

FINANCE AND RISK COMMITTEE

The fourth ordinary meeting of the Finance and Risk Committee for the 2018/19 session, was held on Wednesday 19th June 2019 in Meeting Room 6, Beit Quad at 2:00pm.

Unconfirmed minutes

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| Present: | Graham Parker (GP)  James Medler (JM)  Claudia Caravello (CC)  Abhijay Sood (AS) | Finance and Risk Chair  Deputy President (Clubs and Societies)  Deputy President (Finance and Services)  Elected Student |
| In Attendance:  Agenda point 13  Agenda point 14  Agenda point 14 and 15 | Malcolm Martin (MM)  Jomana Al Ahmad (JA)  Neha Ghandi (NG)  Jarlath O’Hara  Alexandra Barrington  Jess Harrison  Julia Mattingly | Head of Finance and Resources  Administration Support Officer  Finance Manager  Managing Director  KMPG Audit manager  Events and Conferences Manager  Head of Commercial services |
| Apologies: | None |  |

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| **Item 01 – Welcome and Chairs Business**   1. The Chair welcomed the Committee members to the fourth F&R meeting of the academic year 2018 -2019.   **Item 02 – Conflict of Interest**   1. None declared   **Item 03 – Apologies**   1. None   **Item 04 – Meeting Minutes from 21st March 2019**   1. The minutes were confirmed as an accurate record of the meeting held on 21st March 2019. 2. JM pointed out that the Summer ball presentation to be delivered today is providing an update on proposals 1 & 3 rather than 1 and 2 as mentioned in the minutes.   **Item 05 – Action tracker**   1. MM updated the Committee that the events budgets action has not progressed due to the vacancy in the Systems Manager position, the deadline has now been postponed to September 2. MM updated the Committee that the Web Policy was reviewed by the systems team, and the policy has been circulated to the Union President to check 3. The reforecast action has been complete 4. MM updated the Committee that since the last meeting, task and finish groups were launched and the outcomes in terms of the reasons for the decline in income will be shared in the budget paper, GP enquired about whether we need a specific report on the trends on wet and dry sales, JOH responded that this has been discussed during the previous Board meeting 5. CC mentioned that she already tracks VAT exempt events, however, the rules of VAT need to be reviewed which has not been done this year 6. MM updated the Committee that a report on H&S has been written to Board, GP shared concerns about the need to raise the profile for H&S in the organisation 7. GP mentioned that we need to clarify the policies that need to be written to establish a benchmark for H&S in the Union 8. JOH updated that Committee that there has been a deliberate non focus on the SRR over the past few months, as the priority has been to focus on dealing with current risks with budgeting and planning 9. MM updated the Committee that no progress has been made on the EPOS investment required, MM will liaise with Julia Mattingly as she is now leading on this project, GP requested that this action is completed before the next meeting   **Item 06 – Forward Agenda**   1. MM mentioned that the Agenda points not included in todays agenda are the PG engagement, which was added on all Committee forward agendas to ensure Committees are aware of PG students in discussions if relevant 2. MM added that a closed meeting with internal auditors is currently being organised 3. MM mentioned that the Alcohol policy was reviewed last year and should be removed from the agenda 4. GP requested the we look at the bigger picture and review the agenda in terms of what needs to be changed for next year 5. GP pointed out that there is an increasing number of common issues in the organisation and it would be useful to review where each of these major issues needs to be addressed and at which Committee 6. CC mentioned that we need to edit the responsible person for H&S instead of the DPFS, JOH recommended adding the DSO 7. GP mentioned that he thinks it may be more suitable for H&S to report to Board directly rather than through F&R and we need to look into the membership of the H&S Committee to ensure they are more effective 8. JOH mentioned that this suggests that we should have a full review of Sub-committee structure 9. JOH mentioned that Forward Agenda’s mostly contain fixed items and are recurring, however, the summer is an appropriate time in the year to review the standalone items   **Item 07 – Management Accounts**   1. NG presented the May accounts by mentioning the consistent trend of improvement in income over April and May, which has reduced our full year forecast deficit figure 2. NG added that a number of initiatives have and will be been taking place in the summer such as summer promotions and BBQ on the green to help stimulate income 3. The balance sheet is strong and we have collected approx £90k from debtors in May. 4. JM suggested that the net position for the month is included in the first line in the summary paper 5. GP enquired about whether we can easily express the profitability between dry and wet sales as a comparative between the last 3 years 6. This is to check whether there is lowe income in a specific area which had an impact on total income, as it will assist the Union’s vision in terms of income generation for the next few years 7. MM responded that in terms of profitability, we can easily pick out a gross profit comparison, however, it may be more difficult to look at the profit for dry and wet sales specifically 8. MM mentioned that gathering this data requires making assumptions in terms of the staff costs split which may