

Minutes

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| Produced by: | Tony Moore |
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Present online: Martin Jopp, External Trustee (MJ), Phoebe Gathuku, Union Councillor (PGA), Tim Barker (PG Student Trustee), (TB)

In attendance online: T Cave, Director of Finance, (TCA), Tony Moore (Clerk), T Cunningham (CEO), Sophie Atherton (FTO) (SA), Callum Perry (FTO) (CP), Martin Marko (FTO) (MM), Amelia Trew (FTO) (AT)

Chair: Alicia Perez (FTO), (ALP)

Key Discussions/Decisions

- *Discussed letter from University on future funding and the transfer of retail and catering operations to the University*

Action Points

- Two six months budgets to be formulated for 20-21
- Chair to circulate University's letter on funding offer to Committee
- Chair to arrange a handover meeting with the incoming Chair at the end of June

FC184 Chair Statements

Chair noted that the letter from the University's Senior Resources Officer on future funding for the Union would be the main item for discussion.

FC185 Minutes from the meeting held on 28 April

Minutes approved.

FC186 Matters arising/report on action points

Chair took the Committee through the University's letter highlighting the following aspects of the University's offer:

- The current one-off £100K increase in the Block Grant to be made permanent

- Grant of £526K in respect of the transfer of the Catering and Retail offer to the University
- Retention of the alcohol impact grant of £20K
- Rent reduction of £350K
- £265K interest-free loan

TCA clarified for the Committee that the £265K loan figure represented the amount that the University's offer fell short of the Union's request which had been based on a no redundancies position.

Chair noted the University's request for a new Memorandum of Understanding between it and the Union.

MJ asked what the elements in the Union's request that the University was unwilling to fund but which were covered by the £265K loan related to.

TCU advised that there were two elements in the request: £100k a year to recompense the Union for the goodwill associated with the Shop and money previously invested in the Shop facilities and £165K to be added to the Block Grant.

TCU advised that it was unclear whether the University was intending the loan to cover the Union for the current year when any trading would be unlikely and thereby enable the Union to avoid any redundancies: this needed to be clarified at the next meeting with the University.

TCA advised that the text of the letter left open the possibility the University regarded the £265K figure as an appropriate level of funding but with an acknowledgement that it did not currently have the funds to make the provision. TCA advised that the alternative interpretation was that the loan would be a one-off to enable the Union to restructure and transition to a model with a lower cost base.

TCU advised that the strategy going forward would be for the Charity to be funded by the Block Grant whilst the commercial services would generate revenue for capex, meeting the historic pension liabilities and rebuilding the reserves. TCU advised it would be helpful if the Union and the University could jointly fix a target figure for the reserves.

TCU advised that the aim would be, once reserves had been built up, to spend any surplus on specific projects rather than, as in the past, launch projects to be funded by anticipated income.

TCA advised it was important to focus on what the Union would not get from the funding offer. TCA noted that a radically slimmed down structure had gone to Board, with redundancies, to fit with funding of £1.3 million whereas the 'no redundancy' model had been costed at £1.9 million. TCA observed the £1.46 million offer from the University was far closer to the slimmed down model. TCA noted that the Union's cost base for the current year was £1.825 million.

TCA noted the difference between the £1.825 million and the £1.46 could be addressed by:

- Cuts in activities
- £250K savings on staffing including temporary cuts to staff hours

TCU noted the savings would get the Union close to the costs level required but the long-term concern would be that the changes to staff term conditions would be a temporary measure to avoid redundancies and would not be a permanent reduction in costs. TCU noted that it would be worth pointing out to the University that the Union had got so close to the preferred no redundancy outcome but that traditional measures such as an increase in drink prices were not available due to the lack of trading.

TCU noted that £100K of the savings was predicated on the transfer of HR and Finance functions to the University and this might not be realised in its entirety over the first year. TCU noted there might be some difficulties over the Finance aspect due to the complexity of the Union's ticket sales operation and this would need to be looked at jointly with the University.

MJ believed that future discussions with the University would be facilitated by the agreed Memorandum of Understanding with detailed service level agreements on the specific areas where service functions were to be transferred. MJ thought the Union should make the case that additional funding might be needed whilst the services were being transferred.

