

**Finance & Risk Committee
MINUTES
4pm, 17th May 2017
Meeting Room 1, The Union**

Present:

Oludolapo Bolaji (OB - Chair), James Belmonte (JB), Nicholas Williams (NW – absent for 5.3), Tom Worman (TW), David Ayton (DA – present for 1 - 5.1 and 5.3), Cherelyn Cuthbert (CC), Lucy Simpson (Present for 5.3 only)

In Attendance:

Anna Clodfelter (AC - Advisory), Peter Greaney (PG – from Counterculture), Angel Layer (AL – Observer), Ruby Wright (RW – Observer, absent from 5.3), Laurie Jones – minutes

1. Apologies for Absence and Introductions

None

2. Declaration of Interests

None.

3. Minutes of Previous Meeting 28th February 2017

Minutes of 28th February 2017 approved.

4. Matters Arising and Action Points From Those Minutes

4.1 Invite all trustees to the budget refinement days – LJ **Complete**

4.2 Look at the data protection issues that surround capturing students' medical history – TW **Complete - Incorporated in GDPR Review**

4.3 Find out the best practice for concussion training for universities from RFU and BUCS and enquire from Up and Running what training courses are offered - **NDB/TW Complete**

4.4 Review a risk assessment triggering system for clubs/societies in line with best practice for the next Finance and Risk – TW **Complete – Agenda Item 6.2**

4.5 Inform the University of the further advice that has now been given regarding acting ultra vires in the SUSS Pension Deficit Matter – AC **Complete**

AC: University are aware there has been no current update

4.6 Speak to the Charity Commission regarding acting ultra vires in the SUSS Pension Deficit Matter – AC **Complete and awaiting response at time of writing**

AC: Contacted Charity Commission on 10th March – had an acknowledgement. Sent a follow up email and nothing happened. 16-21 week turn around

4.7 Action for the next Board of Trustees meeting to ensure that all committees are filled **Complete - there is an interim solution until the Trustees' Away Day where a skills audit will take place**

4.8 Look at the risk of losing External Trustees on the risk register - AC **Complete**

AC: Already on the risk register – has been strengthened

5. Finance Matters

5.1 Quarterly Management Accounts - CC/AC

UPSU Management Accounts

Paper taken as read.

CC:

- Forecast underspend has dramatically grown –the reserves recovery complete with a surplus of £67.5k
- PSUT: £13.5k extra profit
- Salaries – across the board due to recruitment gaps
- Student staff salaries – some of surplus is budgeting for National Insurance and Pension – many students don't pay NI, or don't opt to join Pension – currently 2 staff. Shifts not being taken also contribute to surplus
- Underspend also comes from making commitment for money to go back into reserves
- £15k was ring-fenced from 15/16 and in the new budget it's moved from 17/18

DA: What's the reason for the AU overspend of £10k?

CC: Where the quarter has fallen – budget to spend at the beginning of the year and things don't come in until towards the end

AC: We're taking some of the £67.5k surplus and proposing that a proportion of this forms the budget. There is about £20k surplus that SMT recommends we spend in year on projects/things that have a student impact. Particularly interested in short term paid student internships

DA: Need to be careful as students perception of internships are for cheap labour

NW: Will what the money is spent on be approved?

AC: Asking to agree in principle up to £20k of surplus on student impact projects – the detail wouldn't come back to this committee – by approving Finance and Risk have delegated to the teams in the Union to make that decision

CC: Operational Managers Team is on board

PG: Useful to have an idea of what priorities are – wouldn't rush to spend money based on the worry that you might lose it next year so useful to plan to spend according to when it's most valuable/needed

AC: We made cuts in year for the reserves recovery the feeling is that some things weren't done that can be done now

NW: I would be happy to approve it to be spent this year – more comfortable if at Board we could discuss what we are going to spend this money on

TW: Concern: for internships, we need to act now because students leave within two weeks

NW: Could report that we used it for the internships and the reason it didn't go to Board was because it had to be decided now

(DA left the meeting]

AC: Figure is £20k. If you approve that we can spend up to £20k to impact students which will be approved at Leadership Team Meeting and reported through Board of Trustees

FINANCE AND RISK COMMITTEE APPROVED THAT UP TO £20K CAN BE SPENT TO POSITVELY IMPACT STUDENTS, BUT WILL BE APPROVED AT LEADERSHIP TEAM MEETING AND REPORTED TO BOARD OF TRUSTEES.