result in flawed information 9. NG responded that she will take the question proposed by GP to Julia Mattingley and look at reasonable assumptions to make this comparison 10. GP suggested doing a similar exercise across the organisation to understand what our operating costs look like for specific services and cost centres, to enable us to understand the cost of each service in full 11. GP added that having information about the cost of service and profit will inform us which services are profitable to us and this contributes to understanding how we allocate resources 12. MM pointed out that the investment loss of £8k is masking the efforts and improvement in income from the new summer initiatives 13. MM added that this loss was due to the investments held by Cherry fund which were not in line with our ethical portfolio, therefore, the Cherry fund investment has been pulled out when we cashed the Charifund investment 14. MM congratulated the team for the work done over the past month 15. MM shared frustrations with the coding of our accounts which has caused issues in tackling month end procedures, especially in terms of some agency costs where we may find misrepresentation of the figures for particular months 16. JM pointed out that since Bars and Catering has been consistently declining by 10% we should recalculate the reforecast figure with this consideration in mind   **Item 08 – Balanced Scorecard**   1. NG presented the BS by mentioning that we have been very good at getting debtors in and the new Sponsorship Manager has now been hired which should improve income in the next few months 2. For the members there has been an excellent turnout to the elections, and an increase in student issues represented 3. In terms of learning and growth, the occupancy rates are still under target and retention is slightly below our targets, the figure for sick days has improved compared to February 4. NG added that there is a better uptake in A2T training in May even though we are behind targets 5. Incident reporting is going well, the majority of CSPs have been risk assessed and most projects are on track 6. GP enquired about A2T training, JOH mentioned that the A2T process is a particular method by which staff can request training, JOH added that it is a measure to monitor how many people are signing up to training, however, there is a lot of activity outside of this process that we cannot measure in terms of training 7. GP recommended having a better way of capturing skills development we are improving in this organisation 8. JM asked if this can be done through the PDR process 9. JOH responded that it could be done as an annual process through PDRs 10. GP pointed out that we must also know what we are aiming to achieve in terms of training people in the organisation and which skill sets we would like to develop 11. JOH responded that there is a learning and development framework, however, this is not translated into the Balanced Scorecard. JOH added that there is a figure in the budget dedicated towards training 12. GP requested that details behind how the budget figure for training was put together and whether a training programme is being developed across the organisation 13. GP added that CSPs should be included in this programme 14. GP asked to add details of the percentage of staff that need to undergo that training   **Item 9 – CSP finance**   1. CC summarised the paper by mentioning that she and JM have been looking into Clubs and Societies in debt and found a few deceased clubs and are currently investigating whether we can resolve their debts 2. The total debt for the deceased clubs is approximately £1.3k 3. CC mentioned that a challenge is that some of the societies no longer exist in the system 4. CC mentioned that less events are happening this term due to exams 5. JM made a suggestion to look into Punjabi, Indian and international Tamil in detail next year 6. As the risk of these events is quite high and these events may need to be scaled back 7. JM mentioned that some of these events are no longer sustainable to hold and recommended investigating this in more detail next year 8. JM mentioned that he will hand this over to the DPCS next year, GP requested writing a scoping paper with recommendation for next year and for the successor to bring this paper to the first F&R of AY19/2   **Item 10 – H&S meeting minutes**   1. MM updated the Committee that the H&S policy review is a work in progress and there is more scoping that needs to be done to complete this task 2. GP mentioned that we need to develop a culture where each person in this organisation is aware of their own of their responsibilities in terms of H&S 3. JOH pointed out that two years ago this has been an area of focus, however, H&S has not been a focus for 18/19 4. JOH pointed out that the staff survey showed that a large percentage of staff are aware of their H&S responsibility in the Union 5. GP mentioned that it is important to have a policy to represent this organisation’s culture in terms of H&S and that all staff are aware of this policy 6. MM pointed out that the H&S policy review has been postponed as it was deprioritised due to planning and budgeting 7. GP mentioned that if we require additional resources, Board should be aware of that, MM reassured GP that no extra resource is needed for this area 8. GP urged all those involved to complete the Policy as a priority   **Item 11 – Strategic Risk Register**   1. MM mentioned the four items to be reviewed at this meeting, however the risk which has been the focus for the organisation is the financial risk and budgeting and planning has been prioritised to