



## FINANCE AND RISK COMMITTEE

The fourth ordinary meeting of the Finance and Risk Committee for the 2019/20 session, was held on Wednesday 17<sup>th</sup> June 2020 remotely at 14.00pm.

### Unconfirmed minutes

<b>Present:</b>	Graham Parker (GP)	Finance and Risk Chair
	Fi-Fi Henry (FH)	Deputy President (Finance and Services)
	Abhijay Sood (AS)	Union President
	Thomas Fernandez-Debets (TFD)	Deputy President (Clubs and Societies)
	Ansh Bhatnagar (AB)	Elected Student Trustee
	Abhijay Sood (AS)	Union President
<b>In Attendance:</b>	Graham Atkinson (GA)	Interim Managing Director
	Neha Gandhi (NG)	Finance Manager
	Jayne Hufford	Interim Finance Director
	Shervin Sabeghi	Deputy President (Welfare)
	Victoria Agbontaen	Governance Officer (Clerk)
<b>Apologies:</b>	Jinpo Xiang (JX)	Appointed Student Trustee

**Item 01 – Welcome and Chairs Business**

- The Chair welcomed the Committee members to the F&R Committee session.

**Item 02 – Conflict of Interest**

- None declared

**Item 03 – Apologies**

- Jinpo Xiang

**Item 04 – Meeting Minutes from 26<sup>th</sup> March 2020**

- The chair with committee members that the minutes are an accurate record of the last F&R meeting. No objections and minutes were confirmed.

**Item 05 – Action tracker**

1. **Forecasts and Half-Year Review** – FH and TFD to cover debt management plan during discussion of CSP paper.
2. **Forward agenda review** – GA and GP agreed forward agenda was in line with current context and no further changes required at the moment.
3. **Recovery Plan/Brief Reserves Update** – GP and GA agreed this would be covered during the agenda discussions.
4. **Investment Performance – Rathbone Greenbanks** – JH to speak with Victoria Hoskins from Rathbone and provide update regarding the investment performance at next F&R. GA added due to the change of circumstances caused by covid-19 there is a need for the investment performance to be reviewed. GA agreed and suggested that once the budget is confirmed it is important to review where the investments will be useful for the Union. JH added that it is best to have an open mind and be as adaptable as possible with the finances.
5. **Approach to Block Grant Proposal** – AS informed the committee that the Block Grant was submitted to College with some minor changes and we should expect a response by the end of June. AS explained that it is likely that the proposed one-off investments will be funded by College only if they pertain to H&S issues. GP agreed it is best to highlight who will be covering the H&S and whether estates will be willing to fund these issues.
6. **EPOS Review** – GA said it is on the list of requested funded and a view needs to be taken on whether the Union are happy to invest and fund this from the budget.

**Actions**

**VA to remove from action tracker.**

**JH to speak with Victoria Hoskins from Rathbone and provide update regarding the investment performance at next F&R.**

**AS to update F&R on outcome of decision at next meeting.**

**GA to provide update on EPOS review at next meeting once budget is confirmed.**

### **Item 06 – Forward Agenda**

1. Committee reviewed the forward agenda. GA noted the forward agenda is in line with Board and things that need to be reviewed on a quarterly and annual basis. Especially regarding the risk register and that when each risk is reviewed is dependent upon what else is happening at the time within the organisation.

### **Item 7 & 8- Management Accounts (March & April) and Balance Sheet**

1. NG summarized the report noting the Union made a net loss of £110k. No trading took place during April as the premises is closed until further notice due to covid-19. Due to the closures and furlough scheme, there were staff cost savings of £47k.
2. NG highlighted that creditors had increased substantially by £379k due to a rise pro-forma invoices.
3. JH mentioned that due to the furloughing of staff undertaken in May, it is likely there will be considerably more savings which will be accounted for in the May accounts, therefore the deficit should be lower than it currently stands.

*NG left the meeting.*

### **Item 9 – Finance Review Report**

*Reserved and Confidential.*

### **Item 10 – CSP Finance**

1. FH noted there are delays in finances coming in for societies and the events that did go ahead. Due to the current circumstances, things are happening a lot slower than usual, but this is being chased.
2. The Punjabi society have made a profit of about £19k. FH added that from the start of the year where they were £28k in debt, they are now only £9k in debt which is a good transformation from them.
3. Indian societies events that would usually provide them with substantial income had to be cancelled due to covid-19, so they remain in the same position as in 2019.
4. FH, due to covid-19 majority of the membership refunds have been given.
5. A debt management plan summary was provided by FH where she outlined that it is important to ensure there is a better degree of responsibility and consistency year on year with the Sabbatical Officers, Union staff and committees in handling debt.
6. JH confirmed whether all clubs and societies set their own individual budgets. TFD explained that every March individual budgets are set and finalized for CSP's and it is

compulsory for all CSP's to send their budgets to the DPFS and DPCS.

7. JH questioned what the Unions approach is to sponsorship. FH responded saying the CSP's have built strong relationships with different organizations with little support from the Union. FH explained the DPFS is responsible for reading and signing contracts but operationally this should not be done by the DPFS.
8. FH highlighted her belief in the fact that the training is poor and its therefore difficult to have full oversight of operations. There should be more trust in committees to manage their own finances.
9. GP suggested a review of training practice to ensure best practice is shared and training cascaded through the CSPs.
10. GA added there is an inevitability for the year ahead that CSPs will require less funding and support due to covid-19 and current social distancing measures in place. TFD and FH are re-visiting and quantifying budgets, so the new budgets will reflect the reality of next year's situation. GA summarized his point in stating that less funding will be required as there will be less activities.