FINANCE & RISK COMMITTEE NOTED THE UPSU MANAGEMENT ACCOUNTS

FINANCE & RISK COMMITTEE NOTED THE PSUT MANAGEMENT ACCOUNTS

5.2 Budget for discussion and approval - CC/AC

Paper taken as read.

AC – Cover paper explains the budget process - a process we've used and developed over three years. Development this year: stronger involvement of Sabbatical Officers. Next year there will be earlier/more involvement. Bottom up budgeting; no changes in the format/framework, but changes in the culture/way we've budgeted. Highlights:

1. Significant additions/reductions/amendments - 20% increase in the pension deficit payment has been confirmed
2. Provides more detail
 - 2.1 - Increase from block grant, PSUT and material reductions of awards event subsidy
 - 2.2 - Additional cost – salary/student staff/pension deficit. To note: inclusion of new research function
 - 2.3 - Highlights where things look different but they're actually just reported differently
 - 2.4 - Highlights what we're allocating out of reserves. Points 1, 2, 3 is the same as this year. Point 4: 15k that's historically sat in our core budget and not spent, is now a pot of money for clubs and societies if needed

NW: Can you explain the Research function?

AC: Research is listening arm of the listen and act function of P25. We've invested in software called Qualtrics – can capture/report/work with data in ways that gives us the functionality we need. Also investing in student staff to go out and ask questions

NW: Software value for money?

TW: Stuart Owens (Research Coordinator) compared 3 different pieces of software and then managed to haggle original price of £12-15k down – Qualtrics will use us as case studies and we get a significant discount. 2/3 months of background work

Action: TW to send NW research software research

NW: SUSS Pension Matters – is £10k accurate?

AC: Best guess. Over the past 3 years we've spend £35-40k on expert advice/solicitors – case of having a back pocket of legal expenses money to identify this is still an issue and could be some significant legal costs in closing it down

FINANCE & RISK COMMITTEE APPROVED AND RECOMENDED THE BUDGET TO BOARD OF TRUSTEES 27TH JUNE 2017

5.3 Financial Planning for P25 - LS/AC/PG

Paper taken as read.

Highlight report:

LS: Working on pre-work streams, finance and HR. Staff/Sabbs invited to Ideas Forums to think about HR structures which will feed into finance of P25 and Future Union.

JB: Risk register – any risks standing out and causing an issue?

LS: Student engagement – met with Project Operations Manager from MyPort to talk about Fresher's student engagement. Will meet with Advice and Student Experience to get their thoughts on what worked/future plans. Will put forward a proposal that the project team recommends to Board

AC: Highlighted in Student Focus and Governance Committee – risk of project stalling because of delays within University. To mitigate this, met with Harriet Dunbar Morris (Associate Pro Vice-Chancellor - Student Experience) and it has been built into the Student Experience Committee – Future Union plans will be a standing item

LS: Ensuring Sabb Elects are as up to date as possible June board and by the end of August will be fully up to date

AC: Sport timeline – Decisions around Sport are critical before any work with financial planning or HR structures – we have a tight timeline on this – LS to pick up with Head of Student Opportunities

Financial Planning Paper:

AC: Financial planning process that pulls together the financial model to deliver the Future Union – both the output/new structures and transitional modelling:

1. Key financial outputs and timeline – May = developing tools; June – Oct = model after we've had decisions around HR structures; Nov - April = get sign off on Future Union Models.
2. Key assumptions – similar staff salary cost; block grants/pensions won't change; PSUT won't bring us significantly more money.
Risks: above won't happen
3. Staffing Structure Project – tells us what we're going to do.
4. Transitional costs – training/potential redundancies etc. – will take to Board where these transitional costs will come from

PG: Need to use a cost assumption similar to the current – will have an opportunity to test over the next few weeks. Risk is less/more money available because of different lines changing, but we're not expecting any surprises

JB: Will there be a chance for project champions to scrutinise/ask questions?

