

## Finance & Audit Committee Reports 11-11-2021

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Actions arising and minutes of previous meeting	-
Annual Report and Financial statements	See separate document
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Actions arising from previous meeting	Action owner	Started	Exp Finish	Progress
To discuss grants with Valerie Copenhagen and provide update at the next meeting.	Chief Executive		11/11/2021	Postponed till Nicky's return.
To include forecasts within future reports	Head of Finance	26/08/2021	11/11/2021	Completed. See R1.
Reserves policy to be recommended to the Board for adoption	Governance & Executive Support Manager	26/08/2021	09/09/2021	Completed.
Reserves policy to be shared with Rob Clay for feedback	Head of Finance	26/08/2021	09/09/2021	Completed.
Risk register to be recommended to the Board for adoption.	Governance & Executive Support Manager	26/08/2021	09/09/2021	Completed.

Meeting:	<b>Finance &amp; Audit Committee</b>		
Location:	<b>Microsoft Teams Meeting</b>		
Date & Time:	<b>Thursday 26<sup>th</sup> August 2021 at 9am</b>		
<b>Present:</b>			
Elizabeth Stacey	Sport Officers ( <i>Chair</i> )		
Jordan Kenny	Independent Trustee		
Valerie Copenhagen	Independent Trustee		
Kate Aldridge	Independent Trustee		
<b>In attendance:</b>			
Nicky Passmore	Chief Executive		
Gregory Noakes	Governance & Executive Support Manager ( <i>Secretary</i> )		
Helen McHenry	Head of Finance		
Ruth Haynes	Finance Manager		
Mike Dalton	Head of Commercial ( <i>Present for agenda item 9</i> )		
Item			
1.	<b>Apologies for absence</b>		
	<b>Name</b>	<b>Reason</b>	<b>Accepted</b>
	Annie Willingham	Annual Leave	Yes
	Rob Clay	Holiday	Yes
2.	<b>Notice of any other business</b>		
	The following item was identified and discussed as any other business.		
	1) Commercial plans		
3.	<b>Declaration of conflict of interest</b>		
	No one had any conflicts of interests to declare in any items on the agenda.		
4.	<b>Minutes of the previous meeting and matters arising</b>		
	The Committee approved the previous minutes and noted that there was only one outstanding action left to be completed.		
	They discussed the action to identify charity grants to support The SU and agreed that this would be still worth pursuing. Currently The SU did not have the in-house expertise to do this but there was a possibility that Valerie Copenhagen might be able to support the finance team with this.		
	<b>ACTION: The Chief Executive and Valerie Copenhagen to discuss grants and provide update at the next meeting.</b>		
	<i>(Valerie Copenhagen joined the meeting at this point).</i>		
5.	<b>Finance &amp; Audit</b>		
	The Committee received a report on finance and audit matters ( <i>see R1 of the Committee reports</i> ).		
	The Head of Finance reported that the management accounts attached to the report were draft and might still be subject to possible change, though these were predicted to be minor if any. The forecasted deficit was £62k against the operating budget of £213k, which was well under		

