

Meeting:	Finance and Audit Committee
Location:	Microsoft Teams Meeting
Date & Time:	Thursday 8 th September 2022 at 9am
Present:	
<i>Name</i>	<i>Role</i>
Elizabeth Stacey	Sports Officer (<i>Chair</i>)
Alexander Robinson	SU President
Barry Hughes	Independent Trustee
Kate Aldridge	Independent Trustee
Jordan Kenny	Independent Trustee
In Attendance:	
<i>Name</i>	<i>Role</i>
Beki Self	Senior Administrator (Governance) (<i>Secretary</i>)
Helen McHenry	Head of Finance
Mandy Wilson Garner	Deputy Chief Exec
Emily Burstow	Finance Manager
Mike Dalton	Head of Commercial – Venues and Events

Item										
1.	<p>Apologies for absence</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Reason</th> <th>Accepted</th> </tr> </thead> <tbody> <tr> <td>Nicky Passmore</td> <td>Sickness leave</td> <td>Yes</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>The Chair noted that Valerie Copenhagen has resigned effective immediately due to changing personal circumstances that would allow for the flexibility needed to fulfil the role of trustee.</p>	Name	Reason	Accepted	Nicky Passmore	Sickness leave	Yes			
Name	Reason	Accepted								
Nicky Passmore	Sickness leave	Yes								
2.	<p>Notice of any other business</p> <p>Confidential Report</p> <p>Impact of inflation on budgets – To be added to next meetings agenda</p>									
3.	<p>Declaration of conflict of interest</p> <p>No conflicts of interest were declared.</p>									
4.	<p>Minutes of the previous meeting and actions arising</p> <p>The Committee approved the previous minutes and noted the matters arising.</p> <p>Head of Finance confirmed that action “Item on Commercial Ops risk and mitigation to be added for future reports” has been completed.</p> <p>Head of Finance confirmed that the action "The Head of Finance agreed to review the notes of the last meeting to see if this detail could be added" has been completed.</p>									

	<p>The Head of Finance confirmed the action “Proposed dates for future meetings to be circulated to committee members” has been completed.</p> <p>A Trustee (KA) advised that they needed to leave the meeting at 10.00, therefore the committee agreed to take the remaining items out of order to allow for the trustee to be present for matters needing approval.</p>
5.	<p>Finance and Audit</p> <p>The Committee received the Report on finance and audit matters (see R1 of the committee reports)</p> <p>Head of Finance reported that the management accounts attached were draft and subject to change but predicted any changes to be minor.</p> <p>The SU finished the year with a surplus of £189k against the budget of -£24k. There are several factors that have contributed to this.</p> <p>Due to an increased number of staff vacancies a saving has been made on staff salaries. The reduced staff capacity has also impacted spending on SU activities due to reduced staff capacity.</p> <p>The SU had a notable income due to graduation photos. Prior to the Covid-19 pandemic the SU would often get around £50k commission for graduation photos. The 2021/22 year cautiously budgeted a £20k income from graduation photos this year due to the uncertainty of how graduation would run. £8K commission was made from the Winter graduation ceremonies, £63k was made for the catch up graduation ceremonies and £45k was made for this year’s ceremony. This income has covered much of the previous reserve loss.</p> <p>It was noted that the savings due to lower salary costs and lower activity costs have counteracted the lower sales revenue from the bar returned a £40k surplus against a budgeted £133k. This is explored further in item 8.</p> <p>It was emphasized that the finances are in good stead overall. Contributing to this was an increase in block grant which in part was comprised of a one-off cost of living payment for staff members.</p> <p>Some areas of the SU have not been as well forecast as they could be, including sports and arts.</p> <p>QUESTION - Trustee It is good to be in a positive financial position, but has this come to the detriment of member experience?</p> <p>ANSWER – Head of Finance We have strived hard not to affect student experience, but staff shortages do affect the activity we can put on and so possibly has had some adverse effect. This has been a reported issue across the sector, it is not isolated to The SU in Bath.</p> <p>QUESTION – Trustee Is there more we can do to ensure the alumni fund is used?</p> <p>ANSWER – Trustee (ES) The alumni fund has had its Terms of Reference changed to allow for more student groups to access it</p> <p>Noted by a trustee that this financial year may be an anomalous year due to the post covid factors amongst others. The trustee advises caution in using this data to make many decisions.</p> <p>It was highlighted that using the restricted funds should be a focus to use going forward.</p>

