

Minutes

Subject:	Finance Committee Minutes: 15 April 2020
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),

Chair: Alicia Perez (FTO), (ALP)

Key Decisions

- *Agreed to write to University requesting declaration of support*
- *Noted the present necessity of using Club and Society funds to remain solvent*

Action Points

- Request for figures for the cashflow forecast with advanced ticket sales subtracted (TCA)
- Chair to draft letter to University requesting declaration of support – draft to be circulated for comment and approval (ALP)
- Report to Charity Commission to be made after University response to request for support (TM)

FC169 Chair Statements

Chair noted that the FTOs had been meeting fortnightly with the VC: up to this point the meetings had focused on academic matters during the pandemic but at the next meeting, later in the day, the focus would be on the Union's finances, the Union's immediate cash position as a priority.

FC170 Minutes from the meeting held on 31 March 20

Chair noted some members had not had time to read the minutes so agreement of the minutes would be deferred until the next meeting.

FC171 Matters arising/report on action points

TCA noted the HMRC had granted a deferment for submission of the annual accounts until the end of July and the wording would be drafted with advice of the auditors to reflect the Union's position in late July.

Chair noted they would personally be taking over writing the request for support to the University.

Chair noted that TCU had made the requested changes to Cuts and Savings document which had been submitted to the Trustee Board.

FC172 A/B Cash Flow and Insolvency

TCA noted the cash flow forecast had become more solid.

TCA highlighted the following items and updates:

- The size of the utilities' bill during a lockdown was hard to forecast
- An email had been received from the Pensions Regulator: it looks almost certain that the Union would be able to defer its contributions for six months – this would free up £90K in cash
- £148K owed to the University for the rent of Union House: there needed to be a discussion with the University as to a rent holiday along with the University being made aware that it would be behind commercial creditors if the Union were to go into administration
- As to commercial creditors, the entertainments industry was attempting to reschedule live events rather than cancel them but some events such as the Earlham Park festival would be hard to reschedule: if this event was cancelled there would be a cash outflow of between £50K and £100K
- Insurance premiums - might be staggering of payments
- The 'Time to Pay' scheme for NI and PAYE contributions could function as a pre-arranged overdraft and buy some time and, similarly, there would be a deferral of VAT payments
- Shop – an assumption of income of around £50K a month
- Waterfront - £25K grant received and possibilities of rates/rent deferral from the City Council
- Furloughing – bringing in £60K

TCA noted that the end result was a forecast that by the end of the summer the Union would hold £245K in cash but this was with the assumption that the Union would be able to utilise Club and Society funds.

TCA noted two particular areas of future risk:

1. If due to the economic costs, the government decided to ease the lockdown in some areas and therefore discontinued the furloughing scheme in May but the Union was unable to trade commercially;
2. Government restrictions were to mean no live events could be held before the end of the year: this would mean the loss of a significant source of cash

TCA advised that it was imperative in the submission to the University that the following points be made:

- The Union could not during the lockdown continue to pay the rent of Union House
- Due to the loss of income from trading, the Union would continue to need payment of the grant by the University
- To stay solvent into September the Union would have to utilise Club and Society funds.

MJ reflecting on the probable scenario for HE in the autumn semester thought it likely most universities would teach online. MJ thought even if some students were on campus there would be social distancing rules in force. MJ thought it wise to factor in to future forecasts the probability of the Union having no commercial income before the end of December. MJ noted that there were some intimations from the government that there might be help available to the entertainments industry but this was far from certain.

TCA agreed and noted an inability to trade until the end of December would be factored into the model. TCA noted that this would mean the September cut-off for the forecast would be made redundant. TCA added that with outgoings of £100K the Union would be out of cash by December.

TCA advised that, unless the University provided a meaningful declaration of support, it would be hard for the Union to argue that it was a going concern: in which case Trustees would have a duty to prioritise payment of external liabilities such as advance ticket sales rather than meet obligations to related parties such as the University and Club and Society members.

TB asked whether as students had contributed to Club and Society funds with their subscriptions they would be viewed as creditors.

TCA advised that, the Union would take legal advice, but the likelihood was that, as members of the Union they would not be creditors. TCA noted that it should be borne in mind that a lot of the advance ticket sales was money owed to students.

TCA further advised that if the Union were to no longer exist the Club and Society funds would not belong to the members or the Union.

MJ agreed and observed that the funds would be used to avoid insolvency.

TB wondered if Club and Society members heard of the Union's financial difficulties they might opt to spend the funds immediately.

Chair noted that all Club and Society activities had been halted due to the pandemic; the Union managed the accounts and withdrawals had been halted.

TB wondered if there were to be an easing of the lockdown in August whether Club and Society members would want to access funds for online activities.

MJ believed in this eventuality it would be for the Board to clarify that the funds could not be accessed.

Chair noted sympathy for Club and Society members and that the Union would be obliged to make repayment of the funds a priority: it had used as a last resort to stay solvent.

TB noted doubts as to whether the Union would be in a position where it would be able to generate enough income to reimburse the money.

Chair noted that they would be informing the University of the Union's need to use the funds: there was always the possibility that the University would ask the Union not to use the money in which case the University would, presumably, provide additional funding.

TB noted they had to leave the meeting due to its overrunning; TB asked that at some point figures for the cashflow forecast with advanced ticket sales subtracted be presented. **AP**

Chair noted they would meet with staff to draft a letter requesting a meaningful expression of support for the Union from the University. Chair noted the letter would inform the University that evidence of support was needed by the Auditors and the Charity Commission; the letter would also note that the Union would need to utilise restricted funds to stay solvent. Chair noted the letter would be circulated to committee members for comment and approval. **AP**

There were no further comments.

FC172 C Updating Report to the Charity Commission

Chair noted that the date of projected insolvency was dependent on the University's reaction to the Union's letter requesting support; an update to the Report would be made once the University had replied.

AP

There were no further comments.

FC173 Use of Restricted Funds

Chair noted that this had been discussed in the previous item.

FC174 AOB

None.

FC175 TDP of Next Meeting

The Committee agreed to meet fortnightly during the pandemic crisis: TM will arrange in Microsoft Teams.