



**EMPLOYMENT AND FINANCE COMMITTEE**

**20 January 2020 - Meeting Room 209, Sutherland Building, City Campus**

**CONFIRMED SUMMARY MINUTES**

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

Present: C Apsy, Dr S Fancey, Dr G Hillier (Chair), S Pelham, N Pope (to Minute 19.101), C Sayers, Professor A Wathey (Vice-Chancellor and Chief Executive)

Observers: L Brown, E Kabengele

Apologies: R Blackman-Woods (Observer), H Fairfoul (Observer), D Monnery, A Serfontein

Secretary: S F O'Donnell, R Elliott (Assistant Secretary)

In attendance: S Corbett [EF19/48, EF19/51 and EF19/53i], A Dunlop, J Embley, Professor P Francis, Professor G Marston [EF19/52], Professor G McHale [EF19/40], S Newitt, Professor J Reast [EF19/48 and EF19/49], M Williams [EF19/54].

**MAIN ITEMS DISCUSSED/DECIDED ON AT THE MEETING**

**Introductions**

The Chair welcomed Dr Stuart Fancey, a recently appointed Independent Governor, and Nick Pope as new members of the Committee.

**1. People**

**Developing our Organisational Culture – Update** [EF19/39 and presentation]

The Committee considered progress on the University's work on Culture, including the framework and governance arrangements to support the desired direction of travel that were in place. In many cases people were already modelling the desired cultural behaviours and delivering projects that expressed the movement to the desired culture; leadership, engagement and buy-in particularly by academic staff were acknowledged as key. A formal launch was planned for April 2020, with local engagement beginning in May/June. **The Committee welcomed the work done to date and endorsed the importance of having simple tools and techniques available to support continuing progress. Culture change work was a difficult area: a focus on principles and wide ownership was essential to avoid perceptions of a top-down, prescriptive approach. Staff would look to senior staff to model behaviours. Care was required to ensure that communications materials avoided negative connotations. Different parts of the organisation were at different points of development and progress towards the desired frameworks and behaviours would be incremental.**

**University Structural Changes** [Presentation]

The Committee considered the University's overall approach to structural reviews and on progress on current reviews. All reviews must support the University Strategy, culture objectives, enable empowered decision-making, allow for career development and deliver efficiency. Comprehensive arrangements to ensure effective communications and engagement with all groups involved in any review were in place and were continually reviewed and updated as reviews progressed. Current reviews (Faculty Academic Leadership Teams, Global Marketing and Business, Finance and Resources and Technical Teams) were at differing stages of development but all were progressing well. Support was offered to staff who had been unsuccessful in obtaining desired roles. **The Committee noted that the views of the Staff Governor (observer) that communications with staff involved in reviews had improved in recent years. There was greater clarity and understanding of the reasons behind reviews but some lessons remained to be learned. The approach was qualitatively different to previous review processes.**

**REF2021 Staffing Issues – update** [EF19/40]

The Committee considered progress with the Proleptic Appointments Scheme and maximising staff volume for REF2021, which was key to the University Strategy to maximise "research power with quality". Submitting the target staff volume with a minimum quality in their research outputs of 2\*+

("strong internationally recognised outputs") was a key objective. Staff numbers for submission were still being refined through the Performance and Development Appraisal process, with Faculty PVCs currently reviewing the outcomes. Current indications suggested submissions levels would be close to target but this would be kept under review. An unexpectedly high staff turnover rate among the REF cohort was evident, the reasons for which were being investigated. **The Committee welcomed the positive steps undertaken and the early successes on accepted proleptic posts, and noted that staff felt included in the REF process and had responded positively to the proleptic scheme.**

#### **Gender Pay Reports 2019** [EF19/41]

The Committee considered the 2019 Gender Pay Reports for Northumbria University and Northumbria University Services Limited (NUSL) ahead of the requirement to publish this information by 30 March 2020, which supported Athena Swan commitments. The mean and median pay gaps for Northumbria University had both increased slightly compared to 2018, with the REF proleptic appointment scheme one potential cause since appointments made were predominantly male. The mean gender pay gap for NUSL was 0.14% and there was no median gender pay gap or bonus gender pay gap. **The Committee noted both reports and welcomed the positive gender balance in NUSL.**

#### **Mercer Master Trust Annual Report 2018** [EF19/42]

The Committee considered the Mercer Master Trust Annual Review 2018, covering the period 01 October 2017 to 30 September 2018, which had been reported to NUSL Board on 02 July 2019. Mercer Workplace Savings provided defined contribution retirement savings services to UCRSS members in NUSL and Northumbria University; there did not appear to be any concerns over stability or longevity of UCRSS and there was a plan for medium term growth. **The Committee welcomed the report and expressed concern that the number of staff opting to make contributions was very low; proactive, clear communications using a range of channels on the options available to staff would be issued.**

#### **Use of Consultants – update** [EF19/43]

The Committee considered an update on consultants engaged by the University on 01 January 2020. The number of consultants was small, had reduced in recent years and each instance was reviewed by the Director of Human Resources and Organisational Development before any engagement was confirmed. **The Committee welcomed the report and agreed to receive it every six months.**

#### **National Pay and Pensions Disputes** [Presentation]

**The Committee noted that UCU was re-balloting at some HEIs including Northumbria; next steps were likely to be known by the end of January. The Industrial Action Operations Group was preparing for possible industrial action and putting in place provisions to minimise any impact on students. Any decisions in response to strike action should be taken at Board level rather than by University management.**