address it 2. MM mentioned that risk number 2 did not have any progress in terms of the actions 3. AS recommended adding a control as increased collaboration with other student Unions to this risk 4. MM mentioned risk 6 regarding fraud and loss, and that hiring the operations manager will allow for a step change in mitigating risks in this area, MM added that this will remain a high-risk area for the Union 5. CC pointed out that since the review of the food menu has been delayed, the colour regarding this control should be amber 6. MM mentioned risk number 8 with regards to implementing an effective people management strategy, and the progress in terms of increased internal comms within our organisation and having regular Town Halls 7. MM finally mentioned Risk 9 which is currently a risk due to the lack of a Systems Manager, there are issues in terms GDPR compliance and capacity within our systems team, and there’s been a general slowdown in project completion and a concern that there is no adequate resource in this area 8. DPCS mentioned that item 8 should be amber as its a misrepresentation of where we are as an organisation   **Item 12 - 19/20 Budget**   1. GP introduced the discussion by mentioning that the organisation would benefit from step change and the budgets need to be a part of the driver in that step change 2. GP is very happy with the presented budget as it shows great ideas towards that step change as the 19/20 is a different way of planning in terms of budgets compared to previous years 3. GP thanked the leadership team and all participants for all their work in this process 4. MM mentioned that this is a leadership piece and it has been a comprehensive process which is different compared to previous years 5. MM pointed out that the way the term ‘investment’ will be used in the paper will encompass operational and capital investment 6. MM added that this is not only a one year piece and the appendices show some planning for a 10 year horizon 7. MM pointed out that all assumptions are listed, however, the assumptions are not as strong for the long-term plan 8. GP proposed that we do not review the budget in detail and suggested talking about the rationale behind the thinking in the short and long-term budget 9. JOH mentioned that a deficit budget is not ideal and the standalone figure for next year is not good, however, the work that leadership has done maps out the right balance for where the Union would like to be in the next few years 10. JOH mentioned that this budget proposes our best option for the organisation, additionally, a recovery timeline has been proposed and it factors maintaining our service level, staff wellbeing and the financial status of the organisation 11. JM mentioned that this paper represents what the Unions position is compared to last year, where the leadership team is all fully aware and involved in terms of what the organisation is doing 12. GP enquired about whether the investment made is going to be sufficient, as it is better to put investment now so that we can see results in 2 years, as opposed to a position where we say we should have made more investment in 19/20 13. JOH responded that the investment options section attempts to answer this question, as non of the suggestions in that section have built into next years figures 14. JOH suggested pursuing each of these projects with a standalone business case 15. GP mentioned that he would like assurance that the points made by KPMG have been picked up by the budget team and remedial actions have been identified 16. JOH responded that this budget does address the points raised by the KPMG audit, and our primary response is the commercial services administrator 17. GP requested more details to be added to the headline deliverables on page 5, as well as timelines and performance indicators, JOH responded that this information represents stage 1 of our business plan and these bullet points will be delivered in 19/20 18. AS mentioned that the headline deliverables mention writing strategies, and enquired if there are timelines for when these strategies would end 19. JOH responded that the timelines would be different for each strategy, depending to when they are relevant to review 20. AS pointed out that it is important to be aware of how long we spend on writing strategies, and how much time we spend implementing them 21. AS enquired about the alternatives to proposed plan and budgets on page 14 22. MM responded that this information shows what it would take to have a breakeven budget, none of the things presented are recommendations, however, they are implications 23. AS enquired about merging the role of ASO and DC, and whether we considered merging the education and wellbeing coordinator roles together 24. JOH pointed out that the education coordinator role has been filled therefore this would not be an option 25. AS asked about whether we should pause the recruitment of the training and development manager until the HoSE role is filled, JOH responded that none of the options presented are live options, however, they may become live depending on the recruitment of the HoSE role 26. AS enquired the efficiency saving options and whether we should consider making the events happen but with efficiencies, rather than a binary proposal 27. JOH responded that this plan aims to propose a budget where if projects are to be done, they should be done to a high standard 28. MM highlighted the reserves profile on page 13 which shows that the Union has a good financial profile and we need to be mindful of how this profile will change over the next 3 years 29. MM added that the risk profile