	<p>the £150k the Committee had previously set as a maximum to be used from the reserves. Currently The SU was still working under the scenario 1 budget plan for the new year.</p> <p>The Committee discussed adopting the approach of including an analysis of the variance in the budget in terms of <i>'timing'</i> vs. <i>'permanent'</i>. Timing means the variance is expected to disappear later (<i>eg underspend appears on 'Events', but this is because Summer Ball has not happened yet</i>) and Permanent means the variance is expected to persist through to year-end and drive a higher/lower deficit/surplus (<i>eg the Summer Ball has happened and cost less than budgeted for</i>).</p> <p>The Head of Finance explained that this approach had been previously tried in the past but had been quite tricky to implement successfully. They suggested as an alternative that they could start including forecasts within the report going forward. The new Finance Manager would review the current reports formats and make improvements.</p> <p>The committee discussed and agreed that going forward forecasts should be included within the report.</p> <p><b>ACTION: Finance Manager/Head of Finance to include forecasts within future reports</b></p>
6.	<p><b>Reserves Policy</b></p> <p>The Committee received a report on the reserves policy (<i>see R2 of the Committee reports</i>).</p> <p>The Head of Finance explained the background behind the reserves policy and the two options being recommended for calculating the minimum free reserves amount. Normally the Charity Commission prefer the policy to state an amount of time that this will cover operational costs for. However, having discussed this with the auditors they have explained that the Charity Commission are more lenient with student unions due to their funding arrangements with Universities. Currently a lot of Student Unions were reviewing their reserves policies in the light of the impact of the pandemic.</p> <p>The Committee discussed option 1 and noted that if the grant were to go down this would result in The SU paying more money into the reserves. It was noted that the University would be unlikely to significantly cut the grant without prior consultation as it would likely have a significant impact on both organisations. They also agreed that in order to ensure the calculation remained appropriate this should be reviewed yearly.</p> <p><b>QUESTION:</b> A Trustee asked if this policy should be shared with the University for feedback.  <b>ANSWER:</b> The Chief Executive suggested that were other immediate priorities that needed to be worked on in terms of the relationship with the University.</p> <p>The Committee approved recommending the reserves policy to the Board using option 1 for calculating the minimum free reserves amount. They agreed that this calculation should be reviewed yearly.</p> <p><b>ACTION: Reserves policy to be recommended to the Board for adoption.</b></p> <p><b>ACTION: Reserves policy to be shared with Rob Clay for feedback.</b></p>
7.	<p><b>Risk Register</b></p> <p>The Committee received a report on the risk register (<i>see R3 of the Committee reports</i>).</p> <p>They discussed the health &amp; safety risk and agreed that The SU should be able to do more to reduce the net risk down further. The Chief Executive reported that a health &amp; safety policy was being developed along with an appropriate monitoring framework that would then allow for</p>

	<p>suitable assurance reports to be submitted to the Board. Once these measures were in place, which should be by December, this would then mean that the net risk could be reduced further.</p> <p>The Chief Executive reported on the high staff turnover (15%) that had happened in the last three months. Having discussed this with HR and other student unions they were confident that there were no underlying issues that the Board should be concerned about. This was because exit interviews were mostly expressing positive comments and other student unions were reporting similar high turnover. The student unions at Bristol and Cardiff had both reported higher staff turnover which they were finding was down to post-covid feelings.</p> <p>The Committee approved recommending the risk register to the Board.</p> <p><b>ACTION: Risk register to be recommended to the Board for adoption.</b></p>
8.	<p><b>Risk Management Policy</b></p> <p>The Committee received a report on the risk management policy (see R4 of the Committee reports).</p> <p>The Committee approved and adopted the risk management policy.</p>
9.	<p><b>Any other business</b></p> <p><b>1) Commercial plans</b></p> <p><i>(The Head of Commercial joined the meeting at this point).</i></p> <p>The Head of Commercial reported on commercial plans for the year ahead. Overall they were planning to take a cautious approach towards commercial activities this year. Currently the worst case scenario was predicting a 10% drop in commercial income.</p> <p>A physical Freshers week had been planned and would be going ahead. In a change to the normal format The SU would be running two weeks with the first week being for the second years who missed out last year due to the pandemic. The event was likely to be the highest risk activity run on campus this year but appropriate measures were being put in place to ensure it was as safe as possible. In the unlikely event that Freshers week was cancelled due to covid the University had given their assurances that they would cover all the costs.</p> <p>The biggest operational challenge for The SU was the lack of experienced returning bar staff. To address this, training would be given to staff the week before the event began.</p> <p>The Head of Commercial reported that during the pandemic The SU had explored a number different events that they had never done before such as gin nights. These had been very successful and they were planning to continue to do these along with branching out a bit more to try to create some more diverse nights to bring in more non-regular customers.</p> <p>The Committee thanked the Head of Commercial for their update and expressed confidence in their proposed plans going forward.</p> <p>The Head of Finance requested that their thanks be minuted to Rob Clay for all the help and support that they had given during their time as Trustee with The SU. It was noted that the Board would be formally thanking Rob Clay at their upcoming meeting in September.</p>
10.	<p><b>To set the date and time of future meetings</b></p>

