



Date: Thursday 22 April 2021  
 Time: 17:30-19:30  
 Venue: On MS Teams

## Finance Committee Minutes

Chair: Ilyas Benmouna, Activities Officer

Members:	P	AP	AB
Aining Liang, Student Trustee (AL)		✓	
Alisha Dhume, Appointed by Union Executive (AD)		✓	
Ansh Raj, Appointed by Union Executive (AR)		✓	
Ayman Benmati, Education Officer	✓		
Carol Paige, Democracy, Operations and Community Officer	✓		
Eliza Lawless, Sustainability Officer	✓		
Ilyas Benmouna, Activities Officer, Chair	✓		
Ishar Kalsi, Appointed by Union Executive (IK)	✓		
Javier Bautista, Appointed by Union Executive (JB)	✓		
Shoora Shafeeq, Student Trustee (SS)		✓	
Yasmeen Daoud, Welfare and International Officer	✓		

In Attendance:
Catherine Barrow, Head of Finance
Deb Nichols, Head of Operations
John Dubber, Chief Executive
Rebecca McLoughlin, Minutes

### 1. Welcome and Introductions

The Chair opened the meeting and welcomed everyone.

**NOTED**

### 2. Minutes and Matters Arising from the meeting on 25 February 2020 (FC2002M)

The Committee approved the minutes of the meeting on 25 February 2020 as a true and accurate record.

**APPROVED**

### 3. Management Accounts (Month 7)

The Head of Finance gave an overview of the Management Accounts. They highlighted that the February management accounts are measured against forecast 1 which was undertaken in November. The financial position has not changed significantly since the Q2/January Report, with the accounts showing an operating surplus of £151k before amortisation of capital grants. The surplus is due to the receipt of an additional grant of £295k for student activities that has had minimal spend against it to date. Before the additional grant, the operating deficit is £140k compared to a forecasted deficit (November forecast) of £578k. The lower deficit was mostly due to ongoing tight control of expenditure in all areas, but most significantly less expenditure in Sports and clubs/societies. The Head of Finance noted that although commercial outlets did not reopen in January as forecast, the commercial income lost has been offset by furlough

rebates for permanent casual staff. Overall, they stated that we are performing much better than predicted which is mainly due to controlling costs and the extra grant from UCL.

The Chief Executive highlighted that last year we expected to lose over £1 million but due to controlling costs and making more use of the furlough scheme, the loss has been much lower than predicted. They noted that due to the lockdown, we also saved money by not being able to organise face to face activities. Overall, the Chief Executive commented that we are in a very healthy position compared to where we expected to be.

**RECEIVED**

#### **4. Forecast 2 2020/21**

The Head of Finance gave a summary of Forecast 2 for 2020/21 and explained that the second forecast for 2021/21 delivers an operating deficit (before amortisation of capital grants) of £433k compared to the first forecast deficit of £1,082k and a budget deficit of £990k. The reduced deficit has been achieved by using the extended furlough scheme extensively, savings in clubs and societies due to restricted activities as well as careful control of costs and additional grant income. They added that the forecasted income includes £184k of unspent grant for student activities which will be carried forward as part of the Union's restricted reserves and spent next year. Without this the deficit for 2020/21 would be £617k.

The Head of Finance noted that predicting the on-campus activity for both budgets and forecast has been extremely difficult due to the uncertainty around Covid 19 restrictions. They added that expectation was that the university campus and commercial outlets would re-open in January, but this has now been pushed to April and forecast 2 reflects this, both in terms of reduced income from trading and savings in clubs and societies due to the restricted activity. Footfall on campus will be closely monitored and as it increases, we will reopen more commercial outlets.

The Head of Finance explained that since forecast 1, furlough rebates are now being shown as income rather than a credit against staff costs and this has increased the income variance and reduced the expenditure variance versus forecast 1. Forecast 2 predicts that the full year income from the furlough scheme will be £390k. They noted that we will close the year with just under 1 million in our free reserves. The Head of Finance stated that with the new decision from UCL to increase our grant funding over the next 3 years we will be able to begin rebuilding our free reserves.

The Chief Executive explained why the budget is being reforecast for a second time. They outlined that in forecast 1 the budget was adjusted and what departments could spend was reset. This is being done again in forecast 2 as things are still so uncertain, e.g., footfall on campus has been extremely difficult to predict. The Chief Executive confirmed that to develop the forecast, they met with all heads of departments along with the Head of Finance and the Democracy, Operations & Community Officer to discuss and agree spending for the rest of this academic year. They confirmed the gradual re-opening of outlets inline with government restrictions easing. They added that departments have been encouraged to continue to minimise spending and to make use of the furlough scheme where possible.

The Chief Executive went on to summarise the forecast 2 balance sheet and highlighted that the General Fund is our free reserves. We expected to have a zero balance at the end of the year, but we will have around 999k which is much better than anticipated. They added that when the financial year closes on 31 July we now forecast that we will have total funds of £5.9 million (last year we closed on £6.5 million).

The Chair asked if we usually complete two forecasts in a year. The Head of Finance confirmed that we usually do not. However, it is good financial practice to reforecast twice a year, and this will continue. The Chief Executive agreed that the Union has not done this previously, but they intend to introduce a regular forecast process.

One of the members appointed by Union Exec (JB) asked why the Union have considered the furlough funding as an increase in income now rather than a decrease in costs as previously. The Head of Finance responded that they initially thought that furlough would be a cost and not an income. However, they realise that this should actually be showing as an income stream. This will not affect the bottom-line figures, but it needs to be showing as income.

