

FINANCE AND EMPLOYMENT COMMITTEE

Minutes of meeting held on 13 November 2018

Present: Mr N MacDonald (Chair)
 Mr D Bradley
 Ms M Munn
 Prof J Patnick
 Mr M Conway (University Secretary and Clerk to the Board)

In Attendance: Ms K Brewyn, Senior Management Accountant (for agenda item 9.3)
 Mr R Calvert, Chief Operating Officer
 Ms D Harry, Chief Finance and Planning Officer
 Dr S Jackson, Director of Human Resources + Organisational Development
 Prof C Kinsella, Chair of the Audit and Risk Committee (observer)
 Mr D Ladbury, Director of Estates (for agenda items 6.1-6.3)
 Ms L Stevenson, Head of Rewards and Benefits (for agenda item 7.1)
 Mr M Swales, Director of Estates and Facilities (for agenda items 6.1-6.3)
 Mr Simon Taylor, Director of Financial Services (for agenda items 8.1-8.4)
 Mr P Sweeney, Governance Services (Minute Secretary)

Apologies for absence: Prof C Husbands, Lord Kerslake and Dr S Timothy

Paper reference	Minute reference	
	FEC/18/75	Declaration of Interests
	75.1	There were no declarations of interest.
FEC/4/18/M FEC/4/18/MC	FEC/18/76	Minutes of the meeting held on 19 September 2018
	76.1	The minutes and the confidential minutes were <u>approved</u> as a correct record.
FEC/4/18 action	FEC/18/77	Matters Arising
	77.1	FEC/18/67 (Bad Debts): The Committee received further details on the previously reported write-off of a commercial debt in excess of £100k. The debt related to the development of two training modules for an external body. Around 350 staff hours (approximately £16k) had been incurred at the point the external body decided to withdraw from the agreement. Lessons had been learned and a new process introduced to ensure contracts are in place from the outset.
FEC/4/18 action	FEC/18/78	Action Tracker
	78.1	The Committee <u>noted</u> the action tracker.
FEC/5/18/6.1 Confidential	FEC/18/79	Estates Developments
	79.1	The Committee received a presentation on the revised approach to the governance of campus masterplan projects.

The approach had been developed in consideration of:

- lessons learned on previous projects,
- the desire to ensure that the agreed benefits and principles and required transformation were delivered across the programme,
- the need to ensure all new buildings operated as a University ecosystem and not individual or personalised requirements, and
- the operating model and contractual mechanisms of the 'Delivery Partner'.

79.2 The revised approach included changes to governance reporting arrangements. A gateway approval process would be implemented with scrutiny of projects at key stages and improved presentation of status reporting to the Finance and Employment Committee. Projects above £10m would be brought to the Committee for approval at key gateways to support programme monitoring. Alongside this, the format and presentation of the Estates Development Report and the Capital Plan Finances report were being revised to improve the clarity of reporting. The Committee received an updated version of the Capital Plan Finance report at the meeting and would receive a draft of the new Estates Development Report for comment ahead of the next meeting.

Action: Director of Estates and Facilities

79.3 In discussion, the Committee supported the revised governance reporting arrangements and asked that they be reported to the Board at its next meeting on 27 November 2018. It was noted that governance arrangements for capital expenditure were contained within the Financial Regulations. These would be reviewed in light of the new approach and any revisions brought to the Committee for approval.

Action: Clerk to the Board/Chief Finance and Planning Officer

79.4 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).

79.5 The Director of Estates and Facilities gave an update on the replacement of the atrium roof:

- I. A more detailed feasibility assessment by external advisors had identified this as a critical risk for the University and something that needed to be undertaken as soon as possible.
- II. Other planned work around the atrium, including refreshing catering facilities and relating the Clearing Suite, would be brought forward from Phase 2 of the campus masterplan to be carried out at the same

- time.
- III. A funding proposal had been developed for delivering the additional costs associated with this. Bringing forward some works from phase 2 of the Masterplan would enable overall disruption to the atrium to be minimised whilst also saving circa £1.5 - £2.5m in cost.
 - IV. The project was currently at RIBA 2 design stage with further information and confirmation of costs anticipated imminently. Chair's Action would be sought in due course to approve the increased budget and funding approach.

