

**Finance & Risk Committee
MINUTES
3.30pm, 25th February 2020
Room 1, The Union Building**

ACTIONS

Action	Who	Update	Status
Share actions to UMT	LJ		Complete
Complete attendance monitoring form	LJ		Complete
5.1 Show comparison of the balance sheet at the same time the year before on a quarterly basis	PG/CC		Complete
6.1 Update risk 10c on the Finance and Central Admin risk register	CC		Complete

CONFIDENTIAL ITEMS

8.1 Structure and PSUT Review	Confidential Item
8.2 Staffing	Confidential Item

Present:

Tom Plant (TP - Chair), Hayley Turner-McIntyre (HTM), Fern Lewis (FL), Cherelyn Cuthbert (CC - not present for item 8.1), Vicky Turner (VT), Baldev Gill (BG), Mohammad Karmol (MK).

In Attendance:

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

1. Apologies for Absence

None

2. Declaration of Interests

None

3. Minutes of Previous Meeting 26th November 2019

Minutes of 26th November 2019 approved.

4. Matters Arising and Action Points From Those Minutes

4.1 Add standing item on Board of Trustees and Board of Directors for an Organisational Health and H&S Highlight Report (LJ) **Complete**

4.2 Research and invite 3 Financial Consultants companies to tender (CC) **Complete - BG/HTM/TP have agreed they are happy to wait for 4 years as per the tender policy**

5. Finance Matters

5.1 Quarterly Management Accounts (PG)

Summary:

- Ahead of budget of £56k, expected £72k ahead by year end
- Main reasons are related to salaries, welcome month activities, marketing materials:
 - Salary underspend even though recruitment gaps factored in. This is an exceptional year due to SMT recruitment.
 - Of the £43k recruitment underspend, only £13k is attributable to the SMT recruitment gap (and this includes the uplift that's being carried forward for CE)
 - Underspends also within business operations in relation to pensions
 - Student salaries underspend due to some gaps in relation to groups admin and event cover
 - Operating costs - underspend of £12k in Projects due to Freshers' costs not being as high as budgeted and first year doing welcome month activities. Underspend of £10k in

Membership/Marketing due to promotional supplies coming in under budget, but this has been partially offset by casual staff

- Year to date operating costs are over by 25%: this will reduce by year-end. £3k is irrecoverable VAT, Legal and Professional has overspent and Kayako subscription of £2.5k was not put in the marketing budget. Extra equipment has been purchased for events as lots were old/damaged - £4.5k

PSUT:

- £5k behind, expected to be ahead £20k year end
- Retail is behind, but is expected to be ahead. This is due to delayed start to the year - the shop was delayed, issues with Sport and Rec contract for sportswear which has been removed. Expected increase to gross profit due to increased merchandise and personalised items - expected to grow with graduation.
- Partnerships - news YTD is negative of £17k behind due to remove of digital partner income (£9.1k) as it was not ready for market, the impact of decline in TOTUM sales and needed to pay £7k to UoP in relation to Varsity due to clause in partnerships contracts
- Expected increase from Gradfest, which was not in the budget, of £19k. Event has not been done before: it is an all-day event to make it available to all types of students. The model has shifted - double amount of students, half price of the tickets, cost for the event is lower, which means the risk is lower
- Partnerships with ad hoc on site activity is generating other income not usually in budget from things like Vintage Clothing Fair to Housing Fairs etc.
- Vintage Clothing Fair was popular; students queued out the door and the Fair want to come back another four times over the year. PSUT did not make lots of money from this, but currently in conversation regarding annual contract as they want to come back. Aim to develop a partnership relation
- Underspends: recruitment gaps on management charges, marketing PR and start-up costs for digital business - £10k
- SPIF - staff performance incentive fund: this is being reviewed

Balance sheet:

- Snapshot of assets and liabilities of the Union to the end of January and these are typically positive.
- Net current assets - working capital available to the Union in cash and other liquid forms: £641k - this is positive and there no concerns
- Overall balance sheet is negative due to the pension liability of £1.5M, and will reduce over 15 years. Normally pay back about £80k per year
- **Action: CC/PG to show comparison of the balance sheet at the same time the year before on a quarterly basis**

Conclusion:

- Forecasted to work to a £20k surplus, but we are at a £100k surplus

FINANCE AND RISK NOTED THE MANAGEMENT ACCOUNTS

5.2 Budget Update and Assumptions (CC/AC)

- Appendices show the changes in Financial Plans that Finance and Risk are making assumptions for the budget for. Board of Directors and Finance and Risk have approved changes in PSUT planning and these will impact on the budget assumptions
- New assumptions:
 - Break even target budget (£11k)
 - Budget framework is continuing - zero based, with budget holders bringing proposals
 - Salary drop out will be removed to put the £19k back in because it has just been approved as extension to the salary envelope

