

**Finance & Risk Committee
MINUTES
4.00pm, 27th August 2019**

Room 1, The Union Building

ACTIONS

Action	Who	Update	Status
6.1 Additions of owner and last review date to be reflected in heightened risk table	FL		Complete
8.1 Review the delegated responsibility in relation of BoD/BoT/F&R	AC/RL		Complete
8.3 Action a caveat that the union makes it clear that this will only happen once, any club debt in the future won't be written off and additions to be put in the sport partnership agreement around future debt management	FL/CC		Complete

CONFIDENTIAL ITEMS

PRP Approval	Confidential Item
SUSS Pension Deficit	Confidential Item
Transitional Clubs Overspend	Confidential Minute
Student Complaint	Confidential Item

Present:

Tom Plant (TP - Chair), Hayley Turner-McIntyre (HTM), Fern Lewis (FL), Vicky Turner (VT), Baldev Gill (BG)

In Attendance:

Anna Clodfelter (AC - Advisory), Peter Greaney (PG – Financial Advisor), Rich Leader (RL), Laurie Jones – Minutes

1. Apologies for Absence

Apologies received from Chereilyn Cuthbert (CC).

2. Declaration of Interests

- FL, AC declared interests for 5.2 PRP Approval
- RL and FL declared interests for 8.4 University Parking

3. Minutes of Previous Meeting 11th June 2019

Minutes of 11th June 2019 approved.

4. Matters Arising and Action Points From Those Minutes

4.1 None

5. Finance Matters

5.1 Quarterly Management Accounts (PG)

- Closed down the year to July 2019 so there are some draft figures for the financial figures just gone which will be audited next month. We compare this against the original budget and forecast.
Summary:
- The figures at the bottom - one is an accounting surplus and the other a cash surplus. The difference between those is due to a repayment of a loan from the University for our pensions
- Budget for the year was £52k accounting surplus and £35k deficit cash surplus. Year end actuals are the accounting surplus of £114k and cash surplus of £27k. Better than budget by £62k
- During Q2 figures, we predicted positive variances of £20k in the last quarter
- Overall the accounting surplus is due to savings in salaries (recruitment gaps), underspends in projects and groups, and some of the reserves plans we had in mind not being required in full
- Common reasons in recent years for underspends. We are addressing this in 19/20 e.g. not budgeting for a full staff complement throughout the year.

- Attempt to offset with additional spend with things like equipment, asset purchases, digital operations
- Things that are better than in the last quarter:
 - Underspend on operating costs. Over half is a VAT saving - we have handed over student clubs to the University means we've got less exempt income so we can recover more VAT
 - 2 or 3 posts left in June
- Additional spend - slight change in the way reserves were used. £15k spend on Future Union, which is financed from some of the other underspends and is slightly different in the way reserves were used compared to what we budgeted and forecasted in Q3.
- This is the 3 year Student Minds Project which is focusing on student mental health - we have paid the fee for the three year framework upfront

Reserves:

- Our target last year was about £300k, and trustees agreed to take that down to £200. With additional surplus, we're expecting to land on £385k ahead in free reserves which is a £185k increase for future projects
- This has risen due to a cumulative surplus in recent years.
- The overall reserves are in negative due to the pension deficit - needs to be thought about in that context
- Trustees will need to think about how to use the surplus of free reserves
- There is uncertainty around the block grant and pensions. £185k doesn't go far if the block grant is reduced. Although this wasn't the plan, it's no bad thing as the uncertainty has grown - we don't know what will happen or what the block grant/pension deficit will look like in January
- Process of the student groups moving to the University. There is a slight risk that late invoices will arrive, but this could be up to 10k - worth flagging that this will need to come from reserves.
- Three year pension plan - this ends in 19/20, so 20/21 will be a completely new figure
- Less prudent in the budgeting around staffing. The vacancies are not long term - it's the churn: low pay; early career; people stay for a year and then move on. Not generally difficult to recruit, except 1 or 2 roles. Gone through a spate of leaving people due to people hanging on longer than they should have been to see the opportunities available

PSUT:

- £1400 under budget
- Retail was commenting for some negative variances in events due to Summer Ball/Grad Party - expenditure was high on Summer Ball and the uptake was low. We looked at best case scenario regarding Grad Party sales, it was a success but still ended in a deficit
- Last year there was a profit of £156k, which means we are £14k down, mainly due to the issue of events.
- It's hard to do line by line comparisons year on year as some lines like Partnerships are reallocated
- Big success is the over performance from retail

Balance Sheet:

- Enough cash in the business - net current £425k which is enough to pay liabilities for the year. The pension puts it in negative, but this is paid over 14 years. This will reduce as it's paid off - this can be seen in the year end accounts.
- The Union is working within its budget
- Audit is next month
- PSUT objective is to make as much money as possible - PG to create a graphic of the high level lines of the past 5 years in and predicted 5 years from the business plan in order to see the projections of profit

