



FINANCE AND RISK COMMITTEE

The second ordinary meeting of the Finance and Risk Committee for the 2019/20 session, was held on Wednesday 5th February 2020 in Meeting Room 3, Beit Quad at 11:00am.

Unconfirmed minutes

Present:	Graham Parker (GP) Fi-Fi Henry (FH) Abhijay Sood (AS) Shervin Sabeghi (SS) Thomas Fernandez Debets (TFD) Ansh Bhatnagar (AB) Jinpo Xiang (JX)NG	Finance and Risk Chair Deputy President (Finance & Services) Union President Elected Student Trustee Deputy President (Clubs & Societies) Elected Student Trustee Appointed Student Trustee
In Attendance:	Malcolm Martin (MM) Keriann Lee (KL) Neha Gandhi (NG) Graham Atkinson (GA) Julia Mattingley (JM)	Head of Finance and Resources Head of Student Voice & Communications and clerk to the meeting Finance Manager Interim Managing Director Head of Commercial Services
Apologies:	none	

<u>Item 01 – Welcome and Chairs Business</u>	<u>Actions</u>
<ul style="list-style-type: none"> The Chair welcomed committee members, specially acknowledged the new Interim Managing Director in attendance on his first day at the Union, thanked everyone for accommodating a change in time due to his schedule, and asked attendees to introduce themselves for the sake of the new MD. 	
<p><u>Item 02 – Conflict of Interest</u></p>	
<ol style="list-style-type: none"> None declared 	
<p><u>Item 03 – Apologies</u></p>	
<ul style="list-style-type: none"> None 	
<p><u>Item 04 – Meeting Minutes from 16 October 2019</u></p>	
<p>Chair noted that due to the last meeting not being quorate, approving the minutes may prove challenging but noted that they were seen by Board.GP gave the committee the opportunity to ask questions or make comments - there was neither.</p>	
<p><u>Item 05 – Action tracker</u></p>	
<p>GP expressed disappointment that items remained on the action tracker that were beyond 6 and 12 months old and suggested they should either be taken off or presented in some other way. MM said there has been progress on items but he did not wish to remove them without GPO’s oversight and guidance. GP said if items have been resolved, it is okay to remove them and they should go through and do so at the meeting.</p>	
<ol style="list-style-type: none"> Events budgets 	
<p>Done and can be removed from tracker</p>	
<ol style="list-style-type: none"> CSP finance 	
<p>MM says risk is minimal in terms of exposure, but credit cards are a challenge and Drupal 8 is expected to provide a solution. GP requested a fresh paper detailing the status of this and the next steps.</p>	<p><u>MM to present new paper to next F&R</u></p>
<ol style="list-style-type: none"> Epos Review – 	
<p>GP said the Union has paid for a system that is not doing what is needed and we should not rush to purchase a new one until it is clear that the challenges cannot be resolved. MM was not in a position to discuss further but can bring a paper in March with options. GP said the paper should include areas where the present system is dysfunctional, what costs have been incurred, and what potential costs are</p>	<p>MM to bring paper to next F&R on EPOS options</p>

going forward. The decision is whether to correct the present system or find a new option.

4. **Health and Safety**

H&S now reports directly to Board but GP noted that a management piece was needed in the Union regarding H&S training.

5. **Accounts Summary** – NG to update on the reformatting of accounts summaries at the next F&R meeting.

