

**Finance & Risk Committee
MINUTES
4.00pm, 26th November 2019
Room 1, The Union Building**

ACTIONS

Action	Who	Update	Status
Share actions to UMT if relevant	LJ		Complete
7.2 Add standing item on Board of Trustees and Board of Directors for an Organisational Health and H&S Highlight Report.	LJ		Complete
9.1 research and invite 3 Financial Consultants companies to tender	CC	BG/HTM/TP have agreed they are happy to wait for 4 years as per the tender policy	Complete

CONFIDENTIAL ITEMS

6.1 Q1 Management Accounts	Confidential Discussion
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Present:

Tom Plant (TP - Chair), Hayley Turner-McIntyre (HTM), Fern Lewis (FL), Cherelyn Cuthbert (CC), Vicky Turner (VT), Baldev Gill (BG), Mohammad Karmol (MK)

In Attendance:

Anna Clodfelter (AC - Advisory), Peter Greaney (PG – Financial Advisor, present at items 1-9.1) Laurie Jones – Minutes

1. Apologies for Absence

Apologies received from Rich Leader (RL)

2. Welcome of New Trustees

Finance and Risk welcomed Mohammad Karmol, student trustee

3. Declaration of Interests

AC declared an interest in item 9.2

PG declared an interest in item 9.1

4. Minutes of Previous Meeting 27th August 2019

Minutes of 27th August 2019 approved.

5. Matters Arising and Action Points From Those Minutes

5.1 Additions of owner and last review date to be reflected in heightened risk table (FL) **Complete**

5.2 Review the delegated responsibility in relation of BoD/BoT/F&R (AC/RL) **Complete**

5.3 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**

6. Finance Matters

6.1 Quarterly Management Accounts (PG)

- First quarter of the year to October.

- Summary of Q2 position:

- Potential cash surplus of £65k increase instead of the budgeted £20k, so £45k ahead of budget. The main reason is due to salaries - there is a budgeted recruitment gap of 2%. In previous years the budget would include the full staff salary which created surpluses. The actual vacancy rate was higher at 6% in the first quarter. We've been

prudent in the forecasting assuming that there would be a potential growth in underspend due to recruitment gaps.

- Salary underspend will be lower if vacancies are filled and retained
- Other variances - underspends in promotions, branding and welcome month activities that have accumulated.
- Agile money is receiving income from the University to put on some of the events we've held.
- Branding is underspent, but with the recruitment gap in marketing and Head of Business & Marketing (HoBM) not being available to reforecast makes it hard to predict
- Projects underspend is due to some things coming in cheaper or events that will be held later in the year. Those figures should stay as at forecast by year end
- Overall message from Q1 - there are still some underspends which can create additional pot in year for projects
- Groups line: looks like actuals were a loss of £34.5k against the budget - this is not a loss, it's an income. Student groups have paid in more money than spent as they haven't started spending money yet. Societies also got a higher income of membership due to freshers layout
- Recruitment/salaries gap: the gaps are mainly in marketing and it's likely the department will pick up that spend when the new manager starts as it can be spent on physical things rather than activities
- There will be a process to reallocate the £45k surplus (either signed off through Board or Leadership) as it would compromise the block grant to deliver a surplus. Reallocation of salaries lines doesn't usually happen, unless it's for outsourcing processes, but cannot afford to sit on money, especially with the current risk of the University implying a freeze or drop in block grant. The money should also go towards student impact/activities
- PSUT:
 - Profit is £7k behind by YTD but will be ahead by £5k by year end. Main reason is on partnerships line which is £15k behind, but will be £5k behind on year end. £16k down on TOTUM card sales, but to recoup that, there is £10k on reduction for startup and production fees which has offset the downturn in income. There is also a reduction in Q1 - this is not just totum cards, but income on Freshers as this has moved internally from being delivered externally. This is a £9k loss, but has been recouped in part by selling other partnerships.
 - TOTUM commission structure has changed (£3.67 per card is now £1.25 per card), there has been a pricing issue and an impact of not printing in house
 - Budgeted for PSUT to make a contribution of £96k
 - **CONFIDENTIAL DISCUSSION REMOVED**
- £45k variance: main caveats are the PSUT issue and the potential for the vacancies to be filled in year
- Balance sheet: view of the liquidity of the organisation
 - The net current assets (cash and available capital in the organisation) is £485k which is healthy. Cash at bank was £570k
 - No issues on the balance sheet.
 - It looks like a negative balance sheet due to the pension deficit of £1.4M which will reduce over 15 years. Valuation will happen in March so there will be a figure for next years accounts. It's payable over 15 years, so doesn't take into account current position. Auditors definition of a going concern is can liabilities be paid for the next 12 months, which can be done despite the negative number.

