

SHEFFIELD HALLAM UNIVERSITY

FEC/4/17/M

FINANCE AND EMPLOYMENT COMMITTEE

Minutes of the meeting held on Wednesday 20 September 2017

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

In Attendance: Mr R Calvert, Chief Operating Officer
 Ms D Harry, Chief Finance and Planning Officer
 Prof C Kinsella, Chair of the Audit and Risk Committee (observer)
 Mr M Swales, Director of Estates and Facilities (items 9-11)
 Mr S Taylor, Assistant Director of Finance (items 12-15)
 Ms T Goodwill, Governance Services (Minute Secretary)

Apologies for absence: Prof J Patnick

Paper reference	Minute reference	
	FEC/17/43	Declaration of Interests
	43.1	Meg Munn declared an interest as a non-executive director of the ESH Group which had submitted a bid for the construction of the Advanced Wellbeing Research Centre. Agenda items 9 and 11 refer.
FEC/4/17/3	FEC/17/44	Responsibilities and operation of the Committee
	44.1	The Committee <u>received</u> the report and noted that any amendments to its responsibilities and operation following the reform of the Instrument and Articles in 2017/18 would be reported to the Committee in due course. Action: Clerk to the Board.
FEC/3/17/M FEC/3/17/MC	FEC/17/45	Minutes of the meeting held on 4 July 2017
	45.1	The minutes and the confidential minutes were each <u>approved</u> as a correct record.
FEC/3/17/action	FEC/17/46	Matters Arising/Action Tracker
	46.1	The Committee <u>noted</u> the action tracker.

FEC/17/47 **Other Urgent Business**

47.1 There was no other urgent business.

FEC/17/48 **Deputy Chair of the Committee**

48.1 Stephen Timothy was elected as Deputy Chair of the Committee to serve until the first meeting of the Committee in September 2018.

FEC/17/49 **People Plan**

49.1 The People Plan was one of a suite of plans which supported the implementation and delivery of the University Strategy.

49.2 The Chief Operating Officer outlined the progress and pace of the development of the Plan including the design and implementation of a single integrated model for professional services (PSOM) and its focus on the service user. Strengthening the impact and coherence of professional support services would be underpinned by the removal of unnecessary processes, the design of new career paths, increased opportunities for job rotation and enhanced professional development. The implementation of the PSOM across the University was one of the ten immediate priorities to enable the delivery of the University Strategy. The Committee received the report.

49.3 In response to comments the following were discussed:

- i) the approach to equality and diversity which was fundamental to the delivery of the Plan. As discussed with the Board this had shifted to a strategic change management approach from a legal compliance approach (minutes BG/17/29 and 65 refer). Equality and diversity was embedded in the internal governance and decision making arrangements and within the Equality and Diversity Committee (minute BG/17/31 refers). Ways of working by staff including those of the University Leadership Team would be tested and challenged;
- ii) the University's commitment to delivery of the Plan and the equality objectives;
- iii) the need to develop an appropriate performance management framework and embed a clear and consistent approach to the measurement of staff performance across the University;
- iv) exemplar approaches in other organisations which should continue to be explored;
- v) the role of the interim Director of Human Resources who would join the University on 25 September 2017 in the implementation and communication of the Plan to staff;
- vi) the progress of the recruitment of a PVC Health and Wellbeing.

49.4 The Board would discuss the developing People Plan including the PSOM at its strategy event in October 2017 and a progress report would be made to the Committee at its meeting in November 2017.

Action: Chief Operating Officer and Interim Director of Human Resources

FEC/4/17/9
Confidential

FEC/17/50

Estate Developments

50.1 The Committee received 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 that:

- i) the principal contractor for the construction of the National Centre of Excellence for Food Engineering had been appointed and construction was due to commence in early 2018;
- ii) following the fire in June 2017 at the Grenfell Tower block in West London and as reported to the Board in July 2017 the University did not own residential student accommodation and the residential buildings which had cladding were not at risk (BG/17/72.2 refers). The University's work with its insurers and HEFCE was therefore complete;
- iii) Chef Hallam Central on level 6 of the Owen building had re-opened in early September 2017 following work on the suspended ceiling (minute BG/17/72.3 refers). The causes of the ceiling collapse in July 2017 were explained;
- iv) planning permission had been granted for temporary accommodation to meet short term space needs for teaching and learning by increasing the capacity of the Collegiate Campus;
- v) a business case for a University enterprise and innovation hub was being considered by the Leading Locally and Engaging Globally pillar board;
- vi) a business case for the City Campus atrium roof was being developed. Subject to timing, Chair's action by the Chair of the Finance and Employment Committee may be taken to progress the design work. The project's expenditure was in the long term capital budget.

