

FINANCE AND EMPLOYMENT COMMITTEE

Minutes of meeting held on Wednesday 21 February 2018

Present: Mr N MacDonald (Chair)
 Mr D Bradley
 Lord Kerslake
 Ms M Munn
 Prof J Patnick
 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
 Dr S Jackson, Interim Director of Human Resources + Organisational Development
 Prof C Kinsella, Chair of the Audit and Risk Committee (observer)
 Mr J Somers, Head of HR Management Services (items 9.1 to 9.3)
 Ms L Stevenson, Head of Rewards and Benefits (items 9.1 to 9.3)
 Ms S Swales, Assistant Director of Human Resources (items 9.1 to 9.3)
 Mr S Taylor, Director of Financial Services (items 10.1 to 10.5)
 Ms T Goodwill, Governance Services (Minute Secretary)

Apologies for absence: Prof C Husbands

Paper reference	Minute reference	
	FEC/18/1	Declaration of Interests
	1.1	Neil MacDonald declared an interest as a non-executive director of the Sheffield Children's NHS Foundation Trust. Agenda item 8.3 refers.
FEC/5/17/M FEC/5/17/MC	FEC/18/2	Minutes of the meeting held on 17 November 2017
	2.1	The minutes and the confidential minutes were each <u>approved</u> as a correct record.
Joint FEC/5/17JM ARC/4/17JM	FEC/18/3	Minutes of the joint meeting of the Finance and Employment Committee (FEC) and the Audit and Risk Committee (ARC) held on 17 November 2017
	3.1	The minutes of the joint meeting were <u>approved</u> as a correct record by the FEC. The ARC would be asked to approve the joint minutes at its meeting in March 2018.
FEC/5/17/action	FEC/18/4	Matters Arising/Action Tracker
	4.1	The Committee <u>noted</u> the action tracker

FEC/1/18/6	FEC/18/5	<p>Finance and Employment Committee: Revised Terms of Reference</p> <p>5.1 The Committee <u>resolved to recommend</u> to the Board of Governors the addition of the Committee's responsibility for the approval elements of the financial statements to the terms of reference.</p> <p>Action: Clerk to the Board</p>
	FEC/18/6	<p>Other Urgent Business</p> <p>6.1 There was no other urgent business.</p>
FEC/1/18/8.1 Confidential	FEC/18/7	<p>Campus Plan Phase 1 - outline business case</p> <p>7.1 Following the discussion at the January 2018 Board meeting the implementation of the project sequencing of phase 1 of the proposed campus plan was subject to the Board's approval of a business case including benefits analysis for the investment required in the estate (BG/18/8 refers).</p> <p>7.2 The Committee <u>received</u> the report on the outline business case and discussed the recommended allocation of spend, to December 2018, to further develop the design and financing of phase 1 delivery. Comments were made about the:</p> <ul style="list-style-type: none"> i) future income generation requirements and the financing options including the loan with the bank; ii) benefits analysis including the rate of return on the investment which would be quantified as financial modelling continued; iii) promotion of the masterplan in the Sheffield City region (SCR) and the effects that phase 1 projects might have on potential students' decisions to study at the University. The work to review the University's portfolio to inform further reflection and scenario planning on the future size and shape of the University was summarised. Reference was made to the Board's discussion of student recruitment (BG/18/12 refers) and the need for the SCR to develop its profile, to attract students, in ways similar to those adopted by cities in which the University's competitors were based; iv) risks, dependencies and implications for the University Financial Plan (UFP) and therefore the masterplan arising from the uncertainties and challenges in the external environment. These included demographic change, the competition in student markets, the removal of the cap on tuition fees and a review of post-18 education and funding which was launched by the Prime Minister on 19 February 2018. The review was scheduled to report and conclude in early 2019. It was confirmed that the masterplan would be subject to further review and reflection by the University. A phased approach to the implementation of the masterplan would allow the University flexibility in its strategic decision making in the context of the UFP. If a decision were to be made not to proceed with the implementation of the

masterplan beyond December 2018 it was confirmed that the investment in phase 1 would not have been wasted. The approach to 2018/19 timetabling, maintaining space for social learning and the future capacity and utilisation of the estate were summarised;

- v) response of the construction industry to the University's invitations to tender for the phase 1 projects. The management of planning risks, including forecast income levels and projects' long lead times, and the approach to procurement in the context of the Royal Institute of British Architects' plan of work, were summarised.

