



Date: Thursday 27 May 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)	✓		
Shooru Shafeeq, Student Trustee (SS)	✓		
Yasmeen Daoud, Welfare and International Officer	✓		

In Attendance:
Catherine Barrow, Head of Finance
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 22 April 2021 (FC2003M)

The Committee approved the minutes of the meeting on 22 April 2021 as a true and accurate record.

APPROVED

3. Management Accounts (Quarter 3)

The Head of Finance gave an overview of the Management Accounts for Quarter 3. They noted that the financial accounts as of the end of April continue to show a surplus due to the additional grant of £295k received in January from UCL. The Q3 surplus is £134k before amortisation of capital grants, however, spend against the grant to date is minimal and £184k of the grant is forecast to remain unspent at the end of the year, and will move to reserves for spend in 2021-22, so the April operational deficit is approximately £50k. The Head of Finance summarised the income and expenditure and confirmed that as at the end of April we are £40k ahead of forecast. They noted that this year due to commercial income being so low, we predicted to have higher expenditure than income. Expenditure year to date is approx. £200k lower than forecast. Around £140k of this variance is in Central departments where there is a contingency for re-opening costs that has not yet been called upon and several projects where

spend has been delayed or postponed to next year. The expectation is that some of this expenditure will not be incurred in this year and there will be a saving of around £20k, possibly more if the reopening costs are lower than expected. Overall, they confirmed that at the end of 2020/21 we forecast to have a Deficit of approximately £433k, however this could be slightly lower.

The Democracy, Operations & Community Officer asked about the UCL grant and how that will affect our figures next year as we have not spent much this year. The Head of Finance replied that we are not able to defer the UCL grant to next year. Therefore, it will show as income for this year, but we will actually be spending it next year. They added that this year we have had an extra income stream due to furlough.

RECEIVED

4. Budget for 2021/22 and 3-year Financial Projections

The Chief Executive stated that the proposed budget for next year is one of the most important papers that the Finance Committee review each year. They confirmed that for many years, the Students' Union has been unable to keep operational spend in line with income and has delivered operating deficits, recently of around £300k, with the shortfall being covered from reserves. Over the past decade this has seen reserves fall by around £4m. This is not financially sustainable. The Chief Executive went on to outline the Unions main sources of income which are the UCL Grant and the Commercial Services.

The Chief Executive outlined the key principles for the 2021/22 budget.

The Head of Finance highlighted that the operational budget will deliver a small surplus of around £2k. They noted that in compiling the 2021/22 Budget, the Union has followed the approach of UCL with regards to a return to a more normal level of students on campus. Although the university expects there to be a full return to campus, it is anticipated that trading for commercial outlets will still be impacted to some extent by the continuation of on-line teaching for large lectures, with an expectation of fewer staff and students coming on to campus every day. However, UCL are expecting no restrictions on socialising. Therefore, the commercial budget for 2021/22 assumes income that is expected to be similar to 18/19 levels, with a 20% reduction in footfall to account for lower numbers of students and staff on the campus. The Head of Finance stated that after years of the Union being in deficit, it will be a real turning point if we can start to build back up our reserves. The Chair asked about the increase in expected income as we are predicting a 20% decrease in footfall. The Head of Finance confirmed that this year we will also have income from the new Union Shop, the IoE Bar (which was closed for a large portion of 2018/19) and the pizza outlet (which only opened part-way through 2018/19).

The Head of Finance went through the income and expenditure comparison for each area against the 2018/19 budget. They highlighted:

- Commercial - overall we expect a significant recovery of commercial activity, with all outlets open and more normal levels of footfall. Commercial has budgeted a surplus of just over £514k for the coming year, up by £187k from FY18/19 with revenue growth predicted to be just under 9%.

- Cafes - The outlets will be tightening up on staffing costs, prices, wastage and will be expected to hit minimum targets. There is also a new Cafes Manager.
- Bars - Expected income of £1.3 million. The IoE was closed for a large part of 2018/19.
- Retail – The income increase is due to the new Students’ Union shop and also a new online shop.
- Gym – The Bloomsbury Fitness Centre contribution continues to be under pressure from nearby competition along with the expected reduced footfall on campus, therefore a flat result has been budgeted. While an extra contribution of £126k versus FY18/19 looks impressive above, after excluding the depreciation charge this reduces to only £12k additional contribution.
- Commercial Central- These costs are mainly managerial staff costs not allocated to individual outlets. In FY20/21, all Commercial staff furlough income rebates received from HMRC were posted here, and most staff costs were allocated here also, leading to the large variance versus FY21/22 budget.
- Other Students’ Union Departments – Cut back on funding in all areas and no staff increases.
- Activities - The main objectives of Societies & Media in the coming year are to rebuild in-person activity programmes to provide enhanced support for in-person and hybrid events, continue to implement the Global Engagement Strategy and develop student leaders to lead communities in the ‘new normal’. Sports priority continues to be to provide the best sporting opportunities possible for students at an affordable price.
- Volunteering Service – The volunteering unit sits nominally within the UCL department of the Vice-Provost for Education and Student Experience. There is agreement from UCL that this funding for staff as well as non-staff cost will transfer to the SU, and be run on the same basis as other SU departments.
- UCL East - UCL has agreed to fund SU activities at the UCL East Campus. However, this has not been included in the budget projections at this stage.
- Equity and Inclusion Unit - The Unit was the result of the restructure of the sabbatical officer roles, with one less post in this area it allowed the saving to be invested in the new unit.

