



EMPLOYMENT AND FINANCE COMMITTEE

22 September 2020 - via Microsoft Teams (including videolink)

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: H Fairfoul (Chair), C Apsey, Dr R Blackman-Woods, Dr S Fancey, S Pelham, N Pope [until EF20/09], Professor A Wathey
Apologies: A Dunlop
Observers: L Brown, C Shaw
Secretary: S F O'Donnell, R Elliott (Assistant Secretary)
In attendance: H Bowers [Student Recruitment and Budget 2020/21 Scenario Planning Update], J Embley, Professor T Lawson [EF20/06], Professor G Marston [EF20/04], D Monnery, S Newitt.

1. Introduction

Vice-Chancellor's Horizon Scanning [Oral Report]

The Committee considered an update from the Vice-Chancellor and Chief Executive on the latest local, national and sector developments. The consequences of Covid-19 were likely to dominate the environment for the foreseeable future. The University's main focus was on completing the 2020/21 recruitment and enrolment process, welcoming new and returning students and beginning teaching; challenges were significant and included rapidly changing Government policies, the A-level results episode and the recent cyber incident. Nevertheless, UK undergraduate recruitment was broadly on target and international recruitment at 30% of the previous target was within adjusted budget parameters. Nationally, in the short term, Ministers continued to be supportive in the overall context of manifesto commitments, with issues such as the productivity challenge and the role of Further Education (FE), and comments on the value of some degrees having lower profiles, although the issue of potential refunds for students was re-surfacing. The Government appeared to welcome the positive public view of Universities around the A-level results time. Locally, collaborative arrangements were in place and working well, with a focus now on the safe return of students and the start of term. Medium term issues, alongside Covid-19, were likely to include the Government's vision for the respective roles of FE and HE, the agenda of the new Chair of OfS, continuing pressure on bureaucracy, the Government's International Education Strategy, recently signalled fundamental reform of NSS and the impacts of Brexit. In the longer term, the debate on the size and shape of the sector, and addressing the demographic upswing would be added to the agenda, while the pensions affordability question would persist although Northumbria had relatively low numbers of USS members. Covid-19 implications were likely to result in the next two years being abnormal until mass vaccination was available. **The Committee noted the update, and that Brexit was likely to impact 2021/22 EU recruitment since students from EU countries would lose access to loan funding and would have to pay their tuition fees in advance annually; it was also likely that access to EU research funding would be restricted. Any Government delays in planning for the demographic upswing would place further strain on the student finance system and possibly accentuate the debate on the relative merits of HE and FE.**

Committee Terms of Reference and Membership 2020/21 [EF20/03]

The Committee noted its current membership for 2020/21 following the changes approved by Board of Governors on 29 June 2020. It noted and was content with the proposals of the 18 September 2020 meeting of Nominations Committee that Sally Pelham become a full member of Audit Committee, which would necessitate her becoming an observer on Employment and Finance Committee, and that a co-opted Board Committee member be recruited to replace the estates and property expertise of Adam Serfontein. It confirmed that its 2019/20 Terms of Reference remained appropriate for 2020/21, noting that the forthcoming Board Effectiveness Review would consider Committee Terms of Reference and the planned amendment of the Instrument and Articles to reflect the role of co-opted Board Committee members.

