

**Finance & Risk Committee
MINUTES
4pm, 6th March 2018
Meeting Room 1, Gun House**

ACTIONS

Action	Who	Update	Status
8.2 Look at MC's query over a variance in figures outside of meeting, and to inform the committee if it's a big issue. AC to look at MC's query over a variance in figures outside of meeting, and to inform the committee if it's a big issue.	AC		Complete

CONFIDENTIAL ITEMS

SUSS Pension Deficit	Confidential Item
SUSS Legal Issue	Confidential Item
Risk Management	Confidential Discussion

Present:

Marcus Campopiano (MC - Chair), Angel Layer (AL), Tom Worman (TW), Thea Noli (TN – present for items 1 – 6 and 8.1), Cherylyn Cuthbert (CC), Rhian Johns (RJ – interim committee member), Jason Oakley (JO - interim committee member)

In Attendance:

Anna Clodfelter (AC - Advisory), Laurie Jones – Minutes, Peter Greaney (PG – financial adviser)

1. Apologies for Absence

2. Declaration of Interests

None.

3. Minutes of Previous Meeting 5th December 2017

Minutes of 5th December 2017 approved.

4. Matters Arising and Action Points From Those Minutes

4.1 Review insurance policies including an exercise exploring claimable assets in case of a fire (TW) **Ongoing – for completion by year end**

4.2 Update Financial Procedures to include quarterly spot checks by CE/DEC/financial advisers for adding suppliers/bank details (CC) **Complete**

5. Finance Matters

5.1 Quarterly Management Accounts

UPSU Management Accounts

Paper taken as read.

PG: We're reporting back actual performance against budget to January

- Slide 2 – summary of Q2 figures:
 - YTD net surplus of £350k before the pension payment that we're making of £265k and a reserves transfer of £9k – surplus of £80k. In terms of net surplus, it's better than budget by some margin – some of this is timing differences
 - Overall – budgeted to achieve surplus which would see reserves as £353k, but will end up as £187k due to pension accounting – still £95k ahead of revised target
 - Slide 3 – overview of PSUT performance
 - PSUT performance is £30k over budget YTD. Year end is expected to be £42k ahead of budget
 - Due to additional commercial partnerships and some other variances
- Slide 4 – detail around individual variances YTD

- Salaries £13k under budget due to recruitment gaps
- Student staff under budget but plans to spend later in the year
- Savings on affiliation fees
- Small element of timing/VAT
- Student Opportunities – significant underspend – expected to be spent by year end.
- Slide 4.2 – Comparison of forecast against original budget
 - Anticipating to spend in line with the budget
 - Suggest a lot of the year to date variances are timing related
- Slide 5 – Balance sheet
 - Provides snapshot of assets and liabilities of the Union
 - Healthy position of net current assets being £812k
 - Long term pension liability of 1.6 million – has to be shown on the balance sheet. Payable over 17 years.
- Overall:
 - The Union is working within budget
 - All underspends are planned to be spent

AC: Forecast to date, there is an £92k underspend. We've decided to change the way we forecast – no underspend is rolled into the following quarter. Historically this has left us an unintended surplus at year end. SMT with FACAM support took proposal to Leadership to spend the underspend:

- £25k from PSUT – spend up on that line for Counterculture business development consultants that was originally coming out of reserves
- £37k year-end difference in salaries. Intending to bring forward the Future Union transition from 1st August to beginning of May for Marketing and beginning of June for Projects and Groups and Insights

RJ: Are these brand new staff?

AC: It's the new structure coming into place in those functions - some are new, some are uplifts, some are the same. FACAM worked out the cost of rolling those functions start dates forward from 1st August to either May or June start. And the redundancy payment will be coming out of this money too.

- £11k from spaces/marketing/events. We intend to get the Union out on campus by putting in place campus based pods.

TW: Subject to approval from University Estates. We already have digital screens out on campus. Like to expand on this and get spaces/pods in key university buildings for staff and Sabbs to go to engage students without them coming to the Union building as well as self-service pods.

- £14.5k underspend on student opportunities. £11k is underspend on our percentage per head subsidy. Students in their budgets are not identifying that they need it,

JO: Forecasting is wrong or has the behaviour has changed?

AC: It's mainly budgeting culture is difficult – people are more likely to over budget and underspend and we don't claw that money back and instead roll it which delivers surplus at year end. We're hoping the change in forecasting culture will drive a less prudent budgeting culture in clubs. There will also be a smaller pot of money for subsidy and a larger pot of money to apply for a needs based grant

- £14k underspend: Spent on student based activity. £900 on training; £3-4k on improvement plan for Student Opportunities Centre – chairs, signage, whiteboards, box files; £2k improve the iPads and stands; £5.5k to transfer the committee hub on a more user friendly platform; and request for an allocation to Gospel Choir to go to London to perform to the queen. Leaves us with a little bit of money to do some media/law internal training who will then train other students

RJ: Student Opportunities – trying to get the clubs to forecast differently and then us taking back the underspend. If a club has got something in plan for June, this is saved?

