

**NEWMAN UNIVERSITY**

**Finance and General Purposes Committee**

**Minutes of the Meeting held on Thursday 7<sup>th</sup> March 2019 at 2 pm  
in the Directorate Meeting Room.**

<b>Present:</b>	Mr Stephen Kenny	Chair
	Dr John Carlisle	
	Mr Jonathan Day	Chair of Council
	Mr Richard Wallace	
	Professor P Childs	Deputy Vice Chancellor
<b>In Attendance:</b>	Ms A Bolshaw	Clerk to the Council
	Mr A Sharma	Chief Financial Officer
	Ms J Flowers	Minute Secretary
	<i>For items 5 and 6</i>	
	Ms Giosi Birkett	Director of Human Resources
	<i>For items 12 and 13</i>	
	Mr Paul Dean	Director of Estates

**1. Apologies**

Apologies were received from Professor S Davidson.

**2. Standing Item – Declaration of Interest**

There were no declarations of interest.

**3. Minutes of the Meetings held on 29<sup>th</sup> January 2019 and 18<sup>th</sup> February 2019 (FGPC 1M/18)**

The minutes of the meetings held on 29<sup>th</sup> January 2019 and 18<sup>th</sup> February 2019 were received and considered.

**Resolution FGPC 6/2019**

To accept the minutes of the meetings held on 29<sup>th</sup> January 2019 and 18<sup>th</sup> February 2019 as correct records of the meetings.

#### **4. Matters Arising**

##### *4.1 Minute 4.2 – Financial Update*

A paper on the anticipated increase in employer's pension contributions for the TPS was on the agenda at item 6. below.

##### *4.2 Minute 4.3 – Estates Strategy Update*

A paper on the programme of works in relation to fire precaution was on the agenda at item 12 below.

##### *4.3 Minute 5 - Loan Facility*

The Chief Financial Officer (CFO) reported that the loan facility was now in place at a fixed rate of 2.398%.

##### *4.4 Minute 7 - Access, Retention and Success of Students*

The Clerk to the Council advised that the review of KPIs would come to a future meeting.

#### **5. Framework for Senior Staff Pay (FGPC 7/19)**

A paper giving an outline of the project commissioned with Korn Ferry (Hay) to review the current grading structure and remuneration arrangements for senior managers was presented by the Director of Human Resources.

She explained that the new terms of reference of the Remuneration Committee did not refer to pay and grading arrangements for senior managers whose roles sat immediately below senior post-holders (as appointed by Council) and outside the existing 50-point single pay spine. Previously, the Vice-Chancellor's recommendations on pay and grading were accepted, but this was not specifically written in the new terms of reference for the Remuneration Committee. At present, all senior staff, including senior-postholders, sat within the Framework of Remuneration Arrangements for Senior Managers. The Framework needed review to provide good governance and oversight of the senior staff remuneration, an appropriate mechanism of accountability was required for this group of senior staff, for setting and approving pay and grading. This could be achieved through a sub-group of the Remuneration Committee, chaired by the Vice-Chancellor. Korn Ferry Hay would review the roles and grades of senior managers and in doing this exercise they would need to review of all senior posts in order to have proper alignment. Then they would recommend what change was needed for senior managers and the best method of implementation.

Matters arising from discussion of the paper were as follows.

The Committee noted that senior staff had not been included in the terms of reference of the Remuneration Committee because it was considered that the Remuneration Committee should not discuss the individual pay of those staff who were not Council appointments. Whilst noting the possible issues of accountability and transparency, it was felt to be within the delegation given to the Vice-Chancellor to set the pay for those below senior post holders. It saw the value of reviewing the framework but considered that another committee mechanism was not necessary and that reporting could be to the Finance and General Purposes Committee (FGPC).

There was a conventional wisdom that performance related pay was always good, but this was often not the case. There was, however, an observation that in the public sector, there could be a positive effect on morale from bonuses and formal acknowledgement of good performance.

There was the potential for job evaluation schemes to reward staff for 'empire building'.

Committee members felt that it was not necessary for the review to be extended to senior-post holders as the process for them was felt to be robust. In response, the Director of Human Resources thought that Korn Ferry would say that it was necessary to understand the role of the most senior person in the institution to set the alignment and to undertake the job evaluation process properly. She added that there was a need to review job specifications following the summer restructure of the roles and responsibilities of senior post holders and its impact on members of the UOT.

The report was expected in June/July 2019. The Committee noted the process for the approval of the review: firstly to the Vice-Chancellor, through the ULT and then to FGPC and Council. FGPC would receive progress reports.

The Committee noted the report.

## **6. Anticipated Increase in Employers' Pension Contributions (FGPC 8/19)**

The Director of Human Resources introduced a paper giving an overview of the changes forecast for the employer contributions to the Teachers' Pension Scheme (TPS), the implications for Newman University, and the management response. The indicative results of the valuation of the Teachers' Pension Scheme (TPS) (England and Wales) showed that employer contributions would need to rise by 7.2% to 23.68%. This would result in a cost to the University of around £500,000 although the DfE was considering providing financial support to schools and FE colleges it was not proposing to include higher education institutions.

