



## FINANCE AND RISK COMMITTEE

The third ordinary meeting of the Finance and Risk Committee for the 2019/20 session, was held on Thursday 26<sup>th</sup> March 2020 remotely at 10.30am.

### Unconfirmed minutes

<b>Present:</b>	Graham Parker (GP)	Finance and Risk Chair
	Fi-Fi Henry (FH)	Deputy President (Finance and Services)
	Abhijay Sood (AS)	Union President
	Thomas Fernandez-Debets (TFD)	Deputy President (Clubs and Societies)
	Ansh Bhatnagar (AB)	Elected Student Trustee
	Abhijay Sood (AS)	Union President
	Jinpo Xiang (JX)	Appointed Student Trustee
<b>In Attendance:</b>	Graham Parker (GP)	Interim Managing Director
	Neha Gandhi (NG)	Finance Manager
	Julia Mattingley (JM)	Head of Commercial Services
	Tom Newman	Head of Student Experience
	Victoria Hoskins (VH)	Rathbone Investments Director
	Victoria Agbontaen	Governance Officer
<b>Apologies:</b>	Malcolm Martins	Head of Finance and Resources

<b><u>Item 01 – Welcome and Chairs Business</u></b>	<b><u>Actions</u></b>
<ul style="list-style-type: none"> <li>The Chair welcomed the Committee members to the F&amp;R Committee session.</li> </ul>	
<b><u>Item 02 – Conflict of Interest</u></b>	
<ul style="list-style-type: none"> <li>None declared</li> </ul>	
<b><u>Item 03 – Apologies</u></b>	
<ul style="list-style-type: none"> <li>Malcolm Martins</li> </ul>	
<b><u>Item 04 – Meeting Minutes from 5<sup>th</sup> February 2020</u></b>	
<ul style="list-style-type: none"> <li>Chair noted that some the title under list of attendees does not match the name. The chair will proceed on their understanding that the minutes are an accurate record of the last F&amp;R meeting pending those changes.</li> <li></li> </ul>	<p><b><u>VA to change titles under the names</u></b></p>
<b><u>Item 05 – Action tracker</u></b>	
<p><i>GA noted that MM is not joining us, so production of a couple papers has been challenging but Neha has kindly stepped in to help where possible.</i></p>	
<ol style="list-style-type: none"> <li><b>Events budgets</b> – GA noted that the systems team is looking again at the shop and there is a long-running project to implement an upgrade. The new Systems Manager Ashley is having another look and bringing some proposals at Management level.</li> </ol>	<p><b><u>VA to remove from action tracker.</u></b></p>
<p><i>GP explained that circumstances may have overtaken these actions and they are still important but need to be reviewed. GP stated this will be included in future reviews.</i></p>	
<ol style="list-style-type: none"> <li><b>EPOS Review</b> – Committee noted this item is on the agenda for later discussion as well as on the forward agenda.</li> </ol>	
<ol style="list-style-type: none"> <li><b>19/20 Budget Commercial Strategy</b> – GA stated it inappropriate to retain on tracker. To be removed from action tracker.</li> </ol>	<p><b><u>VA to remove 5.3 from action tracker.</u></b></p>
<ol style="list-style-type: none"> <li><b>Audit Report and Trustees Report</b> – GP explained that at last meeting we were not quorate and matters for approval were taken to Board. To be removed from action tracker.</li> </ol>	<p><b><u>VA to remove 5.4 from tracker.</u></b></p>
<ol style="list-style-type: none"> <li><b>Strategic Risk Register</b> – FH gave verbal update stating that due to circumstances, everything is essentially on pause. GP questioned whether the register reflects concern</li> </ol>	<p><b><u>VA to remove from action tracker.</u></b></p>

that might be felt about White City and the separate issue of the White City working group.

6. **Rep Training** – GP stated he would like to see a training strategy for the Union. FH explained that TN and TFD are working on the health and safety strategy along with support from Rachel on engagement and support for volunteers.
  
7. **Forecasts and Half Year Review** – NG provided verbal update and noted that Finance is doing a deficit exercise for the remainder of the year and summary to be provided once complete.

#### **Item 06 – Forward Agenda**

1. Committee reviewed the forward agenda. GP noted it may need to be re-visited and reviewed.
2. GP added forward agenda is in line with Board and things that need to be reviewed on a quarterly and annual basis. Especially regarding the risk register and that when each risk is reviewed is dependent upon what else is happening at the time within the organisation.
3. NG reminded Committee that balance scorecard is on hold. GP agreed as it wasn't serving purpose but that another format will be put in place in order to be able to measure scalability.

