

SHEFFIELD HALLAM UNIVERSITY

FEC/1/17/M

FINANCE AND EMPLOYMENT COMMITTEE

Minutes of the meeting held on Wednesday 8 March 2017

Present: Mr N MacDonald (Chair)
 Mr D Bradley
 Prof C Husbands
 Lord Kerslake
 Ms M Munn
 Dr S Timothy
 Ms L Mason (Interim Clerk to the Board)

In Attendance: Mr R Calvert, Chief Operating Officer
 Mr M Conway, Deputy Secretary, University of Manchester
 Mr P Dixon, Director of Human Resources
 Ms D Harry, Chief Finance and Planning Officer
 Mr M Swales, Director of Estates and Facilities (item 6)
 Mr S Taylor, Assistant Director, Financial Services
 Ms T Goodwill, Governance Services (Minute Secretary)

Apologies for absence: none

Paper reference	Minute reference	
	FEC/17/1	Chair's Opening Remarks
	1.1	The Chair welcomed: i) Lord Kerslake to his first meeting of the Committee; ii) Martin Conway who, from 8 May 2017, would be the University Secretary and Clerk to the Board of Governors; iii) Simon Taylor, Assistant Director, Financial Services.
	FEC/17/2	Declaration of Interests
	2.1	Meg Munn declared an interest as a non-executive director of the ESH Group which submitted a bid for the construction of the Advanced Wellbeing Research Centre. Agenda item 6 refers.
FEC/6/16/M	FEC/17/3	Minutes of the meeting held on 2 November 2016
	3.1	The minutes were <u>approved</u> as a correct record.
FEC/6/16action	FEC/17/4	Matters Arising/Action Tracker
	4.1	The Committee <u>noted</u> the action tracker.

FEC/17/5

Matters Arising: Minutes 16/37.3iii and 16/73 People Plan including pensions development and policy in the context of the refreshed University Strategy

5.1

The refreshed University Strategy was approved by the Board of Governors at its meeting in February 2017. The People Plan was one of a suite of plans which supported the implementation and delivery of the University Strategy. The People agenda would include a new operating model for staff and within that work continued on pensions development and policy. The Committee received a progress report from the Director of Human Resources as recorded in paragraphs 5.2 to 5.7 below.

5.2

At its meeting in September 2016 the Committee received a report on the University's pension commitments, recent changes to the tax treatment of pension contributions and the impact of re-valuations of the pensions schemes.

5.3

Raising staff awareness of the changes to the tax treatment of pension contributions

In September 2016 the Committee noted that changes to the tax treatment of pension contributions affected a relatively small number of staff but there was low awareness of the changes. Since then the University had issued communications to the staff affected to raise awareness of the changes.

5.4

The University's pensions liabilities: financial analysis and modelling

Since September 2016 the University had carried out financial analysis and modelling to assess the liabilities arising from the Local Government Pension Scheme (LGPS). Options for managing pension costs and risks would be considered as part of the work to implement and deliver the People agenda. The development of the new operating model for professional services staff would include consideration of the options for managing the LGPS costs and risks.

5.5

Work underway to inform the Hallam Deal with academic and professional services staff

The work underway to inform the Hallam Deal included:

- i) a review of practices for the recruitment of academic and professional services staff;
- ii) equality and diversity targets related to staff employed at the University. At its meeting in April 2017 the Board would receive and discuss a report on equality and diversity with a focus on academic and professional services staff;

Action: PVC for Academic Staffing and Equalities and Dean of the Faculty of Development and Society.

- iii) a new operating model for professional services staff which would strengthen the impact and coherence of the University's activities across central and faculty based teams. The University would invest in professional services staff through a combination of development and progression allowing greater flexibility of the professional services workforce.

In response to comments from governors the approach to the following was outlined:

- i) academic work planning;
- ii) facilitating career progression for academic and professional services staff;
- iii) the University's engagement with the trades unions.

5.6

Arrangements for the Committee to discuss the developing People Agenda and the Estate Plan prior to the Board of Governors' strategic discussions

A discussion meeting would be held on 10 May 2017 to allow time for members' consideration of the developing People agenda and the Estate Plan prior to the strategic discussions planned for meetings of the Board of Governors. The independent members of the Board would be invited to join members of the Committee on 10 May 2017.

Action: interim Clerk to the Board, Director of Human Resources and Director of Estates and Facilities

5.7

The People Plan would be the topic of the Board of Governors' strategic discussion at its meeting in July 2017.

Action: Director of Human Resources.

5.8

The Estate Plan would be the topic of the Board of Governors' strategic discussion at its meeting in May 2017.

Action: Director of Estate and Facilities.

FEC/17/6 **Other Urgent Business**

6.1 There was no other urgent business.

FEC/Jan2017
Confidential FEC/17/7 **Estate Developments**

7.1 The estate developments progress report which was to have been received by the Committee at the meeting in January, which was cancelled, was emailed to members on 12 January 2017.

