend</u> the financial commentary to the Board of Governors for approval and submission to HEFCE by the December 2017 deadline.<br><br><b>Action:</b> Chief Finance and Planning Officer  |
| FEC/5/17/7.2<br>Confidential | FEC/17/69 | <b>Annual Financial Sustainability Assurance Report (ASSUR)</b>   |
|                              | 69.1      | The Committee <u>received</u> the ASSUR report which was an optional submission as part of the annual accountability returns submitted to HEFCE. The Committee <u>resolved to recommend</u> the ASSUR 2016/17 to the Board of Governors for approval and submission to HEFCE by the December 2017 deadline.<br><br><b>Action:</b> Chief Finance and Planning Officer  |
| FEC/5/17/7.3<br>Confidential | FEC/17/70 | <b>Orders/Contracts above Approval Threshold Level</b>  |
|                              | 70.1      | The Committee <u>noted</u> that:<br>i) there were no contract awards which required approval;<br>ii) there had been no submissions for Chair's approval since the meeting on 20 September 2017;<br>iii) no contracts had been awarded above £500k;<br>iv) the multi-functional devices (photocopiers) contract award was likely to be submitted for the Chair's approval prior to the meeting of the Committee on 21 February 2018. |
| FEC/5/17/7.4<br>Confidential | FEC/17/71 | <b>Treasury Management Policy - Annual Report to Governors</b>  |
|                              | 71.1      | The Committee <u>received</u> the report on its business relating to amendments to the Treasury Management Policy, which would be reviewed by the Board of Governors at its meeting in November 2017.   |

**Action:** Chief Finance and Planning Officer

FEC/5/17/7.5  
Confidential

FEC/17/72

**Debt Management**

72.1

The Committee received the report which had been produced in response to a request from governors at the previous meeting for more detail behind the University's approach to assessing its bad debt provision and how this compared across the sector. The report highlighted two main points:

i) Total debt as a % of income was about 0.6% above the sector average. Aged Debt was just below 1% of income, below the sector average of 1.5%.

ii) Total bad debt provision was £1.9m, of which £1.2m was over 12 months old. Ex-student debt was only kept on the ledger where a payment plan was in place or where it was felt there was still an opportunity for the debt to be collected. Decisions on removing this debt from the ledger were made on a case by case basis.

FEC/5/17/7.6  
Confidential

FEC/17/73

**Banking Arrangements**

73.1

The Committee resolved to recommend to the Board the approval and signature of the bank mandate by the Chair of the Board and the University Secretary

**Action:** Chief Finance and Planning Officer

FEC/17/74

**Hallam Deal**

74.1

The Interim Director of Human Resources and Organisational Development reported that the Hallam Deal had recently been launched to staff. The Hallam Deal formed a significant part of the Building a Great University pillar of the University Strategy and set out the University's commitment to staff and what it should expect in return. It represented the University's HR Action Plan for the coming years. Initial responses to the launch had been enthusiastic and a series of workshops with staff were being held in November and December 2017.

The Committee received the report.

FEC/5/17/8.1  
Confidential

FEC/17/75

**Defined Contribution Pension Scheme**

75.1

The Head of Rewards and Benefits summarised the review of the University's pension scheme options and the proposed introduction of an additional defined contribution pension scheme. The report made the following points:

i) Pensions were an important benefit but costs were increasing and arrangements changing.

ii) The University needed to consider its options but could not change the current pension schemes.

iii) An additional, defined contribution scheme could have a number of benefits including, bringing those staff who had previously opted-out, back into a pension scheme, addressing pension tax issues, increasing the University's control, reducing costs and supporting new employment arrangements (if required).

iv) The proposed scheme would be non-contributory with an additional matching structure. The University's contribution would start at 8%. Governance of the scheme would rest with the Finance and Employment Committee.

v) Some financial modelling had been carried out and potential scenarios produced. However these were not predictions of what employees would do.

The Committee received the report.

75.2 The Committee broadly supported the proposal in principle though some concerns were raised over the likely value to participants of a non-contributory scheme and the need for clear communication to ensure staff did not read this as a precursor to alternative employment arrangements. The overall intention, to make the scheme attractive and affordable for staff currently unable to participate for cost reasons, was noted.

75.3 The Committee decided more information was required before a decision to formally endorse the proposal was taken. The difficulty of reliably predicting individual's choices was acknowledged. However, more details of the range of outcomes and exposure to risk, including maximum costs, would support overall understanding of the proposal. It was also decided that the proposal should be put before the Board before formal consultation with staff commenced.

After consideration outside of the meeting, it was decided that:

i) The proposal would be amended to include the additional information requested by the Committee before being considered by the Board at its meeting on 28 November 2017.

ii) A drop-in briefing session on pensions to be provided for governors prior to the Board meeting. This would be aimed at those governors who had not previously received the level of detail on pensions as presented to the Committee.

**Action:** Chief Finance and Planning Officer, Interim Director of Human Resources and Organisational Development.

|                              |           |   |
|------------------------------|-----------|---|
| FEC/5/17/9.1<br>Confidential | FEC/17/76 | <b>Draft Students' Union Financial Statements for year ended 31 July 2017</b>   |
|                              | 76.1      | <p>The Chief Finance and Planning Officer reported that as a result of the timing of the Students' Union financial statements sign-off, it had not been possible to circulate the statements with the papers for this meeting of the Committee. A copy of the draft statements were tabled at the meeting.</p> <p>The Committee <u>received</u> the report.</p> |
| FEC/5/17/9.2<br>Confidential | FEC/17/77 | <b>Students' Union Financial Monitoring: Period 2</b>   |
|                              | 77.1      | <p>The Committee <u>received</u> the report on the financial performance of the Students' Union as at period 2 (September 2017).</p>  |
| FEC/5/17/9.4<br>Confidential | FEC/17/78 | <b>Students' Union Pension Arrangements</b>   |
|                              | 78.1      | <p>The Committee <u>received</u> the report on the arrangements in place to manage the risks in relation to the defined benefit pension liability of the Students' Union.</p>   |
| FEC/5/17/9.3<br>Confidential | FEC/17/79 | <b>Students' Union Update of Grant – Performance Measures</b>   |
|                              | 79.1      | <p>The Senior Management Accountant introduced the report which outlined the National Student Survey (NSS) targets which would form the basis of the Students' Union grant calculation for 2019/20 onwards.</p>   |
|                              | 79.2      | <p>The Committee <u>resolved to recommend</u> to the Board the approval of the National Student Survey targets to inform the Students' Union grant for the years 2019/20 onwards.</p> <p><b>Action:</b> Chief Finance and Planning Officer</p>  |
| FEC/5/17/10                  | FEC/17/80 | <b>Schedule of Meetings and Forward Planning Programme</b>  |
|                              | 80.1      | <p>The Committee <u>received</u> the forward planning programme and noted that its next meeting would be held from 1500 to 1730 on Wednesday 21 February 2018.</p>  |