FINANCE AND RISK NOTED THE Q1 MANAGEMENT ACCOUNTS

7. Risk Management

7.1 Update on Risk Register (FL)

- New risk register on Segmentation
- New risk added concerning Brexit
- Summary of notable amendments, including heightened risks. A lot of these are updated actions, and there have been a few closures and movements. Added heightened risk on top 10 strategic risks.
- Potential block grant freeze - in the University every department is having to make savings of 5-7%. The block grant was increased this year by 3.7% which is very generous and UPSU are lucky for this. May be subject to a freeze in the coming years.

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON RISK REGISTER

7.2 Update on H&S Update (FL)

- Recent fire drill - all staff were out within 2 minutes
- No HSE reportable incidents
- Board of Trustees received a verbal update on freshers issues. To note, investigations have been completed. There is a recommended list and most have been completed already.
- Currently reviewing all Health and Safety paperwork produced in 2016. There aren't any massive changes, and this will come to Finance & Risk for final approval
- Summary of sickness absence trends of the Union and mental health first aiders are doing some good work
- No notable updates from University Health & Safety Committee
- 7 GDPR minor breaches - generally this is student groups not BCC-ing in email lists. They are rectifying this, UPSU are keeping records and UPSU practices have been reported as exemplary
- H&S has been delegated from Board of Trustees, but it was questioned whether Board of Trustees should see a highlight paper on staff sickness, staff retention/morale, general health of the organisation
- **Action: LJ to add standing item on Board of Trustees and Board of Directors for an Organisational Health and H&S Highlight Report.**

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON H&S UPDATE

7.3 Prevent Update (AC)

Nil report

8. Audit

8.1 Audit Findings Action Update (CC/AC)

- Only three actions - Finance Team commended for their work
- Key findings:
 - Fixed asset register is not maintained: this has just been completed with PG, will be sent to the auditor and kept updated.
 - Pension deficit: the auditors would like to add a note that splits out the change in pension deficit between changes and actuarial assumptions the unwinding element. This will be available when the valuation is done in March
- Minor findings: Repayment of loan from PSUT of £7k. Board of Directors made the decision to make a decision in Q4 which will depend on PSUT's financial health

FINANCE & RISK COMMITTEE NOTED THE AUDIT FINDINGS ACTION UPDATE

8.2 Discussion on Nominated Trustee to be part of the Audit Process (AC) **Verbal Discussion**

- Discussion at Board of Trustees agreed that it was appropriate for a trustee at Finance & Risk Committee to be involved in the audit process

- The aim is for the nominated person to raise anything that trustees have questions on or for the auditors to look into.

FINANCE & RISK AGREED THAT A TRUSTEE WILL PRESENT AT THE PRE MEETING IN AUGUST TO DISCUSS ANY QUESTIONS FROM TRUSTEES AND ANYTHING IN PARTICULAR TRUSTEES WOULD LIKE THE AUDITORS TO LOOK INTO

FINANCE AND RISK AGREED THAT A TRUSTEE WILL BE CHOSEN TO ATTEND THE PRE MEETING NEARER THE TIME

9. Any Other Business

9.1 Review with Counterculture - Discussion (Tender Process) (AC)

- This is working well from PG's perspective - the good result of the audit shows the team working well despite changes in staff. PG is grateful to the team and would like to continue
- **PG leaves the meeting**
- Every year the relationship with Counterculture is reviewed - it's a £12k contract so we haven't been to tender.
- The relationship is really positive and overall an excellent service is offered
- Only negative is that things have been sent in rushed manner on occasion - this is also due to CC's deadlines changing, and PG's own deadlines/clients
- PG is available on phone whenever needed and CC has a really good relationship with him
- PG is assigned consultant from Counterculture - if he was off sick or he left there would be someone else to pick up his work although CC has only engaged with PG
- From a governance perspective, should test the market every two to three years.
- Finance and Risk agreed to look to tender in the subsequent year in 2021
- There is a tender process in financial procedures. For good governance, will use the audit process - research + invite 3 companies to tender.
- Test the market without going to tender - can do expressions of interest and assess ourselves, but companies will think we are not serious
- Within the tender companies, we can have additions of our values matching with the companies. This is how Morris Crocker was selected
- **Action: CC to research and invite 3 Financial Consultants companies to tender**

9.2 CEO pay award (AC)

- **AC is absent for this item**
 - Review of CEO appraisal: the panel went through papers presented by AC and looked at how she had marked herself. The panel and AC rescored and removed some items which meant that the panel's recommendations took the score up to exceeded status
 - This increases the pay award at 4% which is an impact of an additional £598, and takes the pay award budget line over by £29.
 - Finance and Risk agree that this new score is well deserved
 - This process started quite late and in future should be signed off by the Board of Trustees in advance and start much earlier.
 - Process will also be improved to include wider feedback throughout the year from trustees especially with Sabbs as they have a higher level of working with AC than other trustees
- FINANCE AND RISK APPROVED THE INCREASE TO THE CE PAY AWARD**

10. Date and Time of Next Meeting – 25th February 2020 @ 4pm

Minutes Approved: _____

Date: _____