

FINANCE AND RISK COMMITTEE

The first ordinary meeting of the Finance and Risk Committee for the 2019/20 session, was held on Wednesday 16th October 2019 in Meeting Room 6, Beit Quad at 2:00pm.

Unconfirmed minutes

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| Present: | Graham Parker (GP)Fi-Fi Henry (FH)Ansh Bhatnagar (AB) | Finance and Risk ChairDeputy President (Finance & Services)Elected Student Trustee |
| In Attendance: | Malcolm Martin (MM)Richard Beet (RB)Neha Gandhi (NG)Alastair Lyon (AL) | Head of Finance and Resources Administration Support Officer (Clerk)Finance ManagerCrowe LLP |
| Apologies: | Jarlath O’Hara (JOH)Abhijay Sood (AS)Thomas Fernandez Debets (TFD)Thomas Newman (TN)Jinpo Xiang (JX)NG | Managing DirectorUnion PresidentDeputy President (Clubs & Societies)Head of Student ExperienceAppointed Student trustee |

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| **Item 01 – Welcome and Chairs Business*** The Chair welcomed the Committee members to the first F&R Committee of the 2019/20 session. Chair noted that we are not quorate but will proceed.

**Item 02 – Conflict of Interest*** None declared

**Item 03 – Apologies*** Jarlath O’Hara
* Thomas Fernandez Debets
* Abhijay Sood
* Thomas Newman
* Julia Mattingley
* Jinpo Xiang

**Item 04 – Meeting Minutes from 19th June 2019*** Chair noted that due to the committee not being quorate, he would proceed on their understanding that the minutes are an accurate record of the last F&R meeting.

**Item 05 – Action tracker** 1. **Events budgets** – MM gave a verbal update to committee. GP noted a summary paper is to be submitted to the next Board meeting. MM suggested an update can be circulated outside the meeting, but GP wished a summary paper to still go to Board.

*RB briefly left the meeting to retrieve a paper, during which GP and MM had brief conversation regarding issues arising from the Audit Report.*1. **Web Policy** – MM gave a verbal update to committee. To be removed from the action tracker.
2. **Reforecast** – MM gave a verbal update to the committee, and noted this matter was now with Board. To be removed from the action tracker.
3. **Management Accounts** – MM gave a verbal update to committee, and noted this can be removed from the action tracker.
4. **CSP finance** – MM gave a verbal update to the committee. Noted that there are some issues outstanding. RB noted that FH has updates for the committee and anticipates they will be given upon her arrival (FH due to arrive for 15:30, see item 9).
5. **Health and Safety** – GP noted a paper was due to be submitted for Board. GP noted this item is due to be looked at later in the agenda; the item is to be removed from the action tracker.
6. **Strategic Risk Register** – Committee noted that this item is on the agenda for later discussion as well as on the forward agenda. To be removed from the action tracker.
7. **2019/20 budget** – this has been done, item can be removed from action tracker.
8. **Summer Ball**  – GP and MM noted this is on the agenda for discussion, to be removed from the action tracker.
9. **EPOS review** – GP noted paper due concerning the service received from OrbisTech. MM responded that no paper has been tabled, but it is ongoing and the matter is on the forward agenda for later this year, to allow newly hired managers time to investigate the issues surrounding EPOS provision themselves, but MM does note that there is currently negative feedback from commercial services regarding OrbisTech.
10. GP asked MM briefly on the related item of EPOS review in the action tracker; was this separate from the above item? MM stated they are both to be treated as one item. GP asked if the review will include repairs or is it a full rethink. MM responded that it is indeed for a full review but the review is not ready to be presented to committee at this time due to various issues, which MM wants the incoming System Manager to investigate and feedback to management. GP expressed concern on leaving the matter to the next F&R meet, and asked if it was possible to prepare a paper for Board. MM advised against this due to the large workload currently being experienced. MM expects the new Systems Manager may be able to produce a report on this in time for the 18 March F&R meeting.
11. GP asked if in that case it would be possible for a summary paper to be prepared to summarize at least the issues that are being experienced with EPOS. MM agreed that he can do a top-level paper, with some data included, which will give a summation of the matter, but will miss key info which would inevitably be asked for at Board.
12. GP expressed concern as to where ICU is financially since Board approved a deficit budget, with the intention that provisions would be made for addressing problems and embedding solutions.
13. GP noted that ICU does not know where they are in that process specifically, and this is why GP would like a paper to address this for the Board; with EPOS being another example of why such a paper is needed. If EPOS is an issue, how does ICU know that sufficient funds have been allocated to solve the problem? If not, then ICU may enter a worse case scenario than before the deficit budget was approved.
14. MM agreed with GP, and noted that the deficit budget was predicated on conditions that have unexpectedly changed, with one example being the large number of vacancies that arose in commercial services. MM noted that a paper is on this meeting’s agenda providing an overview of the status of four key deliverables (See item 7) and gave a summary of these. MM assured the committee that more information on this scenario will be available for Board. GP acknowledged progress had been made on some objectives, but is still concerned that information that is needed is not available. Chair noted that he was not reassured at this present point in time in not knowing whether the money so far expended from the budget was delivering the planned returns.
15. GP further noted there is no balanced scorecard available for consideration, reinforcing his concern that even if the committee did have the scorecard, they would still not be assured that fundamental issues were being addressed~~.~~
16. Chair said that he was not satisfied in being told that the Business Plan is being followed and problems are being addressed. GP further noted he had the same concerns with issues around Health & Safety matters. There must be substantive action from ICU to give the trustees the reassurance they require. MM thanked GP for the clarity of his feedback, and acknowledged the problems that GP had referred to.
17. GP noted an impromptu environmental health inspection had downgraded the Union Bar kitchen from 3/5 to 2/5. GP noted that this also is an example of the potential consequence of the lack of effective management. MM noted it was disappointing that we were downgraded by this inspection. MM clarified JM has this task within her remit and is working to resolve the issues raised by the inspection.
18. AB asked for clarification on the context of the environmental health inspection. MM clarified the visit and its rationale, and noted for AB that Environmental Health has set a timeline for ICU to resolve the issues raised by the inspection. AB asked if the Inspection and recommendations had been shared with trustees. MM was not aware that they had. GP added that a proper staff health policy was desperately required. AB enquired if there was such a policy in the pipeline. MM clarified that a draft staff health policy will be available at the next HS meeting.
19. GP explained to AB that this was why he was asking for the minimum of a scoping paper to be presented at Board, so assurances can be given without waiting for H & S Committee to meet on 6th November. AB asked if there is a previous HS policy that has lapsed that can be revived as an interim measure. GP recommended the best that can be done is for the Board to receive a scoping paper, to show ICU’s understanding of the issues involved, and then at the next H & S Committee meeting the full proposals can be considered.
20. **Accounts Summary** – NG clarified that due to obligations towards the audit process and presentation of accounts, they were unable to update using the reformat~~t~~ed style. Account summaries in this format would be available for the next F&R.
21. **Large Club Events.** RB noted that JM is looking at this simultaneously with the Summer Ball, and thus it is no longer considered a separate matter. Committee noted that this can be removed from the action tracker.
22. **Strategic Risk Register 2, 6 and 9** – MM gave a verbal update. Item to be removed from action tracker.

