

Finance & Risk Committee
MINUTES
3.30pm 24th May 2016
Meeting Room 1,

Present:

Nick Johnson (NJ - Chair), Orion Brooks (OB), Ian Lockwood (IL), Tom Worman (TW), David Ayton (DA), Cherelyn Cuthbert (CC).

In Attendance:

Anna Clodfelter (AC - Advisory), Oludolapo Bolaji, Alexandra Paschali, Bethany Moody, Ben Conway, Lucy Simpson – Minutes

1. Apologies for Absence

No apologies received.

2. Declaration of Interests

None.

3. Minutes of Previous Meeting

Minutes of 23/02/16 approved.

4. Matters Arising and Action Points From Those Minutes

4.1 Make amendment to budget process to enable review and reallocation of funds if funding review not passed (AC) ***to be completed via proposal to Leadership if this is required.***

4.2 Ask BM to buy more course rep hoodies with the outstanding funds (AC) - emailed Experience Team and matter resolved - **COMPLETED**

4.3 Provide clarification on the investigation into fleet costs (AC) - **COMPLETED**

4.4 Query why the bad debt for the activity that didn't happen is classed as a bad debt and hasn't been credit noted off (TW) - **COMPLETED**

4.5 CONFIDENTIAL ACTION (TW) **COMPLETED**

4.6 Amend the policy title to Reserves and Designated Funds Policy, strengthening the wording regarding significant impact. £5k authorisation at Leadership and all cases reported to F&R (AC) – **COMPLETED – discussed in AOB.**

4.7 Discuss the introduction of a transfer process along the same lines as the BACs process to protect the Finance Team and discuss Social Engineering with Blue Spire (AC) **COMPLETED**

4.8 Media Editorial Policy to be updated as soon as possible and implemented once sign off by IW then reported at BoT rather than approved there (AC) - **SF&G COMMITTEE 14/04/16**

4.9 Update the University on Section 75 (AC) - **COMPLETED**

5. Finance Matters

5.1 Quarterly Management Accounts (UPSU & PSUT)

Paper taken as read.

IL - on the PSUT notes, it mentioned that the budget included a predicated sum from the council.

TW – it was about £2000 to £3000 for advertising. They previously did a big environmental campaign. They had the biggest pot of funding for their environmental campaign in the country which was then taken away from them so they weren't able to continue the

campaign. We have since gone through a tender process to be registered as a supplier of advertising to Portsmouth Council so we are now on their books for any future campaigns.

FINANCE & RISK COMMITTEE NOTED THE UPSU & PSUT MANAGEMENT ACCOUNTS

5.2 Block Grant Discussion

Discussed with agenda item 5.3

5.3 Budget for discussion and approval

Paper taken as read

AC – the budgeting process went as it has done for the last 2 years. We budget from the bottom up. We ask all of the departments to put in a wish list and it's quite resource intensive. The reason we do this is to stop people doing what they always do. If you just go on historical budgeting then people just tend to do what they always do. It makes for a lot of work for the teams and the finance department but that's how we do it. They put in a wish list of what they want to do. It comes out way above what we can afford and then we go through a process of refinement. This year we refined it back against 2 things, our current strategic objectives for the coming 12 months and also against where we're looking to be in 3-5 years time. We have just done a piece of work with an external consultant which we launched to staff yesterday refocusing the main activity of the Union onto having conversations with students (research based). The final refinement was done over 2 days with all the officers, all the operational managers and the senior management team so it's a real collaborative process and a big discussion and we decide together what we should prioritise and what should stay and what should go. It's a difficult process but it means that everyone understands the budget and everyone has bought into it. The major changes are that we have received £100k additional funding from the University which has mainly been spent on an increase to salaries to put more people into 2 places. To shore up and make more effective the current activity, as even if we review the way we are going to do things in 5 years time, we still have to do business as usual. So we've put in some additional administration support in the student opportunities department and we've also made permanent the additional administrative support in the advice service. We've also put some additional resource in finance and made permanent the pilot events assistant. In addition, we've started with the 5 year plan and we've budgeted for a research person. We're not certain what this will look like yet but it has been included in the budget. We've also done a bit of restructuring in the organisation. The majority of that £100k went on salaries. At the last F&R we decided as a group that we would be putting in a breakeven budget this year. Last year we put in an investment (deficit) budget to take funds out of reserves and invest it. This year we are not doing that and we have a break even budget. These are the biggest changes. There have been a number of movements in various lines within departments but the biggest changes have been in the people we have, to deliver the things we do, as we are a service delivery organisation (people doing things with students that makes the difference). In addition to those above, we've also invested quite heavily in more structured student staff roles particularly in marketing & communications (content writers). One of the things we're not very good at is telling people what we are doing so we've created some structured roles within marketing that we can recruit expert students in rather than recruiting casual staff and saying do you fancy having a go at this, we are writing proper job descriptions and really strengthening our student staff resource. We are presenting to F&R a breakeven budget with those major changes in it.