The Head of Finance explained that increased student activity for term 3 is being made possible by the additional grant funding from UCL. This is funding extra fixed term staff roles as well as activity and event costs. Not all funds received will be spent this financial year and £184k grant income is reflected in the Central forecast and will move to restricted reserves at the end of the year to be spent in 2021/22. The Chief Executive agreed that this additional funding is income that will be spent on activities to create a vibrant campus. It also includes funding for new staff in the activities team.

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## **5. Budget parameters for 2021-22**

The Chief Executive explained that the budget parameters have been brought to the committee for discussion to explain the assumptions that we are making for next year's budget planning. They confirmed that at the next meeting of the Finance Committee there will be a proposed budget 2021-22 for each department. They noted that they wanted the Finance Committee to consider the parameters before the detailed budget is developed. They added that over the next few years, the Union wants to rebuild reserves so that longer term we have a strong safety net in the event of future disruption and that we have funds to invest in more areas that generate income which will enable us to provide more and better services to students. The Chief Executive confirmed that it has been agreed with UCL SMT to have a £70k increase in the grant over the next 3 years.

The Chief Executive noted that there are two main areas of income:

- Commercial services
- UCL grant

They highlighted the difficulty on predicting income and expenditure due to current limitations and especially if our commercial services have not fully reopened.

The Chief Executive outlined the assumptions for the Budget 2021-22 and stated that this is guidance for all department managers. They confirmed that the aim is to get to a balanced

budget for next year if possible whilst continuing to provide a high-quality core level of service for students. The intention would then be to start re-building reserves in years 2 and 3 as the grant increases further and commercial services are expected to fully return to normal levels of surplus.

The Chair asked if there would be one budget. The Chief Executive confirmed that there will be just one budget but there will be reforecasts throughout the year. They noted that they wanted to have a realistic budget in light of the current uncertainty. They also added that UCL have agreed to renegotiate their financial support if the commercial income is very low due to continuing Covid disruption.

The Head of Operations noted that the increase in UCL grant funding over the next three years is phenomenal and is a big testament to how the Union is being led by the Sabbatical team. The Chief Executive added that this is due to the influencing and relationship building that the Sabbatical team and all the Union staff have developed with UCL.

The Chair asked the Finance Committee what they felt the Union should prioritise next year. The Democracy, Operations & Community Officer responded that we need to continue to invest in Clubs & Societies to ensure they are able to do incredible things next year. The Activities Officer agreed with this. The Democracy, Operations & Community Officer also noted that the Union needs to get back to employing more student staff. The Welfare & International Officer agreed and highlighted the importance of being able to give students employment. One member appointed by Union Exec (EL) added that it would be good to invest in more arts activities as theses have really missed out this year.

The Chair asked what would happen if there were another lockdown during the Summer and how this will affect the budget forecast. The Democracy, Operations & Community Officer replied that UCL have two scenarios:

- No social distancing
- 2 metre social distancing

The Chief Executive stated that no one can predict what will happen, but that if there is a major disruption then the Union still has almost £1m of free reserves, the furlough scheme may be extended again and also the lockdown means that we would be saving costs on activities. They noted that we can also go back and negotiate our financial support from UCL. The Chief Executive said we should look to the future with confidence but understand that there are risks which is why we need to increase our income as much as we can. The Head of Operations agreed that they intended to look at ways of ensuring we can keep income coming in.

The Head of Finance confirmed that that by using the assumptions when we look at the budget for next year, we will be able to build a clear budget and will also be able to have a clearer idea of when and why things are not meeting budget.

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## **6. Update on the development of the Union Commercial Strategy**

The Head of Operations noted that a Commercial Strategy working group has been formed and consists of 3 sub-groups:

- Brand sub-group
- Lewis Project sub-group
- Shop sub-group

The Head of Operations confirmed that a Draft Commercial Strategy is under development and will include an action plan and SMART aspirational KPI's. The draft will be presented to the Board of Trustees at the June meeting.

The Chief Executive went on to highlight that the brand will be improved in the commercial outlets so it is more visible and will emphasise that all profits are invested back into student services. They noted that the commercial outside spaces were also being reviewed to see how they can be more vibrant and sheltered for student use. The Chief Executive confirmed that the refurbishment of the Lewis building was being looked at with the possibility of having a grab and go café in the foyer, but this is subject to ongoing discussions with UCL. The range of foods in the commercial outlets is also being explored with the intention of having a pricing strategy with premium and budget options.

The Chief Executive stated that we really want to improve our services and generate more income. They asked the Finance Committee for any ideas for better services. The Welfare & International Officer suggested a dessert shop and the Democracy, Operations & Community Officer suggested Bubble Tea. The Head of Operations responded that they are currently looking at offering Bubble Tea and also offering more healthy options. They noted that they are doing a lot of work in partnership with UCL regarding the Commercial Strategy. The Head of Operations confirmed that they are currently recruiting for a Retail Manager. The Chair suggested that the gym could sell protein/gym supplements and they added that they could get students involved in the design of hoodies for the shop. The Chief Executive responded that they are looking at a development plan for the online shop and one of the ideas is to encourage students to design merchandise for the shop. The Chair agreed that it is good to have student input. The Chief Executive suggested that the Welfare & International Officer speak to the Head of Operations about their idea for a dessert shop.

**ACTION:** The Welfare & International Officer to speak to the Head of Operations regarding opening a dessert shop.

**RECEIVED**

## 7. Any Other Business

There was none.

Minutes approved as a true and accurate record	
Chair:	Ilyas Benmouna
Signature:	<i>ilyas b</i>
Date:	27/05/2021

Action List

Actions	
The Welfare & International Officer to speak to the Head of Operations regarding opening a dessert shop.	Welfare & International Officer