**Item 06 – Forward Agenda**1. Committee reviewed the forward agenda. MM noted there was nothing new added to the forward agenda apart from a few timing changes.
2. AB asked if the reason for Summer Ball not being discussed on 17th June is because it is too close to the intended event. MM affirmed this is so and all should be in place by then, and asked AB if there were specific assurances that OTs wanted. AB responded - just the reassurance that the required progress was being made. GP agreed and noted that if all is in hand then final arrangements for the Summer Ball will be in time for approval by Board.

**Item 7a. Management Accounts** 1. Chair noted we have the management accounts for September, but wondered about the value of discussing the June July and August accounts? NG clarified that these months were simply included for the benefit of the auditors and had not previously been formally tabled at F&R.
2. NG then summarized management accounts as tabled for June/July. Noted figures compare well with forecasted figures. NG noted that the £157k USS pension deficit effects the bottom line and therefore should be noted when examining these accounts. GP invited questions at this point. None.
3. NG then summarized management accounts as tabled for August and September. Net surplus of £61k, where deficit of £38k had been expected. NG noted that income from H-bar was less than expected due to operation issues, but overall NG asserted that it was a quite good start to the year. GP then invited questions.
4. AB noted feedback from students regarding 568 Bar, that its new food line was quite limited. (AB noted this in light of wet and dry sales being lower than expected). NG noted that JM was best placed to answer this.
5. MM added that a new Head Chef has now commenced employment with ICU and is looking at the feedback from students and responding accordingly. AB thanked MM for this and added that the food and drink service at 568 Bar is a key part of the fresher’s experience of ICU, and if they are put off by the menu at this time, even if changes are made, they may not return. MM acknowledged this risk, however cannot give a timescale as to when ICU will respond specifically to this issue.

