

AGENDA

Meeting: **Finance and Audit Committee**
Location: **Online via Microsoft Teams**
Date & Time: **Monday 13th March 2023**

Item		Report
1.	Apologies for Absence	
2.	Notice of Any Other Business	
3.	Declaration of Conflict of Interest	
4.	Minutes of the Previous Meeting and Matters Arising	
5.	Financial Position	R1
6.	Commercial Risks and Mitigation	R2
7.	Budget 2023/24	R3
8.	Report excluded in line with section 99. of the Articles of Governance	R4
	Any Other Business	
	To Confirm the date and time of future meetings	

Meeting:	Finance and Audit Committee	
Location:	Online via Microsoft Teams	
Date & Time:	26th January 2023 9.00 – 10.00	
Present:		
<i>Name</i>		<i>Role</i>
Elizabeth Stacey	ES	Sports Officer (Chair)
Alexander Robinson	AR	SU President
Jordan Kenny	JK	Independent Trustee
In Attendance:		
<i>Name</i>		<i>Role</i>
Beki Self	BS	Senior Administrator Governance (Secretary)
Helen McHenry	HM	Head of Finance
Emily Burstow	EB	Finance Manager
Mandy Wilson Garner	MWG	Interim Chief Executive

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>Barry Hughes</td> <td></td> <td>Yes</td> </tr> <tr> <td>Mike Dalton</td> <td>Work commitments</td> <td>Yes</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name	Reason	Accepted	Barry Hughes		Yes	Mike Dalton	Work commitments	Yes			
Name	Reason	Accepted											
Barry Hughes		Yes											
Mike Dalton	Work commitments	Yes											
2.	<p>Notice of any other business</p> <p>HM - Approval of Chief Executive recruitment costs.</p>												
3.	<p>Declaration of Conflict of Interest</p> <p>No conflicts of Interest were declared by the committee.</p>												
4.	<p>Minutes of the Previous Meeting and Matters Arising</p> <p>The Committee approved the minutes of the previous meeting.</p> <p>Matters arising – BS and HM to bring drafts of the Finance Policy and Scheme of Delegated Authority. Scheme of delegated authority to be discussed in item 6.</p>												
5.	<p>Financial Position</p> <p>The paper on the SU's financial position was presented by HM</p> <p>HM highlighted the management accounts are presented slightly differently allowing a breakdown by area. The previous version split by activity code is also presented for comparison. The accounts have absorbed the revised budget.</p>												

	<p>The accounts show a deficit of £13k at end of December which means the SU is £38k down on expected year to date budget. Part of this was Sport which has a £17k deficit against budget caused by overspend in travel. Some is timing and travel costs being higher. There are plans in place to mitigate this in semester two.</p> <p>Central pay costs have been higher, but this is a timing issue and should even out by the end of the year.</p> <p>The primary concern is the bar area of commercial. This is showing a £91k deficit against budget. Coffee and food are both down £8k on the expected budget. Despite this Head of Commercial and Venues has predicted they will be able to recover the majority of this and have a detailed plan to do so. It was noted that historically semester two brings in less than semester one so there are concerns regarding the achievability of this.</p> <p>Other commercial areas are doing well, stall hire is currently 4k above what was forecast.</p> <p>Most posts are filled so there will be an increase in pay costs.</p> <p>Reserves and restricted funds: The reserves are healthy and will be needed to absorb any commercial loss and recruitment costs of the Chief Executive.</p> <p>Restricted funds are currently high but typically is at this point due to trips and membership monies paid. Groups expenditure will increase in semester two.</p> <p>Forecasts: Forecasts are done by each department and EB has worked closely with budget holders this year. Overall, the current prediction for the end of year is a £21k deficit.</p> <p><i>Due to questions regarding the deficit in commercial the committee agreed to move to item 7 'Commercial Risks and Mitigations' before returning to item 5 'Financial Position'</i></p>
7.	<p>Commercial Risks and Mitigations</p> <p>The report notes a deficit of £91k and a best case scenario forecast of +97k. Trustees commented they believed this was unrealistic.</p> <p>QUESTION – Trustee Is there a plan on how to recoup if there is a continued deficit in the bar area? Answer – HM Any losses will need to be covered by reserves and the bar income is being monitored. MWG noted that this is part of a larger conversation including strategic planning and the annual grant to pinpoint which areas of the SUs operations are 'core' and should be solely covered by the block grant, not commercial income.</p> <p>The committee discussed the report noting: Any decisions made need to take note of reputational risk alongside financial There needs to be more conversation with the University regarding funding. Forecasts should be what is likely to occur not the best case scenario. There is not currently enough information to understand how the proposed mitigations would create the predicted surplus.</p> <p>The Committee decided to action Head of Commercial and Venues to bring a more comprehensive report to the next Finance and Audit Committee in March. This should include:</p> <ul style="list-style-type: none"> - Analysis of performance in January and February. - Scenarios for year end

