

OPEN UNIVERSITY STUDENTS ASSOCIATION**Central Executive Committee (CEC)**

15 - 17 July 2022

FINANCE REPORT

The C E C is asked to: -

- i) **note** the attached income and expenditure statement for the period ended 31 May 2022 and forecast position to 31 July 2022 (Appendix A)
- ii) **note** the outline draft budget plan for 2022-23.

1. Summary Income and Expenditure to at 31 May 2022

1.1. The Association's income and expenditure for the ten months to 31 May 2022 (83.33% of the year) is summarised as follows (see **Appendix A** for details):

ACTUAL Income	ACTUAL Expenditure
£1,726,547	£1,532,409
= 83% of budget	= 70% of budget

2. Income

Income is on target. Material points to note are as follows:

2.1. **Trading Income** – although there has been a decline in webstore sales compared with the same period last year, sales from graduations, given the reduced product lines, has exceeded expectations. With turnover currently at £76k, with 5 weeks to go to year end, we are keeping a close eye on it to avoid exceeding the Charities Small Trading Tax Exemption limit of £80k. If it looks as if we might breach it, we may close the online webstore for a week or two to keep us below the threshold. If we do this, students will still be able to download past exam papers.

2. Expenditure

- 2.1. Expenditure to March is at 70% of budget. The budget planned for 80% of the expenditure budget to be spent by the end of May. We therefore still expect to end the year with a surplus of income over expenditure.
- 2.2. The forecast underspend is currently £74k but this still includes some contingencies and provisions around some uncertainties, in particular costs related to activity in July, as well as the timing of the implementation of the Student app, as some of this may happen in the new financial year.
- 2.3. The forecast underspend is more likely to increase than decrease.

3. Reserves

- 3.1. Although we are expecting to end the year with about £1.6m in the bank, we still expect our reserves to be significantly lower than this because of the provision we must make on our balance sheet for our future, long term contributions, to the USS pension deficit.

4. Budget Planning 2022-23

- 4.1. The draft budget being presented to the Trustees' Finance Resources and Risk Committee on 4 July, essentially proposes a break-even year with the income budget (£2,159k) exceeding the expenditure budget (£2,157k) by just £1,600.
- 4.2. Our subvention grant will increase by just over 4% from £1,865k to £1,942k. In addition, we are awaiting confirmation that the individual representation pilot funding will continue until July 2023.
- 4.3. Our expenditure budget comprises Staff/Staff Related Costs at £1,670k (77% of the total expenditure budget); Governance, Admin and Management at £146k (7%); allocations to teams for delivery of objectives £229k (11%); costs of trading £74k (3%) and funding for projects £38k (2%).
- 4.4. Allocations have been made in line with the budget principles approved by Trustees at their meeting in May that we would plan for pre-pandemic levels of activity, although small adjustments have been made to meeting costs on the assumption that most will be hybrid with some participants joining online.
- 4.5. Making these small savings across the board is enabling us to fund the Student app project, to develop our next strategic plan, to support the 50th anniversary activities, to fund the tutor awards prizes and also to provide a pot to continue our culture development work.
- 4.6. We have not however been able to put the usual 50% of budget for the next Conference away in reserves, as we would normally plan to do in a non-Conference year. But on the basis we have added significantly to the reserves during the pandemic, this should be manageable for Conference 2024. Reserves can only be spent once though and so future planning will

need to carefully consider resource allocation that will best support what we want to deliver for our members.

- 4.7. When formulating the next strategic plan during 2022-23, we will have that opportunity to plan our budget and allocate our resources according to the outcomes we are seeking to achieve. Staff resource and funding parameters will undoubtedly mean we will need to prioritise some activities over others. We will also need to have a close look at whether there are activities we should stop or scale back to divert resources where these will better serve the achievement of our objectives. Student representatives will have opportunities to feed into discussions through their involvement in shaping the Association's strategic plans.
- 4.8. Seeking additional funding from the University (beyond the annual uplift for inflation) is always an option, although the process for this has changed and makes success more difficult than it used to be. To stand the best chance though, we know it will be important to have early discussions with PVC Students, the OU unit that oversees our budget, to ensure we are aware of their budgeting timetable, secure their support in principle and follow up with business cases in good time.

Alison Lunn
Head of Finance and Resources

Matt Porterfield
VP Administration