TCA agreed, noting that the offer had no built-in transitional support for the period when the Union would need to unwind contracts and commitments. TCA advised that it might be the University's intention that the £265K loan was intended for transitional support and this needed clarification.

TCU advised for immediate action: first would be the transfer of Shop and catering staff followed by discussions on the transfer of the Finance function.

ALP asked as to what would happen to Shop and Unio staff.

TCA advised their employment would be transferred to the University's employment under standard TUPE arrangements.

ALP wondered as to what would happen to student staff.

TCU advised that existing student staff would similarly be transferred under TUPE but that the situation relating to new student staff was yet unclear. TCU advised that the Union would hope that the University would wish to retain student staff and the Union would offer to make available its expertise in rostering student staff.

MJ believed it important to analyse the details involved in the transmission and aspects of the University's offer but it was worth noting that the University had made a reassuring and positive response to the Union's financial crisis.

TCU agreed but noted there would be painful times ahead with the loss of so many staff, particularly in the Shop, who had been a key part of the Union. TCU noted that communication with staff would be a priority during the transition.

TCA noted that they had uploaded the latest version of the cash flow forecast to the drive for reference. TCA advised that the University's offer would resolve the uncertainty over the Union as a going concern for the immediate future. TCA noted there were several uncertainties as to the cashflow forecast: chief of which was furloughing and when Charity staff would be brought off furlough to prepare for the new term.

TCA advised that the Union needed to agree with University a form of words for formally guaranteeing the Union's viability as a going concern without any open-ended commitment by the University.

TCU advised they understood the University's concerns as to an open-ended commitment but believed an agreed form of words could be arrived at. TCU advised it would be helpful if External Trustees could take part in discussions with the University to demonstrate the depth and range of the Trustees' expertise and the robustness of the Union's governance.

TB noted the University money would be available from August so the finances for 20-21 would be reasonably secure. TB asked for clarity as to the finances until the end of July: TB wondered as to whether the Union would be using any of the restricted funds from Club and Society subscriptions or from advanced ticket sales.

TCA advised that use of the money would depend on how long the furlough scheme would run for. TCA noted that the University may have intended the £265K loan as to go some way to replace use of restricted funds. TCU advised that the assumption would be that the loan would be repaid once the Union had rebuilt its reserves.

TCU advised that there were so many uncertainties around the timeline of events re-opening but once shows could be promoted for dates in 2021 the Union would have the cushion of cash from ticket sales which had traditionally been used for immediate funding requirements.

TCU advised management would be developing several models for forecasting revenues for 20-21.

TCU advised that other SUs had decided, given the uncertainties around trading, to build a six month rather than an annual budget with a re-forecast in December and a further budget agreed in February.

The Committee agreed that for 20-21, there would be two six-month budgets.

AP

There were no further comments.

*Chair noted they would send the full text of the Chief Resources Officer's letter to Committee members. **AP***

FC187 AOB

Commercial Loans

TCA reported the Union had successfully applied for a £50K loan for the Waterfront on very good terms: no interest payment or principal repayment in the first year followed by a fixed interest rate of 2½% over five years. TCA noted the Union would be applying for a similar loan for SUS.

Waterfront Rent

TCA advised the Union was currently in discussion with Norwich City Council as to whether the rent level could be tied to revenue; TCA noted that if agreement were to be reached this would result in a rent holiday whilst the Waterfront was not trading.

SUSS

TCA reported, on the historic pension liabilities, that the Union would be requesting a holiday from its contributions into the scheme. TCA advised there was a possibility that the scheme's Trustees would agree to a holiday of six months; TCA noted this would mean the Union would retain £80K of contributions which would need to be repaid by September 21 or September 22. TCA warned there would be a one-off 12% hike to contributions in 2022 and there would be an increase to the Pension Protection fund levy which would need to be factored into longer term planning.

NUS Affiliation

TCU noted the affiliation fee had been reduced to £12K.

FC188 TDP of Next Meeting

*The Committee agreed that, with the University's offer and with the upcoming emergency Board meeting, there would be no need for the regular fortnightly meetings: Chair to arrange a handover meeting with the incoming Chair at the end of June. **AP***