

Lancaster University Students' Union Finance & Risk SubcommitteeMinutes of the Finance & Risk Subcommittee meeting held **Friday 25 September 2020**

Officer Trustees present: Oliver Robinson | President of SU | Chair of Trustee Board | he/him | **Items 1-8 & 11**
 Atree Ghosh | Chair of Executive Committee | VP Union Development | he/him | **Items 1-8 & 11**

External Trustees present

Amanda Chetwynd | External Trustee | Chair of Finance & Risk Sub-Committee | she/her

Lay Member present

David Dobson | FRSC Expert Committee Member | **Item 6 onwards**

Student Trustees present

Sam Maesschalck | Student Trustee | he/him

In Attendance:

Misbah Ashraf | Interim Chief Executive | she/her

Jane Morgan Jones | Financial Controller | Company Secretary

The meeting took place via Microsoft Teams due to the Covid-19 pandemic. The subcommittee acknowledged the meeting would be recorded for minute-taking purposes.

Agenda Item 1 | Apologies | No apologies were received.**Agenda Item 2 | Minutes of previous meeting** | No changes were suggested and the minutes were approved.**Agenda Item 3 | Actions arising from the minutes**

The subcommittee noted both completed actions arising from the previous minutes and the following remaining actions to be completed:

- Item 8's Risk Policy annual review has been included in the forward schedule for business in May 2021
- Formal service level agreements to be drawn up between the Charity and Sugarhouse | retail has been included on the forward schedule of business for December 2020.

Agenda Item 4 | Management & statutory accounts for July 2020 | The subcommittee noted the following points: the audit is in progress and a clearing meeting is planned for 25 September 2020 | the Financial Controller is still waiting for final figures from the tax team confirming deed of covenant tax figures. The current amount is £197k for LUSU Housing and £207k for LUSU Services Co. | the Interim Chief Executive is awaiting a response on the Trustee's Report's reserve policy. The Interim Chief Exec will liaise with the SU President in order to meet the deadline.

ACTIONS | Finalise reserves policy for the annual report. | Interim Chief Exec & President of SU**Agenda Item 5 | Financial Controllers Report**

The subcommittee was informed of the following updates arising since the accompanying paper: the two claims put in for business interruptions have been chased and progressed; the Financial Controller is now waiting to hear back

Agenda Item 6 | Cash flow forecast

The latest revised cash flow assumption scenario for Services Co was presented.

It was noted there is more uncertainty around the retail assumptions the subcommittee also discussed how shops on campus should consider how they adapt their services given the current climate in order to support students on campus; though recognised they should ensure they have the means and staffing to back up any solution.

The cash flow statements for the Charity and Housing Limited had been presented, were noted and next steps agreed.

ACTIONS |**Agenda Item 7 | Commercial operating plans update**

This was a verbal update and included no accompanying papers. The subcommittee noted that commercial meetings had been set up monthly from October 2020 with each area working on their operating plans to include at the meetings | standard template to ensure consistency across all areas | reports are delayed due to some Commercial Managers on furlough, other priorities and inherent uncertainties due to COVID19

Agenda Item 8 | Student numbers update

The subcommittee noted a slight fall in overall student numbers | the University's voluntary redundancy scheme is also open to SU staff; though both parties, including the University, have to agree.

Agenda Item 11 (taken out of order) | Forward schedule of business

The sub-committee noted suggestions: to consider the revised out-turn for 2021 along with a high level view of the forecast over the next few academic years, in the agenda of 10 December 2020's meeting – further noting that this should be done urgently to support any decision over loans | the financial strategy item should be deferred to

February 2021 or the May meeting | to consider moving the Risk Register reviews, planned for December meeting, due to other priorities.

It was noted that the projected outturn and forecasts would need to be high level should they be held in December 2020. A detailed projection for the current year is usually completed in January/February which will still be the case. In addition, high level forecasts for 2021-23 will be completed [these are usually done as part of the previous budgeting process. However, were not done due to the uncertainty with COVID19 and other priorities. Following discussions, the subcommittee agreed it was happy to make the suggested changes to the forward schedule of business.

ACTIONS | make agreed changes to Forward Schedule of Business | Financial Controller

The subcommittee ended the meeting to attend an Audit Clearance meeting and later returned for item 9 onwards

Agenda Item 9 | Risk registers

The committee noted the risk register sent with other papers.

Charity risk register The subcommittee noted the following major risks: the impact to the Unions block grant due to Covid-19 | payroll costs on the charity side | failure for commercial services not to gift aid back to the Charity.