IL – what is the reserve expenditure £20k on section 75?

AC – this is just being cautious. AC decision to put this in as we don't know what's going to happen. For the benefit of the Sabb elects, we have been investigating over the last 18 months a section 75 which is to do with pensions. If a section 75 debt triggers it means that you have to pay back to the pension pot all of the money that you would have paid out to people in retirement which potentially could be a lot of money. We had budgeted some funds to pay experts (solicitors etc.) to look into it for us. At the time of writing the budget we don't have an answer on it and pension experts and solicitors are expensive so that's why it's included in the budget (below the line).

IL - have we underspent on the previously allocated funds?

CC – we currently still have £14k in accruals.

IL – is this rolling forward?

AC – we don't have the solicitor's bill in yet so half of it will probably go on the solicitor and we haven't had a bill from Chris Brightwell for 2 months running.

IL – do we expect her to bill?

AC – it depends as we are waiting on the SUSS trustees and it depends on what they say as to what work she will do. We might also have the other £7k from accruals but not knowing is why that money is in the budget. It's based on historic spending from this year.

IL – the core cost for the Advice Service has increased by £5k. Why are we expanding it?

AC – we didn't have an Advice Service 2 years ago and we have invested very little in what is one of our 3 core deliverables as a charity. Therefore they put in some investment requests for some training of peer led advisors and also for piloting an out-of-hours service. We did some student consultation and we have an Advice Service strategy which has been signed off now and went to the last SF&G and one of the things that students are asking for is extended hours (weekends and evenings) so we are looking at piloting that this year. It's an area that we will be investing more in as time goes on. It's in its infancy and what we invest in the Advice Service currently is very little in comparison to well established advice services.

IL – so this is an area going forward that is going to grow?

AC – yes.

IL – what type of advice is this for?

AC – the advice that only we give is the independent academic advice (appeals, extenuating circumstances) we represent students on academic appeals as the independent voice. But we also deliver wellbeing, housing, mental health. We sign post a lot. It's a first port of call.

IL – would we consider delivering some of those areas?

AC – we deliver on the things our staff have the expertise to deliver on. One of the staff has just gone on some mediation training which is not something that is delivered in the University, it was something the University approached us and asked if we would like to look into delivering it. So we have expanded the service there in delivering mediation and this comes into lots of different things whether it is academic mediation or house mate mediation which can have serious financial and wellbeing implications. At the moment they are general advisors and they will use that general advice to empower the student to take their own steps and decide their own path which is supported by the service. Rather than specialist counselling which is offered by the University so students are signposted there if needed. We are not counsellors we are advise and guiders enabling students to get the right support and services whether that's from professional services from other people or from us listening to them and helping them through the process themselves.

NJ – is IL happy for the section 75 to be left in the budget?

IL – yes.

DA – the trustee training in De Montfort. Is there a reason why this is in the student voice section and not trustee expenses?

OB – it is linked to elected officers where the student trustees come along as well but it's managed by the student voice team.

AC – but it is a trustee expense.

CC – it would get pulled for trustee expense in the year end accounts. There are certain lines that get pulled out. We are trying to get best place where things sit and we're trying to make it easier for managers to follow. Where there are so many different budget lines they get a bit muddled and that is when finance have issues but it would get picked up as a trustee expense.

DA – how do we communicate our budget to our members? In our strategy it says we will be clear about where our money comes from and how it's spent. We do a lot of reporting at the end of the year but is there a way that once the budget has been approved here and at Trustees and at the University, report 5.3 can be published and communicated to students to show we have got more money from the University and this is how we're going to spend it rather than just at the end of the year.