7.3 The Committee resolved to recommend to the Board of Governors:

- i) the phased approach to and direction of travel of the campus plan;
- ii) that on the basis of the outline business case the Board approves the allocation of spend (appendix 1, section 6) from existing cash resources to initiate phase 1;
- iii) the setting up of a task and finish group of the Board to progress the funding options available to the University in delivering phase 1 (appendix 5).

Action: Chief Finance and Planning Officer

FEC/1/18/8.2
Confidential

FEC/18/8

Estate Developments

8.1

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 on the progress of the following projects:

- i) a new building for food engineering. The report summarised the University's approach to mitigate the risks to the re-planned project (Minute BG/17/133.2 refers) including the delay arising from the purchase of an alternative site to that initially identified, timescales including the forecast completion date and the relationship of that with the requirements of the funding agreements and procurement requirements and, value engineering in the design stage of the construction project;
- ii) the Advanced Wellbeing Research Centre (AWRC). The University had acquired land for the Centre and governors would be invited to an event, to be held in April 2018, to mark the beginning of the construction of the AWRC on the Olympic Legacy Park site;
Action: Director of Estates and Facilities
- iii) the replacement of the City Campus atrium roof;
- iv) the Robert Winston building annex which provided temporary accommodation for general teaching space, an informal break out area and a large PC room specific to Psychology teaching. The temporary accommodation had been well received.

FEC/1/18/8.3 Confidential	FEC/18/9	Health Innovation Park
	9.1	The Committee <u>received</u> a progress report. A minute confidential to the Committee was recorded.
FEC/1/18/9.1 Confidential	FEC/18/10	People Data report at 31 December 2017
	10.1	<p>The Committee <u>received</u> the report which stated the size and shape of the University's workforce at 31 December 2017 and summarised absence, turnover and diversity metrics. In response to questions the Committee <u>discussed</u>:</p> <ul style="list-style-type: none"> i) how efficiency savings were tracked and reflected in the budget for staff posts. The staff categories in the budget would be re-classified to enable the monitoring of costs; ii) the reasons why staff leave the University including why the number of leavers who specified retirement had reduced. It was reported that the percentage of staff over 60 years old had increased and that the pension schemes at the University included flexible arrangements for retirement; iii) what the University learned from exit interviews and how it used the feedback; iv) the differences between work related and non-work related mental health reasons for absence; v) what the University was doing to reduce the number of absences caused by musculoskeletal injuries. The use of the University's Wellness Service and approach to staff training were summarised; vi) the presentation of future people data reports and other interrelated reports within the context of the Hallam Deal which should ensure that statements made were evidenced by supporting data clearly signposted within the reports' content. <p>Action: Interim Director of Human Resources and Organisational Development</p>
	FEC/18/11	Living Wage
	11.1	<p>The Head of Rewards and Benefits summarised the national minimum wage, the national living wage and the voluntary living wage and, in the context of the pay and grading structure at the University, the work ongoing to maintain a fair pay offer for staff. The Committee <u>received</u> the report. At its meeting in May 2018 the Committee would receive a report which clarified the external policy context including the requirements, benefits and costs of each wage, in the context of the Hallam Deal and the pay and grading structure at the University.</p> <p>Action: Interim Director of Human Resources and Organisational Development and Head of Rewards and Benefits</p>
FEC/1/18/9.3 Confidential	FEC/18/12	Gender Pay Gap and Equal Pay Audit 2017
	12.1	The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 required all employers with more than 250 employees to publish seven specific calculations on the

employer's website and on a dedicated government website before 31 March 2018 and on the same date each year thereafter.

12.2 The Committee received the report on the outcomes of the University's Gender Pay Gap (GPG) calculations and its recent equal pay audit (EPA) which built on the audits in 2010 and 2014. Alongside the EPA, an equality and diversity report (EDR) analysed the composition of the University's workforce. The Committee discussed:

- i) the findings of the EPA and the GPG calculations including the key differences between them. The narrative in the GPG report to be published was at the discretion of the University and the content had been edited and refined in the light of the discussions at meetings of the Building a Great University Pillar Board (BaGU) and the University Leadership Team (ULT). Subsequent to the Committee's discussion its members provided further feedback on the narrative of the GPG report to the Interim Director of Human Resources and Organisational Development and the Head of Rewards and Benefits;
- ii) the recommended areas of further work which were summarised in paragraph 38 of the report and in the 'closing the gap' section of the GPG report;
- iii) the evidence of change and improvement arising from implementation of the recommendations which would take time to be realised;
- iv) the analysis of senior staff grades presented in the EPA report. It was reported that further work was ongoing and following a report to BaGU and ULT the Committee would receive a further report.
Action: Interim Director of Human Resources and Organisational Development.
- vii) the bonus gap including the proportion of employees who were paid a bonus.