**Item 7b. Key Deliverables** –1. MM – summarized the report as tabled, noting that this is a late addition to the agenda. GP asked (regarding dry sales from H bar) whether that given the time that has elapsed so far, was there a risk ICU would be unable to recoup the money invested this year if there was an ongoing delay? MM responded that although the figures are only projections, the annual target of £70K is at risk.
2. GP noted that overall, the management accounts were looking good. GP praised NG for her work in this.
3. Chair noted that there would need to be changes made if the trading situation proceeds as feared. MM agreed and completed the summary of the report as tabled. Chair thanked MM for this update and report, and noted that the paper goes some way to providing the reassurance required.
4. MM clarified some information around general staffing costs for the committee. GP acknowledged the information but inquired if more detail was needed. MM clarified that the report on Key Deliverables was intended to furnish the F&R committee with the required information and data, as it becomes available. GP thanked MM for his ongoing work on this.

**Item 8 – scorecard** – * NG – noted there was insufficient information to produce a balanced scorecard (See Item 5). Committee discussed if reports, or updates, may function better in addition to the scorecard. MM noted the Key Deliverables report could provide this option. GP and MM briefly returned to discussion of recruitment and staffing costs.

**Item 9 – CSP update.**  * FH gave verbal update on CSP finances, and summarized the report as tabled. (FH apologized to Chair for late submission of CSP paper to F&R files). Chair invited questions. There were none. Chair thanked FH for her Report.

**Item 10 – Health and Safety** 1. MM presented a new draft of the forward agenda for H & S Committee, highlighting suggestions for changes.
2. GP noted that this is an appropriate start to address gaps in H & S matters. GP encouraged the F & R committee to contribute any examples of best practice in embedding Health and Safety for consideration by H&S Committee, especially with regards to reporting mechanisms.
3. MM asked who in the organization would be ultimately responsible for health and safety? Chair responded by noting that there are two main sections for health and safety policy, one is individual responsibility, the other part is the institutional reporting mechanism.
4. GP further inquired who should attend Health and Safety Committee, and how does ICU record internal audits, reporting, safety checks and so on. MM responded that there was a recent staff survey, and feedback showed health and safety awareness was very strong, meaning that ICU has assurance they are successful in embedding a culture of individual responsibility. MM noted further successes in matters such as Building Evacuation.
5. MM noted there was a health and safety inspection planned by College for November, MM envisioned health & safety as being led by the ICU executive posts, and then feeding back into Health and Safety Committee to provide a single point of assurance. GP agreed that Health and Safety committee should indeed function as a body to scrutinize and to the focus of information and assurance for ICU.
6. GP asked if there are additional things that Health and Safety committee should be dealing with, for example, the reporting of actual incidents and ‘near-miss’ incidents. MM informed GP of existing online software used by IC and ICU for reporting such incidents. MM also summarized further resources available. GP noted that MM could include these items of discussion as part of the summary paper to Board on health & Safety.

*Fi-Fi joined the meeting, and was congratulated by the committee as she had just come from her graduation. Chair requested a brief break before the presentation of the annual accounts by the auditors.***Item 14- Audit and Trustees Report**1. Committee and GP welcomed Alastair Lyon from Crowe LLP to the committee.
2. GP asked if AL had been invited to Board. AL responded no, and MM clarified that it was not normal to do so – the expectation is that F&R Committee makes recommendations to Board after meeting with auditors.
3. AL summarized the draft trustee report as tabled. He noted that the list of requirements from the Charity Commission for the Trustees’ report had not changed. AL noted that for the USS Pensions scheme there was a £157K adjustment due to USS deficit, beyond the control of ICU, and noted thaton paperthis would skew the performance of ICU’s finances. GP asked if this adjustment would be emphasized within the Report. AL responded that it depended upon our audience; while students would benefit from reading such an emphasis, there is however little expectation that students would be reading the accounts in such detail - College themselves will be the key audience.
4. AL noted within the accounts, there is movement in the accommodation support services grant from IC - 50% higher than before. This is due to bookkeeping transactions from IC, so the increase does not translate into real gains in income.
5. AL further noted that student activities & halls fund is up but these are restricted funds, so although this improves the overall reserves on paper, it must be noted that these funds cannot be used freely for general Union purposes
6. GP noted that investment performance has been good. AL agreed, though they did note that the audit is only a snapshot of the state of the accounts, and that investment performance can be quite volatile, especially with respect to contextual considerations. As per the agreement with Rathbones, dividends generated are re-invested, so the increase shown in the report is partly due to market performance, as well as the reinvestment of dividends. £30K a year comes out however each year to ICU.
7. AL noted that otherwise all requirements for audit report were followed, and that he was happy to sign off on the accounts. GP and the committee thanked AL for their work in carrying out the audit.
8. For the benefit of the Officer Trustees, AL summarized the rationale and purpose of the auditor’s findings report as well as the Trustee’s Report by walking through the Charity Commission criteria. AL then summarized the audit findings report as tabled.
9. Chair asked when the next USS review is due. AL clarified that the next review is due 31st July. The committee briefly discussed contextual developments in the pensions sector.
10. MM noted impact on reserves as a result of USS fluctuations. GP noted that reserves are currently good and so there is a limited concern in this case.
11. AL continued to summarize audit report as tabled, going through each section for the benefit of the committee. AL noted that the audit report is private between Crowe and Trustees, though the Trustees’ Report is freely available from Charity Commission website.
12. GP Invited questions pertaining to the Reports.
13. AB asked how a no-deal Brexit affects ICU’s investments. GP responded that it is unpredictable. MM noted that Rathbones do update the ICU on market conditions and give advice accordingly. Committee then briefly discussed contextual market issues related to Brexit.
14. AL reminded committee that the Board needed to sign the Report. AL thanked the Committee and recommended to AB and FH to ask NG/MM should they have any further questions.
15. Chair said that since the Trustee’s report was in draft form, the F&R should recommend approval and signature by the Board with the proviso that there will be only minor changes to the document tabled? MM confirmed that the changes that were to be made would be very minor.