	<p>The Committee have also actioned Head of Finance and the Finance Manager to run through some scenarios with the Head of Commercial which should aid the forementioned report for March.</p>
5.	<p>Financial position continued</p> <p>Work on audit recommendations – ensuring the SU receives in writing from the University the purpose of funds so this can be properly categorized. Non primary trading is continuing to be monitored. No points of concern The matter of VAT will be priority of the University Joint Committee which will have its first meeting in February. In preparation for this HM has been getting examples of how other SU’s have approached this which varies across the sector.</p> <p>The fraud risk assessment will be a joint piece of work between BS and HM. This will be started after the Finance Policy is completed and will be done before the end of the academic year.</p>
	<p>A.O.B.</p> <p>CE Recruitment costs. HM explained that as previously agreed by the committee the SU is covering the costs of a recruitment agency for a Chief Executive position. This has been narrowed down to two agencies quoting between £12k and £16k. HM is asking the committee to approve the spend of up to 16K for the costs of a recruitment agency for the Chief Executive recruitment.</p> <p>The Committee approved an up to £16k spend being used for a recruitment agency for Chief Executive recruitment.</p>
6.	<p>Scheme of Delegated Authority</p> <p>BS presented the report on the Scheme of Delegated Authority (SoDA). It was noted this was based on examples from across Sus. It was highlighted there are some difficulties in defining authorization levels due to roles and grades not being consistent across the SU departments. This has also been a difficult factor in the Finance Policy.</p> <p>Trustees approved the drafted SoDA.</p>
	<p>Date and time of future meetings</p> <p>Due to a conference the date of the March meeting is to be moved. The details of this will be communicated to the committee via email.</p>
The meeting ended at 10.54	

Item	Action	Action Owner	Exp Finish
7.	Creation of financial scenarios for the bar area	HM and EB	03/23
7.	To bring a detailed report on commercial plans for the bar to the next committee.	MD	03/23

FINANCIAL POSITION UPDATE REPORT

PURPOSE

To update Trustees on The SU's financial position

REPORT

1. MANAGEMENT ACCOUNTS

- 1.1 Appendix 1 shows the management accounts for the period ending 28 February 23. They are presented split by departments as discussed with the committee.
- 1.2 These show a deficit of £28k, which is £39k less than budgeted for at this point.
- 1.3 Salary underspends across areas are currently exceeding the vacancy factor and are expecting to meet budget at the year end. Events are showing a deficit however this is down to timings as expenditure for Blues and Summer Ball has begun. Sports show a small overspend to date with BUCS transport unlikely to meet target however they expect this to be offset with other savings.
- 1.4 Main factor and continued cause for concern is in the bar area which is showing a deficit of £117k against year-to-date budget. Coffee sales are £10k down and food sales are £14k down on expected budget. Both areas are consistently coming in under budget.
- 1.5 Wet sales are up by £22K which is positive, however, cost of sales, particularly trading purchases are high, with year-to-date GP 56% falling short of the budgeted 62%.
- 1.6 Ticket sales for club nights are up against budget, but the costs of the arrangement with the external promotions company are providing a low return reflected in the overspend against non-pay costs.
- 1.7 In other commercial areas stall hire continues to do well and is currently £9k above what was forecast with future events and bookings looking positive.
- 1.8 The majority of other non-pay activity remains in line with budget.

2. RESERVES AND RESTRICTED FUNDS

- 2.1 Appendix 2 shows a statement of all SU fund categories including unrestricted, restricted, designated and custodian funds (RAG). These categories match to the SOFA and annual accounts and will give the committee an overall picture of SU finances.
- 2.2 The current balance of free reserves after minimum hold of £206k, absorbing the £28k year to date deficit, is £224k.
- 2.3 Capital purchases in the year to date have been the portable bar and new kitchen equipment totalling £21k. Pending capital commitments relate to the Chief Exec recruitments costs and end of year commercial shortfall.
- 2.4 Restricted funds have reduced to £151K year to date as groups expenditure begins to catch up with activity. The Activities teams are working with the groups plan and monitor spend in semester two.
- 2.5 Designated funds are £1.8k which should reduce before the end of the year as expenditure catches up with activity.
- 2.6 Rag income is £7k with transfers yet to be made to charities.

3. FORECAST

- 3.1 Appendix 3 shows a year end forecast against department. This has been submitted by the budget holders.
- 3.2 Overall, we are predicting a year end forecast of a £80k deficit.
- 3.3 There are a few variances across non-commercial areas of the SU which we expect to even out by the year end into a break even or small surplus position. An overspend in central union admin costs relate to costs of Chief Exec recruitment and professional fees relating to the VAT support.
- 3.4 Sport are carefully monitoring the spend on transport in Bucs and are prepared to limit activity if need be.
- 3.5 Advice and Peer support have savings on casual staff as they have operated differently this year. Voice cancelled their conference due to low numbers and have other casual staff and non-pay expense underspends due to staff vacancies affecting operation in the area.

FINANCIAL POSITION UPDATE REPORT

- 3.6 The main contributor to the deficit is the large shortfall in bars income of £89k. The area has not recovered from a disappointing performance in Semester 1.
- 3.7 This is detailed in the Commercial Report which is to follow.
- 3.8 This area remains a concern, as has been previously flagged to this committee which have confirmed that they are prepared to underwrite a shortfall from reserves as a one off this year.

4. AUDIT RECOMMENDATIONS

- 4.1 One Audit Finding and Recommendation rated with medium risk was reported this year. This relates to the clarification of restricted and unrestricted funds specifically when transferred from the University.
- 4.2 The Finance Manager is seeking confirmation on receipt of any funds from the recipient to provide back up for the classification in our accounts.
- 4.3 Other advisory recommendations
 - Monitoring volumes of non-primary trading activity post covid to ensure it doesn't increase above threshold for tax liability.
 - VAT review - see paper on supply of staff
 - Fraud Risk Assessment to be brought to trustees at later meetings.

ACTIONS

The Board of Trustees are asked to note the report.