AC: The process within the dates will be the same. Champions might not be the right place to go. Process is within that of how we get from current ideas forum to sign off in November – will be lots of involvement. In the absence of External Trustee and the committee change over, does the approval of these assumptions need to go to Board of Trustees?

DA: Transitional costs should go to Board of Trustees – how much money?

AC: We don't know, it's the principle of where those transitional costs come from

DA: Last few years we've dipped in and out of reserves – is the role of the reserves for transitional costs? I'd argue reserves are there to protect the charity

AC: Designated reserves are but surplus reserves? Could be a view that a % of the reserves would be appropriate to use. Not asking the committee to approve dipping into reserves but to agree the principles – any dip in reserves wouldn't happen until approval. Does this need wider discussion at Board as there are elements of the committee are missing

TW: What's the impact leaving it until Board? I'd feel more comfortable – concern over approving something without an External Trustee

LS: We have a project meeting on the 17th July which is after Board

AC: Would also give Sabb-elects a chance to understand as they are carrying on these decisions next year

CC: Don't think there is a risk for reserves but External Trustee might see something that we can't

PG: Role is to provide expert insight in the process and so I can give you assurance. I think some wider discussion on the Reserves Policy might be useful so trustees can think about what level of reserves they might be interested in releasing

AC: I think you're right – with all the changes, would be odd to not look at the Reserves Policy
FINANCE & RISK COMMITTEE AGREE TO TAKE FINANCIAL PLANNING FOR P25 MATTER TO BOARD OF TRUSTEES ON 27TH JUNE 2017.

Action: LJ to add Reserves Policy Discussion to Away Day Agenda

5.4 Blue Spire/Counterculture Transition – AC (discussion item with Peter Greaney present)

AC: Last time we spoke in this meeting, there was intention to do a transitional handover meeting in the last quarter – update:

PG: Been in contact with current accountants and they suggested a meeting in August - after their last accounts of the year, I'd go to them and collect information for handover purposes which I think is adequate. From July I'll be liaising with CC and AC to think about the structure of the management accounts. Intention: 1st set of management accounts I'll be producing will be August and September's which will be available end October

AC: Blue Spire are being reticent in coming forward with a plan for exit. AC and PG will have discussion outside of meeting to ensure that they are doing what they should and also to discuss the risk management for the transition

NW: Have you got a risk register in place?

PG: No we don't, it should be low risk in that you terminate a contract in line with the notice period – the complications I can see is that there is no notice period in the contract so we need to get them to commit to an end date and agreeing any costs of handover

AC: End date is confirmed and costs haven't been – perhaps we could take an update to Board of Trustees – the transition with the internal side of things

NW: Need to think about data transition and moving into a new contract where they don't have the same amount of information as the previous contract

PG: Just to reassure, Blue Spire does not own any of the finance system or licence to it, so that stays with the Union. They have the templates, but I'll be making new ones, so there's not much to handover other than insuring they close the year end accurately

Action: AC to bring an update of Blue Spire/Counterculture transition to Board of Trustees on 27th June 2017

6. Risk Management

6.1 Risk Register Update - TW

Paper taken as read.

TW: Headlines:

- New strategic risk: General Data Protection Regulations (GDPR) come in on 25th May 2018. University will be seen as a public authority it means our data sharing agreements with them are going to be potentially limited which effects our mission. However, had reassurance from VC and Director of Corporate Governance that they will do everything in their power to get the data we need and they will be working with us quite closely to implement some plans and trialling somethings ready for enrolment this year, even potentially writing in their contract that UPSU need to have this data. Been working with NUS and legal advisers from BWB to make sure that we're fully informed. I sit on the NUS advisory group and I'm also attending a course in June with the Information Commissioners Office. Will keep Board updated

- Operational risks: GDPR could affect Marketing too, no additional risks have been added

NW: Will speak to someone at DFE. Could think about a data sharing agreement?

TW: Not allowed to do that now, unless each individual has consent

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON RISK REGISTER

6.2 H&S Update - TW

Paper taken as read.

