

Club, Society & Project Event Management

Context

At the previous meeting of the Finance & Risk Committee the then Deputy President (Finance & Services) noted that the only authorisation for events where expenditure is over £1,000 lies with the holder of that role. There are currently no formal checks for the events after the budget has been signed off and no framework in which decisions on the appropriateness of the budget can be made.

Furthermore it was noted that the Union is effectively underwriting many events and holding the risk associated with them. While many are relatively small in size there is cumulative risk in multiple medium size events. The Union will often underwrite the financial risk of an event, allowing a club to run into a negative financial position. This is done on the basis that a club will recoup the costs from ticket sales at a later date, given most venues will require payment before an event takes place. This requires careful and precise budgeting to events to ensure the financial risk is managed, but the event is delivered at an appropriate cost to the participants.

The committee agreed at the last meeting that this was an area of concern and that they were sympathetic to finding a supportive solution. This paper outlines a process to enhance the scrutiny of event budgets, while not requiring a formal change of the Finance Regulations or Finance Manual. The process notes that the financial elements within an event budget relate strongly to the way in which an event is organised and managed; approving an event budget is part of a much wider set of considerations. This process makes use of appropriate Sabbatical Officers and Union staff at appropriate levels of expenditure.

Background

Student run events are varied and complex, ranging from small on campus gatherings to large scale shows, dinners and trips in all corners of the globe. Currently our framework for managing Club, Society & Project events is fragmented and does not currently adequately protect the Union from shouldering financial losses arising from these activities.

It is currently expected that where significant funding is being committed to an event, then a club will complete an event budget online via eActivities. There are currently no defined criteria for when a club should complete an event budget. Usually it is up to the discretion of Management Group Chairs and Treasurers, and Sabbatical Officers to determine when one is necessary. In some cases such as an application for tour funding from the Clubs, Societies & Projects Board or where a club needs to spend money it does not currently have, a budget may be a pre-requisite of receiving additional funding or being allowed to go into an overdrawn financial position.

What is our process?

Event budget approval is done in the same way, and by the same people as other expenditure transactions. There are three challenges with this setup.

Firstly, as previously mentioned, there is no requirement for an event budget to be completed unless a CSP is asked to do one. It can be very difficult to tell from claims, invoices etc. what event they are for, unless a club is particularly efficient at organising their accounts. Expenditure may be committed before an event budget is even submitted; contracts alleviate this challenge for venue hire somewhat but other types of expenditure can very easily slip through.

This is compounded by the second challenge, which is that there are no set criteria for when an event budget has to be submitted. Setting a rule for when they must be submitted would help alleviate the first challenge, by making it clear for what events a budget must be made.

Finally, we rely on Management Groups to approve many of these budgets. A total expenditure of under £1,000 is only approved at a Management Group level in line with all other transactions. Similarly expenditure of over £10,000 goes to the Executive Committee and expenditure over £50,000 must be seen by the Head of Finance and then passed to the Trustee Board for approval. Given the size and variety of activities within each Management Group it is unfair to expect them to be able to always adequately assess the viability of event budgets. There may also be contracts involved which actually demonstrate that the financial risk is larger than the event budget indicates. In such circumstances there may end up being very little time left within which to engage and address any issues that arise.

Situations requiring an event budget

It is proposed that the Union set a threshold at which an event budget must be completed at a certain value of expenditure. A percentage of annual club expenditure could be an additional method used here, but at this stage this is considered too complicated a process to automate and manage on a day-to-day basis, however it may be an option for the future.

It is proposed that an expenditure of £500 is the level at which an event budget must be completed.

Often venues such as hotels, nightclubs, theatres and conference centres require a contract to be in place for their use. In this case expenditure will most likely be more than £500 however this is not always true.

It is further proposed that an event budget must be completed whenever an event involves the hiring of an external venue.

Events below £1,000

Below expenditure of £1,000 events should continue to be approved at a Management Group level, but we will encourage Management Group Officers to refer budgets upwards where there are any uncertainties or issues.

There is already a paper based approval system for events which take place in College spaces which have a hire fee associated with them. Similarly within the Union the only spaces that involve hire costs have application processes (We Are Metric nights), or are booked through a member of Union staff who can access the club finances (Union Bar hire).

Events between £1,000 and £10,000

There is a role for staff, their expertise and institutional experience in this process. This could help address some non-financial concerns as well as financial ones (e.g. Health & Safety). However formal committee structures and bringing together a wider pool of people would risk events not being approved due to difficulties in getting people together, rather than due to genuine concerns as to the quality of the events. The skills and experience to manage CSP events are in-house, and responsive to the short timescales within which CSP's plan and organise events.