Contact:	Emily Burstow Finance Manager Helen McHenry Head of Finance	E-Mail: ejb237@bath.ac.uk sushmw@bath.ac.uk
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FINANCIAL POSITION – APPENDIX 1

APPENDIX 1 MANAGEMENT ACCOUNTS

Unrestricted / Core Summary By Department	Year	October	November	December	January	February	YTD			Annual budget remainin g
	2022/23 Budget	2022 Actual	2022 Actual	2022 Actual	2023 Actual	2023 Actual	Actual 2022-23	Budget 2022-23	Variance to budget	
	£	£	£	£	£	£	£	£	£	
Union Administration										
Income	2,045,664	146,240	231,355	167,370	181,157	167,327	1,183,664	1,175,097	8,567	862,000
Salaries	-469,405	-50,931	-69,041	-60,237	-53,008	-62,468	-394,902	-392,469	-2,432	-74,503
Other Pay Costs	-157,107	-155	-961	-2,828	-1,679	-5,926	-12,805	28,554	-41,359	-144,302
Non Pay Expenditure	-244,215	-14,468	-14,988	-44,228	-4,598	-13,500	-185,343	-191,208	5,864	-58,872
Total	1,174,941	80,687	146,365	60,077	121,872	85,432	590,615	619,975	-29,360	584,323
Advice & Support										
Income	0	0	0	0	0	0	0	0	0	0
Salaries	-142,398	-11,365	-12,870	-11,847	-11,824	-11,824	-82,459	-83,066	606	-59,939
Other Pay Costs	-11,066	0	0	0	0	0	0	-11,066	11,066	-11,066
Non Pay Expenditure	-7,539	-42	-44	-50	-1,372	-345	-4,743	-7,082	2,339	-2,796
Total	-161,003	-11,407	-12,914	-11,897	-13,196	-12,169	-87,202	-101,213	14,011	-73,801
Arts										
Income	193,332	22,453	17,549	15,299	18,707	19,524	122,765	111,944	10,821	70,567
Salaries		-5,447	-12,385	-13,354	-13,887	-13,697	-71,697	-80,095	8,398	71,697
Other Pay Costs	-137,306	-1,070	-2,836	-4,771	2,447	-528	-8,315	0	-8,315	-128,992
Non Pay Expenditure	-59,900	-3,396	-4,246	-11,371	-8,378	-4,088	-32,839	-35,108	2,269	-27,061
Total	-3,874	12,540	-1,918	-14,197	-1,110	1,210	9,914	-3,260	13,174	-13,789
Commercial (Bars)										
Income	1,012,950	207,722	160,430	89,006	50,127	114,163	714,326	670,632	43,694	298,624
Salaries	-153,455	-8,258	-8,552	-12,111	-12,145	-12,145	-66,785	-89,515	22,731	-86,670
Other Pay Costs	-234,886	-66,259	-43,595	-23,994	-24,024	-29,466	-198,328	-155,188	-43,140	-36,558
Non Pay Expenditure	-510,470	-101,344	-112,601	-43,423	-37,947	-61,477	-462,520	-321,276	-141,244	-47,951
Total	114,139	31,860	-4,318	9,478	-23,988	11,075	-13,306	104,653	-117,959	127,445
Commercial (Other)										
Income	28,600	1,270	855	0	0	3,060	30,645	27,800	2,845	-2,045
Salaries							0	0	0	0
Other Pay Costs	0	0	0	0	0	0	0	0	0	0
Non Pay Expenditure	-1,340	-636	0	0	0	-70	-997	-1,220	223	-343
Total	27,260	634	855	0	0	2,990	29,648	26,580	3,068	-2,388

FINANCIAL POSITION – APPENDIX 1

Unrestricted / Core Summary By Department	Year	October	November	December	January	February	YTD			Annual budget remainin g £
	2022/23 Budget £	2022 Actual £	2022 Actual £	2022 Actual £	2023 Actual £	2023 Actual £	Actual 2022-23 £	Budget 2022-23 £	Variance to budget £	
Events										
Income	414,450	6,604	31,923	460	-3,500	2,504	245,052	196,800	48,252	169,398
Salaries	-22,500	-1,875	-1,875	-1,875	-1,875	-1,875	-13,125	-13,125	0	-9,375
Other Pay Costs	-28,691	-13,385	-1,454	1,625	-400	0	-25,258	-15,176	-10,082	-3,433
Non Pay Expenditure	-371,135	-49,332	-57,051	5,261	-7,113	-3,597	-213,580	-165,800	-47,780	-157,555
Total	-7,876	-57,988	-28,457	5,471	-12,888	-2,968	-6,911	2,699	-9,610	-965
Marketing										
Income	44,500	6,853	2,864	3,746	6,933	3,996	37,142	29,000	8,142	7,358
Salaries	-167,090	-8,019	-8,190	-8,330	-8,467	-8,975	-61,517	-97,469	35,952	-105,573
Other Pay Costs	-20,750	-3,654	-2,087	-1,946	-2,095	-2,018	-15,331	-12,344	-2,987	-5,419
Non Pay Expenditure	-39,487	-5,770	-3,014	-3,318	-4,221	-1,841	-30,177	-25,659	-4,518	-9,310
Total	-182,827	-10,590	-10,427	-9,849	-7,850	-8,838	-69,883	-106,472	36,589	-112,944
Media										
Income	0	67	120	148	0	416	750	0	750	-750
Salaries							0		0	0
Other Pay Costs	0	0	0	0	0	0	0	0	0	0
Non Pay Expenditure	-6,369	-44	-92	-191	-805	-1,664	-4,199	-4,671	472	-2,170
Total	-6,369	23	28	-44	-805	-1,248	-3,449	-4,671	1,222	-2,920
Peer Support										
Income	0	0	0	0	0	0	0	0	0	0
Salaries	-154,240	-9,998	-11,463	-12,489	-13,117	-12,546	-82,402	-89,973	7,571	-71,838
Other Pay Costs	-2,000	-243	-43	286	0	0	0	-1,250	1,250	-2,000
Non Pay Expenditure	-3,900	-232	-17	-168	-25	-13	-520	-2,225	1,705	-3,380
Total	-160,140	-10,473	-11,523	-12,371	-13,142	-12,559	-82,922	-93,448	10,526	-77,218
Societies										
Income	5,000	0	0	0	0	4,845	4,845	5,000	-155	155
Salaries	-67,678	-5,691	-4,869	-4,260	-6,488	-5,492	-38,759	-39,479	720	-28,919
Other Pay Costs	0	0	0	0	0	0	0	0	0	0
Non Pay Expenditure	-8,760	-3,048	-506	-30	-619	-29	-4,270	-8,420	4,150	-4,490
Total	-71,438	-8,739	-5,375	-4,290	-7,106	-676	-38,184	-42,899	4,715	-33,254

