

# Minutes

Subject:	Finance Committee Minutes
Produced by:	Tony Moore
To:	Finance Committee
Action:	To approve
Paper:	FC 035

## Minutes of the meeting held on 24 February 2015

**Present:** Y Yu (FTO Trustee), H Staynor (FTO Trustee), S Donaldson (External Trustee), C Jarvis (FTO Trustee), L McCafferty (FTO Trustee), C Jarvis (FTO Trustee), T Mpedzisi (Union Council Representative), S Pook (Student Trustee)

**In attendance:** T Cave (Head of Finance), T Moore (Secretary), J Dickinson (Chief Executive), J Spiro (Director of Advocacy), A Wyatt (Director of Social Enterprise), T Cunningham (Deputy Chief Executive).

**Chair:** C Rand (FTO Trustee)

**Apologies:** M Feng (Union Council Representative).

## Key Decisions

- Received January Management Accounts and Forecasts
- Received reports on actions taken on student staff ratios
- Received reports on Headline finance issues affecting Next Year's Budget
- Received reports on Reserves and on Capital requirements for the refurbishment of Union House, send to main Board for decision

## Action Points

- SOC to be given regular, real time information on campaigns budget spending
- FTOs to be included in allocation of SU charge cards

### 025 Statements from the Chair

There were no statements except the Chair's apologies for missing the previous meeting.

### 026 Minutes of the Meeting of the Finance Committee held on 27 January

S Pook noted his presence had not been minuted, with this addition, the minutes were agreed.

### 027 Finance Report, including January Management Accounts and Forecasts

T Cave drew attention to the new feature: the inclusion of forecasts. He noted the broad direct of travel would be to get back to budget during the rest of the financial year given the current cumulative deficit against budget of £113,000. He noted the problems over student staff ratios which had been the main contributor had only shown up in the January figures and actions had begun in February. He noted a charge for VMS services had been booked in to the January figures and this had also been a contributor.

Chair noted that, even without the one-off charge, the Waterfront figures were disappointing.

T Cave noted that there had, additionally, been some one off processing of box office receipts which would affect the inter-business relationship between SUS and Waterfront and he believed this would balance in favour to the Waterfront.

Chair noted that the issue of the student staff ratios (SSRs) had been identified at quite a late stage and he wondered how confident management were about the quality of monthly financial reporting.

T Cave noted the SSRs were now reported on a weekly basis.

J Dickinson noted, on the Charity forecasts, there was some scope for belt tightening which, if needed, could be looked at in the fourth quarter.

A Wyatt noted, on the forecasting for Social Enterprise, two performance factors would affect this, the work currently being taken on SSRs and revenue performance. On the latter, he noted the Unio budget had been way too ambitious but this had been balanced by a better Waterfront performance. He further noted that the possible revenue streams from the upcoming Radio 1 Big Weekend had not been included in the forecast but which represented a significant revenue opportunity.

Chair wondered why the Unio budget had been too ambitious.

A Wyatt believed it had been based on a monopoly model and did not, fully, take the competition on campus into account; there was also the performance factor that had come into play.

S Donaldson wondered whether all the staff costs had been accrued.

T Cave confirmed they had.

S Pook wondered whether any revenue from the Student Gateway would be included in the forecasting.

A Wyatt noted that revenue from the PG centre and the Student Gateway would not come into play before the next financial year but, even then, the lesson from Unio would be learnt: to not be not too ambitious when integrating them into the budget forecasts.

## **028 Casual Staff Ratios Report**

A Wyatt drew attention to his report and the management actions that had been taken to address the problem which resulted in significant reductions in costs. He further noted, as to Events, that monitoring of security staff numbers and of spend per head were on-going.

Chair noted it was reassuring that the situation was being monitored. He noted the variance between departments in the way that the cuts had been implemented

and the effect on staff morale in some departments.

H Staynor wondered whether work was going on to predict peaks and troughs in trading so that optimum staffing levels might be arrived at.

A Wyatt noted this was in hand and had been integrated into the weekly forecasts.

S Donaldson wondered, as to the Unio forecast, the staff numbers did not seem to indicate a significant cost reduction.

T Cave agreed that this was the case but that this set of numbers only accounted for permanent staff and not temporary student staff numbers.

## **029      **Headline finance issues and Next Year's Budget****

J Dickinson drew attention to his written paper and highlighted the seven key financial issues that would impact on the SU: flat trading, rising utilities' costs, rising salary costs, the pensions' deficit, the VAT review, the Student Gateway service level and costs and, finally, shared services with the University, especially pay roll and health and safety.

Chair noted this was a useful report that would bring the problems facing the SU to the University's attention

## **030      **Reserves Report****

T Cave drew attention to his written report. He noted the ways to measure funds available which were not tied to fixed assets or to restricted funds such as grants for a specific purposes. He noted that this would lead to a sum of £436k which could be termed 'free reserves'. He believed that, in the past, the SU's reserves policy had been conservative and predicated on guarding against a cataclysmic cessation of trading. He thought a more realistic policy would be to allow for the payment of three months' salaries and payment of bills on the premise that even if the SU ceased to exist most of its charitable functions would have to be undertaken by the University. With the above in mind, he had calculated there would be around £100k of free reserves available for investment. He further noted given the depreciation charges in the break even budget there could be as much as £170k to invest in value added projects.

S Donaldson questioned some of the assumptions that had led to the calculation of the £436k as to what was realisable and what had been paid out by the SU.

T Cave noted he would run S Donaldson's suggestions through the figures to see how they affected the final sum.

## **031      **Capital****

J Dickinson noted that the main Board had asked the Committee to examine the capital requirements brought about by the coming summer refurbishment of Union House. He noted that the University would be releasing the grant money in two tranches over two financial years and it was likely that the SU would have to pay some of the money ahead of receipt of the funding. He noted that, in effect, the SU would be lending the University money during the summer and this would have a temporary negative effect on the balance sheet. He noted that there was an extremely unlikely risk that the money would not be received from the University and that he had to draw the Committee's and main Board's attention to this.

J Dickinson assured H Staynor that he had a formal letter from the University

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committing to the payment for refurbishment.

J Dickinson noted the spending that the SU would have to undertake on refurbishing the lighting and dance floor in the LCR, on disability access and on changing the PG space from a bar into an all-purpose refreshments service. He noted that there was a direction of thinking that some of these areas of expenditures might be part of an investment of from the reserves. He noted that the matter would be formally decided at the next full Board meeting.

A Wyatt, responding to questions on the LCR numbers, noted that the new lighting would provide some return on investment but would provide a better spectacle, be easier to maintain, more flexible and far more energy efficient.

### **032 Any Other Business**

H Staynor, as Chair of SOC, noted that at present SOC received only out of date, not particularly detailed reporting on Campaigns Budget expenditure and she wondered whether this could be improved.

J Dickinson noted he had asked the Head of Student Engagement to actively monitor campaigns spending and feed this back to SOC without waiting to hear from Finance to give SOC real time information in order to exercise political management over campaigns spending.

L McCafferty noted that the FTOs no longer had access to an SU credit card.

J Dickinson confirmed that these were charge cards and not credit cards and that, when these were allocated to Heads of Department, the FTOs would be included in the exercise.

### **033 Time, Date and Place of Next Meeting**

11 a.m., 31 March, in a venue to be confirmed.