also highlights the anticipated risks in the paper 30. GP suggested that the proposals made on pages 14,15 and 16 are not lost and suggested revisiting this list every 3 or 6 months and changing it if needed 31. JOH agreed that this should be revisited in the future 32. MM also pointed out that the capital list shows recommendations from managers in terms of investment in capital, which proposes a spend of up to £39k which will be scrutinised at leadership 33. The Committee approved the budget proposal for 19/20 with a positive view that it represents the best option for the organisation at this current point in time   **Item 13 – Internal Audit**   1. AB joined the meeting to give a summary of the audits exercise, GP welcomed AB to the meeting 2. AB mentioned that the findings from the audit which is carried out on a yearly basis showed two key themes that the Union should focus on, the first is with regards to cash handling and the impact that turnover has in terms of controls 3. AB added that the policies are clearly there, however, on the ground, the policies were not adhered to consistently across all outlets 4. Analysis showed that £95k of transactions are voided, and there should be more control in terms of who has oversight over this 5. AB added that in terms of business cases, there needs to be more challenge and scruitiny in terms of budgeting spends 6. AB concluded that these are the two areas which require focus, overall, there are positive results in terms of the planning and it is clear that positive changes are being implemented 7. NG commented that the petty cash process and pot has been reviewed and the change of staff meant there is a loss of knowledge, however, NG and AB will be doing more regular checks 8. JOH responded that the audit process was much more useful this year and a more holistic process 9. MM mentioned that we are looking to stretch the scope of the audit and it has been useful to gather feedback on different areas this year 10. MM pointed out that staff turnover is also a risk which has been highlighted 11. GP agreed that the audit this year has been very worthwhile and timely 12. AB mentioned that this audit is a tool for the Union and we should point KPMG towards areas where we think we have issues/concerns 13. GP enquired about whether we need to have a timeline on the recommendations to ensure we monitor progress 14. MM responded that many of the recommendations have been completed, additionally, the longest action should be finalised in February next year which will focus on the review of our financial procedures 15. GP requested updates on the progress or a schedule to show when we will assess the progress on the recommendations   **Item 14 – Summer Ball Presentation**   1. JH joined the Committee and presented the research carried out on the recommendations to host the Summer Ball externally and in Beit Quad 2. JH presented the challenges faced by hosting the event in College. The challenges include: space limitations at College due to Imperial Festival, Exams and fear of potentially damaging spaces. There is also staffing challenges and having enough volunteers, there are also staff wellbeing issues as the core team needs to be present for 15 hours shifts. Budget is also a challenge as it is usually a deficit event, this year a large amount of cuts were made to make the event breakeven. The continuous increase in supplier costs is another challenge whilst we keep the ticket price the same. There is also a challenge in terms of making all CSPs happy with their involvement. Finally, there is a shift in commercial expectations as there is a push for more profit-making events 3. JH then presented the external options and their costs, and the option to host the event in the Union and its total costs 4. JH recommended holding the event in the Union, due to the ease of management and planning as well as lower costs of running the event 5. CC enquired about whether JH looked at how other departments plan their Summer Balls, JH responded that the business school run their event on a Boat 6. CC enquired about why we are looking at keeping the same capacity, JH responded that we do not currently have enough interest in the event to increase capacity 7. JH added that this is to manage the risk of moving the event to a different location, as this usually results in a dip in ticket sales 8. JM shared the he has concerns about both venues, the external venue changes the event drastically and it will no longer be a Summer Ball, additionally, at Beit Quad it becomes a bigger carnival event that we already run 3 times a year 9. JM enquired about whether we can keep the option of hosting the event at College and scale it down to make it more manageable 10. JM pointed out that the big attraction of the Summer Ball is that there are rides and fireworks as well as the fact that it’s an event which has a large student involvement 11. JH responded that holding the event here would still allow us to have the student acts, and in discussion with DramSoc, they agreed that the event is not sustainable at College 12. JM mentioned that we do not have enough space in the Union for a large number of people to be outside the stage 13. AS pointed out that he is surprised that the Union is being discussed as an option, as during the last meeting, the steer was to look at keeping it in College scaled down or externally 14. Julia Mattingley enquired about the survey results of the questionnaire to students regarding the Summer Ball, JH mentioned that the general response was that the students didn’t mind taking the event to an external venue 15. JH added that the core