The subcommittee noted the following minor risks: reputational harm if any of the Union's commercial services or campus has an outbreak of Covid-19 | changes from the NUS disaffiliation | business continuity and staff returning,

The subcommittee raised no issues with the sorting of the risks, though raised a query on risk 11 of the paper, which had no figures included. The Financial Controller and Interim Chief Exec confirmed this is intentional and would be brought for a discussion at their next meeting due to this reason. The subcommittee noted that the recent Government furlough announcement may have an effect on risk 11.

It was acknowledged that due to circumstances changing regularly, risk registers would need to be reviewed more often.

Strategic risk register

The subcommittee discussed the risk register and noted the following: risk number 2 will be changed from its current green RAG status at Student Union level to Amber, and to red on Commercial and Trading subsidiaries | the finance side of risk number 2 should be split into two parts; the block grant side and commercial income side | risk item 6 positioning will be increased | the Interim Chief Exec and Financial Controller stated that risk number 9 was taken to Officers to consider raising its position in the risk register; though the Officers decided the current structure and number of Trustees was suitable.

Following discussions, the subcommittee agreed that the suggestion should be presented to Board for discussion at its next meeting given the significant changes seen over the past months | risk 15 needed to be explored further with actions identified splitting out 'quick wins' from those that are higher risk/medium/long term | HR mitigation hasn't happened due to various reasons such as staff absence | risk 16 the current strategic plan is not fit for purpose. Board is waiting for a new permanent Chief Executive before looking at a new strategic plan which is more accurate | following a query on risk item 17, the Interim Chief Exec and Financial Controller will ensure wording is updated to accurately reflect that the Union does have a serious incident policy.

ACTIONS |

- ❖ **update risk two from its current green status | Interim Chief Exec**
- ❖ **split the financial side of risk 2 into the block grant side and commercial income side | Interim Chief Exec & Financial Controller**
- ❖ **update risk 6 from 5-3 to 5-4**
- ❖ **bring forward the raising of risk number 9 to the Board's next meeting | Interim Chief Exec**
- ❖ **Risk 15 | explore the risk further and to identify quick wins v longer term actions | Interim Chief Exec & Financial Controller**
- ❖ **ensure wording is updated to accurately reflect that the Union does have a crisis management and serious incident policy | Interim Chief Exec & Financial Controller**

Commercial risk register (Sugarhouse) | the subcommittee discussed the commercial risk register and noted the following: the risk register would need to be updated to include the Government guidance advice received on 25 September 2020 | the subcommittee agreed on raising the business interruption risk | | the heading panes on risk register spreadsheets will be frozen for easier reviewing in future.

ACTIONS |

- ❖ **to raise the business interruption risk | Interim Chief Exec & Financial Controller**
- ❖ **freeze heading panes on spreadsheets before sending going forward | Interim Chief Exec**

Retail risk register | the subcommittee agreed on increasing risk item 1, the reduction in sales due to change in student behaviour on campus | the Interim Chief Exec is appealing the University's decision to not approve ERS staff vacancies. | wording in risk 2, which relates to risk increasing after mitigation, will be amended | also agreed

to increase gross risk to 20 [4x5] | a note will be added to risk item 4 to include buying from the consortium | risk 3: agreed to reduce the residual risk [4 to 3 for likelihood].

ACTIONS |

- ❖ to raise risk item 1 | *Interim Chief Exec & Financial Controller*
- ❖ update wording in risk 2 | *Financial Controller*
- ❖ to include a note on buying from the consortium in risk 4 | *Interim Chief Exec & Financial Controller*
- ❖ to amend risk 3 to reflect that the risk isn't reduced just because opportunity is identified | *Interim Chief Exec & Financial Controller*

Housing risk register

ACTIONS |

- ❖ the paper to be produced was seeking clarification on what the objective / aim was on points raised at the Board meeting held 25 June 2020

Commercial marketing risk register | the subcommittee noted the various levels of revenue lost with regard to commercial marketing and as a result of effects brought on by Covid-19; further noting that no increase is predicted given recent Government advice. the subcommittee discussed possible online options for producing income. It noted online advertising space has been sold for the University's freshers fair | positioning of risk 8, which relates to email marketing, should be reduced.

ACTIONS | reduce risk item eight's position | *Financial Controller & Interim Chief Exec*

Agenda Item 10 | AOB

The Sub- Committee reiterated massive thanks for the Financial Controller and her Finance team for the immense amount of work put in since lockdown.