

Minutes

Subject:	Finance Committee Minutes: 29 January 20
Produced by:	Tony Moore
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Action:	For information and approval
Paper:	FC157

Present: Martin Jopp (*by conference phone*), External Trustee (MJ), Phoebe Gathuku, Union Councillor (PGA),

In attendance: T Cave, Director of Finance, (TCA), Tony Moore (Clerk), Martin Marko, (FTO), (MM)

Chair: Alicia Perez (FTO), (ALP)

Apologies: C Flanagan (Student Trustee),

Key Decisions

- *Agreed the importance of wide consultation with students in the case of cuts to services if University funding increase does not reach required level*
- *Delegated Chair to co-sign the Annual Report and Accounts with the Chair of Trustees*

Action Points

- Chair of Trustees to be asked as to possibility of integrating next Finance Committee meeting into the Board's Strategic Development Weekend
- Range of scenarios in response to University's forthcoming decision on Union financing to be prepared for March Board
- Conference call to be held after University's funding decision

FC148 Chair Statements

Chair noted apologies.

Minutes from the meeting held on 11 June 19

The minutes were agreed.

Notes from conference call held on 20 August 2019

Noted receipt.

FC149 Matters arising/report on action points

Chair noted the completed actions.

TCA reported on other action points:

- Chair noted that the Committee had expressed a preference for meeting on the morning of Board days but this had not been possible due to Trustee strategy sessions taking place. Chair noted they would talk to the Chair of the Board to see if a Finance meeting might be accommodated. The Committee agreed that if this was not possible a meeting late in the working day on the day before Board might be an option. **AP**
- TCA reported that the £100K Wellbeing funds had been received with no specific conditions attached: £30K had been assigned to a contingency fund
- TCA reported, as to contingency savings in the Budget, this had been actioned with £40K being taken out of costs

FC150 Update on discussions with the University on sustainable SU funding

Chair reported that they had met the Chief Resource Officer on 20 January and that the CRO had submitted their paper to the University's Executive team: there had been no feedback except a decision was expected by the end of February.

Chair noted that an ex-member of the Committee, Jack Annand, had raised at Union Council the possibility of organising students to lobby the University: Chair welcomed Jack's initiative but thought for the moment the timing was premature before a decision from the University.

Chair noted that, if there were to be no increase in funding, the Union would have to look at which services it was legally obliged to provide to inform the planning of any cuts to the Charity.

MJ noted that the only legal obligation required of SUs under the 94 Act was to provide elections and this represented only about £10K of charity spending. MJ believed it would be difficult for the Union to form a pre-emptive plan for cost cutting but it should have a plan as to how to consult students on which areas that might need to be cut. MJ believed that the different scenarios should be drafted in order to be ready to put to Union Council in the Budget Estimates.

TCA noted they would speak to the CEO on what scenarios should be drafted. ALP noted that they would liaison with TCA and the CEO to produce a range of scenarios for discussion at March Board. **AP**

TCA noted the difficulties of weaving together the budget setting process with the requirements of democratic review and how these difficulties were exacerbated by a deteriorating trading performance against budget.

MJ believed that, prior to the Estimates going to Union Council in April, there should be a wide consultation with students.

Chair noted that they would arrange a conference call for the first week in March after the Union had received the University's decision on funding to discuss the Estimates process and any need for wider consultation. **AP**

MM wondered as to any plans for lobbying the University's Executive Team.

Chair noted that meetings were being set up between individual Officers and individual members of ET.

TCA advised of the importance of Officers conveying the existential threat that the Union was facing.

FC151 UEASU Annual Report and Accounts 2018-19

TCA advised that the Report part of the accounts contained categorisations of risk and if Committee members had any concerns as to these to contact Chair before the Report was signed off in March. TCA noted that the Report and Accounts would be signed on behalf of the Board by C Perry, as Chair of Trustees, and A Perez, as Chair of Finance Committee.

There were no comments.

FC152 Audit Report for 2018-19

TCA note that management responses had been added to the Report's findings section since it was considered at Board in December.

TCA reported that the possibility of an external sampling of journals was being investigated. TCA advised that it was their belief that the current safeguards in place were robust and did not constitute a material risk and this approach had been endorsed by previous Finance Committees.

MJ believed it would be beneficial if the Union could find a software programme to separate the different categories of journal so as to make a sampling exercise coherent.

MM wondered as to whether the Report's recommendations and appendices would be considered by the Risk Committee.

Chair noted that it would.

There were no further comments.

FC153 Finance Performance Update

TCA reported that the accounts for five months' trading showed a shortfall against budget of £148K and the problem was located in campus based Social Enterprises with declining revenue across all Departments. TCA noted the figures indicated the problem lay in not making the planned profit rather than in the volume of sales.

TCA highlighted the huge impact of the problems in the performance of Bars.

TCA reported that cash levels were down and cautioned that, if the Union were to cease trading, cash held would disappear very quickly.

TCA noted that each SE Department would be looking to its performance for the rest of the year so that management would have an early indication of the size of the year-end shortfall.

TCA advised the size of the current shortfall made them personally uneasy as to the sustainability of the Union's current financial model.

PGA wondered whether the £1.5m referenced was a long-term or short-term goal.

TCA confirmed that this was the figure from the Union's Strategic Review which had detailed the estimated costs of the Union meeting its long-term strategic ambitions over a five-year period to align with the University's Five Year Plan. TCA advised that the current budget shortfall would mean that extra funding from the University might need to be spent in plugging a hole in the Union's finances rather than fulfilling its strategic ambitions.

There were no further comments.

FC154 Cycle of Business 2019-20

Chair thought it useful for Committee members to be involved outside of meetings and noted they would provide informal briefings and updates between meetings.

FC155 AOB

TCA reported that several SUs had had their exemption from VAT for campus-based catering challenged by HMRC. TCA noted that HMRC's concern seemed to focus on catering provided in bars and this would indicate that the Union's pizza operation might be deemed not to qualify for exemption. TCA advised that, if the Union lost the exemption, it would be liable to repay around £100K and would lose around £30K in profits per year. TCA noted that the Union had originally applied for the exemption on the advice of its auditors and believed it had been acting according to the spirit of the legislation.

FC147 TDP of Next Meeting

As noted earlier, Chair will discuss with the Chair of Trustees, arrangements for a meeting as part of the Strategy Development Weekend.