



FINANCE AND RISK COMMITTEE

The second ordinary meeting of the Finance and Risk Committee for the 2018/19 session, was held on Wednesday 30th January 2019 in Meeting Room 6, Beit Quad at 3:00pm.

Unconfirmed minutes

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| Present: | Graham Parker (GP) James Medler (JM) Claudia Caravello (CC) Abhijay Sood (AS) | Finance and Risk Chair Deputy President (Clubs and Societies) Deputy President (Finance and Services) Elected Student |
| In Attendance: | Malcolm Martin (MM) Jomana Al Ahmad (JA) Neha Ghandi (NG) | Head of Finance and Resources Administration Support Officer Finance Manager |
| Apologies: | Jarlath O'Hara (JOH) Julia Mattingley (JM) | Managing Director Head of Commercial Services |

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| <p><u>Item 01 – Welcome and Chairs Business</u></p> <ol style="list-style-type: none"> The Chair welcomed the Committee members to the second F&R meeting of the academic year 2018 - 2019. The Chair notified the Committee that Agenda point 13 will be discussed after agenda point 7. <p><u>Item 02 – Conflict of Interest</u></p> <ol style="list-style-type: none"> None declared <p><u>Item 03 – Apologies</u></p> <ol style="list-style-type: none"> Jarath O'Hara | <p>Actions</p> |
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2. Julia Mattingley

Item 04 – Meeting Minutes from 19th June

1. The minutes were confirmed as an accurate record of the meeting held on 18th Oct 2018.

Item 05 – Action tracker

1. **Account Closure** – NG is currently working on completing the paper work to ensure that the account is closed as soon as possible
2. **Events budgets** - MM updated the Committee that the systems team are currently working on relaunching the new online system to ensure more secure transactions
3. GP requested a brief summary paper of the pros and cons of this secure online system to be presented at Board
4. **Insurance Cover** – GP asked the Committee if the response from College regarding insurance gives sufficient assurance and whether there are any specific areas not covered
5. JM responded that the response is adequate and suggested asking the student activities team for a more thorough feedback on the response
6. GP requested a brief paper acknowledging the response from College regarding cover and clarifying whether this is adequate for clubs and societies activities
7. MM pointed out that through discussions with College staff, it became clear that the policy is very robust in terms of its criteria, however is a gap in terms of UK based activities, particularly around personal injury
8. **Web policy** – there no progress on updating this policy, GP requested that this is completed by the next F&R meeting

Forward Agenda

1. MM updated the Committee that the SRR 1,2 and 7 agenda point will be deferred to the next meeting
2. The Capital investment plan will be postponed to a later date as a wider plan for the organisation is not finalised, therefore, the capital investment plan discussion is premature at this stage
3. The H&S policy will be reviewed offline due to the recent changes in management in the organisation and it will be brought to the Committee to finalise once a review is complete.

MM to submit a summary paper about the progress being made with implementing the new secure online system

MM to ask the student activities manager for a response paper to the College insurance cover

JA to update action tracker

Item 07 – Management Accounts

1. NG gave a general presentation of the management accounts, by mentioning the general decline of income over the last few months, particularly in the areas of Bars and Catering and advertising and career sales. There is also a decline in minibus hire and income from associate memberships
2. NG added that there is increased costs in staffing costs in Bars and Catering due to the higher number of agency staff and lack of Operations Manager.
3. This has led the Union to be £170k behind budget as at December, however matters should improve as the Marketing Manager and Operations manager are recruited
4. NG summarised that despite these figures, the overall balance sheet is robust and the Union currently has total net assets of £7.5m as at 31st December 2018
5. GP commented that the figures are not positive in terms of financial performance, however, GP pointed out there seems to be a number of exceptional costs in the accounts which should reduce in the short term
6. GP added that if there are inefficiencies in the commercial services then it is important to tackle these inefficiencies first and start building the right building blocks for a more positive trajectory in the future
7. What we need to ensure is that these exceptional costs are dealt with immediately to improve the financial performance
8. GP pointed out that the way the Union is currently conducting its services is not sustainable in terms of income generation, some indicators show under performance in certain areas, therefore, we need to challenge what the Union is doing to ensure stronger figures in the future
9. GP pointed out that the commercial strategy has been put on hold until the inefficiencies in the directorate are dealt with
10. GP welcomes the suggestions and views of students to what can be implemented to improve the Unions services, GP finally mentioned that creativity and innovation are needed do things better
11. AS enquired about what exceptional costs are, GP responded that they are costs incurred through dealing with inefficiencies in operational work
12. MM gave an example of EPOS, where an administrator was hired to help configure menus and suppliers, GP also mentioned recruitment issues which has contributed to exceptional costs