TW:

- 2 new Health and Safety Coordinators recommended by the University due to workload/responsibility. Natalie Dutka-Bowskill (Student Activities Manager) is responsible for Student Health and Safety and Lucinda Kitching (Shop and Reception Coordinator) is responsible for workplace safety – both reporting directly to me. Delay on their training which NDB is chasing. No ill health information reported to Board. Some students have shared data directly but the data from the University's injury forms has been lost in translation which NDB is picking up. Will circulate report as soon as we get accurate information
- In line with all legislation, still finishing NVQ and picking up anything that isn't in line as I go
- University have introduced a new theatrical weapons policy – students in airsoft/paintball societies. Meeting with University Health and Safety Officer responsible for the risk assessment
- University helping us on the trigger for risk assessments – picked up by NDB

- Took our H&S Policy to University's Health and Safety Committee – formally endorsed us and supported us – also highly commended and recommended it for all University subsidiary companies

NW: What formal training does the University provide?

TW: Anything from formal NEBOSH qualification to Manual Handling/Working at Heights/Risk Assessment training/First Aid/DSE/Fire Safety

NW: How do the student and staff workplace safety roles join up?

TW: They form a micro-committee me and meet monthly – will report to Finance and Risk Committee. Currently waiting for them to go through formal training before we meet to tackle issues. University pay for these roles and take responsibility for their training.

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON H&S

6.3 SUSS Pension Deficit - AC

AC: No further update

FINANCE & RISK COMMITTEE NOTED THE SUSS PENSION DEFICIT UPDATE

6.4 Prevent Update – AC (verbal update)

AC:

- At University Safeguarding Committee – government peer review team came to Portsmouth – the collaborative partnership between the City, University and Student Union was commended as best practice and noted as something that should be rolled out nationally.
- Our approach to Prevent is reviewed on an annual basis - Sabbatical Officers Elect and UAB will review at the end of summer. Prevent information will be more robust and have more of a back story than last year

FINANCE & RISK COMMITTEE NOTED THE PREVENT UPDATE

7. Audit

7.1 Audit Update – AC

Paper taken as read

AC: Committee are asked to approve:

- Audit timeline of the last Blue Spire delivery of Management Accounts
- Approval of the timeline to tender for new auditors

NW: Are you using a specific tender framework?

AC: Yes – sits within our Financial Procedures document

Action: AC to share Financial Procedures document with the Finance and Risk Committee

AC: Appendix to this paper is a template that has the criteria we used last time. I'm asking that PG will support me in Jan/Feb to put together a package for the tender of what we're looking for to make sure the criteria is met

NW: What's more important to the Union – cost effectiveness or someone with Union background?

AC: Last time the auditors we chose were based on both of those things. To have someone with SU experience is vital – it's about getting the balance right

FINANCE & RISK COMMITTEE APPROVED THE TIMELINE FOR 16/17 AUDIT

FINANCE AND RISK COMMITTEE APPROVED THE PROCESS AND TIMELINE FOR 17/18 AUDIT TENDER

FINANCE AND RISK COMMITTEE NOTED THE AUDIT UPDATE

8. Any Other Business

8.1 Format, frequency, content and narrative of management account reporting - AC (discussion led by Chair from BoT feedback with Peter Greaney present)

AC: Raised at Board of Trustees, spoken to Ian Watson and have taken his feedback. Does this committee want the update or prefer to take to Trustee Away Day and discuss with all Trustees present

NW: Should be carried forward to the Away Day – best to share ideas amongst all trustees so it can be formatted in a way that everyone understands

Action: LJ to invite Peter Greaney to the Trustee Away Day

FINANCE AND RISK COMMITTEE AGREED TO TAKE THIS AGENDA ITEM TO THE TRUSTEE AWAY DAY

8.2 Advertising Model Change – TW

TW:

- Our Sales and Partnership Coordinator has resigned which puts us at a significant risk because this is a key sales period
- Options - keeping it in house; commission based models (NUS media/BAM); media partnership (BAM)
- Various meetings with directors from BAM, equivalent in Southampton, NUS, various Unions
- Proposal: 1 year contract with BAM who have offered us £65k (+VAT) that will be in 10 monthly payments. They will buy us all of our local and some national media, we would retain some of our key partnerships (accumulatively about £1k of contracts) and we save on staff costs. They take all the risks – only risk to us is making sure we get our payments
- Represents the best way of mitigating the risk financially
- NUS – worrying because largest contract is Leeds who they get £100k for – we turn that easily. Also due to their political links/issues. Large brands at YMS were anti NUS. Focussed on local media rather than big companies

JB: Clarification around risk of ‘No customisation – tailored sponsorship packages allow for customisation of packages to meet trading and charitable needs’?

TW: We’ve excluded any form of sponsorship from this package so we can custom build something if there is something we need to tailor. BAM works on national models and therefore has limited tailoring

JB: Main concern – if there’s anything that clashes with student groups

TW: Written into the contract – they have to abide by our policy

JB: If there was a company that is credible but only borderline, e.g. high fees that students aren’t able to pay – if we worked with them would that be seen as a reputational risk?

TW: Part of the contract is that BAM will have to ask us. Risk: BAM thinks that if every other Union offers this and because we say no, they will reduce our package price which would be a reduction in income

OB: Clarity the risk ‘inconsistent payment history’?

TW: We have had some feedback of inconsistent payments – history is that their Director of Finance left them in a mess – discussion with Peter earlier is that they are gettin on top of it, they were really open/honest about it and we’ve had an email today confirming that all of their payments of this year have been settled. In the contract, I’ll put cleared funds on the 1st of the month must be with us and if they don’t they are subject to the late payments act which levies fines against them

CC: What we’ve already invoiced they will deduct from the £65k – we’ve already invoiced £16k

NW: What are the alternatives if the committee doesn’t agree?

TW: Look at NUS, but I'm not comfortable; go out to recruitment but then there is the risk of not getting someone on time – we'd have to be reliant on student staff, inbound marketing enquires and I'd have to focus on this instead of strategic matters

NW: Do they not offer a shorter term contract?

TW: Theirs is the shortest term. Could ask to buy us out for Fresher's only but that would reduce the payment and they have their staffing costs that is spread over the course of the year rather. 90% of our advertising income comes from Fresher's

OB: Will this be reviewed next year?

TW: Yes, with the same options. I'd be pushing for an increase in money from them if we did stick with them – but we'd have time - we'd start looking at this in budgeting

JB: With all the hard work that was put into YMS and all the connections and positive feedback – will this put us in a different stance?

TW: BAM were there anyway – reality is part of the reason I managed to get it to £65k is because of the work I've done with them and our good reputation. This time last year they offered £40k

TW: They have to give us all of their local client details – so if anything changes we don't risk losing local relationships

NW: Is this reflected in the budget

TW: No, but it's only £900 difference – there's an additional appendix that shows what the budget would look like because of this change – I'd recommend that the budget gets changed before Board

JB: Staff will be asked to do more business development – what kind of things?

TW: This year I was looking to create a business strategy so I will have support on that; will be able to focus on the current partnerships and look for new ones; we can play with ideas which is why we put in the new research and development line

NW: Happy to approve on the basis that it's reviewed next year

AC: The review would probably sit better at Board of Directors

FINANCE AND RISK COMMITTEE APPROVED THE ADVERTISING MODEL CHANGE ON THE CONDITION OF A FULL REVIEW NEXT YEAR

AC: Thank you to all outgoing trustees and the chair for their work over the past year

9. Date and Time of Next Meeting – 22nd August 2017 @ 3.30pm

ACTIONS

Action	Who	Update	Status
5.2 Send NW research software research	TW		
5.3 Add Reserves Policy Discussion to Away Day Agenda	LJ		Complete
5.4 Bring an update of Blue Spire/Counterculture transition to Board of Trustees on 27th June 2017	AC		
7.1 Share Financial Procedures document with the Finance and Risk Committee	AC		
8.1 Invite Peter Greaney to the Trustee Away Day	LJ		Complete

CONFIDENTIAL ITEMS

None	
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Minutes Approved: _____

Date: _____