50.2

The developing estate masterplan

The masterplan would enable the University's estate to support the delivery of the University Strategy. There would need to be sufficient flexibility in the masterplan to enable future investment into the estate over the longer term. In response to comments from governors the following points were outlined:

- i) the key drivers informing the development of the masterplan to provide an estate which was flexible, agile and efficient;
- ii) the wider context for the University's masterplan which

included its presence in the Sheffield City region, the Sheffield City centre masterplan and government proposals for a high speed rail route (HS2) through South Yorkshire;

- iii) the timescales for reports to governors on the masterplan were that:
 - a) the Board would receive a briefing on the principles underpinning the masterplan (phase 1) at the October 2017 strategy event;
 - b) the Committee would receive a progress report on the masterplan at its meeting in November 2017;
 - c) a strategic discussion of the masterplan (phase 2) would take place at the Board meeting in November 2017;
 - d) a final masterplan would be recommended to the Board for approval in early 2018.

Action: Director of Estates and Facilities and University Leadership Team

50.3 Governors commented that the progress made overall on the estate masterplan and the estate major projects was good.

FEC/4/17/10
Confidential

FEC/17/51 **Acquisition of property**

51.1 The Committee noted the report on the Chair's action taken to recommend the purchase of a property within the vicinity of the Collegiate Campus to the Chair of the Board of Governors (minute BG/15/109 refers). In response to questions the University's use of the property and the vendor's asking price were clarified. The Board would receive a report on the Chair's action taken at its meeting in October 2017.

Action: Director of Estates and Facilities

FEC/17/52 **Olympic Legacy Park: Next Steps**

52.1 The Director of Estates and Facilities reported that the University had been granted planning permission for the construction of the Advanced Wellbeing Research Centre (AWRC). The building would be the centrepiece of the Olympic Legacy Park (OLP) which was a joint venture between the public and private sectors, led by Legacy Park Limited with partners Sheffield City Council, the University and Sheffield Teaching Hospitals NHS Foundation Trust. The University would begin to drawdown funding from the Department for Health to deliver the building. A minute confidential to the Committee was recorded.

- 52.2 The next reports to governors would be a:
- i) progress report to the Committee at its meeting in November 2017 and, subject to the University's position at that time, arrangements would be made for governors to visit the AWRC site;
 - ii) progress report to the Board in October 2017;

- iii) fly-through video of the AWRC in the Park to be circulated to governors with two maps of the OLP site.

Action: Chief Finance and Planning Officer, Director of Estates and Facilities and Clerk to the Board

FEC/4/17/12
Confidential

FEC/17/53

Financial Monitoring: Provisional Outturn 2016/17

53.1

The Committee received the provisional outturn report for 2016/17 which was subject to audit. The Chief Finance and Planning Officer explained the reasons for the surplus being adverse to budget with reference to the profit on disposal of fixed assets and the Financial Reporting Standard (FRS102) accounting adjustment for pension liabilities which had been confirmed with actuaries. The drivers for the increase in Local Government Pension Scheme (LGPS) charges, which affected post-1992 universities, were reviewed (appendix 1).

53.2

The Committee commented on the pensions offer to staff in the context of the developing People Plan discussed earlier and the provisional outturn. The following points were discussed:

- i) the University's consideration of its options to address the pensions position and its statutory obligations to offer the LGPS, which was a defined benefit scheme, to new staff. The Committee would receive a further report;
Action: Chief Finance and Planning Officer and Interim Director of Human Resources
- ii) meaningful financial performance measures including:
 - a) performance measures used by HEFCE and stakeholders and how the University's liquidity and income compared with others in the higher education sector;
 - b) staff costs as a percentage of income. In response to a question it was reported that the individual restructuring costs which created a University total higher than budget had been agreed with local managers;
 - c) earnings before interest tax, depreciation and amortisation (EBITDA). The Board would receive a report on key performance indicators at the governors strategy event in October 2017 which would allow progress in the delivery of the University Strategy to be assessed;
Action: University Leadership Team
- iii) the covenants relating to the University's loan with Barclays bank and the LGPS valuation (appendix 1). As reported to the Board in July 2017 the forecast accounting deficits would not cause a breach of bank covenants (minute BG/17/66 and 79 refer);
- iv) the University's prudent approach to its financial planning including the implications for income levels from a decline in the 18 year old demographic and increased competition in student markets. The sensitivity of each of the financial planning scenarios to income and other

key drivers in the University Financial Plan would be explored;

- v) how the University would engage and communicate with staff about the outturn for the financial year ended 31 July 2017.

