

FINANCE AND RISK COMMITTEE

The first ordinary meeting of the Finance and Risk Committee for the 2019/20 session, was held on Wednesday 5th 2019 in Meeting Room 6, Beit Quad at 2:00pm.

Unconfirmed minutes

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| Present: | Graham Parker (GP)Fi-Fi Henry (FH)Ansh Bhatnagar (AB) | Finance and Risk ChairDeputy President (Finance & Services)Elected Student Trustee |
| In Attendance: | Malcolm Martin (MM)Richard Beet (RB)Neha Gandhi (NG)Alastair Lyon (AL) | Head of Finance and Resources Administration Support Officer (Clerk)Finance ManagerCrowe LLP |
| Apologies: | Jarlath O’Hara (JOH)Abhijay Sood (AS)Thomas Fernandez Debets (TFD)Thomas Newman (TN)Jinpo Xiang (JX)NG | Managing DirectorUnion PresidentDeputy President (Clubs & Societies)Head of Student ExperienceAppointed Student trustee |

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| **Item 01 – Welcome and Chairs Business*** The Chair welcomed the Committee members to the first F&R Committee of the 2019/20 session. Chair noted that we are not quorate but will proceed.

**Item 02 – Conflict of Interest*** None declared

**Item 03 – Apologies*** Jarlath O’Hara
* Thomas Fernandez Debets
* Abhijay Sood
* Thomas Newman
* Julia Mattingley
* Jinpo Xiang

**Item 04 – Meeting Minutes from 19th June 2019*** Chair noted that due to the committee not being quorate, the chair will proceed on their understanding that the minutes are an accurate record of the last F&R meeting

**Item 05 – Action tracker** 1. **Events budgets** – MM gave a verbal update to committee. GP noted a summary paper is to be submitted to the next Board meeting. MM suggested an update can be circulated outside the meet, but GP wished a summary paper to still go to Board.

*RB briefly left the meeting to retrieve a paper, during which GP and MM had brief conversation regarding issues arising from the Audit Report.*1. **Web Policy** – MM gave verbal update to committee. To be removed from action tracker.
2. **Reforecast** – MM gave a verbal update to the committee, and noted this matter was now with Board. To be removed from action tracker.
3. **Management Accounts** – MM gave verbal update to committee, and noted this can be removed from the action tracker.
4. **CSP finance** – MM gave verbal update to the committee. Noted that there are some issues outstanding. RB noted that FH has updates for the committee and anticipates they will be able to do so on their arrival (FH due to arrive for 15:30, see item 9).
5. **Health and Safety** – GP noted paper due to be submitted for Board. GP noted item due to be looked at later in the agenda; item to be removed from action tracker.
6. **Strategic Risk Register** – Committee noted this item is on the agenda for later discussion as well as on the forward agenda. To be removed from the action tracker.
7. **2019/20 budget** – done, item can be removed from action tracker.
8. **Summer Ball**  – GP and MM noted this is on the agenda for discussion, to be removed from the action tracker.
9. **EPOS review** – GP noted paper due concerning the service received from OrbisTech. MM responds that no paper has been tabled, but it is ongoing and the matter is on the forward agenda for later this year, to allow newly on boarded managers time to investigate the issues surrounding EPOS provision themselves, but does note that there is currently negative feedback from commercial services regarding OrbisTech.
10. GP asked MM briefly on the Related item of EPOs review in the action tracker - is this is separate from above? MM stated they are both to be treated as one item. GP asked if review will include repairs or is it a full rethink. MM responds that is indeed intended for a full review but the review is not ready to presented to committee at this time due to various issues, which MM wants the incoming System Manager to investigate and feedback to management. GP expressed concern on leaving the matter to the next F&R meet, and asked if it was possible to prepare a paper for Board? MM advised against this due to the large workload currently being experienced. MM expects the new Systems Manager may be able to produce a report on this in time for the 18 March F&R meeting.
11. GP asked if in that case if it would be possible for a summary paper to be prepared to summarise at least the issues that are being experienced with EPOS? MM agreed that he can do a top level paper, with some data included, so can give a summation but will miss key info which would inevitably be asked for at Board.
12. GP expressed their concern as to where ICU is financially since Board approved a deficit budget, with the intention that provisions would be made for addressing problems and embedding solutions.
13. GP noted that they do not know where they are in that process specifically, and hence why GP would like a paper to address this for the Board; with EPOS being one example of why such a paper is needed - if EPOS is an issue, how does ICU know that sufficient funds have been allocated to solve the issue? If not, then ICU may enter a worse scenario than before the deficit budget was approved.
14. MM agreed with GP, and noted that the deficit budget was predicated on conditions that have unexpectedly changed, with one example being the large number of vacancies that arose in commercial services. MM noted that a paper is on this meeting’s agenda providing an overview of the status of four key deliverables (See item 7) and gave a summary of these. MM assured the committee that more information on this scenario will be available for Board. GP acknowledged progress had been made on some objectives, but is still concerned that information that is needed now is not available. Chair noted they are not reassured at this point in time that they know that money expended from this budget is delivering the returns that were planned for.
15. GP further noted there is no balanced scorecard available for consideration, and reinforces GP’s concern, though even if committee did have the scorecard, they would still not be assured that fundamental issues are being addressed or not.
16. Chair noted that they are not satisfied if the business plan is being followed and problems arising are being addressed. GP further noted the same concerns are present with HS Committee’s activities. There must be substantive action from ICU to assure the trustees. MM thanked GP for their clarity and feedback, and acknowledged the problems that GP noted.
17. GP noted an impromptu environmental health inspection downgraded the Union Bar kitchen from 3/5 to 2/5. GP noted that this also is an example of potential consequences of a lack of assurance in regards to effective management. MM noted it was disappointing that we were downgraded by this inspection. MM clarified JM has this task within their remit and is working to resolve the issues raised by the inspection.
18. AB asked for clarification on the context of the environmental health inspection. MM clarified the visit and its rationale, and noted for AB that Environmental Health has set a timeline for ICU to resolve the issues raised by the inspection. AB asked if these recommendations were being shared to trustees. MM is not aware of this. GP added that one of the things ICU lacks is a proper staff health policy. AB enquired if there was such a policy in the pipeline. MM clarified that a draft staff health policy will be available at the next HS meeting.
19. GP explained to AB that this is why they wish a scoping paper to be presented at board, so assurances can be given without waiting for sub-committees. AB asked if there is a previous HS policy that has lapsed that can be revived as an interim measure. GP recommended the best that can be done is for the Board to receive a scoping paper, to show ICU’s understanding of the matter, and then at later meetings the full proposals can be considered.
20. **Accounts Summary** – NG clarified that due to obligations towards the audit process and presentation of accounts they will be able to update on the reformatting of accounts summaries at the next F&R meet.
21. **Large Club Events.** RB noted that JM is looking at this simultaneously with the Summer Ball, and thus it is no longer considered a separate matter. Committee noted that this can be removed from the action tracker.
22. **Strategic Risk Register 2, 6 and 9** – MM gave verbal update. Item to be removed from action tracker.