79.6 The Director of Estates gave an update on the Sheaf Tower development:

- I. Following initial shortlisting, five bidders had submitted further proposals for developments on the site. They had all now been interviewed.
- II. Proposals had been submitted to include and exclude a University Conference Centre.
- III. A scrutiny and peer challenge meeting was held on 28 October 2018 with external expert advisors to provide additional assurance of the process being followed and the next steps.
- IV. It was too early at this stage to provide any further information regarding the nature and viability of any development on the site.
- V. Subject to written confirmation, the Homes and Community Agency had agreed to remove the buyback clause on the land and restrictions on planning. This was a substantial gain for the University and removed the pressure on the time available to commence development of the site.
- VI. A process diagram and position update was shared with the Committee setting the approach being taken and the decision points for proceeding or aborting the process.
- VII. In light of the current position, it had not yet been necessary to convene the Committee's Task and Finish Group which would receive updates on the selection of a preferred developer for Sheaf Tower, including assurances as to its capability against the evaluation criteria.

FEC/18/80 Health Innovation Park

The Committee noted that the business case for Advanced Wellbeing Research Centre (AWRC) was being developed. The AWRC was currently recruiting a new Director.

FEC/18/81 Campus Masterplan Phase 1

81.1 At its most recent meeting on 5 November 2018, the Board's Campus Masterplan Task and Finish Group had discussed the approach to the re-negotiation of the Barclays covenant. Options included increasing the covenant

threshold and time limiting the application of the increase for the first five years of the loan term. The Group would be meeting again shortly to receive a progress report on the outcome of the discussions with Barclays.

FEC/5/18/7.1
Confidential

FEC/18/82 **Gender Pay Gap 2018**

82.1 There was a statutory requirement to publish seven specific calculations on gender pay on both the University's website and on a dedicated government website before 31 March 2018 and annually thereafter. The University's first Gender Pay Gap Report, based on data as at March 2017, had been published in March 2018. It had been possible to prepare the second Gender Pay Report, based on data as at 31 March 2018, more quickly and the intention was to move annual reporting on gender pay to the autumn in the future to enable the report to be published in the same calendar year as the figures apply.

82.2 The Head of Rewards and Benefits reported the following:

- I. The gender pay gap had increased by 0.6% (mean) and 2.4% (median). The inclusion of casual workers had impacted on the figures because the University employed 108 more casual workers in March 2018 than in March 2017.
- II. Excluding casual workers, there had been a reduction in the mean pay gap of 1.9% and the median pay gap of 2.4%. This particular gap would continue to be monitored because it was likely to be a better indicator of progress on gender pay.
- III. The mean average hourly pay had increased for both males and females but the median had actually reduced for females. One possible explanation for this related to starting salaries. Data indicated that female employees were more likely to be appointed over the minimum at lower grades, but at higher grades it was male staff.
- IV. With regards bonus payments, there had been a significant improvement in the mean gap of 27.1% and in the median gap of 26.9%, resulting in a median gap in favour of females. As well as a smaller range of bonus payments in 2018, the largest bonus payments were more equally split between male and female employees than in 2017.
- V. Between 2017 and 2018 there has been virtually no change in pay quartiles and the distribution of female employees in the pay and grading structure remained the primary reason for the gender pay gap.

82.2 Due to the timescales in publishing the first and second reports, none of the actions included as part of the first Gender Pay Gap report had impacted on the overall figures yet. These actions would remain alongside two proposed further actions as follows:

- I. Recommunicate the University's starting salary

guidance and challenge all recommendations for starting salaries above the minimum.

- II. Embed quality analysis in our decision making and processes, ensuring they are completed for all aspects that affect gender pay.

82.3 Members discussed the University's approach to starting salaries and societal conditions that meant women were more likely to accept the minimum starting salary than men. The process for making the case for paying above the minimum starting salary was explained. This included looking at what the appointed person had been paid previously and taking into account issues such as whether they had been out of the workplace for maternity reasons. Members commented on the risks of unconscious bias and the importance of ensuring that processes were equitable.

82.4 The Committee:

- i) noted the findings of the GPG analysis
- ii) agreed the two additional actions set out above
- iii) recommended to the Board of Governors the publication of the Gender Pay Gap report.

FEC/18/83 **Professional Services Operating Model (PSOM)**

83.1 The Chief Operating Officer reported that good progress was being made in Student and Academic Services ahead of the formal launch in January 2019.

- I. The latest round of voluntary exits, for grades 6-3, had been completed. There had been more applications than required and therefore not all had been approved.
- II. The volume of applications for voluntary redundancy meant it had not been necessary to undertake competitive recruitment for posts at grades 3-6. This would enable people to be in their new posts quicker than expected ahead of January 2019.
- III. Reception areas were currently being refurbished and rebranded as Hallam Help. The implementation of the Customer Relationship (CRM) was on track.