#### **Item 7 - Management Accounts**

1. NG summarized the report noting that there was a poor performance in February with a deficit of £60k. There is a surplus of £35k which is being depleted every month. Wet sales are 3.9% down due to Unions loss of its customer base. This is caused by loss of reputation and students being unaware the bar is reopened meaning they have begun eating elsewhere. NG added there has also been price hikes in the food.
2. NG noted that staff costs are under forecasted due to staff vacancies as well as MD role.
3. GA added that commentary in reports are required to be objective and evidence based.
4. GP agreed that the financial performance is worse than expected and although there are several external circumstances impacting the finances, our ability to create income and general trading ability has imploded. Chair added that a deficit budget was approved on the basis that it was going to deliver an investment in the future and felt concerned that the cause of the deficit is due to extra investments being made.

**FH to update on what investments are needed to scale and achieve this strategy.**

**GA to check and review agenda is in line with current context.**

5. GP explained that assessments need to be made to determine costs and what we intend those costs to be in the future as those costs are related to the service we want to provide in the future.
6. AS questioned, what if any progress has been made toward investment plans. GA said that investment plan is the investment list set out in the Block Grant which broadly sets out critical key areas for investment over the next year or two.
7. GP said that the assumptions over the last few years need to be stripped out so we can set a stronger foundation to move forward. GA added were committed to unpick those assumptions but its critical to challenge ourselves on these and also be clear on the assumptions.
8. JM added that the issue is the we have not always been interlinked if we are unaware what other directorates plans are. Available historical data and information has been a large challenge for Commercial services and if it is not accurate in the past it is hard to make judgements for the future.
9. TFD stated that no one was made aware of the assumptions and we have not been good at reporting against them. If reporting is not done then we are unable to track and progress. AS added that we need to ensure the assumptions being made are based on fact and where they are not, we need to be clear on that.

**Item 8 – Recovery Plan/Brief Reserves Update**

1. GA summarized paper stating that we are now actively seeking to manage financial position and being clear with Leaders and Managers there is an expectation to manage costs were possible. GA key message are the situation is being actively managed but there will still be a Year End deficit. However, there is still a lot of uncertainty around this, i.e. having to close up commercial services due to Coronavirus.
2. AS asked for update on the furloughing situation. GA explained that 0 hours staff will fall into furlough scheme and they will be provided an update as soon as possible. GP questioned what the timescale might be for this and GA said it will be at least 2-3 months before payment comes in.
3. AB said the government scheme covers 80% inquired as to whether the Union will be covering the remaining 20%. AS said Union will be covering this.
4. GA went on to state that we need Managers to continue to identify ways to potentially make savings and understand the impact of closure on the Year End.

**GA to meet w/Senior Managers to identify ways to make savings to the budget**

**Item 9 – Investment Performance – Rathbone Greenbank Investments**

1. VH stated Year to Date performance has been down 17.5% and it has been a tricky quarter. The current portfolio is valued over £1Million and is up £30k since last valuation in March, however the market is very volatile.
2. VH noted that the quarterly drawing still remains to be fine but still anticipating heavy cuts and dividend payments, this also includes referrals so will not all be permanent loss. Factoring a 25% drop in dividend flow from the equity proportion portfolio, the fixed income should retain its ability to carry out.
3. Union Year to Date portfolio value is down 11.9% after fees which although is down, is still outperforming the Charity Growth Index benchmark of 14%. VH noted that in quarter 3 and 4 when we hopefully start to see a return of workforce, there will be a slow recovery.
4. VH continued to explain that many of the companies Union are invested in such as telecoms, technology and pharmaceuticals are being deferred rather than cancelled and Union does not have investment in worst hit areas such as travel, leisure and retail.
5. Looking forward, VH highlighted that the portfolio will move around a lot but the quality of companies in the portfolio have resilience.
6. GP thanked VH for her overview and invited comments from others.
7. AS noted there's a lot of uncertainty at the moment and we are unaware how the market might be before and asked whether there needs to be a separate review on the drawn down amount? Chair responded by noting we should not change this yet, but still keep it under review.
8. VH added that we have the scope to increase the drawing but as we are not drawing heavily from it, we are in a position to take this up a bit if necessary.
9. Chair recommended a separate discussion be had as to whether we are best using this drawn down amount from this investment. Are we drawing down money to meet our deficit or create an investment which could be drawn down to use as a further investment?
10. AS questioned what work is to be done to be able to make an informed decision on this. Chair responded by stating we need to be cognizant of the bigger picture, how much are we to be dependent on College and how much were getting in ourselves.