Item 7. Management Accounts

1. NG summarized the Management Accounts for December, noting a net deficit of £80K against a projected 20K deficit. She noted factors such as additional spend on health & safety and staffing. NG also noted that GP fell by 29% due to 568 closure; Shop Extra is doing well due to the food offer but that the main shop is down by 20% due to pricing.
2. AB asked whether Shop Extra expansion should be considered since it is doing well and the main shop takes up a lot of space
3. JM noted that College intends to widen the Sheffield Walkway and that this will likely result in the loss of both shops. She said this is at least seven years away but it is noted as a key risk in the strategy (Commercial).
4. JM noted that they already factor space into the shop strategy as they measure profit per square meter but that they can always take another look at use of space.
5. AS noted that College is considering the possibility of a replacement shop at White City but that the location is not central enough.
6. Julia agreed and said they would have to compensate, possibly through the Block Grant.
7. MM suggested that the Union campaign around this.
8. JM said she has heard nothing further so does not know where the plans are at.
9. GP said it sounds like a case of “watch this space” and that the Union should proactively put forward a proposal to College rather than wait to see where they are. He suggested finding out College’s top three priorities for use of space and making a submission.
10. Back to the Management Accounts, GP noted that it is never good to have management accounts with a large deficit - it should make the Union uncomfortable - but what is crucial is that the situation is being managed. He noted the importance of investing and expressed surprise that costs are not higher. He noted that whilst College is picking up some of the costs around H&S, it might still be useful for the Board to have sight of the total costs incurred so there is

reassurance of the necessary work and to help us determine what the maintenance costs are likely to be, so these can be factored into future discussions with College.

11. GP said appreciation must be expressed for the support that College is giving to the Union. He said Board will seek assurance that majority of work is on track.
12. MM noted that there are still some unknowns - adverse variances before the kitchen closures and commissioning of Peridot - but that steps must be taken to limit the deficit this year and protect the reserves; perhaps recruiting some roles after Easter and having a clear plan on investments.
13. GP said the ten-year plan presented last year needs to be revisited and the Union needs better projections
14. GP said adverse variances can easily be read as the situation not being managed properly and there is need to demonstrate that the Union is giving serious thought to the costs being incurred.
15. GP said quick discussions are needed with College about the Capex budget and that where we are has come about as a result of both Union and College neglect.
16. AS agreed
17. GA says the budget deficit position is not acceptable and he will be working to get to an acceptable position over the next 3-4 months after conversations with both GP and the chair of the Board of Trustees to determine what "acceptable" looks like.

Item 7B: Deliverables

1. KL summarized a paper on Sales and Sponsorship noting that the budget was on track, with a slight variance and no revision downwards in the reforecasting exercise.
2. TFD applauded the focus on the student experience

MM to prepare projected three-year budget

Item 8: Balanced Scorecard

1. *[AS asked to move to Item 9 and this item was discussed afterwards].*
2. AS noted that Leadership would like to pause the scorecard as it is not useful in its current format.
3. GP fully supported that move and noted that the balanced scorecard and risk register need to align.

Item 9. Forecasts and Half Year Review

1. MM summarized the reforecasting exercise noting the revised position and the factors.
2. GP said the narrative was helpful and thanked MM but said what is missing is a budget with projected sales and costs and the assumptions.

3. GP said the budget should include trading figures for next three years, maintenance costs and capital expenditure.
4. MM said this has already been done to some extent
5. GP said it would be good for the Board to see the narrative as a reassurance. He made it clear that the request is not for a realigned budget, but a projection budget. GP noted that a line about what College has already paid and will continue to pay would also be useful.
6. GA said he, too, would like to see the assumptions behind the projected figures.
7. GP made it clear that he was not questioning whether the situation was being managed, but wanted it to be evidenced.
8. GA said what is needed is a coordinated approach to managing it.
9. AS then said he was not sure about the numbers in the forecast.
10. MM said he was not clear why there would be confusion and he would be happy to take it offline.
11. TFD said he needed to understand the commercial numbers to understand the reserves numbers and that whilst he understands MM's points about the risks, we need to be careful not to forget the student experience whilst finding other ways to achieve income generation.
12. GP said we should absolutely factor in the student experience and manage the situation instead of letting it drift.
13. MM said the Union has to manage the tension between student experience and need for income and cited the Concert Hall as one such area.
14. SS noted that there was a paper to Board last year outlining investment projects and asked whether there was progress on these.
15. MM said the projects had not progressed and that he has factored that into his latest assumptions.
16. GP said everyone needs to be clear on what their contribution to the outcome is
17. AS noted that the MD needs to lead on this with MM

TFD and FH to present debt management plan to next F&R

Item 10 – CSP Finance

1. FH summarized her paper noting that a few CSPs are a point of concern because they have had no expenses or income so far this year despite activities. She says she and TFD were calling these CSPs in to ensure they are not using separate bank accounts.
2. FH also said that CSPs have some high expense events coming up this term but that she and TFD have oversight and are chasing them up about ticket sales. She noted that some use external ticket sellers instead of the Union Shop, so oversight is even more key.

