



EMPLOYMENT AND FINANCE COMMITTEE

02 March 2020 - Meeting Room 209, Sutherland Building, City Campus

CONFIRMED SUMMARY MINUTES

Contact Susan O'Donnell, susan.odonnell@northumbria.ac.uk, Secretary to the Board of Governors, with any queries about these Summary Minutes.

Present: C Apsey, H Fairfoul, Dr S Fancey [absent for EF19/75 to Updates on changes to Staff Term and Conditions and National Pay and Pensions Disputes], Dr G Hillier (Chair), S Pelham, N Pope, C Sayers, Professor A Wathey
 Observers: R Blackman-Woods, L Brown, E Kabengele
 Apologies: A Dunlop, A Serfontein
 Secretary: S F O'Donnell, R Elliott (Assistant Secretary)
 In attendance: J Embley, Professor P Francis, Professor G McHale [REF 2021 Staffing Update], D Monnery, S Newitt, T Urwin [EF19/81 to EF19/82]

MAIN ITEMS DISCUSSED/DECIDED ON AT THE MEETING

1.	<p><u>Introduction</u> The Chair welcomed Helen Fairfoul, a recently appointed Independent Governor as a new member of the Committee, and congratulated Emmanuel Kabengele, who had recently been re-elected as the President of the Students' Union.</p> <p><u>Covid-19</u> [presentation] The Committee considered a summary of the current global situation of the Covid-19 outbreak, including UK government health and travel advice, and the University's approach to managing the risk. The incident management group was working with Newcastle University and the City Council; all non-essential international travel had been suspended. Scenario planning was focused on major potential impacts, with headline impacts and potential mitigation strategies defined, and being worked up in greater detail. Northumbria's exposure to non-UK income was less than many other HEIs, and unlikely to become critical before sector-wide national interventions took place. The Committee noted that the most significant risk could be competitors recruiting Home students that the University would normally expect to enrol. Maximising the use of distance learning facilities would be critical, the IT infrastructure to support large-scale remote delivery was being assessed as a matter of urgency, and could provide a competitive advantage in the longer term. The wider planned timing of investment in the IT Strategy and Estates Masterplan would be reviewed and re-prioritised if necessary. Outline scenarios would be developed for ongoing Board consideration, and both internal and external communication, as soon as possible.</p>
2.	<p><u>People</u> <u>REF 2021 Staffing Update</u> [presentation] The Committee considered a progress update on staffing issues for REF. The proleptic appointments scheme was on track to recruit as planned and the estimated total staff eligible for submission by 31 July 2020 was on track in relation to the desired target. The Committee noted the that the research outputs of Northumbria staff who had left could still be submitted for REF, and research staff who were considered at risk of leaving were being addressed on a case by case basis. The potential reputation gain and the level of research income (and student recruitment) that REF success would support was a significant goal that would underpin sustainability.</p> <p><u>Organisational Change Update</u> [presentation] The Committee considered a progress update on the four major reviews currently in progress. All roles in the new Faculty Academic Leadership teams were now filled; the next steps were to review committee structures and establish a leadership development programme to embed the desired impacts and behavioural changes. The senior leadership structure of Global Marketing and Business was in place; new leadership structures for Finance and Resources would shortly be released for</p>

consultation. Progress on Technical Team reviews varied between Faculties. **The Committee noted that how to measure the impact of the reviews would be discussed at the 09 March Board Awayday.**

Staff Terms and Conditions Proposals [presentation]

The Committee an update on proposed changes to terms and conditions. Changes for professional support staff covered improved maternity and paternity provision, alignment of sick pay provision with academic staff, the removal of double time overtime for Sundays (or equivalent) and longer notice periods for grades seven and eight, and had been put to trade unions for consultation. Proposals for academic staff were similar, but included extending the notice period from two to three months and the probation period to 36 months to allow development across the full role and additional support for early years academics. **The Committee noted the update; a Staff Governor noted that it was difficult to comment on the “bundles” as a whole. The forthcoming period of negotiation with trade unions was acknowledged, and an update would be provided to the 20 April 2020 meeting.**

Health, Safety and Wellbeing Q2 Report* [EF19/60]

The Committee noted the Q2 update, which had been presented to Audit Committee on 10 February 2020 and Board of Governors on 24 February 2020. **The Committee requested further investigation into the insulation used in Northumbria’s residential buildings and an update to the 20 April 2020 meeting.**

National Pay and Pensions Disputes [Oral Report]

The Committee considered the update. The current industrial action had not affected Northumbria – turnout did not reach the 50% threshold, although the possibility of re-ballots remained. **The Committee noted the update and requested that a copy of the University’s response to the UCEA questionnaire on the 2020/21 pay negotiation be provided to members.**

3. Core Financial Performance and Planning

Monthly Finance Report P6 2019/20 [EF19/61]