*VH then left the meeting.*

### **Item 10 – CSP Finance**

1. FH noted there is not a great sense of concern apart from one society as per the table. A lot are awaiting sponsorship income to come through however, the impact of Coronavirus on CSP has been concerning.
2. Many Societies have had to cancel events, trips and tours but there is a risk for some people that have made payments not able to recuperate their money along with not being able to fully refund ticket income despite what expenditure Societies get refunded.
3. FH would like F&R to consider ensuring we can support Clubs getting back to their financial position prior to Coronavirus and these unforeseen circumstances.
4. Chair questioned what measures can be taken to mitigate some of these problems. TFD noted he has reached out to CSP's to gain further understanding on the financial impact. Adding that Clubs and Societal events have been cancelled up to 16<sup>th</sup> May and this will be re-evaluated in 3-4 weeks' time. They have also put together a cancellation form for these Clubs to offer financial support.
5. Chair questioned FH on whether 26 CSPs being in debt is standard? FH explained it is pretty consistent with majority of them being below £500 debt which is usually temporary.
6. JX inquired as to whether those 26 societies have shown any financial improvement. FH responded by noting that a few societies have gotten sponsorship with other societies coming off the list entirely since last F&R.
7. JX also questioned what actions are being taken to support clubs due to Covid-19? TFD stated that as insurance does not cover pandemics it has been difficult, but they are providing one to one support so CSP's can reach out to agencies themselves.

### **Item 11 – Business Continuity Plan**

1. TN spoke through business continuity document and confirmed we had not previously had a business continuity plan which has left us relatively exposed and is a weakness of the organization.
2. TN added were in the responding phase of the crisis, but this allows for us to look at how we would have done things differently and have a documented playbook.
3. Key points for discussion noted by TN that are critical is Union assigned levels to the University's response and how we are engaged.
4. Service level agreements are not in place at the moment and not having this in place means certain things in a business continuity event becomes difficult.

5. TN noted the issues around insurance and our insurance being provided through College's cover needs to be questioned as to whether this is adequate cover for needs of the Union. An insurance review needs to be done to make sure the cover we have in place is suitable for the needs of the Union. Chair agreed that an insurance review request is valid and would be preferable.
6. GP added it would be worthwhile to check that the College business continuity plan mentions Union in the same way Union mentions College so there is alignment.
7. GP stated that as were creating a new continuity plan, it would be beneficial to revisit the risk register as creating the plan is a form of mitigation for items detailed on the register and will therefore have a positive impact on this.
8. AS highlighted that risk register has not been focused on this year and questioned its usefulness. Chair agreed and noted risk register should be able to provide information on our position in terms of KPIs in order but be effective and be a final guarantee that everything is in place.
9. AS confirmed that his understanding of the risk register is that you firstly review your strategy, find your KPIs and ensure resources are in alignment and then a risk register is based on not meeting those and how to mitigate this and ensure KPI's are delivered appropriately.
10. GP noted as with a budget, the risk register it should be the means of delivering the business plan. Therefore, it has to be aligned to the strategy and we are not there at the moment but making progress toward this.

#### **Item 12 - Approach to Block Grant Proposal**

1. GA asked for a quick summary and key points discussed with GP, John Cullen (External member of College Council – Audit and Risk) and Jill Finney (Union Chair). GP noted that he and Jill concluded the College would be receptive to hearing what our plans and requirements are. GA noted were in a strong position to tell College what we require to carry out certain services.
2. AS added that there is a lot of uncertainty surrounding Covid-19 and Union are likely to receive whatever College decides to give for next year with some back and forth.
3. GA clarified for the committee that the agreement with Board was to put in a bid plus 3%, plus a one-off investment programme underpinning this.
4. GP highlighted the fact there is a degree of recognition within the College that funding has not been appropriately handled and unable to address some serious issues, i.e. the health and safety scares experienced within the Union. College need to understand that the Union is College and should be in alignment and Union plans are also beneficial to Imperial College and beneficial to students.