12.3 The Committee resolved to:

- i) approve the recommendations arising from the GPG, EPA and EDR which were summarised in paragraph 38;
- ii) recommend to the Board that subject to the editing of the GPG following the Committee's discussion, it endorse the publication of the GPG in line with the legislative requirements.

FEC/18/13 **Professional Services Operating Model (PSOM)**

13.1 One of the ten immediate priorities to enable delivery of the University Strategy, Transforming Lives, was the implementation of the PSOM which was a single integrated model for the delivery of professional services. The Chief Operating Officer summarised the progress and pace of the rolling programme of implementing the PSOM the purpose of which was to strengthen the impact and coherence of professional support services. This would contribute to making the University more distinctive, enhance its inherent quality and

excellence and enable the delivery of the University Strategy to become the world's leading applied university. The removal of unnecessary processes, clarity around the ownership of processes, the design of new career paths, increased opportunities for job rotation and enhanced professional development would contribute to unified professional services across the University with a focus on the service user. The Committee received the report.

- 13.2 The Committee discussed the challenges of implementing significant change to deliver the PSOM and comments were made about the;
- i) University's staff costs as a percentage of income which was high compared with other institutions, the management of the 2017/18 budget for staff posts and the return on the financial investment to deliver the PSOM;
 - ii) potential for design failure. There was a need to ensure that resources were not subsequently allocated to functions removed in the redesign of service areas;
 - iii) University's engagement and communication with staff about the redesign of service areas, the implications for the size of the professional services workforce and the partnership working with the Trades Unions.

13.3 The Committee would receive a report on the implementation of the PSOM at each meeting.

Action: Chief Operating Officer

FEC/1/18/10.1 FEC/18/14 **Annual Report and Financial Statements (ARFS)**

14.1 The Director of Financial Services introduced the report which summarised the action taken since submission of the ARFS to HEFCE in December 2017 and reported that a robust process was in place to avoid typographical and formatting errors in future reports. The report would be discussed by the Audit and Risk Committee at its meeting in March 2018.

Action: Director of Financial Services

FEC/1/18/10.2 FEC/18/15 **Alternative business structure to support legal education**
Confidential

15.1 The Committee received a progress report. A minute confidential to the Committee was recorded.

FEC/1/18/10.3 FEC/18/16 **Treasury Management Policy**

16.1 The Committee resolved to approve the amendments to the Treasury Management Policy as detailed in paragraphs 6 to 16. In response to comments it was reported that a report on the annual review of the ethical investment policy would be made to the Committee at its meeting in May 2018.

Action: Director of Financial Services

FEC/1/18/10.4	FEC/18/17	<p>Investment Summary 6 months to 31 January 2018</p> <p>17.1 The Committee <u>received</u> the investment summary report for the 6 months to 31 January 2018. The investment schedule at 20 February 2018 was tabled.</p>
FEC/1/18/10.5 Confidential	FEC/18/18	<p>Orders/Contracts above Approval Threshold Level</p> <p>18.1 The Committee:</p> <ul style="list-style-type: none"> i) <u>noted</u> that there had been no submissions for which the Chair's approval had been sought since the last meeting on 17 November 2017; ii) <u>noted</u> that it was likely that a contract for Enterprise Customer Relationship Management (CRM) software would be presented to the Chair for approval prior to the Committee's meeting on 23 May 2018; iii) <u>noted</u> that the contract for information technology service management solution had been awarded; iv) <u>resolved to approve</u> the contract for multi-functional devices.
FEC/1/18/11 Confidential	FEC/18/19	<p>Students' Union Financial Monitoring: Period 5</p> <p>19.1 The Committee <u>received</u> the Students' Union's financial monitoring report for period 5 to end of December 2017. The forecast to the year end showed an overspend made up of income shortfall, including commercial activities, and admin overspends. A report on the progress made by the Students' Union against its strategy would be discussed by the Board of Governors at its meeting in March 2018.</p> <p>Action: President of the Students' Union</p> <p>19.2 The Chief Finance and Planning Officer thanked Maggie Hough for her work and service as Director of Governance and Resources at the Students' Union. Maggie would retire in March 2018 and handover arrangements were in place with her successor.</p>
FEC/1/18/12	FEC/18/20	<p>Schedule of Meetings and Forward Planning Programme</p> <p>20.1 The Committee <u>received</u> the forward planning programme and noted that the next meeting would be held from 3.00pm until 5.30pm on Wednesday 23 May 2018.</p>