**Item 06 – Forward Agenda**1. Committee reviewed the forward agenda. MM noted there was nothing new added to the forward agenda aside from a few timing changes.
2. AB asked if the reason for summer ball not being discussed on 17th June is because that is too close to the intended date for the ball? MM affirmed this is so and all should be in place by then, and asked AB if there was specific assurances that OTs wanted. AB responded just assurance on progress would be needed. GP agreed and noted that if all is in hand then final arrangements for the summer ball will be in time for approval by Board.

**Item 7a. Management Accounts** 1. Chair notes we have accounts for September, but what advantage was there for including June July and August? NG clarified that these months were simply included for the benefit of the auditors and had not been formally tabled at F&R.
2. NG then summarized management accounts as tabled for June/July. Noted figures compare well with forecasted figures. NG notes the £157k USS pension deficit effects the bottom line and therefore should be noted when examining these accounts. GP invited questions at this point. None.
3. NG then summarized management accounts as tabled for August and September. Net surplus of £61k, where deficit of £38k was expected. NG noted that income from H-bar was less than expected due to operation issues, but overall NG asserts it is a quite good start to the year. GP then invited questions.
4. AB noted feedback from students regarding 568 bar that its new food line was quite limited (AB noted this in light of wet and dry sales being lower than expected). NG noted JM is best placed to answer this.
5. MM added that a new head chef is with ICU now and is looking at the feedback from students and responding to this. AB thanked MM for this and added that the food and drink service at 568 Bar is a key part of the fresher’s experience of ICU, and if they are put off by the menu at this time, even if changes are made, they may not return. MM acknowledged this risk, however cannot give a timescale as to when ICU will respond specifically to this issue.