The Chair asked what the £3k income was in Commercial Central. The Head of Finance replied that the furlough scheme is extended to September so a small amount will show under the start of 2021/22.

The Head of Finance went onto outline the 3 year budget projection and noted that the Union should start delivering an increased contribution every year. Within 2 years we predict a small surplus of £43k and by 2023/24 this should be increased to close to £200k surplus. The Chair asked how often will this budget will be reviewed. The Head of Finance confirmed that there will be a re-forecast before Christmas and another re-forecast in March 2022. They confirmed that this will be the ongoing cycle with the budget agreed in April/May and a re-forecast in November and March.

The Head of Finance stated that part of the Commercial plans for 2021/22 is a differentiation of the offerings in the cafes and an up-grading of the space in the Lewis Building. This will involve improving the lighting and decoration in the two bars and the installation of the new “grab-and-go” concept in the George Farha Café. They outlined the planned capital investment costs and

noted that work is expected to start before the end of this financial year and will be capitalised over 3-5 years.

The Democracy, Operations & Community Officer asked if, other than Covid, were there any other predicted challenges that could stop us from achieving this budget. The Chief Executive replied there can be unforeseen events such as flooding, gas leak, etc. They noted that in 2019/20 there was a major flood in the IoE Bar so it had to close at the busiest time of year. These factors are out of our control but the Union has a £90k contingency plan built into the budget. They also added that there is uncertainty as to how the Welcome Fair will be run this year. The Chief Executive added that should conditions change with regards to trading income, UCL have suggested that the SU can request further financial assistance, but the terms of this would need to be negotiated depending on the circumstances were this to become necessary.

The Chair asked the Finance Committee to recommend the Budget for 2021/22 and 3-year Financial Projections to the Trustee Board.

The Finance Committee recommended the Budget for 2021/22 and 3-year Financial Projections to the Trustee Board.

RECEIVED

5. Commercial Strategy 2021-2024

The Chief Executive confirmed that a working group had been formed to work on a Commercial Strategy and they outlined the aims to generate additional surplus to support the Union's work and also to:

- Provide a welcoming and safe space
- Provide high quality products, events and services
- Be the best value on campus
- Have high quality service standards
- Provide excellent marketing
- Have the most engaged student staff team in London
- Be the most sustainable Students' Union

The Chief Executive went on to outline how we will measure our progress by tracking key performance indicators.

The Democracy, Operations & Community Officer suggested that the following also be included in the Commercial Strategy:

- A range of foods for people with dietary requirements be included in what we offer in our outlets.
- Section 4, 'High quality service standards and professional operations', there should be an objective around improving customer service.
- Section 6, 'Most engaged student staff team in London', this should include a point on upskilling our student staff and how we will increase our student staff numbers.
- The KPI 'Total carbon footprint from commercial services' should be the total environmental impact not just the carbon footprint.

The Chief Executive confirmed that they would ask the Head of Operations to include these in the Commercial Strategy.

ACTION: The Chief Executive to take the Democracy, Operations & Community Officers suggestions regarding the Commercial Strategy to the Head of Operations.

The Finance Committee recommended the Commercial Strategy to the Trustee Board with the additional suggestions included.

RECEIVED**6. Update on VAT review and provision**

The Head of Finance confirmed that providing the auditors are satisfied, based on the workings, that £100k is a reasonable estimate for the provision, the statutory accounts for 2019/20 will be approved by the auditors and can be presented to Board for sign-off in June.

RECEIVED**7. Debtors Report (Quarter 3)**

The Head of Finance gave a brief overview of the Debtor Report (Q3) and stated that due to the ongoing Covid-19 restrictions, activity in the Student Union continued to be greatly reduced in Q3. Overall, the debtor balance reduced by £21k from Q2, mainly through the collection of current balances in Clubs & Societies.


RECEIVED**8. Treasury Report (Quarter 3)**

The Head of Finance summarised the Treasury Report (Q3) and noted that the reduction in cash is due to the loss of commercial income due to covid closures and the resultant operating deficit. They added that although the cash at the bank has reduced versus last year, this is offset to some extent by the increase in the intercompany balance.

RECEIVED**9. Any Other Business**

The Democracy, Operations & Community Officer requested that during the next academic year the Finance Committee look at the banks that we currently use and how ethical and sustainable they are. They added that this is in the Sustainability Strategy.

ACTION: The Finance Committee 2021/22 to discuss the current banks we use and how ethical/sustainable they are.

Minutes approved as a true and accurate record	
Chair:	Yasmeen Daoud
Signature:	
Date:	24/02/2022

Action List

Actions	
The Chief Executive to take the Democracy, Operations & Community Officers suggestions regarding the Commercial Strategy to the Head of Operations.	Chief Executive
The Finance Committee 2021/22 to discuss the current banks we use and how ethical/sustainable they are.	Finance Committee 2021/22