## **2. Core Financial Performance and Planning**

#### **Monthly Finance Report P4 2019/20 and Q1 2019/20 Reforecast** [EF19/45]

The Committee considered the University's financial position and performance at period 4, by area and by activity type; where available, period 5 updates were provided. At period 4, the surplus position was considerably better than the year-to-date deficit budget and had further improved at period 5. No adjustment had yet been included for the expected positive impact from Semester 2 recruitment but this should provide a degree of budget headroom and flexibility in achieving the 2019/20 budget and savings challenge. **The Committee noted that student withdrawal numbers were higher than usual; this was thought to be the result of higher student numbers overall and of improved processing of withdrawals leading to these being reported earlier in the year. It noted that retention had improved as a result of the Education Analytics project. Further analysis of the retention and withdrawal trends would be reported to the 02 March Committee meeting.**

#### **Income Stream Performance Reporting** [EF19/46]

The Committee considered developments to financial reporting to better illustrate the performance of key income streams and to highlight the surplus or deficit contributed by each Faculty and each area of activity. The scope of what could be reported was limited by current data structures and data capture processes but initial findings were in line with known sector issues and the University's own Transparent Approach to Costing analysis. **The Committee welcomed the report and improved analysis techniques; governance arrangements for the assessment of potential income opportunities would be reported to a future meeting.**

**Student Recruitment Update** [EF19/47 and presentation]

The Committee considered the current position (as at 16 January) for enrolment of new students, the projected financial outcome for the Semester One recruitment cycle 2019/20, the forecast for semester two 2019/20 and the application position for 2020/21. The Semester One result was positive, equating to a positive variance against the budgeted income for the key full time UK/EU and International UG and PGT new cohorts. This would be reinforced by Degree Apprenticeship enrolments, and particularly by the significant increase in forecasted Semester Two International student enrolments, which was expected to increase 2019/20 income growth, net of recruitment costs. Applications for 2020/21 were up compared to 2019/20, although acceptances were down. Application levels were at the sector average, improving on the lag position reported in October 2019. **The Committee noted the positive picture, and that the new Global Marketing and Business service and the income stream analysis would help focus activity on areas with growth potential.**

**3. Policy/Regulation/Projects**

**Initial IT Strategy** [EF19/48]

The Committee considered the IT Strategy which provided a framework for executing IT operational and strategic objectives and delivering against the University Business Outcomes. The current outline level Strategy would be supported by detailed, prioritised implementation plans alignment to all Business Outcomes. Budget flexibility in-year could support any short-term investment required. **The Committee welcomed the high quality of the Strategy, endorsed the direction of travel and the early focus on key issues, contingency and resilience. The potential loss of key IT staff should be modelled so that single points of failure could be identified and mitigated. Consideration should be given to identifying a dedicated change management resource and developing communications that reassured students and staff that the long-term approach was clear, realistic and ambitious. The recent appointing of the IT Director to University Executive was welcomed. An update on developments would be provided to the 20 April meeting.**

**Project Sand** [EF19/49] **COMMERCIALLY SENSITIVE**

**The Committee noted the cessation of Project Sand due to the inability to agree commercial terms with the proposed partner and that a paper outlining the lessons learned from the project, some of which were already being applied to other potential developments, would be submitted to Board of Governors on 24 February 2020.**

**Pensions Update** [EF19/50]

The Committee considered an update on the University's four pension schemes, including USS, which had commenced its planning for the 2020 valuation, and LGPS, which was undergoing its 2019 triennial valuation. The proposed employer contribution rates for the Tyne and Wear Pension Fund (TWPF) 31 March 2019 triennial valuation moved the effective current contribution rate of 23.9% to a proposed total employer contribution of 18.8%, resulting in an annual cash saving. **The Committee approved the plan to accept the proposed employer contribution rates set out as part of the Tyne and Wear Pension Fund's 31 March 2019 triennial valuation.**

**Transforming People and Finance Data and Systems** [EF19/51]

The Committee considered the business case for investing in a new, consolidated HR and Finance system to support the delivery of fit-for-purpose HR and Finance services. It was recommended that further discussions take place with one supplier on the basis of them being the preferred technology supplier. A full implementation and transformation business case would be developed, including an assessment of the project management support and other internal and external capacity required for successful delivery of the system and realisation of the intended benefits. The annual cost of the new system, together with implementation costs, was noted. **The Committee endorsed the need for future discussions with the preferred supplier of the new system, subject to future Committee approval of any related procurement activity. It endorsed the development of further plans to implement the new system as part of a more transformative approach to the University's services. It recommended the appointment of an ERP project manager in advance of the implementation plan being finalised and requested further updates to future meetings.**

**ERDF Funding to Support Lipman Development** [EF19/52]

The Committee considered an opportunity to apply for ERDF funding to support a structural retrofit of Lipman Building. If successful, it would provide a means to initiate the Health and Life Sciences (HLS) move, within an affordable capital envelope and within the Strategy period, for consolidating HLS activity from Coach Lane Campus onto City Campus. It would allow the upgrading of Lipman to the EnerPhit standard - a flagship building for low carbon in the North East – and would drive cultural

improvements around research culture as well as financial efficiencies. The recommended funding scenario could be accommodated without undue negative impact on the cash low point, and the ERDF opportunity had arisen at a point when wider Estates Masterplan plans were more certain around the need to progress the HLS move, when weighed against other priorities. **The Committee endorsed the strategic direction set out in the paper, and the ERDF application, and requested a more detailed report on needs analysis, cost estimates and proposed governance arrangements.**

**Students' Union Annual Accounts 2018/19 and Financial Performance – November 2019**

[EF19/54]

**The Committee noted the Students' Union Statutory Accounts 2018/19 and the Finance Report November 2019.**

Richard Elliott  
Assistant Secretary to Employment and Finance Committee  
January 2020