A: Yes – planned spend which is just a timing issue

RJ: is this going to happen every quarter?

CC: Have tasked Activities to re-discuss the budgets with all groups/clubs and we are chasing for invoices as well. Some of this underspend has been caused due to the new online budgets. We thought we were making life simpler using it as a tool instead of raising purchase orders. However, the Finance

Department are constantly chasing for invoices and we're not receiving them so the payment moves along the month

RJ: Always had an issue with student opportunities underspending, but don't want to get into the situation where we ask how much of this year's budget we have spent on things we didn't budget for? Don't want to do this every quarter or year.

MC: From the student side it's difficult to budget when you have no experience as a student. £11k works out £250 each per club which isn't so bad – this is potentially one cup/away match

AC: It's the £89k they have said they will spend by year end which is more worrying – we're relying them to spend that by year end.

RJ: If they are not doing what they should be it puts us at risk as a charity

FINANCE & RISK COMMITTEE NOTED THE UPSU MANAGEMENT ACCOUNTS

5.2 Budget Process Review Update (CC/AC)

Paper taken as read.

AC: Had meeting with PG last month about our prudent budgeting had a number of questions for PG about what we can/can't do. The paper summarises the conversation and the agreements that we came to.

JO: When we talk about a £55k underspend and £30k additional profit. Does the £55k include the PSUT profit we were expecting and the £30k was additional profit?

AC: I have looked at the total surplus (£85k) then looked at the surplus for UPSU and PSUT - £55k was an underspend in UPSU and £30k was additional surplus profit for PSUT. New budget process:

- Budget to break even for 2018/19
- PSUT will budget to the agreed trading strategy bottom line
- PG advised that a 0 based budgeting process is best practice – where staff ask for what they need and we don't base this year's budget on last year's budget – we do this already, but need to be more ruthless
- Future Union budgeting will help as there is no history with it
- All the budget will be done in refinement in two days
- Budget format will be amended to have bigger pots of money assigned to less lines to give more fluidity and less underspend
- We currently have a high risk appetite without management of student groups' budgets. We don't need to do this to the extent we do it
- Reduce the assigned funding to student groups – the percentage per head allocation – and put it in a pot for needs based grants
- Implementing in the coming year

JO: This isn't too dissimilar to what the University of Portsmouth do.

MC: Clubs don't always have the correct turn around time – need to be more responsive if we're going to put more money into it

RJ: When we go into the agile model, if students say they want to be able to do something like Black History Month, it would be great to be able to allocate money for funds for student groups to do something around that topic

AC: We will be mobilising those existing groups to deliver a wider impact and we will provide funding

FINANCE & RISK COMMITTEE NOTED THE RECOMMENDATIONS AND APPROVED THE BUDGETING PARAMETERS FOR 18/19

6. Risk Management

6.1 Update on Risk Register (TW)

Paper taken as read.

JO: The thing that was concerning was the panic alarms not being linked to University security control?

TW: We thought so too - estates installed them and didn't test them. This was resolved within a week and now work

RJ: Update on block grant?

AC: It's a risk and I'm concerned about the reason behind having a new approach to set the block grant. It actually seems to be in our favour – had a meeting with the Vice Chancellor who had been spooked a bit by the sports proposal because he hadn't seen it yet and he thought that there was an intention for us to move cost centres out of the Union to increase the block grant by stealth. Once I had met with him in person, he understood that was not the case. He said he didn't think it appropriate for the Director of Finance to be setting our block grant based on inflationary rise because the Director of Finance is employed to save money. Therefore, it is unlikely that any significant increase would ever be approved. Worst case scenario, there will be a freeze. I am 99% certain we will get the inflationary rise we had intended to get. There is now going to be a new block grant and governance group which will hopefully be weighted equally – there currently isn't a direct liaison of what the Union/University is intending to do and how we can collaborate and resource. This year we are only wanting an inflationary rise, so that's what I will go and ask for. In future years we will benchmark against sector comparators and I think it will make it easier to look at investment opportunities and collaborate on University strategic aims and how the Union can support those.

JO: You mentioned a governance role – do you mean trustees and Board meetings?

AC: This is financial governance – specifically about the financial memorandum and block grant governance

JO: We have a responsibility, and we don't want the University to be controlling what we do with those funds

AC: In other financial agreements there are other assigned funds that come out to the block grant – we are very fortunate that we don't have any of that and I will do whatever I can to protect that. At the moment the University just want to have a conversation about that memorandum and I think what they want to include is the group and there is more of a conversation about the funding. The current memorandum protects any significant reduction and we have to have 3 years notice. The change is about a conversation about collaboration.