83.2 In response to a question, the Chief Operating Officer stated that a summary of the financial benefit of PSOM would be presented in due course. He stressed however that the wider benefits of PSOM and the quality and efficiency of the service delivered to students and staff was the main driver.

Action: Chief Operating Officer

FEC/5/18/8.1 FEC/18/84 **OFS Accountability Return 2018 - Financial Commentary**

84.1 As part of the Office for Student's (OfS) annual accountability process, the University submitted a financial forecast to OfS in September 2018. OfS required a further

submission in December 2018 in the format of a written commentary which explains material changes between the audited financial statements and the forecasts previously submitted to OfS in September 2018. The OFS required the commentary to be approved by the Board of Governors prior to submission.

84.2 The Committee recommended the OfS financial commentary to the Board.

FEC/5/18/8.2 FEC/18/85 **Treasury Management Policy - Annual Report to Governors**

85.1 The Committee received 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 2018.

FEC/5/18/8.3 Confidential	FEC/18/86	Orders/Contracts above Threshold level
	86.1	The Committee <u>noted</u> that Chair's Action had been sought on 24 October 2018 to approve the contract award for travel management services. Details of the successful tender and the duration and value of the contract were stated in paper FEC/5/18/8.3.
FEC/5/18/8.4	FEC/18/87	Investment Schedule as at 12 November 2018
	87.1	The Committee <u>noted</u> the tabled paper.
FEC/5/18/9.1	FEC/18/88	Draft Students' Union Financial Statements for the year ended 31 July 2018
	88.1	The Committee <u>received</u> the latest draft of the financial statements dated 22 October 2018. These would be presented to the Board at its meeting on 27 November 2018.
FEC/5/18/9.2 Confidential	FEC/18/89	Students' Union Financial Monitoring Period 2
	89.1	The Committee <u>received</u> the report on the financial performance of the Students' Union as at period 2 (end September 2018).
FEC/5/18/9.3 Confidential	FEC/18/90	Students' Union Grant Setting
	90.1	<p>The current model for calculating the Students' Union Grant had been approved by the Board in January 2018. The calculation was based on performance against agreed National Student Survey (NSS) targets. Following publication of the NSS results in August 2018, and further discussions on targets for volunteering, the Students' Union Grant working group had proposed some refinements to the model and targets.</p> <ol style="list-style-type: none"> I. The weighting for question 26 (<i>the students' union effectively represents students' academic interests</i>) to be increased to 50% (from 20%) due to this question contributing to the University's overall NSS score. The target would remain the same - to achieve at least sector average by 2019/20. II. The weighting for the three bank questions to be reduced to 10% each (from 20% each) as these questions did not impact on the University's NSS score. The targets to be revised to increase by 2% per year from the 2016/17 results. III. The weighting for volunteering to remain at 20%. The proposed targets were to increase the number of students volunteering to 1500 in 2017/19 (from 1069 in 16/17) and then by 500 per annum thereafter.
	90.2	Calculating the grant against the original model and targets would result in a reduction of £319k. This was not considered equitable in the context of the strong

performance against Question 26, where satisfaction had increased from 54% to 56% with the sector average remaining static at 57%. Calculating the grant against the proposed new model would result in a reduction of £15k, which felt more equitable. However in the light of the performance against Question 26 it was proposed that this reduction was not applied and that grant remained unchanged.

90.3 The following points were made in discussion:

- I. Members understood the point about the improved performance in Q26 and recognised that the original model might not have been measuring the right things. It was reasonable therefore to calculate the grant by applying the proposed new model.
- II. Members did not support the rationale given for not applying the reduction of £15k calculated via the proposed new model. Whilst the figure was a relatively small amount, waiving it would set a precedent and could send the wrong message to the Students' Union about the need to improve performance. The model and the NSS results should form the basis of the grant, subject to exceptional items which would be taken into account.
- III. A more robust way of managing small variations in the budget was to introduce a *de minimis* change level. A figure of 1% +/- of the previous year's grant was suggested.

90.4 The Committee recommended approval to the Board:

- I. The revised model for calculating the Students' Union grant which incorporated the revised targets and weightings set out in paper FEC 5/18/9.3 and a *de minimis* variation of 1% of the previous year's grant.
- II. That the grant for 2019/20 remained unchanged at £2,458,407, in line with the new model and the *de minimis* variation limit.

FEC/5/18/10 FEC/18/91 **Forward Programme of Business**

91.1 The Committee received the forward programme and noted that the next meeting would be held on 20 February 2019.