



EMPLOYMENT AND FINANCE COMMITTEE

28 October 2019 - 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, T Harrison, Dr G Hillier (Chair), S Pelham (partial), C Sayers, A Serfontein, Professor A Wathey (Vice-Chancellor and Chief Executive)
 Observers: L Brown, C Shaw,
 Apologies: J Bromiley, Professor P Francis
 Secretary: S F O'Donnell, R Elliott (Assistant Secretary)
 In attendance: A Dunlop, J Embley, D Monnery, S Newitt, Professor J Reast [Project Sand and EF19/31].

MAIN ITEMS DISCUSSED/DECIDED ON AT THE MEETING

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| 1. | <p><u>People</u> Health, Safety and Wellbeing Report – Annual Report [EF19/18] The Committee noted the Health, Safety and Wellbeing Annual Report 2018/19, in particular the retention of the RoSPA gold award, and that there was only one RIDDOR reportable incident. The completion rate of mandatory training for core staff was noted. Wellbeing work is increasingly high profile; a survey is now being introduced to obtain more robust baseline data. The Committee commended the results achieved in 2018/19 and endorsed the intention to improve compliance with mandatory training; it endorsed a renewed focus on visibility and understanding of health and safety achievements and asked that consideration be given to how the all health, safety and wellbeing related reporting could be modified to include sexual harassment and potentially racism.</p> <p>National Pay and Pensions Disputes [Oral update] The Committee noted the current position regarding national pay and pension disputes – Unison and UCU ballots both close on 30 October so the position will be clear on Monday 04 November.</p> <p>University Structural Changes [EF19/19] The Committee considered the objectives, progress to date and future plans for the reviews of Faculty Academic Leadership structures, Marketing and Finance and Resources. The reviews were aligned with our Target Operating Model, with common activities better joined up and capacity enabled to be focused on priorities. The review of Faculty Academic Leadership structures was largely complete , the review of Marketing has resulted in the consolidation of the Business and Enterprise and International Recruitment functions with the existing Marketing Service, and the review of Finance and Resources was at an earlier stage. The Committee noted that the approach to Faculty leadership, bringing a combined emphasis on research and teaching together, gave the Head of Department a greater role in enabling the Strategy to be communicated and implemented through the whole organisation by allowing greater understanding and involvement at all levels. It was noted that the University’s approach to managing organisational change was under review and being discussed with Union representatives. The Committee emphasised the importance of using a wide range of appropriate and effective communications with staff to grow understanding and involvement so that messages were understood and the thinking behind improvement and development was clear to everyone.</p> |
| 2. | <p><u>Core Financial Performance and Planning</u> Draft Annual Report and Financial Statements 2018/19 [EF19/20] The Committee considered the draft Annual Report and Financial Statements for 2018/19. Financial performance was in line with expectations during the year to 31 July 2019, despite the large deficit driven by sector-wide, one-off pension related adjustments that had no cash impact, so that the University continued to be well-placed financially for the challenges and opportunities of the coming</p> |

years. Work was continuing on how best to communicate this position. The Remuneration Report would be included following approval by Remuneration Committee. Related audit work identified a small number of minor adjustments, which would be included in the external auditor's report to Audit Committee. **The Committee noted that the Report read well, with the pensions issue clearly presented and explained. The disappointing headline NSS result needed to be acknowledged, with local positives emphasised, and education-related achievements should be highlighted to a greater extent, emphasising our positive impact on students and their future career prospects. The Remuneration Statement narrative could be circulated for consideration before Remuneration Committee met on 31 October 2019. The Committee endorsed the 2018/19 Annual Report and Financial Statements for onward review by Audit Committee, subject to consideration of the observations made and finalisation of the external audit.**

OfS Five-Year Forecast Commentary 2019/20 [EF19/21]

The Committee considered the commentary prepared in conjunction with the submission tables for the OfS financial data collection. The updated five-year forecast included the actual (but unaudited) consolidated results for 2018/19 after adjusting for the non-cash pension items. The required format and narrative content of the OfS return remained unconfirmed; the commentary to accompany the data tables had been drafted based on the areas proposed by OfS in their recent consultation. Overall the forecast presented in the data tables, tested through upside and downside scenario modelling, placed Northumbria in a financially viable and sustainable position with relatively low levels of risk due to decreasing levels of debt and significant planned headroom/contingency built into the forecast. **The Committee confirmed that the commentary was appropriate for submission to OfS subject to confirmation of the final reporting format (subsequently received), requested a clear statement that tuition fee income projections reflected realistic estimates of recruitment while maintaining entry quality with unconditional offers phased out, and endorsed the submission for approval by Board of Governors on 18 November 2019.**

Monthly Finance Report P2 2019/20 [EF19/22]

The Committee considered the University's financial position and performance at period 2. The full year budget for 2019/20 included a deficit position, which included a contingency amount and a minimum savings challenge to be achieved in year as part of closing the gap between recurrent income and expenditure. It was expected that the positive recruitment position and ongoing management of vacancies would provide a significant degree of headroom and flexibility in the achievement of the 2019/20 budget. Although it was too early in the year to make forecasts of a likely final outturn, the key message was that the position allowed us to determine that outturn through choices we can make. **The Committee noted the ongoing work to improve reporting and commended the improved sections 9 and 10 of the report and the positive operating surplus position at period 2. The projected financial position for 2019/20 would be discussed in depth at the 20 January 2020 meeting.**

Treasury Management Annual Report [EF19/23]

The Committee considered the Treasury Management Report for the year ended 31 July 2019, which was prepared in line with the Treasury Management and Ethical Investment Policy. **The Committee noted that treasury management policies were properly implemented during the year and risks were appropriately managed and mitigated, with additional improvement work underway.**