Confidential note removed:

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON RISK REGISTER

6.2 Update on H&S Policy (TW)

Paper taken as read.

TW: We are a generally a safe organisation. It has been requested by the University that we move to annual statistic reporting which would happen at the end of every academic year (August Finance & Risk). This is common practice across the sector

RJ: This sounds sensible. Can we report notable exceptions and trends? If we're getting a head injury every week then we probably need to react to this

FINANCE & RISK APPROVED TO MOVE TO ANNUAL REPORTING

FINANCE & RISK COMMITTEE NOTED THE UPDATE ON H&S

6.3 SUSS Pension Deficit (AC) *Confidential Discussion*

6.4 Prevent Update (AC)

Paper taken as read.

AC: Confirmation of Sabbs' stance: the same as last years – they are not to be either actively for or against but will let it remain in discussion

FINANCE & RISK COMMITTEE NOTED THE PREVENT UPDATE

6.5 General Data Protection Regulations (TW)

TW:

- We are so low risk as an organisation.
- GDPR will strengthen the current Data Protection Act.
- GDPR also increase level of fines and reporting. ICO will be releasing some guidance which states their main priority is ensure organisations working towards compliance.

- The working group have been working hard to review everything; produce guidance; training. Have been working with the University to make sure our sharing data agreement is strong – they are fully committed to sharing this data
- Slide 32-43: compliance reports. As a working group we have been going through the ICO's GDPR requirements to ensure we're compliant. Areas highlighted in orange are areas we're working towards. E.g. with regards to us sharing data with 3rd parties
- Training for staff is 19th March
- Slide 39: Limited progress has been made but we will be ready by May. This concerns cloud based processes e.g. Google. They are trying to get contracts, and fortunately they are huge companies so will do this by May.
- Asking for the approval and adoption of the Union's GDPR policy. All documentation will be reviewed by our solicitor - he is very impressed by work. He has recommended that we package and sell our documents
- As a Board you need to note the record of statement which covers how we process everything, and that we're working towards being compliant

MC: What are the main changes?

TW: The largest impact is commercially because we send out marketing emails, and we will no longer be able to do this. This risk has been taken in to account by BAM. We are working with the university on the enrolment form – hoping to get an 'Opt In' email section. Process of building a data warehouse with our third party developer which will allow us to manage data and control data better. E.g. When committees send emails to their members, it will need to have an opt-out statement. All committees will take individual liability and would have to go through a training course before they have access to that data. Currently building a data platform so student groups can use offline that will upload automatically once they go online. Will be bringing in cyber security training too

AC: The knowledge they will have about GDPR is a really valuable skill. This is extraordinary work and sector leading stuff!

MC: What happens to the data we already have?

TW: For student/membership data, we do an annual data cleanse. Employment data: we're covered by Peace of Mind contract – they are helping us with policies, forming the new contracts etc.

CC: We can also keep them under legitimate interests and law as long as we are storing them correctly with the correct access

FINANCE & RISK APPROVED THE GDPR ORGANISATIONAL POLICY

FINANCE & RISK NOTED THE HIGHLIGHT REPORT AND GDPR RECORD OF STATEMENT

7. Audit

7.1 Audit Tender Update (CC) *Verbal Update*

CC: Currently exploring a joint tender with other unions, but currently no updates

RJ: What is the timeline?

AC: Submissions on 20th April, panel to approve end of April. Approved at Finance & Risk in May to recommend to Board of Trustees at the end of June for delivery in August.

RJ: How many potential auditors are we going out to?

AC: Last time we went out to 5

RJ: Are we looking for anything different this time from previous auditors?

AC: The document tender document was the same as the previous year

8. Any Other Business

8.1 Future Union Highlight Report (LS)

AC: This is a risk based paper about Future Union rather than a project based paper. The areas where there are additional controls are in place/any new, heightened or closed risks have been highlighted. There is now a full sport workstream risk register

MC: Need to ensure we're keeping close communications between University of Portsmouth and the Union throughout the process

JO: The risk is not being able to deliver what we deliver – we could still use our budget to deliver something?

AC: The 5 new roles in the Future Union Structure are primarily paid by Sport moving over to the University. We could still do it, but it won't be the same

JO: There isn't a risk that the Union wouldn't be able to deliver something but could deliver at least the basic service?

AC: Yes, and there is either partner with University of Portsmouth, we could dial it down, we could set up another charity, or we could potentially look at it as a social enterprise with PSUT. We wouldn't be able to run Sport at this level for more than a year without running our reserves down. If Sport and Recreation said no, there would have to be a serious conversation on student impact or our funding

JO: And that would be a conversation to have with University as it would impact on them. The appetite for this is quite strong – as long as it doesn't cost them significantly more money

FINANCE AND RISK NOTED THE FUTURE UNION HIGHLIGHT REPORT

8.2 Future Union Cost Envelope Update (AC)

AC: Proposed cost envelopes were approved by Board on 1st December. There is no change of cost envelopes for the 3 year plan. To note: period of 1 year where the Union is running sport in its entirety crossed over – this is not in cost envelope but is already assigned by Finance and Risk in transition costs.