- Figures based on current forecast. Block grant assumption remains at no increase, and the University have to give a full year notice for a decrease
- 50% increase for SUSS deficit is included - SUSS AGM meeting is on the 6th March, but still budgeting for it.
- Remain out of NUS
- Paper contains comparison for both PSUT, UPSU and reserves for what we were saying to what we are saying now
- Appendix C: have been having a surplus, but in this revised forecast there will be a deficit each year. The biggest change is the pension, going from £87k deficit - £131k that has been upped by 50%. Its deficit, but we are still £100k above reserves. This is the effect on the existing financial plan with the decisions that have been made about taking out the increase in PSUT. This is also only budgeting an increase of £20k, when we are already on surplus £78k. The financial plan will be reviewed and there will be strategic decisions to match this.

FINANCE AND RISK APPROVED THE BUDGET UPDATE AND ASSUMPTIONS

5.3 Underspend Planning (CC/AC)

- Currently have an underspend and historically would fight to spend it
- Paper was written to ask committee to spend expenditure of budget as long as it meets up to the break-even position as long as it meets the criteria
- Recommendation is not to seek to spend this money as not currently sure what is happening down the line, unless it is something we need to spend (e.g. no AV equipment in rooms, which has a reputation risk and impacts students. Will cost £12k to replace)
- Recommend that a maximum of 50% of what is forecasted is spent. There is a proposal to put some money to go to gown rental for students in hardship.
- It is likely that the £78k will increase
- The approach is that money will be spent off budget for things that have significant impact and benefit for students
- These individual approvals will be made by Leadership Team

FINANCE AND RISK APPROVED THAT MONEY WILL BE SPENT OFF BUDGET FOR THINGS THAT HAVE SIGNIFICANT IMPACT AND BENEFIT FOR STUDENTS AND THESE INDIVIDUAL APPROVALS WILL BE MADE BY LEADERSHIP TEAM

5.4 Bank Signatories for Deposit Accounts (CC)

- It is increasingly difficult to liaise with banks and change signatories due to the difficult administration process. Every year, the president changes, which means the bank signatory needs to change
- Proposal is for an external trustee to be on the mandate alongside FL and AC for deposit accounts and remove the Sabbatical Officer from this The process will start process in May, with the aim to have it all signed off by the time of the audit and final accounts and audit
- The trustee will just need to sign in some paperwork, and then any replacement on resignation will need to do the same
- Money is not likely to be withdrawn from deposit accounts as this is where reserves sit. If some was withdrawn, it would still require CE and DCE to also sign for any withdrawal and then the additional external
- Anything significant will need to be minuted

FINANCE AND RISK APPROVE FOR AN VICKY TURNER TO BE ADDED A BANK SIGNATORY AS THE EXTERNAL TRUSTEE FOR THE DEPOSIT ACCOUNTS.

6. Risk Management

6.1 Update on Risk Register (FL)

- New risks added:

- Finance: Risk added regarding technology not in place in time for "hard landing" of MTD (making tax digital) - needs to be ready for Q3 VAT return
 - Update: have found something on the HMRC website which will alleviate us getting the tills downstairs - not as high risk.
 - **Action: CC to update risk 10c on the Finance and Central Admin risk register**
- Insights: risk added to cover DPO mailbox access (now complete)
- Governance, legislative, strategic: risk added regarding partner college memberships and what that membership means to the Union
- Future Union: emerging unplanned outcomes/unintended consequences of change distracting or diverting strategic direction
- Updated risks are noted on slide
- Organisation business continuity should coronavirus impact on staff/students - University have a plan to self-isolate and a further plan will be discussed at the next Committee meeting. UPSU will adopt the University policy and have WFH policies. If UPSU are self-isolating, so will students and University staff.

FINANCE AND RISK NOTED THE RISK REGISTER UPDATE

6.2 Update on H&S Policy (FL)

- Minor burn in the print shack - dealt with and recommendations are in place
- Fire drill - everyone was out in 2 minutes
- H&S and GDPR policy are being reviewed
- Recommendation from the UoP H&S committee is to provide a quarterly update. DCE is happy to do this

FINANCE AND RISK NOTED THE UPDATE ON H&S POLICY

6.3 Prevent Update (AC) - Nil Report

7. Audit
None

8. Any Other Business

8.1 Structure and PSUT Review (AC) CONFIDENTIAL DISCUSSION

8.2 Staffing (FL) CONFIDENTIAL DISCUSSION

8.3 SUSS AMM - any questions? (AC)

- SUSS AGM meeting is on 6th March. The committee was given the opportunity to submit any questions. No questions were submitted

9. Date and Time of Next Meeting – 26th May 2020 @ 3pm

Minutes Approved: Tom Plant

Date: 23/06/2020