5. GA agreed with the points raised by Chair and added that Union needs to be more accountable in the future and articulate and demonstrate how Union adds value to the student experience. Additionally, Union needs to be ambitious in terms of asking the College to support the future vision for the Union.
6. Chair agreed that the Block Grant submission reads well, and he is in agreement with the plan. However, Chair questioned if the paper plainly makes it clear that these items are required to be funded and if they aren't then there will be serious repercussions and the document itself should be improved by leading with 5/6 succinct points.
7. Chair added that he feared if the paper is not made explicit with our requirements then the requests may be ignored and not taken seriously as required.
8. GA responded by noting that although College has said this document itself is not a requirement, Union have taken the internal decision to still produce it as to maintain high levels of accountability.
9. AS added that his discussions with Jill Finney also concluded that the wording in the block grant submission needs to be made sharper and edits to the wording can be changed and amended. AS also felt that it worth stating that there has been a 5% in student increase and this is something that needs to be factored in when applying for the grant as it will make a difference.
10. AS also highlighted that there was no mention of the living wage included in the submission and there needs to be assurances that something will be done about this possibly within the Union internal budget. The fact College are unhappy we have not been paying people at that rate, it is important to make note of in the submission. GA suggested a discussion is needed on how and when this is implemented and progressed. Immediately or incrementally over a few years? GA advised it wouldn't be suitable to flag in this paper as it is less important as the financial planning round is no longer happening. GA confirmed it wouldn't affect our overall position.  
Chair questioned whether it should be brought to Board and get their understanding that we have discussed it. GA believed it would come in due course.
11. Chair stated that we need to challenge Union and inform them we are operating in a building not fit for purpose in the future and we need to use braver language with our discussions with College.
12. TN added that the submission is about getting Union fit for the present and questioned whether there should be a step change funding request indicated on the document? Chair agreed this would be his preference and inform Union that this is something to anticipate further down the line.



13. GA asked committee what they felt was not getting across in terms of the vision in the block grant. Chair stated we need to be clear to College that the block grant submission is not a request to College to clear a deficit but a request to create and maintain an effective Union. Chair added that section 9 of the submission should be the starting point and be backed up by section 3.
14. GP added that it may be sensible to ask College to take on the Capex budget to ensure that the building occupied by us and other buildings within the College are fit for purpose.
15. TFD asked GA why the restricted funds for CSPs was not on the block grant submission and questioned is that worth highlighting on the submission as well. GA agreed it was and is happy to include it on the paper.
16. GA agreed to complete a redrafted version and discuss with GP, AS and Jill Finney to ensure we have a sharp paper with as much clarity as possible.

**Once submitted,  
GA/AS to provide F&R  
with updates into  
Block Grant Proposal  
from College.**

### **Item 13 – Summer Ball**

1. FH stated since last F&R there has been little progress in terms of the financials. Due to Covid-19, 18<sup>th</sup> May is the cutoff date to determine whether the Summer Ball will be cancelled or still go ahead. All further purchases have been paused until this date.
2. If the Headline Act is cancelled, 75% of the payment which is £9k will be lost and a further £800 for flower décor will also be lost. However, there is an opportunity for a 100% refund on catering and the flowers already purchased can be re-used for future events.
3. FH confirmed she has confirmed suppliers are happy with the cutoff date of 18<sup>th</sup> May.
4. Chair added that it is important that we can demonstrate to College and Board that the situation is being managed and it seems that is.
5. Chair asked Committee for any further comments pertaining to Summer Ball. Committee were happy with update.

### **Item 14 – EPOS Review**

1. GA stated there is an agreed view the current EPOS system is ineffective, and that Ashley Cory has undertaken an options appraisal. Based on this appraisal it has been decided it's best for the system to be replaced and for something that is fit for purpose to be brought in.
2. GA added that it is relevant for F&R due to the fact it needs to be considered how this incorporated in the budget. College will be asked for the initial upfront costs of reimplementing a new system. Due to College response, we need to decide whether we will include it in the budget if College decide to

not provide funds for this, however this is a critical priority for Union.

3. GA confirmed the plan of action will be to take it as the approach and include it in the bid to College and incorporate it in the financial planning for next year.
4. GA added that given a tender was done a few years ago, it is appropriate to express interest and tender again so the process remains as streamlined as possible that is still compliant with the finance regulations.
5. GP stated the decisions that needs to be made are what is required for the future as opposed to addressing past issues.

**Item 15 – AOB**

1. None.