**FH to complete a re-appraisal of the processes and procedures of the training and DPFS role.**

#### **Item 11 – Strategic Risk Register**

1. GA noted there has been frustrations with the previous approach to risk management and the risk register, so it has been deemed necessary to review how the risk register is approached within the organization.
2. GA shared a presentation outlining the current 11 identifies strategic risks, the strengths and weaknesses of the current approach and recommended next steps.
3. GA explained in addition to the 11 strategic risks, there is an operational risk register which is housed within the College's risk management system. GA added there is no clarity on whether a centralized approach to risk management is working or needed in the future.
4. The strengths of the current SRR GA highlighted were, the process and format, clear and standard scoring methodology and a focus on high-level risks.
5. The weaknesses of the current SRR GA highlighted were that the approach is not embedded within the organization and does not drive decision-making or planning. Similarly, lack of leadership has meant the SRR has been looked at purely as a tick box exercise rather.
6. GA advised that current strategic risks 6,10 and 11 were sufficiently well-defined and reflected risks. Risks 1,7 and 8 were valid but further work needs to be done to effectively define the risks. The other risks are generic and either not strategic enough or sufficiently focused to appear on the register.
7. GA highlighted the missing strategic risks as being lack of influence within the College to share decision-making and lack of connectivity to the wider students' union movement.

8. GA proposed a new approach to operational risk management where instead of being a centralized process, this would be integrated within the planning process and should be reviewed by Departmental teams with a quarterly update to Leadership Team.
9. Next steps GA proposed were to ensure alignment with College approach but guarantee what we do is fit for purpose in relation to the Unions size and shape. However, the new MD needs to lead a new approach which embeds risk management within the organization and ensures leadership and accountability over process.
10. GA asked for thoughts and feedback on SRR presentation. GP questioned whether the two registers can be linked together and combined into one register. GA explained that his view is that we are not having two separate SRR's but rather forming one operational register in a fundamentally different way.
11. AS agreed that GA's approach is sensible, and it is important to feed this back to College. GP similarly agreed that change is required to get Union to where it needs to be.
12. JH suggested the internal audit response should be discussed in relation to the SSR. GA highlighted there are three recommendations within the internal audit that relate to the current operational risk register.
13. GP noted he was pleased to see how GA picked up how we compare with other Unions. As we could internally assure ourselves that we are successful in our work but only once you allow for comparisons then you truly are able to judge how successful you are.

**GA to revise the current SRR and review with Leadership Team to incorporate updated risks and controls by end of July 20' – report back to F&R at next meeting.**

#### **Item 12 – Budget 2020-21 and Scenario Planning**

1. JH noted that the paper is highlighting two keys messages. Firstly, laying out the current year to date budget and evaluating a proposed way forward.
2. JH advised that the paper was intended to recommend a budget for next year but due to ever-changing circumstances it is now an update and recommended way forward.
3. JH explained the original review of the baseline budget showed an £110k deficit. Due to a further review to locate savings, JH stated there were several issues with the use of the pro-forma and establishment models of salary budgets.
4. In light of this, JH explained a revised baseline budget was formed which had a reduced deficit to £68k which was still considerably away from the £45k surplus forecast.
5. JH stated that a proposal will be put forward during July's Board meeting to address how the deficit could be bridged, i.e. a reduction in fixed costs, further pay roll cuts and flexibility over CSP grant allocation. JH emphasized that by doing this is the only likely way to get a balanced budget which does not rely on commercial activity. Scenario C is the closest scenario we are in.
6. GP stated that standard practice would be for F&R to recommend a budget to Board, however on this occasion

F&R will be recommending a process to Board where the budget will be finalised.

7. AS added a strategic view needs to be taken what is done next and how we go about doing that by involving Board members.
8. SS questioned whether any opportunities for cost-saving income streams that may not have been considered. JH explained that no other cost-saving schemes would make a significant difference to the deficit at this point aside from what has already been proposed.

*Further business was closed and confidential.*

#### **Item 13 – 2020-21 CSP Grant Review**

1. TFD expressed his concern around getting the review for CSP allocations correctly and not using those funds to subsidise other expenses.
2. TFD informed committee he had reviewed CSP Grant allocation and understands that the CSP Grant represents a considerable amount of the block grant so it is key to review the allocations especially in light of furloughing.
3. The CSP Board chaired by TFD have mandated him to review currently available funds, provide an estimate of how much grant funds will be rolled over and to review the allocation for next year and apply various models.
4. GP advised there is a danger of saying we need to save a certain amount of finances against allocating those funds to CSP Grants.
5. TFD added there had been an issue with the timelines these allocations had been communicated to CSP's pre covid-19 due to when CSP allocations are completed in March. Expectations now have to be managed in terms of finances that are now expected.
6. GA explained that one of the key challenges is that as the Union has a new one-year strategy, part of that includes reprioritising resources to align with that strategy. Therefore, it is possible that the elected leaders/Board next year may want to make changes. It is key to inform CSP's that there still remains to be a lot of uncertainty at the moment and things are ever-changing.

#### **Item 14 – AOB**

1. JH requested that Tom Flynn be added as an authorized signatory on the Rathbone Greenbanks performance. GP confirmed he is happy to sign the form to allow Tom Flynn authorization.