**Item 7b. Key Deliverables** –1. MM – summarized the report as tabled, noting that this is a late addition to the agenda. GP asked (regarding dry sales from H bar) whether that given the time that has elapsed so far, is there a risk ICU will be unable to recoup the money invested this year if there is an ongoing delay? MM responded that although the figures are only projections, the annual target of £70K is at risk.
2. GP noted that overall management accounts are looking good GP praised NG for their work in this.
3. Chair notes that there will need to be changes if this situation proceeds as feared. MM agreed and completed the summary of the report as tabled. Chair thanked MM for this update and report, and noted that the paper goes some way to providing assurance.
4. MM clarified some information around general staffing costs for the committee. GP acknowledges but inquired if more detail is needed. MM clarified that the report on Key Deliverables is intended to furnish the F&R committee with the required information and data, as it becomes available. GP thanked MM for his ongoing work on this.

**Item 8 – scorecard** – * NG – noted there was insufficient information to produce a balanced scorecard (See Item 5). Committee discussed if reports, or updates, may function better in addition to the scorecard. MM noted the Key Deliverables report could provide this option. GP and MM briefly returned to discussion of recruitment and staffing costs.

**Item 9 – CSP update.**  * FH gave verbal update on CSP finances, and summarized the report as tabled. Chair for late submission of CSP paper to F&R files. Invited Questions. None. Chair thanked FH for their report.

**Item 10 – Health and Safety** 1. MM presented a new draft of the forward agenda for H&S Committee to the committee, highlighting suggestions for changes.
2. GP noted that this is an appropriate start to address gaps in HS matters. GP encouraged the committee to contribute any examples of best practice in embedding Health and Safety for consideration by H&S Committee, especially with regards to reporting mechanisms.
3. MM asked who in the organization would be ultimately responsible for health and safety? Chair responded by noting there are two main sections for health and safety policy, one is individual responsibility, the other part is the institutional reporting mechanism.
4. GP further inquired who should attend Health and Safety Committee, and how does ICU record internal audits, reporting, safety checks and so on. MM responded that there was a recent staff survey, and health and safety awareness was very strong, meaning that ICU has assurance they are successful in embedding a culture of individual responsibility. MM noted further successes in matters such as building evacuation.
5. MM noted there was a health and safety inspection planned by College for November, MM envisioned health & safety as being led by the ICU executive posts, and then feeding back into Health and Safety Committee to provide a single point of assurance. GP agreed that Health and Safety committee should indeed function as a body to scrutinize to be one point of information and assurance for ICU.
6. GP asked if there are additional things that Health and Safety committee should be dealing with, for example reporting of actual incidents? MM informed GP of existing online software used by IC and ICU for reporting near-misses. MM also summarized further resources available. GP noted that MM could include these items of discussion as part of the summary paper to Board on health & Safety.

*Fi-Fi joined the meeting, and was congratulated by the committee as they had just come from graduation. Chair requests brief break before presentation of audit and accounts.***Item 14- Audit and Trustees Report**1. Committee and GP welcomed Alastair Lyon from Crowe LLP to the committee.
2. GP asked if AL had been invited to Board. AL responds no, and MM clarified that it is not normal to do so – the expectation is that F&R Committee makes recommendations to Board after meeting with auditors.
3. AL summarized the draft trustee report as tabled. Noted that the list of requirements from the charity commission for the Trustees’ report had not changed. Noted that for the USS Pensions scheme there was a £157K adjustment due to USS deficit, beyond the control of ICU, and noted this can skew the performance of ICU’s finances on paper. GP asked if this would be emphasized more in the report. AL responded that it depends on your audience; students would benefit from an emphasis, however there is little expectation that students would be reading the accounts in detail - College themselves will be the key audience.
4. AL noted within the accounts, there is movement in the accommodation support services grant from IC, 50% higher than before, but this is due to bookkeeping transactions from IC, so the increase does not translate into real gains in income.
5. AL further noted that student activities & halls fund is up but these are restricted funds, so though this improve the overall reserves on paper, it must be noted that these funds cannot be used freely for general Union purposes
6. GP noted that investment performance has been good. AL agreed, though they did note that the audit is a snapshot of the state of the accounts, and indeed investment performance can be quite volatile, especially with respect to contextual considerations. As per the agreement with Rathbones, dividends generated are re-invested, so the increase shown in the report is partly due to market performance, as well as the reinvestment of dividends. £30K a year comes out however each year to ICU.
7. AL noted that otherwise all requirements for audit report were followed, and that he was happy to sign off on the accounts. GP and the committee thanked AL for their work in carrying out the audit.
8. For the benefit of the Trustees’, AL summarized the rationale and purpose of the auditor’s findings report as well as the Trustee’s Report by walking through the Charity Commission criteria. AL then summarized the audit findings report as tabled.
9. Chair asked when is next USS review due? AL clarified that the next review is due 31st July. The committee briefly discussed contextual developments in the pensions sector.
10. MM noted impact on reserves as a result of USS fluctuations. GP noted that reserves are currently good and so there is a limited concern in this case.
11. AL continued to summarize audit report as tabled, going through each section for the benefit of the committee. AL noted that the audit report is private between Crowe and Trustees, though the Trustees’ Report is freely available from Charity Commission website.
12. GP Invited questions pertaining to the Reports.
13. AB asked how a no-deal Brexit affects ICU’s investments. GP responded that it is unpredictable. MM noted that Rathbones do update the ICU on market conditions and give advice accordingly. Committee then briefly discussed contextual market issues related to Brexit.
14. AL reminded committee that all trustees need to sign off at Board. AL thanked committee and asked Board to sign off the accounts for this year. Recommended to AB and FH to ask NG/MM should they have any questions after today.
15. Chair asked if since Trustee’s report is in draft form, can F&R recommend to Board with proviso that there will be minor changes? MM yes, the changes to be made are very minor.