Material Contract Performance Monitoring Report [EF19/25]

The Committee considered the management of 'Material' income and expenditure contracts that are currently under operation across the University. A standardised approach to the management of 'Material' contracts and the development of tools, training and support mechanisms to augment the level of commercial awareness and capability of colleagues had been rolled out over the last 12 months as new Material contracts have been identified and Material renewals have been retendered or renegotiated. **The Committee noted good progress was now being made. Members were very keen for the reporting to be developed so that turnover, costs and margin/profit were clear for each material contract. The Committee understood that this may take time but was content for this to develop over time.**

Student Recruitment 2019/20 [EF19/26]

The Committee considered the position for enrolment, as at 21 October, of new students only and the projected financial outcome for the Semester 1 recruitment cycle. The overall position was positive, in terms of both numbers and intake quality. Current enrolments would equate to a positive variance against the budgeted income for the key full time UK/EU and International UG and PGT cohorts. This

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| | <p>projection did not include Degree Apprenticeships and any variance from the semester 2 targets. The Committee noted the challenge for semester two 2019/20 given the emerging international PGT demand particularly in London. UCAS applications for 2020/21 overall were currently down in the context of a sector average increase. At this stage in the cycle the position was volatile, and applications were expected to increase by the mid-January deadline.</p> <p>Scholarships and Discounts Plan 2019 [EF19/27] The Committee considered a proposed timeline for approving fees, scholarships and discounts, and a proposed analysis template for evaluating the success of scholarships, discounts and incentives schemes. It was proposed that scholarships, discounts and non-regulated fees should be formally approved by Employment and Finance Committee in April each academic year. The Committee noted that it would be useful to include students’ opinions on the value of various scholarship and discount schemes in future reports. The Committee approved the proposed timeline for approving fees, scholarships and discounts, and the analysis template for evaluating the success of scholarships, discounts and incentives schemes.</p> |
| 3. | <p><u>Future Business/Income Growth Initiatives</u> Income generation update and budget scenario implications [Presentation] The Committee considered our approach to driving change, in year performance to date, an update on focus areas and budget implications. Diversification of income streams was a key focus of the most recent planning round, emphasising unregulated income. Key areas of focus would include degree apprenticeships, London, Amsterdam, RGCI, TNE, other academic income, postgraduate and international, and non-academic income. The Committee welcomed the report and requested that a short narrative update should be provided alongside the numbers to future meetings of this Committee.</p> <p>Project Sand [Presentation] COMMERCIALY SENSITIVE The Committee considered an update on the overseas opportunity and that an application for government approval had been submitted. The Committee noted the range of risks perceived and emphasised the importance of due diligence work relating to the proposed partner. The Committee stated that the University should take as much time as needed to reach the best decision for the University and its strategy. The Project Board will consider the detail of the relevant risks and outcomes.</p> |
| 4. | <p><u>Policy/Regulation/Projects</u> Estates Plan Developments [Presentation] The Committee considered the work required to bring elements of Coach Lane Campus to City Campus. The focus was on capital funding options, their potential impacts on the overall financial position and the project phasing implications. Proposed work would necessitate a capital requirement of c£85m over four years from 2020/21 to 2023/24, which would adversely impact on the cash low point. Lengthening the delivery timescales was the most effective way of addressing this position; the planning horizon has to extend at least to 2028. The Committee endorsed the logical approach to the developments and the need to adopt the longer planning timeframe. More detailed plans and recommendations for decision should be considered at the 20 April and 15 June 2020 meetings.</p> <p>Financial Regulations and Policy Review [EF19/29] The Committee reviewed the proposed changes to the updated Financial Regulations and Delegated Authority Matrix and considered the updated PCI-DSS Policy. Financial Regulations had reviewed and rewritten. The work would result in Financial Regulations which are more principles-based and more accessible, whilst continuing to provide a strong control framework. The Committee noted the direction of travel and made recommendations to improve usability. The draft Payment Card Data Security Policy was endorsed.</p> <p>Transforming People and Finance Data and Systems [EF19/30] The Committee considered progress of the procurement exercise of the HR and Finance systems discovery project, and the approach to supplier selection. Detailed discussions would now be undertaken with three potential suppliers, following which a business case with recommendations would be submitted to University Executive and Employment and Finance Committee. The Committee noted the clearer and better structured approach used in contrast to previous projects and emphasised the need to automate, simplify and accelerate transactional activity, with a minimum of customisation and configuration of the new systems.</p> |

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| | <p>IT Governance Framework [EF 19/31] The Committee considered the IT Governance Framework proposal, which would ensure a framework was in place for IT operational and strategic goals that would ensure that IT Services delivered against the Business Outcomes with an agreed priority. The Northumbria Transformation Board would be the strategic governance body. The Committee welcomed the development of the Framework and the foundation on which the forthcoming IT Strategy would operate. It was important to ensure the user’s voice could feed into the governance framework at the right levels.</p> <p>Amsterdam BV Credit Facility Extension [EF19/33] The Committee considered an additional Credit Facility agreement between the University of Northumbria at Newcastle and Northumbria University Amsterdam BV. The Committee approved the agreement.</p> |
| 5 | <p><u>Meeting Record, Reporting and Context</u> Matters Arising/Summary Action List [EF19/36] The Committee noted the Summary Action List. Matters arising not on the agenda included that the University had received a letter from OfS concerning a regulatory breach relating to late payment of an element of our QAA subscription. The letter would be included in papers to the November meeting of the Board of Governors, and an appropriate reply drafted in due course. Updated Terms of Reference and Committee Membership for 2019/20 would be circulated by email.</p> |

Richard Elliott
Assistant Secretary to Employment and Finance Committee
November 2019