*AL left the meeting. Chair then called a short break.* 1. GP noted that since the committee was inquorate – it would have to be noted that it was the members attending today who would recommend the audit findings report to the Board for ratification. This recommendation can be formalized at the next fully quorate F&R meeting.
2. The Committee expressed their thanks to Crowe LLP for their work in the audit, and GP expressed his thanks to the Finance department. MM added that he was impressed at the turnaround of the year’s accounts.

**Item 11 – strategic risk register**1. MM summarized the item as tabled and invited questions.
2. On risk 3 (White City Campus Readiness) FH asked who else would be involved from a trustee point of view? MM responded that it is up to the trustees; has this working group met this year? FH responded that it hadn’t but would follow up the matter with Jarlath.
3. On risk 10 – FH noted that finances for training are in place. GP asked if the training had actually taken place. FH affirmed this but noted they do not have access to data currently as Student Activities Team owns these documents, but can get hold of them.
4. On risk 11 – committee agreed to move to red due to environmental health downgrading. FH agreed that more importance needs to be placed on the HS Committee and better integration of this work in ICU is required. MM agreed and noted a new forward agenda for HS was being tabled today as well as suggestions on issues to address, and invited FH to feedback on them.
5. Chair noted for FH that as discussed (item 5) a scoping paper would be submitted to the board to ensure that health and safety is treated as a priority. The accountability of the HS Committee’s work is going to be key to the exercise. He reiterated the concern that he had expressed earlier, that an ongoing lack of management of health and safety matters could well result in further action being taken by the likes of Environmental Health (such as ordering the shut down of premises etc.)

**Item 12 / 13- Summer Ball / Large Events** 1. Committee noted that JM will provide these updates to the Board. MM noted Item 13 is not due to end of year. GP asked if this paper should go to board regardless for extra assurance on commercial strategy? MM and GP agreed that it would not be wise to table a full commercial strategy, but rather a paper to summarise specific issues such as EPOS / health and safety.

**Item 18 – AOB**1. None.
 | **Actions****MM to submit summary paper to board** **RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****RB to remove from action tracker.****MM to prepare summary paper regarding EPOS to board.****MM / JOH / NG to prepare report for Board to address where we are in terms of commercial strategy inc. health and safety policy and whether it is delivering on its objectives****Update to next meeting.****RB to remove from action tracker.****RB to remove from action tracker.****RB To add to next agenda****FH to liaise with JOH re: White city working group****FH to obtain figures from Activities.****RB to add item 12 to Board agenda.** **RB to add to Board Agenda** |

**Next Meeting: Wednesday 5th February 2020**

Summary of Key Discussions:

* + - 1. Health and Safety /Commercial Strategy – the committee discussed health and safety policy, and the lack of such a policy that covers ICU currently. A scoping paper is requested to be presented to Board to address this.
			2. Key Deliverables- MM produced a paper detailing four key deliverables- the gross profit contribution of the Commercial outlets; the Sales and Sponsorship pipeline and performance; the new food line in H Bar and Recruitment and Retention. This paper will continue to be reported to subsequent F&R committees, in order to provide assurance that ICU was progressing through its business strategy and is managing risks properly.
			3. Audit Findings and Trustee’s Report – Crowe LLP are happy to sign off on the accounts. The full report is due for ratification at Board – the F&R Committee was inquorate, but members who were present recommended the audit findings report be signed off at Board (this decision by F&R members will be formalized as a proper committee decision at the next F&R).