FINANCE & RISK COMMITTEE NOTED THE UPSU & PSUT MANAGEMENT ACCOUNTS

5.2 PRP Approval (AC) CONFIDENTIAL DISCUSSION

6. Risk Management

6.1 Update on Risk Register (FL)

- No notable data breaches
- New risks have been added in Finance
 - £25k TOTUM deficit due to card printers being removed - this meant missed a key sales pitch encouraging graduate students to buy their last three year card. Online sales were not as successful due to not many students buying it this way before, it's not as simple and more time consuming. Realised risk for this year - must ensure impact is clear, but have added some additional opportunities to offset this. Can still sell cards on campus.
 - Transitioning groups which may have booked/purchased items before the year end.
- Notable amendments details on the paper - these are either heightened risks or risks that have moved registers
- Table of all the risks that are high on the paper - committee found that helpful
- Addition of date when risk will be addressed - often risks are ongoing and there aren't dates attached. All those risks that have a date the risk will be addressed is added on the register. It's clear when risks are closed too.
- **Action: FL additions of owner and last review date to be reflected in heightened risk table**
FINANCE & RISK COMMITTEE NOTED THE UPDATE ON RISK REGISTER

6.2 H&S Update (FL)

- Workplace inspections have been done, and Health & Safety Coordinator is collating this.
 - Currently liaising with University to PAT test all equipment
 - Rehashed the Health & Safety Coordinator role
 - No notable updates from University H&S Committee
- FINANCE & RISK COMMITTEE NOTED THE H&S UPDATE**

6.3 SUSS Legal Matter Update (AC) *verbal update* **CONFIDENTIAL DISCUSSION**

6.4 Prevent Update (AC) - *verbal update*

- No notable updates and no issues
 - Had OFS down with Prevent to do an audit with the work the University does. The work we do as a Union and the way we work with the University - OFS said this work is exemplary
 - OFS have requested that we're provided as a case study on how to do Prevent. The University aren't overly keen on, so we'll go light touch. It's good in one way to be best practice for Prevent, but it wasn't the what the University were looking for
- FINANCE & RISK COMMITTEE NOTED THE PREVENT UPDATE**

6.5 Ex-Employee Matter (FL) - *nil update*

7. Audit

7.1 Audit Update (CC/AC) *verbal update*

- Auditors are in next week
 - Auditors are Morris Crocker who were new last year on a year contract. We were incredibly satisfied so they have an extended contract
- FINANCE & RISK COMMITTEE NOTED THE AUDIT UPDATE**

8. Any Other Business

8.1 Terms of Reference Review (AC)

- No proposals from SMT, other than a membership update
- Last time fully reviewed was about 14 months ago - membership and committee was changed as a result and the delegated authority from BoT was strengthened
- BG has added some suggestions - lots are around clarity - e.g. what is the Union/UPSU group. Should be a definition attached, as there would be if this was a contract.

- Approval of the PRP awards - should PSUT staff PRP awards be approved in Board of Directors rather than F&R?
 - BoD don't have a say on the staff who are employed by UPSU - does there need to be a conversation about the delegated authority.
 - Board of Directors agree the management the management charges that is going to PSUT - PSUT get services through the managed service regardless of their role.
 - PSUT staff have individual contracts through UPSU. Therefore the pay awards are approved through UPSU and the management change is approved by PSUT?
 - Board of Trustees currently delegate this to Finance and Risk
 - Different entity - the relationship between the three BoT/BoD/F&R should be reviewed.
- **Action: AC/RL to review the delegated responsibility in relation of BoD/BoT/F&R**
- Committee to add any additional comments to the F&R Terms of Reference in two weeks
FINANCE & RISK COMMITTEE AGREED TO APPROVE THE CHANGES TO THE TERMS OF REFERENCE DIGITALLY

8.2 PSUT Update (RL)

- We currently pay a retainer to Wildrocket, we are looking to start a business with to offer the same services they offer to us now. The business plan wasn't that we would be the innovation, and they would be the IT and we'd sell those products off the shelf to Unions
- Wildrocket had a realisation that the business plan wasn't moving in the direction he had previously envisaged. He realised that his USP was finding solutions, working through pinch points and consultancy. Also understood that everyone is different and this needs to be tailored to each Union
- Re-evaluated existing business plan and Wildrocket will be coming back to us with a revised plan. This will concentrate more on consultancy side and finding solutions where we'll be looking to put in hour phone call/consultancies options as well as half day visit, or a retainer of 25-50 hours per month. Unions can also buy off the shelf products
- Risks: more pressure further into the year - we don't have a finalised business plan, hoping to have that by end August to start by October.
- Risk: reputational damage as a few people are already interested, but it will take awhile for this to happen, so they may look for alternatives
- Future risk mitigation: Off the shelf will be a one off transaction of 70/30 split. For the consultancy, we would look to get an annual retention commission from their retainer.
- Tying up the production/innovation side of the business - a lot of the ideas will come from ourselves, so we'd want that to be reflected in a 70/30 split
- Impact - net income is meant to be £9k. RL is still confident in that even though we're starting in October instead. We have people interested already and we've put an expression of interests website where we can contact organisations when we're ready
- Currently we don't have a contract, so we will have a MoU the time being while a contract is being created. There is trust between UPSU and Wildrocket
FINANCE & RISK COMMITTEE NOTED THE PSUT BUSINESS DEVELOPMENT UPDATE

8.3 Transitioning Clubs Overspends (FL)

- There are a number of clubs with debts - this is mainly due to not enough budget management in the past and not enough processes in place.
- At the end of 16/17 there was -£15k, at the end of 17/18 there was -£7.5k and now in 18/19, there is a total of £1117 - Basketball had £4k which is now £767 and Netball was £3k which is now £350
- They have not completely totalled it, but they have done really well and they must be commended
- We still have £1117 outstanding of debt, which can't really go over to the University in the transition.