	<p>QUESTION – Trustee What do we do with our cash and how do we invest it?</p> <p>ANSWER – Head of Finance It is not invested; it is in a high interest bank account. The SU does not currently have an investment policy.</p> <p>A trustee recommended that a cash line or summary could be helpful on the report.</p> <p>Head of Finance highlighted that budgets need to be revised following changes from the block grant and salary allocation.</p> <p>ACTION: Head of Finance to bring revised budget to the next meeting of this committee.</p> <p>QUESTION - Trustee Can you explain the auditors concerns around segregation of duties?</p> <p>ANSWER: Head of Finance The list of concerns are potential and not definite but there is a chance that the auditors may be concerns around segregation of duty whilst there is not a Chief Executive in post.</p> <p>Overall the review of last year is positive and the auditors will provide any updates for the next Finance and Audit Committee.</p> <p>A review was commissioned of our income streams relating to taxable trading activity. We expect a recommendation for The SU to set up a trading subsidiary. The Head of Finance notes this is common practice within other SU’s. We will await report before evaluating options.</p>
6.	<p>VAT on supply of staff</p> <p>Previously the University as not charging VAT on SU salaries. HMRC queried this and following an investigation HMRC ruled that the salaries should have VAT charged.</p> <p>For The SU this means a new cost of approx. £17k per month of irrevocable VAT. The University has agreed to fund all extra costs to the SU for 1 year to 31 July 23. The University are looking into what the options are going forward in terms of SU salary payments.</p> <p>The ongoing activity has highlighted The SU to HMRC who have requested an audit of the last quarter.</p> <p>QUESTION – Trustee Is there anything in the HMRC audit that you are concerned about?</p> <p>ANSWER – Head of Finance Confident that all finances are in order. There is a slight concern that they may review and amend some of the existing rulings we have in place relating to VAT treatment of events.</p>
10.	<p><i>AOB Confidential Report</i></p> <p>This minute has been removed from the public minutes as it contains information that is of a sensitive and confidential nature.</p>

<p>8.</p>	<p>Commercial Ops Risk and Mitigation</p> <p>Mike Dalton joins at 10.03</p> <p>Verbal update provided by Mike (MD).</p> <p>A consultancy report into the bar and events was conducted with the Deputy Chief Executive (MWG).</p> <p>Changes that have been made or are being made following the report:</p> <ul style="list-style-type: none"> • Upgrades to bar and toilets in the venue. • Changes to the menu to enable food service to be quicker and cater to more 'grab and go' food. • Realisation that Friday nights were not being fully utilized and going forward with Karaoke and guest DJs from the University Radio Bath which also provides more opportunities for students. • Realigned relationship with A-List. Prior arrangement was not great going forward 50/50 split on both student club nights. • There has been some useful feedback from Sports Captains that trust has lessened between them and the SU. Work is being put in to rebuild these relationships. • Pre-drinking on campus has impacted footfall in the bar and in the club nights. They are now working with the University's AHS team to develop Limetree for being a social space 7-11 which may help feed footfall into club nights. • The previous arrangement with A-List meant they were more incentivized to put most promotional efforts into one club night over another. Now the commission gained is split between both club nights which will hopefully ensure greater consistency of promotion.
	<p>Business case</p> <p>The SU bar would like to work with the University to provide facilities where sports clubs can have a social space, particularly during and after matches. This would be done through a mobile bar facility. The University teams are supportive of the plans and the SU has agreed to provide staffing in terms of the mobile bar and security.</p> <p>The plan is to trial this with the Rugby club and if successful expand to other student groups.</p> <p>A trustee stated they felt it looked straight forward and would approve the proposal.</p> <p>Another trustee noted that other institutions use a portable bar facility extensively.</p> <p>BUSINESS CASE APPROVED BY THE COMMITTEE</p> <p>MD asked if the trustees had any other questions about the Business Case or Commercial Operations.</p> <p>QUESTION -Trustee How are you feeling about freshers week, particularly wristband sales and if there are any concerns about behaviour.</p> <p>ANSWER – MD There should be better occupancy on campus and feel hoping to build on already successful nights such as quiz night and cocktail night. Taking a cautious but optimistic approach and there are things in place to rebuild post pandemic.</p> <p>MWG highlighted it is important to note the changing demographics of students and how we need to adjust to students needs and wants. It raises thoughts about how appropriate is it to financially rely on the bar. This</p>