It is recommended that for all events above £1,000 expenditure the club must have a meeting with a consultative group consisting of 1 staff member and 1 sabbatical officer drawn from the following list: Deputy President (Clubs & Societies), Deputy President (Finance & Services), Membership Services Manager, Student Activities Coordinator and Student Activities Manager.

For this meeting clubs should prepare their event budget and also a short proposal outlining the aims of their event, and the details of how they intend to run it.

Events over £10,000

Additionally events with expenditure over £10,000 should not go directly to the Executive Committee. They should first be reviewed in a meeting (as with all events above £1,000 as described previously) before being passed on with comments to the Head of Finance. The Deputy President (Finance & Services) and Head of Finance will then submit the budget to the Executive Committee with recommendations, or alternatively where there are significant concerns refer the event to the Finance & Risk Committee.

Events over £50,000

It is not anticipated that a club event will undertake an expenditure of over £50,000, but in this case the budget will be reviewed as described in the section for events over £1,000, before being passed on with comments to the Head of Finance. The Deputy President (Finance & Services) and Head of Finance will then submit the budget to the Finance & Risk Committee with recommendations.

Timescales

In communications to student groups it will be important to be clear on the time it will take to approve event budgets which are referred to the Executive Committee or Finance & Risk Committee. For the purposes of communication, any event budget will require at least three weeks notice; if the expenditure is under £10,000 then six weeks notice will be required; and if the expenditure is over £10,000 three months notice will be required.

How do we assess risk?

Guidelines for how financial risk is assessed need to be agreed so that all events are assessed using the same framework. Suggested factors are given below.

Things that should be taken into consideration in the event approval process:

- **Experience;** of the Committee as a whole and the individual event organisers, whether this is experience from running the event before, being on the Committee in previous years, or experience in running other clubs.
- **Past budgets and issues;** did the event make a profit in the past? What issues and problems arose, and have any remedial actions been taken to ensure no repeat?
- **External changes;** are there any new rules or regulations that will prevent the event running as it has done in the past? For example, new room booking charges or restrictions.
- **SGL and general club finances;** does the club have the capacity for absorbing any financial losses incurred? Financially risky events may be worth the risk if the loss can be covered. Running an event at a loss may also be an option where there is a sustainable method for covering the loss incurred. The % of turnover of the club that a loss represents should be taken into account here.
- **Partnerships;** are there partnerships that can be utilised to increase revenues or share financial risks? Equally is there risk of damaging a partnership if there is a financial loss?
- **Risk Assessment;** has a risk assessment been undertaken for the event? Is there a likelihood that compensation may be required in case of risks ensuing?
- **Contracts;** have sponsorship contracts been signed and the income secured? Are there cancellation charges, hidden fees, or deposits in venue contracts that need to be factored into the budget?
- **Reputation;** what are the reputational risks that the event could entail? Equally, what are the negative reputational risks that we run in not allowing an event to proceed. Will these have a positive or negative financial impact on the club and/or Union.

What additional requirements can be insisted upon?

The Union should also formalise the requirements that we may ask of CSP's before granting approval for an event to go ahead.

Extra requirements that could be placed on events before they are approved include:

- A publicity plan.
- A Gantt Chart which shows the timeline of the key processes and which demonstrates at what point it is still possible to abort without losing money.
- Regular scheduled meetings with staff and officers to monitor and record progress.
- A risk assessment.
- The need to collaborate on the event with an internal or external organisation.
- Securing the income before any expenditure is committed.
- A realistic and plan for how the maximum projected loss could be covered.
- Extra insurance cover.
- Cash handling procedures which may include a requirement to only sell tickets online.

Clubs may be asked to reduce their expenditure through methods including:

- Using a cheaper venue or supplier.
- Negotiating a better contract.
- Eliminating non-core costs.
- Sharing the costs with other groups through economies of scale.

Clubs may be asked to increase their income through:

- Securing sponsorship.
- Increasing ticket prices.
- Charging non-members a higher price.
- Securing donations from members and alumni.

Reporting

<p>It is proposed that event approvals above £1,000 in expenditure are reported to each meeting of the Clubs, Societies & Projects Finance Group, and that the Finance & Risk Committee receive a twice yearly summary of events which have been approved.</p>
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There is no robust mechanism for reporting financial outturn of club events against the agreed budget at this point in time, but this could be a reporting consideration for the future.

Conclusion

This paper outlines a framework which can be put in place to assesses the viability of event budgets and provide advice to the Deputy President (Finance & Services) and Executive Committee for their role in approving them. The framework provides a consistent approach to how conclusions are reached and it can be used in creating further guidance upon how good budgets can be produced.