3. GP said there is need for a clear and coherent debt management procedure. TFD and FH will work on this and present next F&R.
4. JX asked whether they had spoken to the CSPs with debt problems.
5. FH said yes and that debt should be much less of a problem at the end of the year for the problematic CSPs because expenses have merely run ahead of expected income for some. She noted that one sport club, for instance, had paid ahead for all accommodations for an event so the snapshot in the paper doesn't quite represent a problem because they have income coming up. FH said they have called in all the clubs that look concerning.
6. FH said it would be useful for her or the Union to do this exercise more frequently so there isn't such a long stretch between audits.
7. GP agreed.
8. TFD said there are fortnightly meetings with clubs in trouble now that there is more Union staff, and that going forward, this issue should sit with staff and OTs, rather than just the OTs.
9. GP questioned whether there was lack of a common approach among CSPs and whether CSPs have been adequately trained.
10. MM noted that there were monthly meetings regarding CSP finances in the past but FH said they are no longer happening. MM to follow this up offline
11. JX asked whether there are other ways to prevent the build up of debt.
12. FH said OTs don't approve an event unless CSPs present a budget or the event breaks even. She emphasized that they must come to the Union first, but that selling offline is a risk, along with training issues.
13. TFD said student facing support processes are a factor as well, as at least one concerning case was due to Systems processes. He cited an instance where receipts were withheld and there were problems with HMRC.
14. GP said they should provide F&R with an update on the new programme they are working on to manage this.

Item 11 – CSP Budgeting

1. TFD summarized his paper regarding CSP budgeting, noting that the last amount allocated was 420K and that an increase in line with inflation would take the amount to 428K, whilst an increase in line with the number of students would lead to a bigger jump to 450K. His paper requested a decision from the committee on the approach.
2. TFD also noted that there was no money put aside to cover problematic CSPs which may need to be shut down and this puts the Union at risk.

3. TFD suggested a funding pot as a contingency and posited that 1% of the allocation could possibly be ring fenced (or another agreed amount) to be used as CSP specific reserves.
4. KL asked whether that consideration was not already part of the Union's Reserves Policy
5. MM said it was not explicitly so, but that the Union has had to transfer some of the reserves towards CSP debt in the past.
6. MM noted that student numbers continue to increase and that choosing that funding would be quite a jump given our financial position.
7. MM said he would be more in favour of an inflationary increase since that's smaller.
8. TFD said he understood the point and was happy for the number to be challenged. He noted however that it was the first time there was such a dramatic (5%) jump in student numbers as this was usually around 3%.
9. GP queried whether the CSPs budgets include all the time it will take to train them in H&S, for instance. He said the Union should be seeing a bigger increase in the CSP budget to reflect the work that needs to be done across the board to balance what the H&S corrected in-house.
10. TFD said his impression is that this would be an in-house cost for the Student Activities Team budget.
11. GP said it may be time to look at the breakdown and whether it's high enough.
12. GA said it could be factored into the Block Grant discussions with College as this falls within core activities.
13. MM asked TFD whether there is a contingency plan in the event there is no uplift in the Block Grant and queried whether the impact is clear.
14. TFD said the ADF fund has grown over the years and that's one option.
15. GA said we should know the block grant outcome by CSP budgeting
16. TFD said this is not the case as we need to complete this by March before Block Grant discussions because students have exams so they tend to do it by end of term 2.
17. SS said volunteers spend a lot of time on this and it wouldn't be practical to do it later.
18. GA pushed back noting that CSPs are not making the decision so they would only need to complete their funding requests by that deadline.
19. AS said the CSPs make decisions based on the March process so it's tricky.
20. MM expressed discomfort going beyond a 2 percent uplift
21. GP noted that no one at the table is opposed to the rationale for a higher uplift but it would be useful to have a more detailed breakdown to capture the full costs of running CSPs and noted that this exercise would help make the

case to College about what level of funding is actually needed.