FINANCIAL POSITION – APPENDIX 1

Unrestricted / Core Summary By Department	Year	October	November	December	January	February	YTD			Annual budget remainin g £
	2022/23 Budget £	2022 Actual £	2022 Actual £	2022 Actual £	2023 Actual £	2023 Actual £	Actual 2022-23 £	Budget 2022-23 £	Variance to budget £	
Hall Reps										
Income	1,750	0	0	0	0	0	0	1,094	-1,094	1,750
Salaries	-42,670	-3,578		-4,558	-3,057	-3,057	-21,408	-24,891	3,483	-21,262
Other Pay Costs	-511	-239	0	85	-149	0	-303	-319	16	-208
Non Pay Expenditure	-12,300	-109	-1,390	-2,977	-453	-362	-5,560	-8,322	2,762	-6,740
Total	-53,731	-3,926	-1,390	-7,450	-3,659	-3,420	-27,271	-32,438	5,168	-26,460
Sport										
Income	132,490	91,920	8,144	8,833	8,783	10,795	138,821	124,490	14,331	-6,331
Salaries	-181,146	-16,380	-14,620	-13,002	-12,699	-14,588	-104,036	-105,669	1,633	-77,111
Other Pay Costs	-5,500	0	0	-6	-1,611	-3,129	-4,861	-3,042	-1,820	-639
Non Pay Expenditure	-254,538	-28,505	-58,246	-18,268	-7,544	-35,665	-178,937	-162,053	-16,883	-75,601
Total	-308,695	47,035	-64,722	-22,443	-13,071	-42,587	-149,013	-146,274	-2,739	-159,681
Student Voice										
Income	0	0	1,644	0	0	0	1,644	0	1,644	-1,644
Salaries	-244,320	-17,009	-14,491	-17,475	-17,200	-21,911	-125,628	-142,520	16,892	-118,692
Other Pay Costs	-7,973	0	-97	-1,209	-163	-201	-1,423	-4,983	3,561	-6,550
Non Pay Expenditure	-19,155	180	-1,626	-317	-475	-1,116	-4,448	-13,135	8,687	-14,707
Total	-271,448	-16,829	-14,570	-19,001	-17,838	-23,229	-129,855	-160,638	30,783	-141,593
Volunteering										
Income	0	0	0	0	0	0	0	0	0	0
Salaries	-85,789	-7,163	-7,113	-7,144	-7,124	-7,124	-49,995	-50,044	49	-35,794
Other Pay Costs	0	0	0	0	0	0	0	0	0	0
Non Pay Expenditure	-1,500	-59	-80	-430	-84	-82	-758	-1,268	510	-742
Total	-87,289	-7,223	-7,193	-7,574	-7,208	-7,206	-50,752	-51,311	559	-36,537
Total Surplus/deficit	1,650	45,603	-15,559	-34,091	10	-14,191	-28,572	11,282	-39,854	30,218

FINANCIAL POSITION APPENDIX 2
APPENDIX 2 RESERVES AND RESTRICTED FUNDS

Summary of SU : 7 months to 28 February 2023					
	Reserves / Rollover funds	Net surplus/deficit 7 months to 28 February 2023	Reserves / carry forward		
	£	£	£		
Unrestricted funds:					
Union Administration		590,615			
Advice & Support		-87,202			
Arts		9,914			
Commercial (Bars)		-13,306			
Commercial (Other)		29,648			
Events		-6,911			
Marketing & web site		-69,883			
Media		-3,449			
Peer Support		-82,922			
Societies support		-38,184			
Hall reps		-27,271			
Sport		-149,013			
Student Voice		-129,855			
Volunteering support		-50,752			
Unrestricted funds: Total	549,627	-28,572	521,055		
Restricted funds:					
Societies: Individual groups	52,196	18,663	70,859		
Societies : Centrally administered	9,872	660	10,532		
Sports: Individual clubs	51,912	95,040	146,951		
Sports : Centrally administered	119,918	48,738	168,656		
Policy & Activism Groups	780	0	780		
Media Central	234	661	895		
Alumni	43,274	-6,386	36,888		
SCP	37,804	9,542	47,346		
Student Development	50,854	-6,929	43,924		
Club Assets	31,125	-8,395	22,729		
Restricted funds:Total	397,968	151,593	549,561		
Designated Funds:					
Volunteering, Support and Liberation Groups	10,399	1,824	12,223		
Designated Funds:Total	10,399	1,824	12,223		
Custodian Funds:					
RAG	2,064	7,245	9,309		
Custodian Funds: Total	2,064	7,245	9,309		
GRAND TOTAL	960,059	132,089	1,092,148		
Unrestricted funds: Total					
Less:					
Tangible Fixed Assets	69,655	21,420	91,075		
Unrestricted free reserves	479,972		429,980		
Minimum permanent reserves held	206,000		206,000		
Free reserves available	273,972		223,980		