FEC/1/17/6
Confidential 7.2 **Summary of estates major projects**

The Committee received the progress report and noted the summary of estates major projects showing overall risk status (appendix 1) and the estate capital plan schedule (appendix 2). The Director of Estates and Facilities reported:

- i) that work was due to start on the development of the former Firth Rixson Aurora site which was adjacent to the Sheffield Hallam University Sports Park;
- ii) that the Charles Street building had been shortlisted by the Royal Institution of Chartered Surveyors in its awards category for regeneration projects in the Yorkshire and Humber region;
- iii) on the implications for the re-location of the data centre from Hallamshire Business Park (HBP) to the basement of the Charles Street building following extensive testing of the repair after the water ingress in the basement in February 2016 and ongoing work with the University's insurers following a mains water pipe burst in Arundel Gate in August 2016. It was reported that the University was considering its options for its long term data strategy including Cloud capability and retaining the data centre at HBP;
- iv) that heads of terms had been agreed to proceed with the purchase of a site for a building for the National Centre of Excellence for Food Engineering, subject to planning consent;
- v) that the funding for the Advanced Wellbeing Research Centre had been approved by the Secretary of State for Health and the University had received the funding agreement for signing;
- vi) that the ducts which the University planned to use for the connection of data cables into 20 Furnival Street had been damaged following a failure of the Sheffield District Energy Network adjacent to the building. The University was assessing the costs of the installation of a new duct infrastructure and its options for the relocation of Digital Technology Services staff to the building;
- vii) that contracts had been exchanged for the sale of

- viii) Norton playing fields;
- viii) on the sales of two of the four properties on Broomgrove Road. The timing of and arrangements for the sale of the remaining two properties was outlined;
- ix) that the estate related work arising from proposals for curriculum development was ongoing. The proposals would be considered by the Committee later in the meeting.

7.3

Developing the Estate Plan

The University's Estate Plan was one of a suite of plans which supported the implementation and delivery of the refreshed University Strategy which had been approved by the Board of Governors at its meeting in February 2017. The Plan would be aligned with the four pillars of the Strategy which were: shaping students' futures, creating knowledge that provided practical solutions to real world challenges, strengthening local leadership and global engagement and building a great university. Members commented on the following which would inform the development of the Plan:

- i) the financing of estate projects including the extent to which the University might lease rather than purchase assets. The Committee would receive a report on the review of the University Financial Plan later in the meeting;
- ii) estate project planning and management including the lessons learned from project delays and projects to which external sponsors contributed funding;
- iii) the academic plans which were drivers for the Plan;
- iv) the contribution of the estate including its teaching, learning and work spaces to the student experience and the staff experience. There was a need for generic and specialist spaces and flexibility to enable spaces to be adapted to meet future needs;
- v) developments in Sheffield city centre.

7.4

As reported earlier the developing Estate Plan would be a discussion topic for the external members of the Board at a meeting to be held on 10 May 2017. The Plan would then be the topic of the Board of Governors' strategic discussion at its meeting on 23 May 2017.

Action: Director of Estate and Facilities.

7.5

In response to comments from governors the steps taken by the University following a fire in a research laboratory on level 7 of the Norfolk building including business continuity arrangements with the Faculty of

Health and Wellbeing and students were outlined.

FEC/17/8 **An introduction from the Chief Finance and Planning Officer**

8.1 The Committee received a presentation from the Chief Finance and Planning Officer which summarised her career, experience and expertise. The presentation described how some of the strategic development projects she had been responsible for at other organisations were financed and progressed including engagement with stakeholders.

FEC/1/17/8
Confidential

FEC/17/9 **Review of University Financial Plan**

9.1 The University Financial Plan (UFP) was one of a suite of plans which supported the implementation and delivery of the refreshed University Strategy which had been approved by the Board of Governors at its meeting in February 2017. The Committee received the progress report on the UFP review. The Chief Finance and Planning Officer summarised the four developing workstreams which were operations, investment, financing and internal economy (appendix 1) and the proposed format for the 2017/18 budget (appendix 2).

9.2 The Committee discussed the University's approach to financial sustainability, the constraints it faced and its use of the following in scenario planning to inform the development of the UFP:

- i) forecasts of income from student recruitment and other income sources;
- ii) benchmarking the University against the levels of debt in the higher education sector;
- iii) the regulation of higher education providers and competition in the sector;
- iv) a proportionate approach to risk.

9.3 The next steps would be as follows:

- i) at its meeting in April 2017 the Board of Governors would receive a report on key performance indicators (KPI) which would allow progress in the delivery of the University Strategy to be measured;
- ii) the developing UFP would be discussed by the Committee in July 2017;
- iii) the UFP would be the topic of the Board of Governors' strategic discussion at its meeting in July 2017;
- iv) an internal economy model to support and incentivise the delivery of the University Strategy would be piloted in the 2017/18 academic year.