AC – that's a really good idea, we will do that in September/October.

Action – TW to publicise the budget to students in Sept/Oct.

OB – the NUS affiliation increase, has this been based on our increase in block grant?

CC - it's based on a best guess using an average over the last 3 years figures.

AC – it will be within a couple of hundred pounds. There's no talk of amending it massively. It's always a year behind so it's based on last years block grant so will go up next year.

NJ – do you know what % it is?

CC – it's not just a % of block grant, it's based on a number of factors.

NJ – the NUS conference said it would never go above 4 or 5%.

AC – it is such a complicated calculation and there are a lot of caps and variables.

IL – have we decided if we are staying as part of the NUS?

NJ – we had the referendum in March as part of our Sabb & Student Officer elections but there is something going to the BoT which RE has raised to discuss it and we'll be looking next year to see if we want to do a separate referendum rather than tagged onto the elections so there's more of a debate around it, maybe in the first semester to try and engage more students with it.

FINANCE & RISK COMMITTEE APPROVED THE 2016/17 BUDGET

NJ – thank you to all involved in the budget process.

6. Risk Management

6.1 Update on Risk Register (TW)

Paper taken as read.

IL – can we just have anything of significance reported and highlighted (the good and the bad).

TW – more than happy just to report significant risks.

Action - TW to amend future Risk Reporting to highlight significant changes only.

DA – the Advice Centre risk about giving incorrect advice to students, is there insurance that covers that?

TW – there is an insurance review in June so will double check that we are covered believes that we are.

Action – TW to check that the Advice Centre risk is covered by the insurance as part of the insurance review in June.

OB – live significant risks?

TW – the live significant risks are not new, they are current but are rated on the risk register as significant because there is the possibility of death, particularly in things like sub aqua and sailing so we have to be aware of them. We have appropriate risk assessments and insurance to cover ourselves but it's important that we have them as significant live risks, as we can't reduce them. However, taking IL's point that there is no significant change to that so actually that wouldn't be reported on in future.

OB – with the UPSU groups breaching public performance laws and the Activities Dept working with the cinema society, are they also working with the media groups? We have an issue around elections online with UPSU TV You Tube channel, leading to reputational risk and breaching policy but then if they hosted it on another website then there could be some potential financial risk with copyright breach. Also groups like Pure FM who play live music directly from a PA and our licence not covering them outside the University/Union buildings. Is this something that is being picked up by the Activities Team?

Action – TW to check that the Activities Team is picking up the public performance laws with the Media Groups.

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON RISK REGISTER

6.2 Update on H&S (TW)

Paper taken as read.

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON H&S

6.3 Update on Insurance Review Project (TW)

Paper taken as read.

DA – with the sub aqua society, who covers that insurance?

TW – it's paid centrally but this will be picked up as part of the fair funding review as we've noted there are some discrepancies in who pays for different things in different groups.

OB – under the committee hub there is a list of all groups who have more than the basic insurance.

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON INSURANCE REVIEW PROJECT

6.4 Accident Report (TW)

Paper taken as read.

OB – what was the minor injury through CCTV at the Union event?

TW – they tripped over one of their cables but because it was at one of our events then we had to log it.

IL – do we classify incidents? For example if there's ever alcohol involved or at certain times of day?

TW – we log by base of group and the activity they are participating in and the type and location of injury (e.g. if there were a substantial amount of head injuries in rugby then we log that). We don't tend to log alcohol etc. purely because it's actually quite difficult to get the information out of the students as we just get a bit of paperwork. The University does have a more advanced logging system and we get a copy of their reports from their H&S Committees. Anything which is severe or potentially severe, the University would be flagging with us anyway as they are the ones who get a copy of the report, as happened with the Futsal issue which they passed to us (although this turned out to be a University issue as the glass wasn't suitable for the activity).

FINANCE & RISK COMMITTEE NOTED THE ACCIDENT REPORT

6.5 Section 75 Update (AC) CONFIDENTIAL DISCUSSION - the Union has been advised that there is no section 75 trigger at present and await detail on any deficit increases from the SUSS Trustees - all correspondence is being recorded.

Paper taken as read.

