

<b>Meeting:</b>	Finance & Audit	
<b>Location:</b>	Online via Microsoft Teams	
<b>Date &amp; Time:</b>	11:00 – 12:30 13/03/2023	
<b>Present:</b>		
<i>Name</i>		<i>Role</i>
Elizabeth Stacey	ES	Chair of Finance and Audit Committee. SU Sport Officer
Alexander Robinson	AR	SU President
Barry Hughes	BH	Independent Trustee
<b>In Attendance:</b>		
<i>Name</i>		<i>Role</i>
Beki Self	BS	Secretary. Senior Administrator (Governance)
Helen McHenry	HMc	Head of Finance
Emily Burstow	EB	Finance Manager

Item			
1.	<b>Apologies for absence</b>		
	<b>Name</b>	<b>Reason</b>	<b>Accepted</b>
	Jordan Kenny	Work Commitments	Yes
	Mike Dalton	Illness	Yes
2.	<b>Notice of any other business</b>		
	Alternative Merchant Banks - HMc		
3.	<b>Declaration of Conflict of Interest</b>		
	Committee stated there were no conflicts of interest.		
4.	<b>Minutes of the previous meeting and matters arising</b>		
	Minutes of the January meeting are unanimously approved by the Committee.		
	Matters Arising		
	"Creation of financial scenarios for the bar area" and "To bring a detailed report on commercial plans for the bar to the next committee." Have been completed. This has been difficult due to staff illness but has happened and can be seen in agenda item 6 (R2).		

<p>5.</p>	<p><b>Financial Position</b></p> <p>Most departments are in line with forecast budgets.</p> <p>Management accounts demonstrate a £28k deficit. It has been noted the deficit in events is a result of timings as spend for events such as Summer Ball and Blues has begun</p> <p>Main factor and cause for concern is the bar area of commercial. The bar area is showing a deficit of £117k against the year-to-date budget. This area made a loss in January, February recovered a small amount but not enough to counter the disappointing semester 1 performance.</p> <p>Other commercial areas (farmers market, stalls etc.) are holding their own, so the commercial concerns are focused on the bar and club nights.</p> <p>QUESTION: A trustee asked how will the losses in the bar area be offset? ANSWER: Head of Finance (HMc) Stated that ideally the loss would be offset by savings elsewhere or greater income than expected in areas such as graduation photo commission. If it is not possible to recover the losses through such income or other department underspends, then the costs will be covered from reserves.</p> <p>QUESTION: A Trustee asked what are the measures we can take to mitigate the financial impact? What are the measures we can take? ANSWER: Head of Finance (HMc) explained that there were several options such as an SU wide recruitment freeze or halt all on essential expenditure but there is the option to accept the loss, cover it from unrestricted reserves and have a firm strategy for the next academic year.</p> <p>QUESTION: A Trustee asked what are the confidence levels in the current forecast and could the amount needed from reserves be greater than what is predicted? ANSWER: Head of Finance (HMc) noted this forecast does rely on a good performance in March and a successful Summer Ball but it is a more accurate forecast than has been previously presented to this committee. There is some risk to the forecast, the accounts at the end of March will provide more certainty.</p> <p>A discussion regarding mitigations took place resulting in the agreement that the shortfall can come from reserves for this year, but a longer-term strategic plan is needed before any major decisions are made.</p> <p>QUESTION: A trustee asked if there is a way for currently planned events to be more profitable such as Summer Ball? ANSWER: Head of Finance (HMc) explained that it is too late to make any changes to Summer Ball ticket prices, events such as Blues are sponsored and events such as SU Awards are break even events.</p> <p>Decision made by the committee that no action will currently be taken regarding the projected financial deficit we need a proper strategy and will wait for the new Chief Executive to be in position.</p>
<p>6.</p>	<p><b>Commercial Risks and Mitigation</b></p> <p>Head of Finance (HMc) presented the Commercial Risks and mitigations report (R2).</p> <p>It was noted a lot of work has been done to ensure forecasting is directly linked to management accounts. This will result in more accurate reporting and projections for Semester 2.</p> <p>The Chief Executive (Interim) (MWG) is regularly meeting with Head of Commercial to check in on the area and monitor performance.</p>

	<p>QUESTION: A trustee asked if the contract with external promoters is being considered as it does not seem particularly beneficial to the SU currently.</p> <p>ANSWER: Head of Finance (HMc) stated that the contract with external promoters will be reviewed in the summer. A key reason for contracting external promoters was to increase footfall which it has to an extent, but we are not at pre-covid levels. There will need to be a discussion regarding whether the costs involved in using an external promoter is beneficial or if a model where promotion is done in house with an expectation of not meeting pre-covid levels of footfall.</p> <p>QUESTION: A trustee asked if there was any financial benefit to ceasing all night club activity for the rest of the academic year?</p> <p>ANSWER: Head of Finance (HMc) explained that the SU would still benefit from bar take at events.</p>
7.	<p><b>Budget 2023/24</b></p> <p>The Budget 2023/24 (R3) was presented to the committee by the Head of Finance (HMc). IT assumes a baseline block grant of 1.975m from last year.</p> <p>It was explained the University have been quite explicit in their financial constraints due to tuition fee caps, energy costs and inflation. With this in mind, the University would be unlikely to agree to a request for a substantial increase in the block grant.</p> <p>The budgets have been difficult to compile and will only breakeven with an increase in grant funding. There is no scope within the budgets to make efficiency savings that would offset the reduction in commercial income. Activity budgets have been protected wherever possible.</p> <p>The trustees confirmed they do not want a deficit budget for the new year, and that the reserves should no longer be used for underwrite commercial losses in the bar.</p> <p>The current timeline is for the budget to be approved by Board on 30<sup>th</sup> March and then submitted to the University 6<sup>th</sup> April.</p> <p>Trustees wanted to thank the finance team for putting this together. It's been hard to ensure services are maintained and a great job has been done.</p>
8.	<p><b>VAT on Supply of Staff</b></p> <p>Head of Finance (HMc) presented on the report 'VAT on Supply of Staff' (R4).</p> <p>It was explained that due to the VAT claims this has flagged cause for investigation by HMRC, there are no concerns about this, just the impact on workload as this has occurred at the same time as the annual budget and annual accounts submission to the Charity commission.</p> <p>Further discussions regarding VAT liability will take place at the SU &amp; University Joint Committee but a new Chief executive needs to be in post before any significant changes are agreed.</p>
	<p><b>Any other business</b></p> <p>Head of Finance noted that in reviewing payment processing charges it was clear that some transaction charges are high and alternative merchant deals are being looked at. HMc wanted to flag that it is likely in an upcoming /committee or Board of Trustees meeting there will be an item requesting approval for a new merchant bank with contracts to sign.</p>

	<b>Date and time of future meetings</b>
<b>The meeting ended at</b>	

<b>Item</b>	<b>Action</b>	<b>Action Owner</b>	<b>Exp Finish</b>
	Final Finance Policy and Scheme of Delegated Authority brought to the next meeting	HMc & BS	05/23
	Fraud risk register brought to next meeting.	HMc & BS	