The Committee agreed the following dates and times for future committee meetings:

- Thursday 11th November 2021 9-11am
- Monday 14th March 2022 9-11am
- Thursday 19th May 2022 9-11am

**The meeting ended at 10.30am**

<b>Item</b>	<b>Action</b>	<b>Action Owner</b>	<b>Exp Finish</b>
4	To discuss grants with Valerie Copenhagen and provide update at the next meeting.	Chief Executive	11/11/2021
5	To include forecasts within future reports	Head of Finance	11/11/2021
6	Reserves policy to be recommended to the Board for adoption	Governance & Executive Support Manager	09/09/2021
6	Reserves policy to be shared with Rob Clay for feedback	Head of Finance	09/09/2021
7	Risk register to be recommended to the Board for adoption.	Governance & Executive Support Manager	09/09/2021

**PURPOSE**

To provide Trustees with an update on the SU financial matters

**REPORT****1. MANAGEMENT ACCOUNTS**

- 1.1. Management accounts for the period ending 31<sup>st</sup> October will be emailed to the committee w/c 22<sup>nd</sup> November. Due to the earlier scheduling of this meeting we were unable to produce accurate information in time as not all quarterly charges will have been processed. A new report has been worked on which will incorporate an area forecast and commentary to address the concerns raised previously by the committee. A new summary report will also be provided which will give movement in all funds including restricted, designated and third-party funds.
- 1.2. Freshers' week was successful and bar income to date has exceeded expectations dispelling fear of post Covid behavioural change affecting turnover.
- 1.3. We are working with the scenario one budget which was the best-case scenario. Appendix 1 shows the budget phased over the financial year.
- 1.4. Planned discussions with the University regarding the methodology used to calculate the block grant are yet to begin. The University is however actively working on the salary VAT issue with their audit firm PWC.

**2. RESERVES AND RESTRICTED FUNDS**

- 2.1. Opening position following completion of the annual accounts is now confirmed with free, unrestricted reserves at £279k. With £150k set as minimum holding this leaves us with £129k to cover the forecast deficit of £24k and any other budget shortfall alongside any capital expenditure requirements.
- 2.2. Rowing has one last repayment of their approved loan of £4.6K for boat purchases due in May.
- 2.3. One capital purchase is currently expected which is a new lighting system for the bar/nightclub. The Head of Commercial is investigating options with a possible cost of up to £15k.
- 2.4. Restricted funds increased during FY20/21 as sport and society memberships remained largely unspent due to the restrictions, and other expenditure was put on hold as activity delayed. These funds will be managed carefully through the year and movements will be reported to this committee alongside the core budgeted unrestricted funds.

**ACTIONS**

3. The Finance & Audit Committee are asked to note the report.

<b>CONTACT:</b>	Helen McHenry ( <i>SU Head of Finance</i> )	E-Mail: <a href="mailto:h.m.mchenry@bath.ac.uk">h.m.mchenry@bath.ac.uk</a>
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# REPORT ON FINANCE MATTERS