Action: AC to look at MC's query over a variance in figures outside of meeting, and to inform the committee if it's a big issue.

FINANCE AND RISK APPROVED THE FUTURE UNION COST ENVELOPES FOR THE NEXT THREE YEARS (REVIEWED ANNUALLY)

8.3 Business Development Proposal (TW)

TW:

- Board of Directors have just approved to enrol Counterculture as our 3rd party business development team. Directors have asked us to expand on the brief to include a review of current core business (specifically events/retail) as well as new.
- This may change the costs, but our forecasts are strong from PSUT.
- The surplus in this report are related to if we didn't hit forecast for this year
- The charity need to commit towards investing towards the maintenance of the business as well as the ongoing development
- Asking for the commitment to underwriting from charity reserves if needed to enable this proposal for the year ahead. Likely that PSUT can fund this in its entirety, but it is prudent to have this as a backup.

AL: It costs £10k for just one year? Will it be £10k every year?

TW: Proposal from Counterculture is a project from April to December – anything more than that will be another amount of funds. I'd be very disappointed if we didn't come out with any business proposals by the end of that period. I am very impressed with the phone conversation and already have some good ideas

JO: This makes sense due to the constant contribution from PSUT over the years

MC: Are we okay to give £10k from the Charity if needed?

AC: We would talk to PG as his role as our financial adviser – he would make sure we did it in most tax efficient, beneficial way for the charity

RJ: Really important at this point for how we can grow the business and deliver everything we want to do. This is the perfect point to do this

MC: is £10k the max we're allowing to do?

AC: All that's needed – it's a set £30k fixed fee and £20k of this is coming from PSUT

FINANCE AND RISK APPROVED THE APPROVE THE SPEND OF ALL PSUT SURPLUS FROM 17/18 AND THE CONTRIBUTION OF £10,000 FROM RESERVES TO ENGAGE COUNTER CULTURE AS BUSINESS PLANNING CONSULTANTS TO SAFEGUARD AND DEVELOP TRADING INCOME

8.4 Cycle Scheme Contribution (TW)

TW: Finance & Risk approved for £3k of unbudgeted spend to contribute to the Santander Bike Scheme. University were unsuccessful in getting the scheme due to a lack of financial backers, but Next Cycle have offered the University a similar package if they can generate the funding. Since that time, we've just wrapped up all our additional surpluses in business consultancy. Need to bring back here as Finance & Risk approved it, so need a direction as to whether PSUT should continue fund this?

RJ: What's in it for us?

TW: 200 student cycle bursaries for one year

RJ: What's in it for PSUT?

TW: Nothing – reason it was coming out of PSUT was because it was a grant funding that couldn't come from UPSU due to charitable aims.

RJ: Do we get advertising?

TW: We would be responsible for issuing the bursaries away and advertising. This would usually go to employees, we've translated it to students. We don't get any branding, could affect reputation

JO: What do we get for the £15 for each bursary? Doesn't sound like very much

TW: 1 year worth of membership of being able to use the bus scheme

JO: How many bikes will there be?

MC: 200 bikes

JO: And you've got 200 bursaries? How many people can access the bikes? Could we be setting up an expectation that we can't deliver? Also, how would the bikes would be managed?

AL: They are given to a company to maintain the bikes

MC: Different decision last time as we were under more pressure and under competition with 5 other Universities. I don't think this a worthwhile investment

AL: Students aren't asking for this either

AC: PSUT is supposed to be a profit making company – there is no profit or otherwise from this

MC: I don't think students want this otherwise they would have donated more money

FINANCE AND RISK DID NOT APPROVE FOR PSUT TO INVEST £3K INTO A BIKE SCHEME

8.5 External Trustee Recusal (AC/RJ)

FINANCE AND RISK ACKNOWLEDGED RHIAN JOHNS' LETTER OF RECUSAL

8.6 SUSS Legal Issue (AC) *Confidential Discussion*

8.7 Minimum Wage Increase (CC)

CC: Minimum wage for Student Staff over 25 is going up by 33p. We have 8 student staff over 25. All those over the age of 25 will get this increase until July 2018. We will then look in budget to see what we will pay student staff next year – we usually treat all staff the same. We are changing the way we budget for Student Staff: this year it was £9.20 per hour, but if we don't add pension costs next year, it will cost £9.17 for all student staff to be paid at that top scale.

9. Date and Time of Next Meeting – 3pm, 29th May 2018 - Apologies from AC as agreed with F&R

Minutes Approved: _____

Date: _____