22. GP asked GA how he would prefer to proceed.
23. GA said he would spend some time looking at the process but AS said a decision was needed from the committee to inform CSPs whether they should budget based on an inflationary uplift or student numbers.
24. TFD said he needed to go back to a meeting very soon with a decision on 5 March.
25. GP said from a governance point of view, the committee would first need to give a recommendation to Board
26. GP advised TFD to inform CSPs that there would be an increase without saying what the exact amount would be at this stage whilst Board considers a more extensive recommendation.
27. MM notes that this issue recurs every year and he is happy to give the okay to the inflationary uplift (2%).
28. GP asks TFD to agree an approach with Graham regarding what he will say to the CSPs on 5 March.

Item 12 – Approach to Block Grant proposal

1. MM summarized the approach so far, noting that the Union is positioning itself to tell College how we will contribute to a world class student experience in keeping with College's strategy. He said that a working group was preparing a submission ahead of negotiations in April.
2. MM said the Union was also looking at the funding model – separating core activities from additional activities and overheads.
3. MM says there were now weekly meetings. He said there is scope for feedback from Board with the aim to close off final thoughts and scope by Board Away Day
4. GP said it was helpful to hear the thinking and approach so far.
5. GA said the Union needs to pin down its approach and focus, decide the key decision makers and their expectations. He noted that there are two stages – the Union's ambitions and what we require from the College.
6. GA noted that there was a lot to be done in short time frame but there was still good time to pull the submission together.
7. AS noted that the Chair of the Board had secured a delay in negotiations from February to April.
8. GP said the Union should be absolutely clear what services we need to provide and noted that we have not had that clarity previously.

Item 13 – Strategic Risk Register

1. GP invited questions but there were none.

2. GP asked the committee to raise any concerns with MM directly should any arise after the meeting

Item 14 – Summer Ball

1. FH summarized plans so far noting that the tickets include more this year, were selling well - over 10K so far.
2. FH noted that there was still no Events and Conferencing Manager to assist, but that she will do training herself to cover that loss of knowledge, including first aid, crowd control and anti-terrorism courses.
3. FH said Dram Soc will complete risk assessments and staff will volunteer at the event itself.
4. GP thanked FH for providing details of the budget for the event and asked GA to ensure she is given the support she needs.
5. GA questioned what support she has had so far - FH said fortnightly updates with Marketing Manager and Operations Manager are expected but it has been hectic lately so those meetings will be scheduled soon.
6. GA said he is keen to ensure FH is not overwhelmed and asked whether there was room to pull out of certain expenses if enough tickets were not sold.
7. FH said insurance costs have been paid upfront.
8. TFD said he has also started conversations at College about supporting this as a student experience piece in future
9. AB said there was a need to make it clear what's included in the ticket
10. FH said it is on the website but students don't realise this necessarily and she will talk to Marketing about that.
11. Operations Manager who just entered the committee for this segment asked about paperwork from booked caterers and FH said she was still awaiting their H&S reports.
12. GP requested that FH update the Board on this project

FH to update Board on Summer Ball

Item 15 – KPMG Internal Audit

1. GP queried whether anyone had read it but only FH did.
2. GP asked the committee to review the document and circulate any concerns to MM by lunch time on Friday
3. MM noted that the audit needed to go to College Audit Committee on 20 February and he will talk to GA offline about ensuring the Union is prepared for that.

Item 14 – AOB

None

Next Meeting: 18 March 2020