team is unable to facilitate the project in College in light of the shift in expectations in the commercial services 16. Julia Mattingley commented that if we are comfortable with holding a deficit event, then we can continue to do it 17. AS commented that College expressed positive feedback about holding this event, therefore, if money is a hindrance, can we propose a case to College for funding 18. AS also suggested turning this event into a student run event and make the management of the event student led 19. JH responded that all of the major decisions may not be agreeable and would require staff involvement 20. CC and JM agreed that involving students may result in more creative solutions 21. JOH pointed out that there is a risk around building an expectation from volunteers if we make it student led 22. AS pointed out that the issue with holding it externally is that students who do not drink will not be catered for 23. CC enquired about what the external venue would offer 24. JH responded this would include a club night artist, food vendors and drinks 25. GP concluded that if the ball is to be held here, further issues need to be discussed about what would make up the event and how it should be managed 26. CC mentioned that the main things that students look for is value for money, involvement and that it caters for different groups 27. JOH enquired about whether we need to ask the question about how we would make it more sustainable in its current form 28. Julia Mattingley responded that it is currently not sustainable, even if it is scaled down, however, you would need to increase ticket price to make it sustainable or make a case to College to request funding for the event 29. The Committee agreed that the event should not be held externally, GP added that we need more work on scoping the event to offer an option that is acceptable 30. CC suggested asking students to submit proposals for how this event should be carried out 31. GP recommended scoping 3 or 4 options and put proposals out to students for consultation 32. GP commented that we would be willing to accept it as a deficit operation if there is a large interest from students 33. JOH added that all proposals need to be deliverable and they need to address the list of challenges presented earlier by JH   **Item 15 –Standard Operational procedures update**   1. JMY briefly presented the paper and there were no comments from the Committee   **Item 16 – Commercial Strategy**   1. Julia Mattingley (JMY) summarised the paper by giving an overview of what was completed from the strategy this year, JMY mentioned that more work is to be done at shop extra as it is a key income generator 2. JMY mentioned that coffee will be a risk for the Union and we need to market our new initiatives in terms of coffee well as Starbucks will be opening in campus 3. We will also be working on H-Bar and our relationship with College, and we will start offering food as College has been providing it in the past 4. JOH mentioned that there is no agreement so far about whether the model will be a profit share or a rent model with College 5. JOH added that the deadline for an agreement or a decision will be soon 6. JMY mentioned that we also plan to do more at Reynolds in 19/20, additionally, Metric is highly desirable as a venue for externals and we will continue to promote it 7. JMY concluded that the focus for 19/20 will be food, EPOS projects and dealing with unresolved operational issues, deliver training and ensure that we resolve all issues with Orbis Tech 8. In terms of Tuco, we will set up framework agreements across Commercial Service which we hope will increase our gross profit due to discounts 9. JMY mentioned that the kitchen redevelopment is the next major project within Commercial Services 10. JM thanked JMY for the work done this year, as a visible difference can be seen across our services 11. GP recommended considering the capital costs and what we are willing to spend, and suggested potentially approaching College to request funding for some of these projects   **Item 17 – Truck purchase**   1. JM presented the paper to provide awareness to the Committee about the £50k fund raised to purchase a towing vehicle, the first two years of maintenance are covered by the fund, additionally, housing the truck is will be in the College car park 2. JM added that we need to manage the usage within the Union, training and license is also needed 3. JM added that following the two years, the yearly maintenance fee is low and replacement can be discussed as part of the transport strategy next year 4. JM pointed out that this is an addition to our student service and may also solve storage issues, it will also make a large number of students happy 5. The Committee approved the purchase of the Truck     **Item 18 - AOB**   1. GP thanked the departing members JM, CC and JA for their contribution in the Committee and wished them the best for the future | **Actions**  **JA/RB to update the action tracker**  **MM to review the forward agenda over the summer**  **RB to update the forward agenda**  **JOH to facilitate a full sub-committee structure**  **NG to reformat the Accounts summary as requested by the Committee**  **JM to write a scoping paper on the large clubs events and handover to the incoming DPCS**  **MM to update risk 2, 6 and 8 as requested**  **JOH to provide more details and timescales and performance indicators to the headline deliverables on page 5 of item 12**  **MM to provide progress updates on the internal audits recommended actions**  **JH to scope more options for the summer ball and consult students on the proposals** |