During discussion of the paper it was noted that there were different pension schemes for academic and professional services staff. There was a question as to whether the University should match the employer's contribution to the TPS to the AVIVA pension scheme for professional services staff. It was noted that this would

involve a large financial commitment and as such would be a material and strategic decision and would need Council approval. The Director of HR advised that it was not unusual for there to be different pension schemes for academic and professional services staff, although in many institutions professional services staff were in the local government pension scheme where the employer's contribution was higher and closer to the TPS.

The report was noted.

## **7. Financial Update for 2018/19 (FGPC 9/19)**

The Chief Financial Officer (CFO) reported that the University was expecting to achieve the 2018/19 budgeted surplus of £565,000. Income was likely to be higher than budget by £1.6m or 6% largely due to increased tuition fee income. Some marginal costs would arise as a result of increased recruitment. Costs would be managed to at

The Committee received the update.

## **8. 2018/19 Mid-Year Review (FGPC 10/19)**

A paper giving information on the mid-year financial review and an update on the likely year-end outturn was presented by the CFO. He commented that 2018/19 began with some uncertainty about student recruitment levels, and a vacancy pause had been put in place. Following higher than anticipated recruitment, the Vice Chancellor had released a number of paused vacancies for recruitment. In November 2018 the surplus was estimated to be around £1000k higher than budget. In February 2019 the normal mid-year budget review took place. Income estimates remained similar to November 2018. Pay costs were re-forecast to be lower due to the impact of continued vacancy savings. Non-pay costs had been assumed to increase slightly due to anticipated additional expenditure in IT, estates and marketing. Staff costs were near to budget due mainly to the vacancy pause. It was likely that the budgeted surplus would be exceeded by around £1000k.

The following points were raised during discussion of the paper.

The Committee commented on the variability in SSRs. The CFO explained that there were some professional body requirements for SSRs which were universal, for instance the British Psychological Society. The University would investigate ways to improve SSRs by, for example and where appropriate, moving staff from areas with low SSRs to teach in areas with high SSRs. The CFO noted that mid-year staffing costs were under 60% which was an improvement: the sector average was around 56% although there was variability and some institutions of similar size to Newman had lower staff costs.

The CFO advised that the impact of the increased employer's contributions to the TPS would be from the beginning of September and cover eleven of the months of the next financial year. He felt that the positive financial position this year would make next year easier.

Some corrections to the report were noted.

**Action:** CFO

The Committee noted the report

## **9. Applications and Recruitment for September 2019 (FGPC 11/19)**

The Committee considered a report from the CFO on the latest applications for the September 2019 entry. The report included the preliminary number forecast for 2019/20, a report to the Recruitment Task Group and ULT relating to the application picture at 24<sup>th</sup> February 2019 and a time series analysis of the application cycle showing applications received and offers made to offers accepted.

The University believed that overall recruitment levels of new students in 2019/20 would be around, and possibly slightly above, the levels achieved in the current year (2018/19). If conversion rates were improved during the 2019 cycle recruitment levels would increase further. Clearing continued to be the most important day in the University year from the recruitment perspective. A more confident prediction could be made at the end of May 2019.

There was a growth in ITE after several years of decline and applications to the foundation year were good. There had been some reduction in applications for single and joint honours, partly due to the discontinuation of some courses with poorer application rates. However, this reduction was offset by the introduction of three new programmes which would start in 2019/20. There was a national decline in joint honours degrees and the University was reducing its number of joint honours programmes.

The Committee found the information provided to be very helpful. It asked if additionally, a graph of conversion percentages could be provided.

**Action:** CFO

The Committee received the report.

## **10. Budget Issues 2019/20 (FGPC 12/19)**

The CFO provided the Committee with an update on the 2019/20 budget and outlined the financial budgeting process. He noted the challenges for the year in respect of increasing income and managing costs at a time of flat fee levels, a reduction in applications, and increasing costs. As nearly all the University's income would come from tuition fees, the priorities were the recruitment of students (particularly full-time students) and the improvement in outcomes of full-time students. The significant change for 2019/20 was the further devolvement of budgetary authority to academic departments.

Committee members observed that whilst the RAM was empowering in times of income growth, it could result in negative feedback if there was budgetary restraint and University management had to intervene to take resources away. The

Committee noted the importance of the management and communication of this process.

The Committee received the report.

#### **11. Home Student Fees 2020/21 (FGPC 13/19)**

The CFO presented a paper on home student tuition fees for 2020/21. He reported that the fee charged in 2018/19 and 2019/20 was £9,250 for all undergraduate. There were no strong arguments for decreasing fee levels in 2020/21. For the APP submission, the University would submit for a fee of up to and including £9,250 for all full time UG programmes and ITE programmes (including PGCE and Schools Direct), and would wish to apply any inflation uplift that is allowable in future years.