13. AS pointed out that it is important to look into the core issues which have affected the staffing/recruitment issues. AS added that all stakeholders and any beneficiaries should be more involved in the decisions and changes taking place in Bars and Catering
14. GP mentioned pointed out that it is currently unclear how much student consultation has taken place prior to the compilation of the commercial strategy
15. MM commented that a fair observation has been made about the need for better consultation and engagement of all stakeholders
16. GP added that F&R must ensure that the Union is sustainable and it entails working with all colleagues within the organisation and it is important to discuss this at Board level to ensure that all concerns have been addressed
17. JM mentioned that the figures clearly show that a core issue in terms of financial performance is Bars and Catering. Additionally, at present, a large amount of data is available and student consultation has taken place, therefore we need to collate this data from the last few years and must start making changes to avoid this recurring next year
18. CC pointed out as an example, that College have been using their data successfully as a driver to implement changes and their catering performance is highly successful
19. GP responded that there is a fine balance between introducing change immediately and dealing with inefficiencies to prevent making current problems worse
20. CC suggested exploring making changes soon as we currently have many agency staff who are flexible and have the ability to adapt quickly
21. MM pointed out that there is currently a gap in representation and leadership might be the best place to the present data and discuss potential ideas for change
22. JM mentioned that it is important to discuss the steps that are going to be taken to start making changes, and what the exact involvement of F&R and leadership will be in moving forward to improve our services

Item 13 – Reforecast

1. MM presented the reforecast paper by mentioning that the overall picture from the reforecast is not acceptable to the organisation. The variance to budget is not sustainable and we need a step change in the organisation

2. MM tabled a simplified overview of the reforecast which summarises the variance to budget in various areas in the organisation
3. MM pointed out that the first category is “one-off costs”, the second is “underlying core issues”, where £170k variance from budget is projected within commercial services, and sponsorships have also been below trajectory
4. MM mentioned the “investment opportunities” category where there has been investment in terms of additional staff. The last category was “other costs” such as the summer ball project manager and recruitment costs
5. MM asked the committee to discuss the broader issues around these figures, MM pointed out that the Union is 4.4% down on income so the percentage is quite small, however, due to the type of organisation that the Union is, the impact is quite severe even with small changes in income percentages
6. MM conveyed to the Committee that JOH finds these results unacceptable as the outline for the year
7. MM added that he has been working on putting together a 10 year projection for the organisation, and notified the Committee that the results are not promising, therefore a step change in our current model is needed
8. MM mentioned that it is currently unclear as to how long it will take for the correct foundations to result in improving the figures and result in making the organisation more effective
9. GP agreed that this negative trajectory needs to be addressed, GP added that we currently do not know if we have seen the end of the exceptional costs and recommended that the January accounts are brought to the next Board to allow us to confirm whether exceptional costs are being reduced
10. MM clarified that some of the items in the exceptional costs column are ongoing due to the fact that these figures represent the full year impact
11. GP also suggested that a brief paper is submitted to Board regarding the reforecast figures and the commentary that Malcolm has provided in this meeting
12. GP suggested providing clarity as to what costs are one-off and the corrective measure which are going to reduce them, this is to allow Board to gain clarity on which costs will be improving in the short term

