

Meeting:	Finance & Audit Committee		
Location:	Microsoft Teams Meeting		
Date & Time:	Thursday 20th May 2021 at 9am		
Present:			
Francesco Masala	President (<i>Acting Chair</i>)		
Jordan Kenny	Independent Trustee		
Rob Clay	Independent Trustee		
Kate Aldridge	Independent Trustee		
In attendance:			
Gregory Noakes	Governance & Executive Support Manager (<i>Secretary</i>)		
Helen McHenry	Head of Finance		
Nicky Passmore	Chief Executive		
Item			
1.	Apologies for absence		
	Name	Reason	Accepted
	Tom Sawko	Annual Leave	Yes
	Valerie Copenhagen	Not known	Yes
	The President was appointed as acting Chair for this meeting only.		
2.	Notice of any other business		
	No items were identified for discussion under any other business.		
3.	Declaration of conflict of interest		
	No one had any conflicts of interests to declare in any items on the agenda.		
4.	Minutes of the previous meeting and matters arising		
	The Committee received a report on matters arising from previous meeting (<i>see R1 of the Committee reports</i>).		
	They approved the previous minutes and noted the following actions was still to be completed:		
	ACTION: The Head of Finance, Sport Officer and Valerie Copenhagen to identify charity grants to apply for to help support The SU through the pandemic.		
	ACTION: Secretary to add reserves planning as an item to Agenda for next meeting.		
	The Head of Finance explained that they had not been able to do the reserves planning for this meeting but would have this ready for the next meeting in August.		
	The Committee noted that identifying charity grants to apply for had been an action for the past six months and questioned whether this was a real priority at this time.		
5.	Finance & Audit		
	The Committee received a report on finance and audit matters (<i>see R2 of the Committee reports</i>).		

The Head of Finance reported on the latest management accounts which were reporting a better than expected variance against budget. This was due to the savings made in keeping bar closed for longer, furloughing staff, less activity due to restrictions and higher staff vacancies.

The Head of Finance reported on an updated year end forecast.

QUESTION: A Trustee asked about the high Establishment and Asset and Finance costs in months 10-12 in the forecast.

ANSWER: The Head of Finance explained that these were annual costs for cleaning, for audit fees, for VAT adjustments and Edge maintenance expenditure. The Trustee commented on the high cost of cleaning (£19.6k) but the Head of Finance advised that the University have costed out this work and believe it would actually exceed £100k.

The Head of Finance reported that the University were looking at reviewing the methodology behind the block grant. It would be important to make sure that The SU was benchmarked against student unions of similar backgrounds. The Chief Executive advised that it was important that a long term funding agreement was agreed with the University.

QUESTION: A Trustee asked for an update on the additional grant previously given by the University to support The SU.

ANSWER: The Chief Executive advised that there was a risk that the University could take this additional grant back as it had not all been.

A discussion will need to be had with the University about the Volunteering Coordinator role to explain that due to the reduced levels of work this year the team was able to manage without it but next year it will be needed as work levels are expected to return to normal.

QUESTION: A Trustee asked if there was any risk of any big unexpected expenditures hitting The SU within the next two months.

ANSWER: The Head of Finance advised that this was very unlikely.

6. **Financial Scenario Planning**

The Committee received a report on financial scenario planning (*See additional paper*).

The Head of Finance explained that these scenario plans were still a work in progress and noted that the most likely worst case scenario was scenario three. Scenario three assumes a return to normal activity but one where commercial income is lower and fails to meet its target. If this were to happen The SU would need to make savings of £75,000 to avoid dipping into its reserves.

The Chief Executive reported on a historical agreement in terms of graduation commission that The SU had been benefiting from. This year the University had decided to review this and agreed with The SU to a tiered model that would spread the cost more evenly across the students so that those from lower incomes were not disadvantaged.

The Chief Executive reported on The SU plan to apply for the government's Kick Start programme for a role within the kitchen and possibly with the volunteering team. These would be for six months and would incur a small cost as The SU would need to contribute to pensions and topping up the salary to the minimum wage. In the long term they would save The SU £8,000.