FINANCIAL POSITION – APPENDIX 3

Unrestricted / Core Summary By Department	Year	YTD			Year End Forecast			Explanatory notes
	2022/23 Budget	Actual 2022-23	Budget 2022-23	Variance to budget	Forecast 2022-23	Annual Budget 2022-23	Variance 2022- 23	
	£	£	£	£	£	£	£	
Core Salaries	-1,650,250	-913,440	-962,646	49,206	-1,650,250	-1,650,250	0	Expected to match
Total	-1,650,250	-913,440	-962,646	49,206	-1,650,250	-1,650,250	0	
Union Administration								
Income	2,045,664	1,183,664	1,175,097	8,567	2,050,664	2,045,664	5,000	Variance due to expected CE Recruitment costs and increase in professional fees
Other Pay Costs	-221,400	-145,292	-127,600	-17,692	-230,000	-221,400	-8,600	
Non Pay Expenditure	-244,215	-185,343	-191,208	5,864	-260,000	-244,215	-15,785	
Total	1,580,049	853,029	856,290	-3,260	1,560,664	1,580,049	-19,385	
Advice & Support								
Income	0	0	0	0	0	0	0	saving on the amount transferred to groups
Other Pay Costs	-11,066	0	-11,066	11,066	-6,500	-11,066	4,566	
Non Pay Expenditure	-7,539	-4,743	-7,082	2,339	-5,085	-7,539	2,454	
Total	-18,605	-4,743	-18,148	13,405	-11,585	-18,605	7,020	
Arts								
Income	193,332	122,765	111,944	10,821	200,000	193,332	6,668	Expenditure higher in semester two, expectation to meet budget
Other Pay Costs	0	-8,315	0	-8,315	-11,000	0	-11,000	
Non Pay Expenditure	-59,900	-32,839	-35,108	2,269	-55,568	-59,900	4,332	
Total	133,432	81,611	76,835	4,776	133,432	133,432	0	
Commercial (Bars)								
Income	1,012,950	714,326	670,632	43,694	1,056,645	1,012,950	43,695	Casual staff, cost of sales and non pay expenditure all exceeding budget.
Salaries	-153,455	-66,785	-89,515	22,731	-130,724	-153,455	22,731	
Other Pay Costs	-234,886	-198,328	-155,188	-43,140	-278,027	-234,886	-43,141	
Non Pay Expenditure	-510,470	-462,520	-321,276	-141,244	-622,887	-510,470	-112,417	
Total	114,139	-13,306	104,653	-117,959	25,007	114,139	-89,131	
Commercial (Other)								
Income	28,600	30,645	27,800	2,845	28,600	28,600	0	Freshers Fair exceeded budget, street food market doing well
Other Pay Costs	0	0	0	0	0	0	0	
Non Pay Expenditure	-1,340	-997	-1,220	223	-1,340	-1,340	0	
Total	27,260	29,648	26,580	3,068	27,260	27,260	0	
Events								
Income	414,450	245,052	196,800	48,252	460,234	414,450	45,784	Events performing well and despite in overspend in Freshers week expect to come in above budget.
Other Pay Costs	-28,691	-25,258	-15,176	-10,082	-34,843	-28,691	-6,152	
Non Pay Expenditure	-371,135	-213,580	-165,800	-47,780	-405,971	-371,135	-34,836	
Total	14,624	6,214	15,824	-9,610	19,420	14,624	4,796	

FINANCIAL POSITION – APPENDIX 3

Unrestricted / Core Summary By Department	Year	YTD			Year End Forecast			Explanatory notes
	2022/23 Budget	Actual 2022-23	Budget 2022-23	Variance to budget	Forecast 2022-23	Annual Budget 2022-23	Variance 2022- 23	
	£	£	£	£	£	£	£	
Marketing								
Income	44,500	37,142	29,000	8,142	44,500	44,500	0	Income remains strong on target to come in on budget
Other Pay Costs	-20,750	-15,331	-12,344	-2,987	-20,750	-20,750	0	
Non Pay Expenditure	-39,487	-30,177	-25,659	-4,518	-39,487	-39,487	0	
Total	-15,737	-8,366	-9,003	637	-15,737	-15,737	0	
Media								
Income	0	750	0	750	0	0	0	Expected to match
Other Pay Costs	0	0	0	0	0	0	0	
Non Pay Expenditure	-6,369	-4,199	-4,671	472	-6,369	-6,369	0	
Total	-6,369	-3,449	-4,671	1,222	-6,369	-6,369	0	
Peer Support								
Income	0	0	0	0	0	0	0	saving on student staff, hybrid meetings have reduced other outgoings
Other Pay Costs	-2,000	0	-1,250	1,250	0	-2,000	2,000	
Non Pay Expenditure	-3,900	-520	-2,225	1,705	-2,485	-3,900	1,415	
Total	-5,900	-520	-3,475	2,955	-2,485	-5,900	3,415	
Societies								
Income	5,000	4,845	5,000	-155	5,000	5,000	0	performing well and due to come in on budget
Other Pay Costs	0	0	0	0	0	0	0	
Non Pay Expenditure	-8,760	-4,270	-8,420	4,150	-8,760	-8,760	0	
Total	-3,760	575	-3,420	3,995	-3,760	-3,760	0	
Hall Reps								
Income	1,750	0	1,094	-1,094	1,750	1,750	0	performing well and due to come in on budget
Other Pay Costs	-511	-303	-319	16	-511	-511	0	
Non Pay Expenditure	-12,300	-5,560	-8,322	2,762	-12,300	-12,300	0	
Total	-11,061	-5,863	-7,548	1,684	-11,061	-11,061	0	
Sport								
Income	132,490	138,821	124,490	14,331	137,585	132,490	5,095	This is to be closely monitored
Other Pay Costs	-5,500	-4,861	-3,042	-1,820	-6,500	-5,500	-1,000	
Non Pay Expenditure	-254,538	-178,937	-162,053	-16,883	-254,935	-254,538	-397	
Total	-127,548	-44,978	-40,605	-4,372	-123,850	-127,548	3,698	