- There is an outstanding debt for transitioning clubs of £2230
 - Money we are pulling back from groups that is Union money (not members money) totalling £7965 just for the transitioning groups
 - Proposal to write off the deficit £2230 against that £7965, only because those clubs are moving over to the University. Normally this debt wouldn't be written off and the clubs would pay this off.
 - The only exception to this is that we are making clubs pay £1 to transfer their assets over to the University. 7 out of 25 clubs will be overdrawn, so there is a proposal to write of the £7 debt.
 - There should be a caveat that we make this clear that this a one off thing and it is only happening due to the movement over to the University. If clubs are moving backwards and forwards, which they will over time, their debt will not be written off in the future. We also need to ensure that we plan something with Sport and Rec on how debt is managed
 - **Action: FL/CC to action a caveat that the union makes it clear that this will only happen once, any club debt in the future won't be written off and additions to be put in the sport partnership agreement around future debt management**
 - There are clubs remaining with the Union who are not having their debts written off.
 - The money that is not membership fees will not go back to the clubs (£7965). All their membership fees will go over with Clubs to the University
 - Historically the groups has fundraised for their club because they have charitable status due to being part of us e.g. fundraising nights, bucket collection etc.
 - Concerns that if this happens as a 'one off occurrence' further debts will also be written off
 - Some of this debt is due to bad management - can't say whether this debt was mainly those groups or us. Those clubs who have debt due to going against Union Policy (e.g Sailing) won't be let off.
 - Need to make sure this does not happen again - the current members of staff have a really robust system and FL is confident this won't happen again
 - Concern about setting a precedent to other clubs with a debt. Need to make it clear that this is due to Clubs transitioning, and there will be sanctions in place to ensure any clubs who have a debt after the transition will pay any debt off
- FINANCE & RISK APPROVED TO WRITE OFF THE £2230 + £7 DEBTS AS LONG AS THERE IS A CAVEAT THAT THE UNION MAKES IT CLEAR THAT THIS WILL ONLY HAPPEN ONCE, ANY CLUB DEBT IN THE FUTURE WON'T BE WRITTEN OFF AND ADDITIONS TO BE PUT IN THE SPORT PARTNERSHIP AGREEMENT AROUND FUTURE DEBT MANAGEMENT**

8.4 University Parking (AC)

- University have made the decision to change parking permits for staff 2 months ago. We used to be considered as University staff members and we had the same benefits which was a parking permit for 1 year, which was £75 per year
- It is right that University have changed this as they are hugely subsidising parking.
- It is now £500, which is cheaper than any other parking options in the city.
- We are now classed as tenants and they will give us a number of parking permits - 10 in total. We currently have 12 members of staff who want a parking permit.
- We are tenants, therefore, UPSU purchase the permits and decide how we get the money back from staff is up to us
- We are asking F&R is to approve that we purchase these 10 permits at £500 each - the recommendation is that we do so we can retain parking on campus for staff, particularly for our lower grade staff.
- Staff understand it's a benefit
- Consulted HR advisors who have told us that with part time staff we are not required to provide a part time version - the Union is purchasing a fixed term benefit which must be offered to all staff
- There is a criteria in place to allocate the permits
 - 2 mile exclusion zone
 - Time served

- Full commitment for the staff member to pay the full £500, even if they leave. HR advisors confirmed that there is no requirement to refund those.
- To ensure all the parking spaces are being utilised, we will offer them on a month by month basis until we get a permanent member of staff - on a more expensive rate at £4 to ensure that there is no financial risk to the charity.
- Payment is by salary sacrifice
- In the criteria, we will build in that:
 - Ability to for staff to sell their permit if they leave
 - Some mechanism which the Union would offer a refund if sold to another member of staff
 - The permit is not assigned to the car, but the space
 - Sign up as a member of staff - have to work for PSUT or UPSU.
 - Guidance around maternity leave/career break etc.
 - Guidance around part time staff
- Need to note that the Union have already purchased those £75 permits and may not be refunded for this

F&R APPROVED THE PURCHASE, CRITERIA AND NOTED THE POTENTIAL COST FOR OLD PARKING PERMITS THAT WILL NEED TO BE PAID BY UPSU

8.5 Student Complaint (AC) - *CONFIDENTIAL DISCUSSION*

9. Date and Time of Next Meeting – 26th November 2019 @ 4pm

Minutes Approved: _____

Date: _____