

# Minutes

Subject:	Extraordinary Meeting of Finance Committee Minutes: 24 August 2018
Produced by:	Tony Moore
To:	Finance Committee
Action:	For information and approval
Paper:	FC 3 18

Present: Jenna Chapman, FTO, (JC), Sophie Atherton, FTO, (SA), Georgina Burchell (FTO) (GB), Martin Jopp, External Trustee, (MJ) *via Skype*, Ben Gibbins, External Trustee, (BG)

In attendance: T Cave, Head of Finance, (TCV), Toby Cunningham, interim CEO, (TCU). Tony Moore (Clerk)

Chair: O Gray (OG)

## *Key Decisions and Action Points*

*The Committee agreed to recommend to Board to revisit the target for the reserves*

*The Committee agreed to spend an additional £20K on a MarComms coordination post to be part-time; the figure will be included in the revised Budget to result in a £50K increase in contribution*

*TCU to send BG NUSSL pricing details and information on coffee suppliers*

*Recommended the revised Budget for approval by the Board*

## **116 Chair Statements**

Chair introduced themselves and members of the Committee. Chair noted apologies from Charlie Flanagan.

Chair noted that this was an extraordinary meeting to consider one item: the Budget for the coming year.

## **117 Budget**

TCV advised that the task of the meeting would be to decide to recommend or not the Budget for approval by the September Board. TCV noted that SMT had made revisions to the original Estimates presented to June Board and that a subsequent staffing proposal agreed by Management Committee had also been

included. TCV advised that the papers gave context for: the future discussions with the University on funding over the next five years; the development of the reserves policy and formulation of a strategy on Capital Expenditure. TCV noted that all budget-holders in the Charity had signed off their part of the Estimates and the Social Enterprise contributions had been signed off by the interim CEO.

TCV characterise the Budget as a continuity budget predicated on a bullish performance from Social Enterprises which was unlikely to be repeated in future years.

TCU advised, on Social Enterprise contributions, that the gap to a break-even budget would be filled by:

- The benefits accruing from the new Spar partnership
- Increased prices at Club nights and increased Bar margins
- Increased income from Unio predicated on the new coffee machines and improved staff ratios
- Increased profit margins in Venues and a continuing strong performance at the Waterfront

TCU pointed to the key components of: capex (Capital Expenditure), pension contributions and reserves.

TCU noted that there was no present issue around pension contributions.

TCU advised that Finance Committee should note the numbers for the reserves and capex.

TCV advised, as to cash reserves, that these were down due to the new Booking Office arrangements meaning less pre-sold tickets and the new Spar relationship in the Shop.

TCV noted that the reserves position was complicated by the ring-fencing of Club and Society money. TCV noted, historically, the level of reserves had been significantly affected by the last, major staff restructure.

TCV noted a one-off hit to the reserves in the current year had been the £100k *Redacted under the Staff protocol*.

TCV advised there was a further complication as to ring-fencing of money given by the University for specific projects as this distorted the figures.

TCV advised that the Board had asked for a rebuilding of the reserves over a five year period with a target of £280K by 2021.

TCU advised that the current reserves policy had been based on the ability to pay three months' of staff salaries. TCU noted the problem with this was that permanent and student staff salaries had been rising and new staff positions had been committed to and this would lead to an inexorable rise in the target level for the reserves.

BG wondered as to the position of the University as to covering the Union's reserves. TCV advised that this would be a non-starter as this would adversely affect the University's balance sheet.

*The Committee agreed to recommend to Board to revisit the target for the reserves. **AP***

TCU advised that at staff residential SMT had discussed with Heads of Department their capex requirements; these had come to £350K yet the annual budget figure was around £100K. TCU noted that the right level of capex over five years would be around £1.2m. TCU advised that SMT realised that the Union had to spend on Social Enterprise capex in order to generate income for the Charity. TCU noted that this would be the focus of coming discussions with the University; TCU was sanguine about the outcome as the University were far more willing to provide capex funding rather than grant income. TCU noted the caveat that the University would not provide any funding for the Waterfront.

A Committee member noted that the Budget had been presented as both business as usual and 'bullish' as to increased income; taken together and added to the fact that there was a struggle to meet the reserves target there might be a case for a holding operation until the appointment of the new CEO.

TCU advised it would be challenging year: there would a vital need for the new arrangements with Spar to work well. TCU noted that Management Commitment had agreed the new drinks pricing. TCU reiterated the need for Unio to increase its margins whilst delivering a price equivalent to the University outlets.

TCV advised that, for Social Enterprises, there would be a new concentration by the Finance Department on analysis of profit rather than contribution and this would provide SMT with a far better overview.

TCU drew the Committee's attention to the paper on proposals for new staff roles in the Charity as the figures had been not been included in the Budget. TCU noted the Committee could recommend that the £66K figure be allocated to funding the new roles. TCU advised that three roles, in Advice, HR administration and MarComms coordination, had been identified by Management Committee as key organisational needs. TCU suggested that the Committee might wish to hold the creation of the HR administration and MarComms posts until the first trading figures were available in November. TCU advised that both posts would be one year contracts with the possibility of both positions being part-time.

GB and BG voiced agreement with the creation of these posts as part-time positions.

*The Committee agreed to spend an additional £20K on a MarComms coordination post to be part-time; the figure will be included in the revised Budget to result in a £50K increase in contribution **AP***

TCU asked, as to the overall Budget, whether the Committee would be comfortable recommending approval to the Board.

MJ noted they had some difficulty with the Skype reception but they had been reassured by the discussion and by the examination of the reserves position. MJ believed that the FTOs should find comfort there was nothing shocking in the figures presented. MJ noted they would try to ensure that they attended the next Committee in person and would go through the figures in detail with TCV.

TCV wondered whether the Committee were comfortable with the demand for a big rise in margins from Social Enterprises.

BG wondered how this would affect the value range in the Shop.

TCU advised that it was anticipated that the value range would be improved: TCU noted that Spar had a policy of maintaining price levels by making minor changes to quantity of a product and this would be important in the key area of student perception of value for money.

BG noted that that the new Head of Venues would be able to aid the drive for higher margins in the Bars.

BG wondered what the position was with regard to a drinks supplier.

TCU noted that NUSSL had taken a somewhat unpleasant position with regard to the Union's recent agreement with Spar and were currently demanding a five year commitment from the Union on drinks supply.

BG asked for TCU to send them NUSSL's pricing for BG to analyse: BG believed that the Union could obtain a better deal and product range elsewhere.

TCU noted they would send the NUSSL pricing; TCU noted they would also send details of coffee supplier pricings. **AP**

*The Committee recommended the Budget for approval by the Board with the inclusion of the staffing posts included.*

### **118 AOB**

None raised.

### **119 TDP of Next Meeting**

Two weeks before Board, members to be canvassed as to availability.