FINANCIAL POSITION – APPENDIX 3

Unrestricted / Core Summary By Department	Year	YTD			Year End Forecast			Explanatory notes
	2022/23 Budget	Actual 2022-23	Budget 2022-23	Variance to budget	Forecast 2022-23	Annual Budget 2022-23	Variance 2022- 23	
	£	£	£	£	£	£	£	
Student Voice								
Income	0	1,644	0	1,644	5,144	0	5,144	Voice conference cancelled, underspend on students staff and other non pay
Other Pay Costs	-7,973	-1,423	-4,983	3,561	-4,973	-7,973	3,000	
Non Pay Expenditure	-19,155	-4,448	-13,135	8,687	-19,299	-19,155	-144	
Total	-27,128	-4,227	-18,118	13,891	-19,128	-27,128	8,000	
Volunteering								
Income	0	0	0	0	0		0	performing well and due to come in on budget
Other Pay Costs	0	0	0	0	0	0	0	
Non Pay Expenditure	-1,500	-758	-1,268	510	-1,500	-1,500	0	
Total	-1,500	-758	-1,268	510	-1,500	-1,500	0	
Total Surplus/deficit	1,646	-28,572	11,282	-39,854	-79,942	1,646	-81,587	

REPORT – COMMERCIAL RISKS AND MITIGATIONS

PURPOSE

To update Trustees with an update on commercial risks and mitigation

REPORT

BACKGROUND

The SU Bar and nightclub remain the principal focus for The SU's commercial activity. After a successful semester one during 2021/22, performance dropped in semester two resulting in a year end position significantly less than budgeted surplus, of £40,238 against budgeted £113k. Due to other savings the SU was able to offset this reduction in income. In response the SU engaged a commercial review of the area using external consultants. Key areas were then highlighted as short, medium, and long term by an internal review panel. The Head of Commercial & Venues reports directly to the F&A committee on the area performance, risks, and mitigations.

- 1.1 In November 22 the committee received and approved a revised budget for 2022/23. They agreed to underwrite an expected shortfall in the bars area from SU reserves on the condition that it would be a one off, any ongoing hit to reserves would be unsustainable.
- 1.2 In January the committee received a forecast for the year end which was considered unrealistic in relation to the performance reported in the management accounts. The trustees asked for this to be reviewed in detail and brought back to the committee.
- 1.3 Appendix 1 shows a detailed report of the bar area with actual performance by month up to the end of February showing a year-to-date deficit of £13k. It shows a monthly budget for the rest of the year, forecasting a year end surplus of £25k which is £89k less than budget.
- 1.4 Wet sales are up, but coffee and food sales are lower than budget. Costs of sales is much higher with GP fluctuation and averaging at 56%, budget 62%.
- 1.5 Club nights have varied with some nights selling out, however the arrangement with the external promoters and the kickbacks given to clubs is producing a low return.
- 1.6 Savings in permanent staff salaries have helped to offset the casual staff however this is overspent against year-to-date budget. Non pay expenditure is considerably over budget.
- 1.7 The area has put in to place several measures to reduce costs for the remainder of the year, reducing casual staff and monitoring rotas carefully. Restructuring the layout for club nights has enabled a reduction in security staff. Stock management is a key focus for the remainder of the year.
- 1.8 Recruitment of a Kitchen Supervisor has been put on hold. New deal arranged with Sky to avoid paying for the licence when not in use.
- 1.9 New event 'Drinks Exchange' has been run internally and proved successful so far. The arrangement with the external promoter has been negotiated with a 60/40 split in our favour rather than the 50/50 split, and the kickback given to the 'big 6' has ceased.
- 1.10 Summer Ball tickets go on sale on Monday 20th and are hoped to sell out.

REPORT – COMMERCIAL RISKS AND MITIGATIONS

- 1.11 If the forecasted shortfall comes to fruition, then this will contribute to a hit to the SU reserves of £80k (see forecast report). This would reduce our free reserves to £172k, still relatively comfortable above the minimum holding of £206k.
- 1.12 No further mitigations have been identified within the bar area. They will work hard to minimise all costs with essential non pay expenditure only.

ACTIONS

The Board of Trustees are asked to note the report and approve the forecast.

Contact:	Helen McHenry Head of Finance	E-Mail: sushmw@bath.ac.uk
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COMMERCIAL RISKS & MITIGATIONS – APPENDIX 1