# R1

## APPENDIX 1: BUDGET PHASED OVER THE FINANCIAL YEAR

Core Totals - Budgets	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	Total Budget
	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	Budget for month	
	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Income</b>													
Block Grant	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	1,915,000
Commercial Income		25,379	195,287	165,746	110,378	39,704	128,118	176,603	85,585	77,118	29,667	500	1,034,085
Student Groups													
Sports	10,242	10,242	10,242	10,242	10,242	12,742	12,742	12,742	12,742	10,242	10,242	10,242	132,908
Advertising & Sponsorship	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	35,500
Events Income	94,255	94,255	7,155	1,155	1,155	2,255	52,480	52,480	52,480	51,380	1,155	1,155	411,365
Union Income	1,292	26,292	1,479	1,479	1,479	6,479	1,479	1,479	1,479	2,479	1,292	16,292	63,000
Motor													
Internal Recharges		15,000											15,000
<b>Total Income</b>	<b>268,331</b>	<b>333,710</b>	<b>376,706</b>	<b>341,165</b>	<b>285,797</b>	<b>223,723</b>	<b>357,362</b>	<b>405,847</b>	<b>314,829</b>	<b>303,762</b>	<b>204,898</b>	<b>190,731</b>	<b>3,606,858</b>
<b>Staff Costs</b>													
Staff: Salaries & Wages	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-150,338	-1,804,059
Staff: Agency	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-1,133	-13,600
Staff: Casual	-2,116	-18,595	-49,827	-39,075	-25,801	-14,122	-29,718	-40,814	-22,800	-23,491	-15,991	-4,991	-287,344
	<b>-153,588</b>	<b>-170,067</b>	<b>-201,299</b>	<b>-190,547</b>	<b>-177,273</b>	<b>-165,594</b>	<b>-181,190</b>	<b>-192,286</b>	<b>-174,272</b>	<b>-174,963</b>	<b>-167,463</b>	<b>-156,463</b>	<b>-2,105,003</b>
<b>Other Expenditure</b>													
Commercial		-14,371	-66,871	-52,123	-36,910	-16,341	-40,692	-53,931	-28,102	-27,694	-11,972		-349,006
Staff: Other	1,325	1,325	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,425	3,425	33,902
Student Groups	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-1,819	-21,827
Sports	-20,738	-20,738	-20,738	-20,738	-20,738	-24,463	-24,463	-24,463	-24,463	-20,738	-20,738	-20,738	-263,756
Advertising & Marketing	-1,638	-1,788	-1,638	-1,638	-1,638	-1,638	-1,638	-1,638	-1,638	-1,638	-1,638	-1,638	-19,805
Event Costs (Direct)	-333	-75,915	-80,143	-10,301	-5,737	-1,173	-46,973	-50,389	-45,055	-42,297	-333	-333	-358,982
Union Expenses	-5,808	-43,358	-5,858	-5,858	-5,858	-5,858	-5,858	-5,858	-5,858	-5,858	-5,858	-5,858	-107,742
Administration	-2,568	-2,558	-2,933	-2,933	-2,558	-2,808	-2,558	-2,558	-2,558	-2,558	-6,058	-2,558	-35,205
Motor Expenses	-167	-167	-167	-167	-167	-167	-167	-167	-167	-167	-167	-167	-2,000
Internal Recharges	-6,536	-11,365	-167	-167	-167	-792	-792	-792	-792	-167	-167	-167	-22,067
Volunteer & Students Costs	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-3,137	-37,646
Establishment	-45,842	-21,672	-13,747	-4,897	-4,897	-4,897	-13,847	-8,847	-8,847	-8,847	-4,822	-19,822	-160,988
Asset & Finance Expenses	-8,911	-14,911	-15,911	-9,411	-8,911	-10,411	-11,011	-11,011	-13,011	-11,011	-9,011	-24,811	-148,336
Depreciation	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-2,750	-33,000
<b>Total Other Expenditure</b>	<b>-98,922</b>	<b>-213,223</b>	<b>-212,828</b>	<b>-112,889</b>	<b>-92,237</b>	<b>-73,204</b>	<b>-152,654</b>	<b>-164,309</b>	<b>-135,146</b>	<b>-125,630</b>	<b>-65,045</b>	<b>-80,373</b>	<b>-1,526,458</b>
<b>Total Expenditure</b>	<b>-252,510</b>	<b>-383,290</b>	<b>-414,127</b>	<b>-303,436</b>	<b>-269,510</b>	<b>-238,798</b>	<b>-333,844</b>	<b>-356,595</b>	<b>-309,418</b>	<b>-300,593</b>	<b>-232,508</b>	<b>-236,836</b>	<b>-3,631,461</b>
<b>Net Surplus/(Deficit)</b>	<b>15,821</b>	<b>-49,580</b>	<b>-37,421</b>	<b>37,729</b>	<b>16,287</b>	<b>-15,075</b>	<b>23,518</b>	<b>49,252</b>	<b>5,411</b>	<b>3,169</b>	<b>-27,610</b>	<b>-46,105</b>	<b>-24,603</b>