The tuition fees for all programmes for 2020/21 would be submitted to FGPC at its meeting on 23<sup>rd</sup> May 2019 and to Council for approval at its June 2019 meeting.

**Action:** CFO

The Committee noted the report.

#### **12. Programme of Works – Fire Precaution (FGPC 14/19)**

The Director of Estates introduced a report giving an update of the work relating to the Fire Action Plan and fire improvements at the University. Significant progress had already been made from the original action Plan. The Fire Service had attended on the previous day and were satisfied.

Action had focussed on emergency light testing, fire door improvements, fire hydrants and additional fire signs. High risk areas had been identified; for example, a fire suppression was installed in the Sanctuary kitchen area in the summer 2018 as the risk profile had changed with the construction of the St Hilda atrium which connected to the kitchen area. Self-testing emergency lights had been introduced and it was hoped to move towards a campus wide self-testing emergency lighting system.

Continuing priorities included the remaining fire doors in the Halls of Residence external lighting upgrades and exploration of ducts and hidden areas to ensure that original containment lines had not been breached during previous works on the campus.

As soon as the Grenfell enquiry had reported and any recommendations made, the University would begin a new risk assessment process. The Committee was advised that the three buildings which had cladding, the cladding was ok. The old Halls of Residence were of traditional brick and concrete construction.

The Committee noted the report.

### **13. Estates Strategy and Long-Term Maintenance Update (FGPC 15/19)**

The Director of Estates presented a report on the planned updated Estates Strategy and the long-term maintenance programme. The Estates Strategy had been approved in April 2015 with the objectives of improving both the staff and student experience, supporting the growth of the student population to 5,000 FTE, providing high quality on-campus living, improving the existing facilities and starting a major refurbishment of the existing building stock.

The Estates Department had now delivered Phase One of the Estates Strategy with the completion of Darwin Refurbishment project in August 2018. The campus had doubled in size over the past ten years, with space for 3500-4000 students. The delivery of the St Hilda block has provided nine new high quality teaching spaces, a new atrium and a state of the art lecture theatre. The University had planning permission approved for a further two blocks to be built along the staff car park, when demand for student accommodation increased.

The construction of the car park on Newman College Close was completed in November 2016 and had provided an additional 67 parking spaces. However, car parking remained an issue as there were many more staff and students than spaces. Free car parking was attractive to students. Further work was needed to promote green travel and the use of public transport.

With regard to the Catholic identity of the University the Committee welcomed the re-modelling work undertaken on the Chapel. It noted the likelihood of the sanctification of Cardinal Newman in the next year and asked if there were further ways of expressing the Catholic identity. The Director of Estates advised that the University would shortly be developing a tender, inviting architect design organisations to submit proposals to review and update the remaining two phases of the estates strategy and this could be covered here.

The Committee noted the report.

**Action:** Director of Estates

### **14. Newman Students' Union Annual Report and Accounts (FGPC 16/19)**

The Committee received the Newman Students' Union (NSU) Annual Report and Accounts 2017-18. It was noted that the Union was solvent and had a relatively strong balance sheet.

### **15. Resource Allocation Methodology Report (FGPC 17/19)**

The Committee received a copy of the internal audit service's review of the implementation of the revised resource allocation system. The CFO reported that the audit had recommended on action in respect of obtaining more formalised feedback from colleagues, and this had been achieved through meetings. A summary of the feedback was provided at Annex 2 of the paper.

The Committee noted the report.

**16. FSSG Income Cross Flows Report (FGPC 18/19)**

The Committee received a copy of the Income Cross Flows Report produced by the Financial Sustainability Strategy Group's study to assess and understand income cross flows within the UK higher education sector. It felt that the document would be useful pre-reading for the Away Days.

**Action:** Clerk to the Council

**17. Any Other Business**

There was no other business.

**18. Date of Next Meeting**

Thursday 23<sup>rd</sup> May 2019 at 2.30pm

**Finance and General Purposes Committee  
Action Plan from the meeting held on 7<sup>th</sup> March 2019**

<b>Minute</b>	<b>Agenda Item</b>	<b>Action to be Taken</b>	<b>Person Responsible</b>
8	Mid-Year Review	To make corrections identified by the Committee	Chief Financial Officer
9	Applications and Recruitment for September 2019	To provide graph of conversion rates	Chief Financial Officer
11	Home student fees 2020/21	The tuition fees for all programmes for 2020/21 to be submitted to FGPC at its meeting on 23rd May 2019 and to Council for approval at its June 2019 meeting.	Chief Financial Officer
13	Estates Strategy and Long Term Maintenance Update	Catholic identity to be included in the tender for the refresh of the Estates Strategy	Director of Estates
16	FSSG Income Cross Flows Report	The report to be pre-reading for the Away Days.	Clerk to the Council