Action – CC to chase pension provider for section 75 information with AC to assist if required

Action – AC to investigate the misunderstanding surrounding section 75

FINANCE & RISK COMMITTEE NOTED THE SECTION 75 UPDATE

6.6 Prevent Update (AC)

Paper taken as read.

FINANCE & RISK COMMITTEE NOTED THE PREVENT UPDATE

7. Audit

NONE

8. Any Other Business

8.1 Change of Bank Signatories

CC – we need to transfer all the old Sabbatical Officers to the new Sabbatical Officers on the bank accounts. Does this need to go to Trustees and Directors as well or can it be approved here and then go as a note to BoT & BoD?

IL – it's a standard procedure so can be signed off here.

FINANCE & RISK COMMITTEE APPROVED THE CHANGE OF BANK SIGNATORIES

8.2 Amend the policy title to Reserves and Designated Funds Policy, strengthening the wording regarding significant impact. £5k authorisation at Leadership and all cases reported to F&R (4.6 in matters arising)

AC – can the changes that have been made be approved?

IL – we spoke about an authority level for Leadership to sign off £5k and it's not in the document.

Action – AC to amend the Reserves and Designated Funds Policy to include the authority level for Leadership of £5k and then circulate it for email approval

8.3 Cash-flow & Project 25 (cash-flow tabled)

AC – we did a cash-flow alongside the budgeting process like we always do looking at what reserves we have now and if we spend a certain amount this year, this is what we will have left in reserves at the end of the year. We then project it forward 3 years based on what we know. The process we've been going through looking forward 5/10/25 years which we are now calling Project 25 will be launched at Board. There is a cost attached to that. At the last BoT we talked about how we are going to resource the change management project and we will be putting a proposal forward with a cost over 18 months of £47k which we are proposing will be an expenditure out of reserves. The cash-flow that has been tabled looks at cash-flow with and without Project 25. Because we are thinking about it and because we are taking a paper to Board it was felt we should talk to F&R about it even though we don't have all the information yet.

IL – so salaries, pensions and an increase in block grant have been factored in as well?

AC – yes. A simple report will be produced which will detail this cash-flow with and without Project 25 and also once we've had a chance to look at our reserves level because, as our salary bill has gone up, our reserves level will also have to go up and we haven't done those calculations yet.

OB – how do we calculate what our reserves level should be?

AC – it's detailed in the reserves policy (3 months core activity).

OB – do we recalculate this every year?

AC – yes.

IL – what's the figure this year?

AC - £250000 which was a lot to hang onto.

IL – based on these figures, if we factor all the increases in (with and without project 25) we’ve gone down from £376153 to £277888 so we need to do something as we can’t sustain £100k change in the business over a 3 year period. If we extrapolate that over 9 years we will go bust.

AC – this is part of the bargaining we have with the University if we start spending our reserves. All the time we have reserves sitting there they won’t increase our funding.

IL – absolutely, which is one of the reasons for bringing the reserves down previously and also the Charity Commission would start asking questions about high levels of reserves.

Action – AC/CC to produce simple report on cash-flow with and without Project 25 and circulate to F&R before BoT in June.

NJ – thanked OB for his contribution to the F&R Committee this year.

AC – thanked NJ for his contribution to F&R Committee this year.

9. Date and Time of Next Meeting – 23rd August 2016 @ 3.30pm

ACTIONS

Action	Who	Update	Status
5.3 - publicise the budget to students in Sept/Oct	TW		On-going
6.1 - amend future Risk Reporting to highlight significant changes only	TW	Future reports will follow this format	Complete
6.1 - check that the Advice Centre risk is covered by the insurance as part of the insurance review in June	TW		Agenda Item 23/08/16
6.1 - check that the Activities Team is picking up the public performance laws with the Media Groups	TW		Complete
6.5 - chase pension provider for section 75 information with AC to assist if required	CC	Complete via action from BoT	Complete
6.5 - Investigate the misunderstanding surrounding section 75	AC		Agenda Item 23/08/16
8.2 - amend the Reserves and Designated Funds Policy to include the authority level for Leadership of £5k and then circulate it for email approval	AC		Complete
8.3 - produce simple report on cash-flow with and without Project 25 and circulate to F&R before BoT in June	AC/CC		Complete

CONFIDENTIAL ITEMS

6.5 - Section 75 Update	Confidential Discussion
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Minutes Approved: _____

Date: _____