(Kate Aldridge left the meeting at this point)

	<p>The Head of Finance reported that a new Finance Manager had been successfully appointed to the Finance team who would start on the 7th of June. They would bring great value to The SU as they were very experienced having previously worked for a much bigger organisation. This would be especially useful when work began on reviewing The SU finance policies and procedures. They suggested and the Committee agreed that they should be invited to attend future meetings to present the management accounts.</p>
8.	<p>Any other business</p> <p>1) Insurance Renewal</p> <p>The Chief Executive explained that The SU had previously negotiated their insurance for three years which allowed for savings to be made. They question the Committee on whether they were happy for this to be an operational decision. The Committee discussed and agreed that they were happy for the Chief Executive to make this decision.</p> <p>The Finance & Audit committee formally thanked the President and Sport Officer for all the work they had done on the committee over the past year.</p>
9.	<p>To set the date and time of future meetings</p> <p>The Committee agreed the following dates and times for future committee meetings:</p> <ul style="list-style-type: none"> • Thursday 26 August 2021 9-11am • Thursday 18th November 2021 9-11am • Monday 14th March 2022 9-11am • Thursday 19th May 2022 9-11am

The meeting ended at 11am.

Item	Action	Action Owner	Exp Finish
4	Work with Sport Officer and Valerie Copenhagen to identify charity grants to apply for to help support The SU	Head of Finance	26/08/2021
4	Reserves planning to be brought to the next meeting for discussion.	Head of Finance	26/08/2021
6	Finalise the scenario plans to share with the Finance & Audit Committee via email before being submitted to the Board	Head of Finance	04/06/2021
7	Add VAT being applied to salary recharges as a risk to the risk register	Governance & Executive Support Manager	04/06/2021

The Committee discussed how The SU would save £85,000 under the most likely worst case scenario and agreed that suggestions proposed for making savings were sensible.

ACTION: Head of Finance to finalise the scenario plans to share with the Finance & Audit Committee via email before being submitted to the Board.

The Chief Executive advised that there has been a trend over the past few years of Universities cutting Student Union block grants and that The SU will need to become better at diversifying its income streams in order to be more financially sustainable going forward.

7. **Annual Planning Update**

The Committee received a verbal report on annual planning.

The Chief Executive explained that one of their first tasks on arriving at The SU had been to look at the budget. They had made the decision to keep the arts budget separate in order for The SU to maintain better oversight over it. This had been done because there had been a degree of confusion over who owned the arts strategy and who was responsible for the equipment. An agreement had been reached which was that The SU would only perform space and programme activity. This means the University will be responsible for the arts strategy and management of equipment.

The Chief Executive explained that once the arts was separated out from the rest of the budget it became clear that The SU was an organisation which was shrinking. Going forward one of their priorities to achieve before the end of year was to secure a long term block grant agreement. Securing a long term block grant will ensure that The SU is better able to plan beyond the current financial year. It is important that the University understand that The SU is a separate organisation and that it stops treating them like a department.

VAT Review

The Head of Finance reported that the University were carrying out a review of VAT arrangement on the recharge of salaries to the SU which could have a significant impact if it is deemed that VAT should be added. If this happened The SU would have to ask the University for an increase to the block grant to cover it. The Committee discussed and agreed that this should be added as a risk to the risk register.

ACTION: The Governance & Executive Support Manager to add VAT being applied to salary recharges as a risk to the risk register.

The Head of Finance reported that VAT arrangements needed to be reviewed for Summer Ball, Freshers' week and non-business apportionment. For Summer Ball and Freshers' week VAT needs to be applied to non-Bath student tickets. While for non-business apportionment the method of calculation needs to be reviewed as no current record exists of how this was carried out previously.

Audit Recommendation Update

The Head of Finance reported that The SU was on track to address both audit recommendations going forward.

Finance Team Update