

OPEN UNIVERSITY STUDENTS ASSOCIATION

Central Executive Committee (CEC)

2 - 4 July 2021

FINANCE REPORT

The C E C is asked to: -

- i) **note** the attached income and expenditure statement for the period ended 31 May 2021 and forecast position to 31 July 2021 (Appendix A)

1. Summary Income and Expenditure to at 31 May 2021

1.1. The Association's income and expenditure for the ten months to 31 May 2021, and forecast to 31 July 2021, detailed in **Appendix A**, is summarised as follows:

ACTUAL Income	ACTUAL Expenditure	FORECAST Surplus
£1,706,799	£1,272,334	£469,478
= 85% of budget	= 65% of budget	Favourable variance from budget is due mainly to: <ol style="list-style-type: none"> 1) No budget for TOTUM commission due to uncertainty; 2) No pay award for staff and recruitment delays; 3) No face to face activity/meetings.

2. Income

Income is slightly ahead of target. Points to note since the last report are as follows:

- 2.1. **Subvention** – the budget and forecast have been adjusted to include additional funding (Individual Representation £9,700; Scottish Funding Council Grant £2,000; Santander grant £1,500).
- 2.2. **Trading** – income earned from the OU Students Shop continues to exceed expectations, helped by virtual graduations and some targeted promotions.

From April, we have been able to re-open the Webstore to our EU residing members by setting a maximum order threshold of 150 Euros (c.£130). This reduces information required on the customs declarations with no need to provide details about the origin of the exported goods. As most of our goods originate outside the UK, this would have meant our customers incurring tariffs from 1 January. This is the main reason we had to pause exports into the EU until a solution could be found and associated changes made to the Webstore and terms and conditions.

2. Expenditure

Expenditure to May continues to be well below budget. Points to highlight since the last report are:

- 2.1. **Staff Costs** – the budget and forecast now includes the individual representation post (see 2.1 above). Further savings have arisen from staff turnover where there have been gaps before replacements are in post. The restructuring of the Senior Management team has also added to the forecast surplus this year.

2.2. Other Costs

- 2.2.1. **Communications** – an Association promotional leaflet is being printed for inclusion in study materials packages to be distributed throughout 2021-22. The £6,000 cost of this (included in the forecast) is being supported by a £1,500 grant from Santander (see 2.1 above), together with underspend in Communications budget lines.
- 2.2.2. **Policy and Public Affairs** – following a competitive tendering process, a 15 month contract has been awarded to DeHavilland at a cost of £9,600, of which £1,280 will be accounted for in the current year (£640 per month). DeHavilland will provide monitoring of and updates on UK Higher Education, government policy and other matters affecting distance learning to support the delivery of our policy and public affairs strategic objectives.
- 2.2.3. **Volunteering** - £4,000 has been provided to fund the online Volunteer Recognition Event.
- 2.2.4. **Scottish Funding Council Project** – the £2,000 allocated is ringfenced for the provision of additional support for our students

residing in Scotland. Beth Metcalf and Verity Robinson are looking into how we might make the best use of this small pot of funding.

3. Reserves

We are expecting to end the year with about £1.5m in the bank.

The Board of Trustees Investment Working Group (Mark Price, John James, Matt Porterfield, Magda Hadrys and Alison Lunn) are now exploring options that may be available to us to mitigate against the depreciation in value of the reserve, caused by current bank interest rates (0.01%) being well below inflation. However, our primary objective (as expressed in our Investment Policy) will always be to prioritise liquidity over financial returns.

This is detailed work that requires cashflow forecasting over at least a 5 year period. We also need to await the outcome of the USS pension scheme valuation as this could impact our in-year costs as well as the balance sheet provision for the recovery of the deficit, and therefore the freely available reserve.

The Investment Working Group next meets in September.

Alison Lunn
Head of Finance and Resources

Matt Porterfield
VP Administration