MM to submit a reforecast summary to February's Board

13. GP responded that in light of the discussions that took place today, we would like to relay three items to Board that express our concerns towards the negative variance on the accounts, firstly, we would like to receive assurance from the January accounts that the exceptional costs are being reduced
14. AS added that we should aim to make it clear to Board that these one-off costs do not become the norm
15. The second issue to raise is the concern about the apparent lack of student engagement in terms of our current performance and whether we have an appropriate level of engagement on the decisions of our strategies, CC added that this engagement from three particular groups: the point of view of customers, staff and sabbatical officers
16. AS added that it is beyond only consulting the right people, however to make decisions in light of these consultations
17. GP mentioned the final point raise to Board is that we need to come up with urgent solutions to implement a step change to ensure sustainability in the future

**JA to add a reforecast
Agenda point to February's
Board**

Item 08 – Balanced Scorecard

1. NG Briefly presented the BS figures, by mentioning that the following positive figures: members figures have improved, there is better documentation, improved results for CSP memberships, excellent attendance for member training. NG added that incident reporting is better, there is also a good percentage of complete CSP risk assessments, finally, major projects are currently on track. NG also mentioned that in terms of sickness the figure has gone down due to the long-term sickness, and higher days to credit control.
2. CC enquired about whether credit control figures are likely to improve, NG commented that her team is actively working on improving these figures
3. GP requested that the BS is presented with a brief commentary report in future meetings

Item 09 – CSP Finance

1. CC reported that there are more clubs in debt since the last meeting, however there no particular concerns and CC is satisfied with the responses she has received from Clubs regarding debts
2. In terms of events, there are many big events taking place this term and they are all under control by the DPCS/DPFS

Item 12 – CSP Funds

1. MM gave some background regarding this agenda point by mentioning that the budgeting for clubs and societies happens on a yearly basis and the DPCS/HoFR present a proposal for the Committee today to allow the underspend from CSP grants last year to be rolled over to the new CSP budget for the current year rather than rolling into the reserves of the charity.
2. For the 19/20 AY the budget figure would be £401k in addition to the underspend which is approximately £20k, totally to approximately £420k
3. The Committee accepted the proposal presented by MM and JM

Item 10 – H&S meeting minutes

1. CC asked the Committee if there are any comments on the minutes and GP offered to assist CC in the process of re-organising the Committee and making it a better fit within F&R
2. MM presented the H&S report by noting that 18 incidents have been reported this year compared to 32 in the same period last year, therefore there's a significant decline in incident reporting
3. MM included a 12 month review of last years H&S figures, overall, 68 incidents were reported in 2017 and 70 reported in 2018 which does not seem significant, however the details show that there's a general decline in terms of reporting
4. MM pointed out that the recent changes in leadership require updates to the responsibilities and policies around H&S in the Union, discussions will be taking place with regarding this with the HoSE and DPFS in the near future
5. GP also recommended reviewing the H&S terms of reference in light of these changes
6. CC enquired about whether the decline in reporting is due to lower incidents or to less reporting, MM responded that given the number of activities that take place in the Union it is likely that there is an issue with reporting

Item 14 - Summer Ball

1. JH was not available to present the report
2. JM mentioned that a decision was made with regards to engaging DramSoc rather than using an external vendor which is a very positive step
3. CC reported that the summer ball plans are positive this year and there's many opportunities in terms of consulting students

JH to provide an update regarding the progress of the Summer Ball plan in the next F&R meeting

JH to update the Summer Ball plan taking into account the Committee's suggestions

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| <ol style="list-style-type: none">4. MM mentioned that there has been a special early bird ticket sell-out recently5. GP requested presenting a timeline in terms for tracking income and progress for the summer ball during the next meeting6. JM suggested adding actions to alcohol drinks section in the report to show how the 1 in 5 people who are not drinkers will be catered for, AS suggested having high margin items such as milkshakes and bubble tea7. GP suggested changing the alcohol sales section to drink sales8. CC mentioned that she raised the need to cater for every type of dietary requirement, and that students will be involved in the type of food that they would like served in the party, CC also suggested hiring vendors for the afterparty food to save on staff costs | |
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Next meeting : 21st March 2019