*AL left the meeting. Chair then called short break.* 1. GP noted that since the committee is inquorate – the members attending today recommend the audit findings report to Board for ratification. This recommendation can be formalized at the next fully quorate F&R meeting. Specifies that this recommendation applies to the auditor’s findings report, and not to the trustee report as such it is in late draft form (although the changes to be made to the trustee report are very minor).
2. The Committee gave thanks to Crowe LLP for their work in the audit, and GP expressed their thanks to the Finance department. MM added that he is impressed at the turnaround of the year’s accounts.

**Item 11 – strategic risk register**1. MM summarized the item as tabled. Invited questions.
2. On risk 3 (White City Campus Readiness) FH asked who else would be involved from a trustee point of view? MM responded that it is up to the trustees; has this working group met this year? FH responded that is hasn’t but will follow up with Jarlath.
3. On risk 10 – FH noted that finances for training are in place. GP asked if they actually taking place. FH affirmed this but noted they do not have access to data currently as Student Activities Team owns these documents, but can get hold of them.
4. On risk 11 – committee agreed to move to red due to environmental health downgrading. FH agreed that more importance needs to be placed on the HS Committee and better integration of this work in ICU is needed. MM agreed and noted a new forward agenda for HS was tabled today as well as suggestions on issues to address as they pertain, and invited FH to feedback on these.
5. Chair noted for FH that as discussed (item 5) a scoping paper be submitted to board to make HS a priority. The accountability of the HS Committee’s work is key to the exercise. Reiterated the concern that continued lack of preparation could result in action from Environmental Health (ordering shut down of premises etc.)

**Item 12 / 13** 1. Committee noted that JM will provide these updates to the Board. MM noted Item 13 is not due to end of year. GP asked if this paper should go to board regardless for extra assurance on commercial strategy? MM and GP agreed that it would not be wise to table a full commercial strategy, but rather a paper to summarise specific issues such as EPOS / health and safety.

**Item 18 – AOB**1. None.
 | **Actions****MM to submit summary paper to board** **RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****MM to prepare summary paper regarding EPOS to board.****MM / JOH / NG to prepare report for Board to address where we are in terms of commercial strategy inc. health and safety policy and whether it is delivering on its objectives****Update to next meet.****RB to remove from action tracker.****RB to remove from action tracker.****RB To add to next agenda****FH to liaise with JOH re: White city working group****FH to obtain figures from Activities.****RB to add item 12 to Board agenda.** **RB to add to Board Agenda** |

**Next Meeting: Wednesday 5th February 2020**

Summary of Key Discussions:

* + - 1. Health and Safety /Commercial Strategy – the committee discussed health and safety policy, and the lack of such a policy that covers ICU currently. A scoping paper is requested to be presented to Board to address this.
			2. Key Deliverables- MM produced a paper detailing four key deliverables- the gross profit contribution of the Commercial outlets; the Sales and Sponsorship pipeline and performance; the new food line in H Bar and Recruitment and Retention. This paper will continue to be reported to subsequent F&R committees, in order to provide assurance that ICU was progressing through its business strategy and is managing risks properly.
			3. Audit Findings and Trustee’s Report – Crowe LLP are happy to sign off on the accounts. The full report is due for ratification at Board – the F&R Committee was inquorate, but members who were present recommended the audit findings report be signed off at Board (this decision by F&R members will be formalized as a proper committee decision at the next F&R). The committee could not recommend the Trustees report be ratified as this was presented in late draft form, but it will be presented to Board in final form (with a few minor adjustments).