8UB	Annual budget 2022-23 £	August	September	October	November	December	January	February	March	April	May	June	July	FORECAST TOTAL	Variance to budget
		2022 Actual for month £	2022 Actual for month £	2022 Actual for month £	2022 Actual for month £	2022 Actual for month £	2023 Actual for month £	2023 Actual for month £	2023 Budget for month £	2023 Budget for month £	2023 Budget for month £	2023 Budget for month £	2023 Budget for month £		
Income															
Bars Wet Sales	608,667	195	69,553	123,901	94,825	49,269	21,753	71,170	101,083	38,000	32,083	29,168		631,000	-22,333
Coffee Sales	100,000	0	4,134	15,949	11,075	5,369	8,669	9,625	15,000	7,500	12,085			89,405	10,595
Food Sales	120,834	0	2,001	13,682	16,986	9,079	7,927	12,746	20,926	8,426	14,259			106,034	14,800
Retrospective Discount	10,000	4,178	0	479	0	0	1,072						4,000	9,729	271
Vending Commission		68	65	178	113	52	82	59						617	-617
Vending Commission: Pool Tables	36,848		1,660	6,703	6,178	2,717	3,275	4,419	4,000	4,000	4,000			36,953	-105
Bars Ticket Sales	136,601		10,023	46,822	31,068	22,519	6,009	15,952	30,659	12,263	4,866			180,181	-43,580
Bars Hire Income			1,000											1,000	-1,000
Ticket Sales				9	46		1,295	193						1,543	-1,543
Events Other Income					139		45							184	-184
	1,012,950	4,441	88,437	207,722	160,430	89,006	50,127	114,164	171,668	70,189	67,293	29,168	4,000	1,056,645	-43,695
Staff Costs															
Staff: Salaries & Wages	-153,455	-4,160	-9,414	-8,258	-8,552	-12,111	-12,145	-12,145	-12,788	-12,788	-12,788	-12,788	-12,788	-130,724	-22,731
Staff: Agency				-1,683	-394									-2,077	2,077
Staff: Casual	-231,386	-7,200	-3,327	-62,870	-42,907	-23,517	-23,960	-28,979	-38,348	-18,821	-13,901	-7,503		-271,333	39,947
Staff: Training & Conferences		-600		-1,272	745			-37						-1,164	1,164
Staff: Travel			-25				-4							-29	29
Staff: Taxi Fares	-3,000		162	-434	-1,040	-477		-451	-375	-375	-375			-3,365	365
Staff: Clothing	-500													0	-500
Staff: Other Expenses							-60							-60	60
	-388,341	-11,960	-12,603	-74,517	-52,147	-36,105	-36,168	-41,612	-51,511	-31,984	-27,064	-20,291	-12,788	-408,752	20,411
Other Expenditure															
Purchases Trading	-298,401	-15,017	-51,816	-42,885	-44,260	-15,182	-24,104	-35,723	-45,937	-18,720	-21,613	-9,625		-324,883	26,482
Consumables	-15,000	-221	-4,293	-1,837	-4,519	-494	-950	-527	-1,000	-1,000	-1,500			-16,340	1,340
Stocktake Costs	-1,440			-120		-170	-170	-170	-144	-144	-144	-144		-1,206	-234
Bottled Gas	-3,000		-172	-326	-396		-44	-544	-300	-300	-300			-2,382	-618
Activities Costs SG						-45								-45	45
Event Hire & Purchases	-880			-3,025	4,070	-70		-760	-110	-110	-110			-115	-765
Artistes and Riders				475	-10,500		-950	-8,030						-19,005	19,005
Facilities & Stewarding	-57,655		-4,668	-11,262	-9,797	-13,160		-4,005	-5,000	-2,500	-1,500			-51,891	-5,764
Sundry Expenses	-500			-66	-1,000	-181		-372	-42	-42	-42	-42	-42	-1,827	1,327
Stationery & Office Expenses	-600		-6	-360	-164	-79	-96	-14	-25	-25	-25	-25	-25	-845	245
Printing (Outside Providers)	-3,000	-274	-1,132	-425	418		-792	-108	-125	-125	-125			-2,688	-312
Internal Printing Charges	-850		-5	-232	-136	-96	-52	-34	-40	-40	-40	-40	-40	-755	-95
Telephone	-500		-42	-36	-38	-57	-37	-36	-42	-42	-42	-42	-42	-455	-45
Hospitality	-300													0	-300
Subscriptions	-7,728	-129							-644	-644	-644			-2,061	-5,667
SU Internal Recharge Expense				-5,023	-3,970	-633	-918	-198						-10,742	10,742
Cleaning/Service Charges	-15,000												-15,000	-15,000	0
Licences	-10,950	-841	-2,024	-5,331	-945	-1,064	-1,145	-915	-913	-913	-913	-913	-913	-16,826	5,876
Estates Charges	-5,000				-106	-511	511	-430	-417	-417	-417	-417	-417	-2,619	-2,381
Capital Purchase Under £2500	-5,000	-1,644	-899	-2,653	-5,400	-614	-42	-775						-7,167	2,167
Repairs & Maintenance	-23,318	-6,261	-4,690	-2,400	-14,326	-85	-3,150	1,397	-250	-250	-250	-250	-250	-30,514	7,196
Hire Charges	-26,348	-2,049	-2,484	-3,087	-2,364	-2,502	-2,388	-2,364	-2,196	-2,196	-2,196	-2,196	-2,196	-28,217	1,869
Credit Card Charges	-20,000	-801	-3,196	-10,357	-6,599	-3,577	-1,423	-1,242	-1,667	-1,667	-800	-300	-40	-31,668	11,668
Professional Fees: Miscellaneous				-10,861	-15,650	-3,186	-50	-4,823						-34,570	34,570
Depreciation: Equipment	-15,000	-1,533	-1,533	-1,533	-1,780	-1,718	-2,146	-1,804	-1,804	-1,804	-1,804	-1,804	-1,804	-21,067	6,067
Total Other Expenditure	-510,470	-28,769	-76,960	-101,344	-112,601	-43,423	-37,947	-61,477	-60,654	-30,937	-32,463	-15,796	-20,517	-622,887	112,417
Total Expenditure	-898,811	-40,729	-89,563	-175,862	-164,748	-79,528	-74,115	-103,089	-112,165	-62,921	-59,527	-36,087	-33,305	-1,031,638	132,827
Net Surplus/(Deficit)	114,139	-36,287	-1,126	31,860	-4,318	9,478	-23,988	11,075	59,503	7,268	7,766	-6,919	-29,305	25,007	89,132

REPORT – BUDGET 2023/24**PURPOSE**

To provide Trustees with an update on budget planning.