53.3 The Committee would receive a further report at its meeting in November 2017.

Action: Chief Finance and Planning Officer

FEC/4/17/13
Confidential

FEC/17/54

Bad Debts – Recommended Provision and Write Offs at 31 July 2017

54.1 The Assistant Director of Finance introduced the report which recommended the net write-off of debts that were considered to be irrecoverable against the previous year's provision and an increase in the provision for new bad debts in the year. In response to comments from governors it was reported that:

- i) the University's approach to and arrangements for the recovery of commercial debt were robust;
- ii) a report comparing the University's levels of commercial and student related debt with those of other universities would be made to the Committee;

Action: Chief Finance and Planning Officer

- iii) the Audit and Risk Committee would receive a report which analysed aged debt and the provision for it.

Action: Chief Finance and Planning Officer

54.2 The Committee resolved to approve:

- i) the net write-off of debts of £215k that were considered to be irrecoverable against the prior year bad debt provision; and
- ii) an increase of £256k in the provision for new bad debts in the year.

FEC/4/17/14

FEC/17/55

Investments Summary – 12 months to 31 July 2017

55.1 The Committee received the investment summary including the investment yield benchmarking (appendix 2) report which showed that returns outperformed the London Interbank Offered Rate (LIBOR) benchmark for the 12 months to 31 July 2017. The Committee noted the University's investment summary at 19 September 2017 which was tabled.

55.2 Following the Board's approval of the financial forecasts for submission to HEFCE and discussion of the Financial Plan in July 2017 investment and financing options for the University were being explored. Decisions about the options including where best to invest would be made once the costs, timing and prioritisation of the estate masterplan in the context of the University Strategy, were confirmed (minutes FEC/17/38, 17/50 and BG/17/66 refer).

FEC/4/17/15 Confidential	FEC/17/56	<p>Orders/Contracts above Approval Threshold Level</p> <p>56.1 The Committee <u>noted</u>:</p> <ul style="list-style-type: none"> i) that there were no contract awards for approval; ii) that there had been no submissions for Chair's approval since the meeting on 4 July 2017; iii) the award of the market development services contract; iv) that the contract award for multi-functional devices (photocopiers) was likely to be submitted to the Committee at its meeting in November 2017. <p style="text-align: center;">Action: Chief Finance and Planning Officer</p>
FEC/4/17/16 Confidential	FEC/17/57	<p>Students' Union Financial Monitoring: Provisional Outturn 2016/17</p> <p>57.1 The Students' Union income and expenditure report and balance sheet for the year ended 31 July 2017 were tabled. The Committee <u>received</u> the report that indicated the provisional outturn for the Students' Union would be a surplus.</p> <p>57.2 In response to comments from governors:</p> <ul style="list-style-type: none"> i) the work of the Students' Union creating the expenditure categorised as 'advice' in the summary income and expenditure account was explained; ii) the Committee would receive a report at its meeting in November 2017 on the performance measures implemented by the Students' Union (minute FEC/17/36 refers); <p style="text-align: center;">Action: Chief Finance and Planning Officer</p> <ul style="list-style-type: none"> iii) the role of the Link Governor (minute BG/17/6 refers), who was co-Chair of the Engage Committee with the Chair of the Students' Union Board of Trustees, was outlined; iv) the Trustees of the Sheffield Hallam Students' Union would be asked to clarify the arrangements in place to manage the risks in relation to the defined benefit pension liability in the balance sheet. <p style="text-align: center;">Action: Chief Finance and Planning Officer</p>
FEC/4/17/17	FEC/17/58	<p>Schedule of Meetings and Forward Planning Programme</p> <p>58.1 The Committee <u>received</u> the forward planning programme.</p> <p>58.2 The Committee's joint meeting with the Audit and Risk Committee on 17 November would only consider the annual report and financial statements for the year ending 31 July 2017 and the recommendations to the November meeting of the Board made by each Committee would be recorded separately.</p>