2.	<p><u>People</u></p> <p><u>Health, Safety and Wellbeing Report Q4 2019/20</u> [EF20/04] The Committee considered the Health, Safety and Wellbeing update for May to July 2020. The significant reduction in sickness absence noted in the Q3 report had continued and was still thought likely to be caused by ongoing changes in working practices; completion of mandatory health and safety training had declined, with remote working and recent systems access problems among the likely causes. Safety audits had been paused but statutory maintenance was continuing, with health and safety compliance and effectiveness in line with the University Health and Safety Policy; there were no concerns relating to fire safety management, accidents, incidents or near misses. Work to support colleagues with their physical and mental wellbeing was continuing. The Committee noted the report and that the suggestion regarding support to staff experiencing or at risk of domestic violence would be taken into consideration within existing policies and procedures.</p> <p><u>Culture and People Plan Update</u> [EF20/05] The Committee considered the continuing development of the University’s culture during the pandemic and, more recently, the cyber incident. Alongside the wide range of support arrangements and staff communications already in place, streamlined Performance and Development Appraisal records had been introduced to reduce the administrative burden while colleagues adjust and respond to new challenges. Further resources had been shared to support colleagues to achieve a good sense of wellbeing including the new Wellbeing Toolkit. A successful pilot of a virtual Culture Focus Group was held in advance of the roll out of sessions to which all colleagues will be invited. The challenges of Covid-19 would increase as the restart of on-campus teaching coincided with an upturn of infections and new local and national restrictions and consultation with staff and unions was continuing. With regards payroll, the majority of staff would be paid normally in September, with some colleagues receiving payment via alternative means with a later correction in October. The Committee commended the continuing progress at a time of challenging and competing demands and noted that arrangements were in place to help managers support their teams. The continued importance of expressing gratitude via all-staff communications during the current period of disruption was emphasised.</p> <p><u>Engagement Survey 2020 Headline Outcomes</u> [Presentation] The Committee considered the headline results of the recent Staff Engagement Survey. Although the response rate had been lower than for the previous survey in 2018, over 1,400 staff completed it and the positive response level for all questions was encouraging. The questions that comprised the staff engagement index KPI all had significantly higher positive response rates than in 2018, with the engagement index improving by c14% points. The Committee commended the results and the strong sense of communication and engagement with colleagues during the last few months, and noted that a Unison survey of its members in May 2020 had produced similarly positive results. It was confirmed that responses were spread fairly evenly across the University. It was noted that staff engagement during the restart phase now underway would be monitored through local discussions rather than another survey.</p> <p><u>REF2021 Anticipatory (“Proleptic”) Appointments Scheme</u> [EF20/06] The Committee considered the final position on the category A staff submitted for REF. The number of staff with Significant Responsibility for Research (SIGRES) had exceeded the desired target number, many of whom were proleptic appointments in post on the REF2021 staff census date (31 July 2020). Quality outputs by Recent proleptic appointments were strong with regards “World-leading” (4*) outputs. Work was underway to reconcile Proleptic appointments to Leavers. The Committee recorded its congratulations to the REF team and to HR on this achievement, and noted that the high quality of the proleptic group would help develop the future of research and bolster the research culture at Northumbria, generating significant research momentum.</p>
3.	<p><u>Core Financial Performance and Planning</u></p> <p><u>Student Recruitment and Budget 2020/21 Scenario Planning Update</u> [Presentation] The Committee considered a presentation on recruitment progress for 2020/21 and its headline financial impact; available data was limited by the current cyber incident. For UK undergraduates, the outcomes of Clearing had been positive despite having to run the process twice because of the Government’s policy reversal on A-level results; the use of centre assessed grades had resulted in a level of over-recruitment, but no subject had more students than it could accommodate. For UK postgraduates, a minor shortfall in recruitment was being addressed through additional offers.</p>

International recruitment was more challenging; forecast numbers were below the targets put in place to reflect the Covid-19 situation but within budget tolerances. The position for London and Amsterdam campuses and for Degree Apprenticeships remained strong. The overall position would leave the University's budget and cash headroom largely intact, although work was required to return to the desired trajectory. **The Committee noted the update and commended the strong position achieved despite the many challenges facing the University. It was noted that some data protection (DP) elements of certain contracts could not be finalised until system access was fully restored but all other terms were contracted currently.**

Monthly Finance Report: P12 2019/20 [EF20/07]

The Committee considered the University's financial position and performance at Period 12 (31 July 2020). Both the overall financial position and the cash position for 2019/20 were positive compared to budget; early recruitment indications were within the parameters used to establish the 'most likely' budget for 2020/21. **The Committee noted the report and the intention to communicate the financial position to staff via a video message from the Finance Director, once the cyber incident had been dealt with.**

Covid Corporate Financing Facility (CCFF) Application [EF20/08]