REPORT**1. Planning**

- 1.1 The SU is required to meet with the University Planning Team on 18 April with budget plan and block grant request for next year.
- 1.2 The grant of £1.975m was confirmed for 2022/23 with an additional £204k given to cover the cost of the irrecoverable VAT on salaries. There is no provision for this additional budget from August 23 onwards. It is assumed that a mitigation will have been implemented to remove the need for this however if not further negotiations will be required.
- 1.3 The University planning teams have issued detailed guidance for this year. They will fund pay inflation to 5% however will cap non pay inflation at 3%, which against current inflation rates is a real terms cut for all areas. They will consider requests for new investments only if they bring a return, however, will look at necessary funding for compliance and growth. They will accept further requests at two other points during the year going forward, November after in take confirmed, and in February after the years performance is known.
- 1.4 Non pay income and expenditure is based on detailed requests and meetings with each budget holder. Each manager has aimed to provide a realistic budget that will enable them to fulfil their core activity. Large items of expenditure have been confirmed where possible including the NUS affiliation fee, Audit Fees, Software Licences, IT Management Fee.
- 1.5 To meet the 3% non-pay inflation increase the budgets have been kept to a minimum wherever possible. Central budgets that were cut to mitigate covid have not returned to pre pandemic levels. These reductions are offsetting some of the areas hit by the actual inflation rates that we cannot control, eg 14% of finance software.
- 1.6 Significant increases to pay include:
 - 5% Pay inflation
 - Implementation of Voluntary Living Wage for grades below 4.11 and lower tier casual staff
- 1.7 The budget aims to return a small surplus reflecting the challenges the SU faces.
- 1.8 Reserves policy states that the minimum hold should be 12.5% overall costs which equates to ~£206k. Estimating final position for the year would give £378k free reserves, leaving £172k for any deficit or unexpected capital expenditure.
- 1.9 Negotiations with the University on the methodology for the block grant, and multi-year funding agreement have been put on hold due to the continued absence of the Chief Executive.

2. Scenarios

- 2.1 Two scenarios are presented for discussion which differ depending on the block grant award.
- 2.2 Scenario budget version 1 assumes grant of £2.153m to include:
 - £97,000 pay inflation
 - £20,000 non pay inflation
 - £11,500 to replace Lloyds funding for volunteer role

REPORT – BUDGET 2023/24

- £50,000 to replace loss of commercial income

2.2 If the University does not award the replacement funding for the Lloyds the postholder would be made redundant to avoid any affect on the bottom line.

2.3 The budget assumes a commercial return of £65k in the bar area. This is an average of a number of business models that the area has costed out which include changing weekend trading hours, bringing all events in house and running club nights in town amongst others. Work on these will continue.

2.4 Scenario budget version 2 shows the same income & expenditure but assumes that the University will not fund the loss of commercial income through the block grant.

2.5 The SU would need to use reserves to fund this or identify an area of activity to cease in order to mitigate this shortfall.

2.6 We are still in a period of post pandemic transition and uncertainty with a cost of living crisis. The new Chief Exec is not yet appointed, strategy work has only just begun. It is very difficult to produce a forecast against an uncertain future.

2.7 Additional to the grant request detailed, we will submit a request for £28k to fund a Social and Recreational Sports Coordinator. This is a key request for the area to continue to deliver, and improve delivery of, the Bath Active programme. If not awarded, there will be no financial effect, but we would cease running social and recreational programmes prioritising staff resource to competitive sport only.

ACTIONS

The Trustees are asked to note the report.

Contact:	Helen McHenry Head of Finance	E-Mail: sushmw@bath.ac.uk
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BUDGET APPENDIX 1

	Budget	Draft Scenario Budgets FY23/24		
	2022/23	v1		v2
Income	£	£		£
Block Grant	2,179,000	2,153,500		2,103,500
Commercial sales	1,014,449	803,467		803,467
Groups income	5,000	7,470		7,470
Sports income	131,490	143,720		143,720
Advertising & Marketing	32,500	33,600		33,600
Event Income	414,700	447,710		447,710
Other	101,600	109,340		109,340
	3,878,739	3,698,807		3,648,807
Staff Costs				
Staff: Salaries & Wages	- 1,867,399	- 1,975,978		- 1,975,978
Staff: Casual	- 289,998	- 239,500		- 239,500
Staff: Training & Conferences	- 12,000	- 13,700		- 13,700
Staff: Vacancy Factor	63,693	57,824		57,824
Other	- 230,776	- 28,550		- 28,550
	- 2,336,480	- 2,199,904		- 2,199,904
Other Expenditure				
Commercial	- 317,842	- 245,286		- 245,286
Sport	- 268,188	- 287,426		- 287,426
Advertising & Marketing	- 20,600	- 23,100		- 23,100
Event costs	- 360,422	- 339,415		- 339,415
Affiliation	- 39,148	- 38,988		- 38,988
IT Management Fee	- 44,500	- 46,700		- 46,700
Administration Costs	- 36,071	- 27,500		- 27,500
Budget allocated to student group	- 8,693	- 7,963		- 7,963
Volunteer & Student Costs	- 41,975	- 37,365		- 37,365
Establishment	- 160,569	- 158,071		- 158,071
Capital Purchase Under £1000	- 21,900	- 20,900		- 20,900
Repairs & Maintenance	- 34,918	- 40,338		- 40,338
Irrecoverable VAT	- 29,420	- 34,750		- 34,750
Bank & Credit Card Charges	- 26,000	- 31,000		- 31,000
Professional fees	- 44,500	- 47,000		- 47,000
Depreciation	- 32,000	- 30,000		- 30,000
Other	- 53,863	- 80,595		- 80,595
	- 1,540,609	- 1,496,397		- 1,496,397
Total Expenditure	- 3,877,089	- 3,696,301		- 3,696,301
Surplus / Deficit	1,650	2,506		- 47,494