	<p>coupled with cultural concerns about spiking and the difficulty competing with clubs in down as a safe venue further highlight the need to look into this.</p> <p><i>(Mike left 10.21)</i></p> <p>A trustee wanted to highlight their concern that it didn't feel very clear what the upper end of the budget was and what happens if this is exceeded? Head of Finance confirmed that any overspend would come from the commercial maintenance budget, not from any central SU funds.</p>
<p>7.</p>	<p>Risk Register</p> <p>The risk Register was introduced by the Senior Administrator (Governance) (BS). It was explained that this would normally come to an earlier meeting but due to a gap in governance staffing this was not possible.</p> <p>It was explained that the report has last year's risk register and a new version with the suggestions proposed within the report. It was also explained that the matter of not having a permanent Chief Executive is a new and ongoing risk with the option to create a new risk or to absorb this within existing risks.</p> <p>BS asked the committee for any comments on the proposals.</p> <p>A trustee recommended that poor commercial income and block grant should be two separate risks as whilst they are both financial the measures and controls are different for each. In splitting these it may more accurately highlight where the risk is.</p> <p>Although the VAT on salaries matter has concluded, there is still an unknown as to how this will be managed long term, it is recommended that a new risk for this is included.</p> <p>There are a couple of calculation errors that BS noted will be amended.</p> <p>A trustee noted that the Security of assets risk seemed quite high and suggested this is reviewed.</p> <p>A trustee highlighted that it was not clear what the likelihood scale related to in real terms and asked if there was an explanation of the scale. BS explained that within the existing risk register there was no definition or explanation of the scale but happy to provide this in the revised risk register for the Board of trustees. A trustee offered to send over an example likelihood scale.</p> <p>A trustee recommended a new risk of inflation and cost of living for students. This could impact both commercial income and demand for services.</p> <p>A trustee recommended that cyber security was a new risk as it is different from information security. For example, what controls are in place if the website server is attacked and goes down for a week?</p> <p>ACTION: BS to revise the risk register with the suggestions from the committee and present it at the next Board of Trustees Meeting.</p>
<p>10.</p>	<p>Any other business</p> <p>Due to time constraints, it was agreed to take the item of impact of inflation to the next meeting.</p>

	ACTION: Add Impact of Inflation as an agenda item for the next committee meeting.
	<p>Date and time of future meetings</p> <p>Thursday 24th November 2022 9-11am Friday 27th January 2023 9-10am Thursday 16th March 2023 9-10.30am Thursday 25th May 2023 9-10.30am</p>
The meeting ended at 10.31	

Item	Action	Action Owner	Exp Finish
10.	Impact of Inflation and cost of living on budgets to be added to next Finance and Audit Committee meetings' agenda.	Beki Self / Helen McHenry	Nov 2022
5.	Provide revised budget to the next Finance and Audit Committee meeting	Helen McHenry	Nov 2022
7.	Revise the risk register with committee's suggestions and present this at the next Board of Trustees meeting.	Beki Self	Sept 2022