The Committee considered the University’s financial position and performance at period 6 (also considered at Board of Governors on 24 February 2020), and received an oral update from the Finance Director on the Q2 reforecast. When compared with the deficit for the full year budget for 2019/20, at Q2 projected deficit was significantly lower. Cashflow analysis was still in progress, but the position was likely to improve, giving a projected year-end position ahead of the KPI target; a high-level analysis indicated that the University’s liquidity position was better than the sector average on most metrics. **The Committee commended the report and emphasised the value of agile financial planning given the current positive position but also the potential impacts of the Covid-19 outbreak and other disruptors.**

Student Recruitment Update [EF19/62 and presentation]

The Committee considered the update as at 27 February 2020. Recruitment for Semester Two was positive with a significant increase of International students enrolling against the target figure, with a resulting increase in net income in 2019/20 and increased benefits to 2020/21 as recruitment costs fell into 2019/20. The position for UCAS main cycle UK/EU UG applications for 2020/21 was slightly ahead of the previous cycle; this was consistent with the sector and ahead of competitor levels. Scenarios of the potential impact of Covid-19 coronavirus on new recruitment and continuation for 2020/21 were being developed. **The Committee noted the update and that the application for Northumbria University Amsterdam (BV) to operate as a private provider had been submitted.**

Education Analytics and Retention [EF19/63]

The Committee considered the impact of the educational analytics project on the retention of students throughout 2018/19 and into 2019/20. The project harnessed advanced predictive analytics using six major data sets to make targeted and personalised interventions with students at risk of withdrawal. The estimated cumulative impact on student retention was around in excess of 150 students, with improvements in 2018/19 early retention and reduced withdrawal, and continuation into 2019/20 having a positive financial impact when compared to the investment made. “Subject surgeries”, bringing together staff from across the University to combine education analytics data and local knowledge to improve student retention, were being piloted in six areas where retention was a problem, and students who would previously have been “below the radar” were engaging with support services as a result of “nudges” enabled by the system. **The Committee commended the work**

undertaken on this project and noted that overall levels of participation were high, reflecting a key partnership with students. The University was investigating patenting the intellectual property and exploring marketing opportunities - the OfS project included developing a sector-wide beta system, and as the project developed, consideration would be given to providing the system as a service to others.

Costing and Pricing - Governance [EF19/64]

The Committee considered the proposed Costing and Pricing Governance arrangement. Suitable governance arrangements were already in place for many non-regulated income streams, but other areas were less consistent, raising risks to income generation and the University's reputation. It was proposed to establish an interim policy including clear pricing principles based on full economic cost (FEC) models to guide decision-making pending detailed analysis to inform a final version, with the Pricing Group (formerly Tuition Fee Group) within Global Business and Marketing overseeing pricing decisions, reporting to Employment and Finance Committee on an annual basis. **The Committee noted that the markup was based on sector averages, and although the markup level was relatively low compared to private consultancy rates, the starting point of FEC was itself relatively high. The impact of these proposals on existing customers would vary because of the wide range of current approaches, but for the NHS, which is the largest customer for CPD provision, there would be no change. The Committee approved the proposed Costing and Pricing Governance arrangement.**

4. **Policy/Regulation/Projects**

Financial Regulations and Policy Review [EF19/65]

The Committee considered progress made with reviewing and updating financial policies, including the Financial Regulations. The Regulations were intended to be more principles-based and more accessible, whilst continuing to provide clarity around a strong control framework, and reflected feedback from the previous discussion at Employment and Finance Committee. The Committee welcomed the new version of the Regulations and made a number of suggestions for clarification that would be incorporated in the final version. **Subject to these suggestions, the Committee approved in principle the draft revised Financial Regulations, Delegated Authority Matrix and Revenue Recognition, Billing and Credit Control policy.**

Transforming People and Finance Data and Systems [Oral Report]

The Committee considered an update on the development of the project, which reflected feedback from the previous discussion at Employment and Finance Committee. Five pieces of work were proceeding in parallel, including the appointment of Oracle as the system supplier, recruitment of an Enterprise Resource Planning (ERP) programme director, selection of an ERP implementation partner, gaining certainty over cost and internal planning. **The Committee endorsed the approach.**

Draft Capital Investment Budget 2020/21 [EF19/66]

The Committee considered the approach to capital investment budgeting for 2020/21, and for the remaining years of the University Strategy. An initial mainstream capital budget was proposed, in the context of the emerging requirements of the Estates Masterplan (EMP) and Advanced Practice given semester two 2019/20 recruitment, and inclusive of a degree of headroom. Investment requirements would be prioritised as part of the 2020/21 annual planning and budgeting process to ensure alignment with the University Strategy. **The Committee noted the update and that IT infrastructure spending may need to be accelerated given the implications of the Covid-19 outbreak.**

Contracts and Legal Claims Update [EF19/67]

The Committee noted that the Service Level Agreement with Health Education England which covered the period November 2018 – December 2020 was not received until December 2019, having been delayed by an internal restructure at Health Education England. The Committee expressed its concern about the circumstances and timing of this request for approval but approved the Service Level Agreement.

Students' Union Financial Performance – January 2020* [EF19/68]

The Committee noted the report.