

OPEN UNIVERSITY STUDENTS ASSOCIATION
Central Executive Committee (CEC)

25 September – 6 October 2020

FINANCE REPORT

The C E C is asked to: -

- i) **note** the attached income and expenditure statement for the year ended 31 July 2020 (Appendix A)
- ii) **note** the attached Board of Trustees approved budget for 2020-21 (Appendix B)

1. Summary Income and Expenditure to at 31 July 2020

 1.1. The Association's income and expenditure for 2019/20, detailed in **Appendix A**, is summarised as follows:

ACTUAL Income	ACTUAL Expenditure	PROVISIONAL Surplus
£1,971,632	£1,658,313	£313,319
= 100% of budget	= 83% of budget	Favourable variance from budget is due mainly to: <ul style="list-style-type: none"> 1) Online only Conference (£174.5K) 2) Online meetings since March (£59.4K) 3) Postponement of filling staffing vacancies (£39.3K)

2. Income

Points to note and the main variances are as follows:

- 2.1. **Subvention** –the OU has not sought to recoup the funding related to the anticipated April 2020 pension contribution increase that has now been postponed.
- 2.2. **OUSA Services Ltd (Shop) Management charge** – this equates to 10% of turnover. As the Shop was closed for over 2 months and there have been no Spring/Summer graduation ceremonies, turnover has been adversely impacted.
- 2.3. Due to 4 years of losses and uncertainty over its future as separate entity, Trustees, at their meeting on 22 May, resolved to wind up the trading subsidiary, streamline the operation and bring trading back into the Association to reduce costs and raise funds to support the Association’s charitable objectives.
- 2.4. OUSA Services Ltd ended the year with a loss of £17,247 and a cumulative deficit of £48,733. On wind up, effective from 31 July, the net assets of the subsidiary will be transferred to the Association in consideration for the writing off of the intercompany debt. At their meeting on 24 July 2020, Trustees approved a Closure Agreement setting out the mechanism for the winding up process and James Cowper Kreston, as our auditors, have been instructed accordingly.
- 2.3. **Ouset (educational trust charity) Management Charge** – this has been reduced in line with staffing changes on which the charge is based, in particular the decision to postpone the recruitment process to replace the Operations Supervisor, due to reduced Shop activity during the coronavirus lockdown.
- 2.4. **NUS Commission** – an increase in the cost of the TOTUM card in July 2019 together with a reduction in the commission rate has impacted both volumes and revenue earned. The number of cards sold in the year to 31 July 2020 is 20% down on the previous year and commission is 57% lower than that earned in 2018/19. Volumes for August are however encouraging. This may, in part at least, be due to various promotions we supported over the summer. Magda and Alison maintain close contact with our Account Manager, keeping an eye on the data and agreeing promotional activity in an attempt to do all we can to maximise this important source of additional income.

3. Expenditure

- 3.1. Almost all areas of the expenditure budget have been affected by changes to planned activity as a result of the coronavirus pandemic, resulting in significant savings. Staff and CEC have been invited to contribute to a [discussion](#) to inform future resource planning. We have not set a deadline on this yet as we are keen to capture views over a period of time as activity for this group’s term of office gets underway and the response to the pandemic further evolves. So please consider joining the discussion as well as feeding in the view of volunteers and members more widely.

4. Budget for 2020/21

- 4.1. The budget plan at **Appendix B** was approved by Trustees at their meeting held on 24 July 2020. The plan includes some explanatory notes.

- 4.2. The subvention allocation for 2020/21 has been confirmed at £1,812,000. This represents a £50,000 increase on the 2019/20 allocation and should cover inflation but no growth.
- 4.3. We are fortunate however to have reserves in excess of the minimum required by our reserves policy (3 months of operating costs), with the pot being further boosted by the unexpected 2019/20 surplus. This allows us to progress as planned for 2020/21.
- 4.4. The budget plans for an in-year surplus of £57,000. Our subvention bid planned for a surplus of £180k because, in a non-conference year, we would normally plan to set aside £100k, being 50% of the budget for the next Conference. We also would not plan to spend exam paper replacement income on recurrent costs. So, to continue with our plans means drawing on reserves to fund costs not yet supported by the subvention grant funding. Although the reserve is currently strong, using this to fund on-going costs is not sustainable, so the discussion currently open on the forum (see 3.1), will help inform priorities for resource planning going forward.
- 4.5. Following consultation with budget holders, the structure of the accounts has been changed for 2020/21 to account for income and expenditure related to trading in accordance with the requirements of the [Charities SORP](#). It has also been an opportunity to create a two-part structure to allow reporting by activity (e.g. “Community Freshers” and also by expenditure type (e.g. “Printing and Publicity”), providing different ways of analysing our financial activity depending on the audience or questions to be answered. It is intended that quarterly reports to CEC will follow the structure of the budget plan at Appendix B. Comments on the usefulness and understandability of the reporting are always welcome, as are your suggestions for further improvements.
- 4.6. The more flexible structure provides budget holders with more freedom to apply funding, within each activity, to expenditure types as appropriate and adapt to evolving needs and priorities within a framework of agreed activities. So, for example, funding for VP, AAR and FAR expenses is now included in a broader activity budget (see notes at Appendix B) but these expenses may also be funded elsewhere depending on where input from representatives is needed.
- 4.7. Not yet factored into the budget plan are the funding and costs associated with the planned individual representation pilot. Funding in principle has been agreed by the OU (in addition to our subvention grant) and the budget will be adjusted once this is confirmed. It will however have no effect on the bottom line.
- 4.8. Trustees will monitor actuals against budget at their quarterly meetings and consider revisions to the original budget, as appropriate, at their February 2021 meeting.

Alison Lunn
Deputy Chief Executive
(Finance and Resources)

Matt Porterfield
Vice President
Administration