Action: Chief Finance and Planning Officer

FEC/1/17/9
Confidential

FEC/17/10

Ethical Investment Policy

10.1

The Committee received the report which proposed that the Directorate of Finance review the ethical investment policy every two years, instead of annually, with any proposed amendments submitted to the Committee for approval. The Committee discussed:

- i) the type of investments held by the University;
- ii) how the policy compared with that of other higher education institutions;
- iii) the related Treasury Management policy including levels of surplus, borrowing and counterparties;
- iv) the University's approach to ethical investments in the context of the refreshed University Strategy and comparisons with the approach of other institutions. Examples were given of the individual challenges for institutions arising from a variety of factors including curriculum content and social and economic considerations.

10.2

At the conclusion of the discussion the Committee advised that its preference was for the ethical investment policy not to be amended and for the policy to continue to be reviewed annually by the Directorate of Finance. The Committee resolved to approve that the ethical investment policy should be reviewed annually with any proposed amendments submitted to the Committee for approval.

FEC/1/17/10

FEC/17/11

Investments Summary - 6 months to 31 January 2017

11.1

The Committee received the report. The investment summary at 7 March 2017 was tabled.

FEC/1/17/11
Confidential

FEC/17/12

Financial Monitoring - Finance Dashboard and Commentary: period 6, January 2017

12.1

The Committee received the period 6 finance dashboard and commentary which included a note of the emerging risks and challenges which would affect the forecast operating surplus for 2016/17. The Chief Finance and Planning Officer reported:

- i) that the report was in line with previous forecasts received by the Committee;
- ii) on the timing issues for the budget arising from the disposal of Norton playing fields;
- iii) that the work involved in the National Collaborative Outreach Programme bid contributed to the higher than budget pay costs.

12.2

In response to comments from governors about the second bullet point under the income heading in the commentary, the effect of a lower number of students

going on placements than targeted was explained.

FEC/1/17/12 Confidential	FEC/17/13 13.1	<p>Alternative business structure to support legal education</p> <p>The University Strategy which was approved by the Board of Governors at its meeting in February 2017 set a vision for the University to be the world's leading applied university. In this context the Committee <u>resolved to recommend</u> to the Board of Governors the proposals described in the report and discussed by the Committee. A minute confidential to the Committee was recorded.</p> <p>Action: Chief Finance and Planning Officer</p>
FEC/1/17/13 Confidential	FEC/17/14 14.1 14.2	<p>Banking Arrangements</p> <p>The Committee <u>noted</u> the report which contained a copy of the January 2017 correspondence sent to Barclays Bank plc in accordance with the terms of the University's loan facility with the Bank.</p> <p>In response to comments from governors the Chief Finance and Planning Officer outlined the loan arrangements and her recent discussions with the Bank.</p>
FEC/1/17/14 Confidential	FEC/17/15 15.1	<p>Orders/Contracts above Approval Threshold Level</p> <p>The Committee <u>noted</u> that:</p> <ul style="list-style-type: none"> (i) there were no contract awards which required approval; (ii) there had been no submissions for which Chair's approval had been sought since the last meeting on 2 November 2016; (iii) the award of the contract for the supply of student group travel services would be submitted to the Vice-Chancellor for approval.
FEC/1/17/15	FEC/17/16 16.1 16.2	<p>Students' Union Financial Monitoring: Period 6, January 2017</p> <p>The Chief Finance and Planning Officer introduced the report and outlined the reasons for the financial position of the Students' Union at period 6. The Committee <u>received</u> the report.</p> <p>Review and benchmarking in advance of proposing a 2017/18 grant for the Students' Union to the Committee.</p> <p>Following the Committee's discussion of the 2016/17 grant to the Students' Union in May and June 2016 (minutes FEC/16/44 and 16/55 refer). The grant letter to the Students' Union confirming its 2016/17 grant</p>

following approval by the Board of Governors at its meeting in July 2017 (minute BG/16/89 refers) informed the Students' Union that the effectiveness of its spend would be reviewed and benchmarking would be carried out in advance of proposing the basis of the 2017/18 grant.

16.3

The Committee nominated Neil MacDonald and Stephen Timothy to be members of a task and finish group. Informed by the work of the Chief Finance and Planning Officer and PVC for Student Experience the group would review the benchmarking and the proposed 2017/18 grant. As part of the 2017/18 budget approval process a recommendation would then be made to the Committee at its meeting on 4 July 2017 and the Board of Governors at its meeting on 18 July 2017.

Action: Chief Finance and Planning Officer

FEC/1/17/16

FEC/17/17

Schedule of Meetings and Forward Planning Programme

17.1

The Committee received the draft outline forward planning programme and noted that the May and June meetings had been rearranged and would be held instead on Thursday 8 June and Tuesday 4 July 2017 respectively. The June and July dates would align the Committee's meetings with the University's planning arrangements.