The Committee considered the University's draft application to the CCFF as signposted in Written Resolution EF20/02; the report was accompanied by a suite of documentation required to support the application. Subject to Committee endorsement, the application would be submitted to Board of Governors for approval on 5 October 2020. The purpose of the application was to provide a safety net as mitigation for any disruptions to planned cashflow forecasts; demonstrate to the external auditors the University's ability to access funding that would not be repayable until March 2022, thereby satisfying any Going Concern challenge; enable submission of the Financial Statements to the OfS before the deadline, with an unqualified opinion; and give more time to assess future options, whilst the outstanding Barclays loan balance continued to reduce. The draft application had been prepared with support from external legal advisors, which had advised on the suite of documents to be prepared as part of the application. Given that one of the primary purposes of the application was to ensure access to a 'safety net' to protect against any unforeseen adverse cashflow impacts in the near term, the proposed loan size would be both desirable and affordable. Such a facility was unlikely to be required in full, and by requesting that amount, the University was neither committed to drawing down this (or, indeed, any) amount nor indicating that this might be required. Submission of the application required a specific meeting minute, to record the endorsement of Employment and Finance Committee and the approval of Board of Governors, and required the University to commit to senior pay restraint that was already in line with current arrangements. **The Committee confirmed that the schemes of delegation, decision-making and control associated with the application and with any potential drawdown struck a balance between control, flexibility and resilience. The Committee endorsed the application for onward submission to the Board of Governors, for approval and approved the proposed commitment for senior management pay restraint, as outlined in the report.**

4. Policy/Regulation/Projects

Financial Regulations Implementation [EF20/09]

The Committee considered an update on the operational implementation of the revised Financial Regulations, including a small number of minor updates to the Financial Regulations and Delegated Authority Matrix. **The Committee approved the updates and received assurance that the risks associated with delegation of approval of fixed term academic posts were recognised and appropriately managed.**

Planned deviation from Financial Regulations for IT purchase [EF20/10]

The Committee received notice of a deviation from the standard approval mechanisms within the Financial Regulations that had been approved by the Vice-Chancellor on 09 September, as permitted by paragraph four of those Regulations. The proposal was required to support the timescales needed to respond to IT security needs following the cyber incident. The deviation had been discussed with the Chair of the Board, Chair of Employment and Finance Committee or Chair of Audit Committee in line with the Financial Regulations. **The Committee noted that the report confirmed that Financial Regulations had been properly applied and endorsed the use of this provision in these circumstances. It was noted that use of this provision may be required in future, as a result of the cyber incident, but its use would be kept to a minimum, where possible.**

	<p><u>IC3 Strength in Places Bid</u> [EF20/11] The University had been successful in being shortlisted and obtaining funding at a seedcorn stage for a consortium bid led by Northumbria to UK Research and Innovation's flagship Strength in Places Fund, for the International Centre for Connected Construction (IC3). The Committee noted the update and that the formal request to approve the contract would be made at its 9 November 2020 meeting.</p> <p><u>Contracts and Legal Claims Update</u> [EF20/12] CONFIDENTIAL AND LEGALLY PRIVILEGED <i>(NB: this item is Legally Privileged and included in Reserved Business Minutes)</i></p>
5.	<p><u>Meeting Record, Reporting and Context</u> <u>PulmoBiomed Delegated Sub-Group 18 June 2020, 21 July 2020 and 31 July 2020 Confidential Minutes</u> [EF20/15 to EF20/17] The Committee approved the proposal to extend the delegated powers of the Sub-Group to 31 December 2020 in case further input and approvals were required.</p> <p><u>Draft Committee Agenda Plan 2020/21</u> [EF20/21] The Committee noted and endorsed its draft Agenda Plan 2020/21 and noted the likely need for an additional meeting (likely December) in light of the revised deadlines required for the sign-off of the Financial Statements. A forthcoming pensions consultation was also noted, which was likely to be sent to members outwith the scheduled meeting cycle.</p>

Richard Elliott
Assistant Secretary to Employment and Finance Committee
September 2020