

# agenda

Meeting: Extraordinary Meeting of the Trustee Board  
Date: Friday 29 July 2016  
Time: 3.00pm  
Location: Union House Bookable Room 2

**TB646**      **Statements from the Chair**

**TB647**      **Membership**

To receive recommendations from the Appointments and HR Committee as to the appointment of lay trustees. (Please see paper attached pp. 2-4)

**TB648**      **Detailed Internal Budget (DIB)**

To receive the DIB. (See attached pp. 5-18 and associated Management Accounts to June 16, pp. 19-22)

# paper

Subject:	<b>Recommendation of External Trustee Candidates</b>
Produced by:	Amy Rust, Campaigns and Democracy Officer
To:	Trustee Board
Date:	29 <sup>th</sup> July 2016
Action:	To discuss and approve
Paper:	TBXXX
Purpose:	To recommend the appointment of 2 new External Trustees

**Introduction:**

The Appointments and HR Committee held a quorate meeting on the 24/06/2016 after interviewing the final candidate for the two external trustee vacancies on our Board of Trustees. Two recommendations for the vacancies are made.

**Process:**

Following resignations from two External Trustees the Board instructed the Appointments and Human Resources Committee to conduct a recruitment process. The Committee Chair and Chair of the Board of Trustees began advertising for the posts through various communication channels. The role description encouraged applications from candidates with expertise in commercial and financial matters to apply in particular. Due to time constraints and technical problems it was difficult to retain the same panel membership throughout the process but panel members were able to interview the majority of candidates.

At the start of the meeting, the Chair noted the importance of providing two nominations to the Board to fill the current vacancies. Discussion began with the first recommendation which was quickly associated with the strong performance of Laura Hagen in her interview and previous experience.

The committee **voted unanimously** to recommend Laura Hagen to the Board.

With regards to the second recommendation more discussion was undertaken<sup>1</sup> and there was no unanimous position. Members of the AHR were divided as to recommendation in the context the experience of the two candidates. Two members believed Ian Gibson could provide lifelong experience in the charity sector and connections with the community. REDACTED : CONFIDENTIAL INFORMATION After lengthy discussion, the chair moved to a vote on a second recommendation.

The committee voted 3 for and 2 against the second recommendation for Ian Gibson to the Board.

**Recommendation:**

To approve the HR and Nominations committee’s recommendation of accepting of the nominations of Laura Hagen and Ian Gibson to the Board of Trustees.

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<sup>1</sup> See Page 3 Informal minutes for HR and Noms Committee Meeting

## **Appendix: Informal minutes for HR & Noms Committee meeting 24/6/16**

By Simon Pook (Former Student Trustee)

NB: Given no staff support were present for this meeting, notes were taken to keep record of proceedings, therefore they should not be taken as formal minutes of the meeting and read within that context.

**Present: Amy Rust, Louise Rudd, Roscoe Hastings (via Skype), Hussam Hussein**

**Chair: Chris Jarvis**

**In attendance: Simon Pook (Student Trustee)**

The committee noted its purpose was to present recommendations to the Board of Trustees for two external trustee positions. The committee quickly agreed on Laura Hagen as its first recommendation, noting her fantastic performance at interview and her strong relevant experience.

The committee agreed Laura Hagen as its first recommendation for the External Trustee position.

There were then discussions as to the second recommendation: broadly the committee noted two candidates as front-runners for the position: Ian Gibson and Ben Gibbins. The Committee agreed that the other remaining candidate that had been interviewed, John Fryer, was not suitable for the role and his application was removed from consideration.

CJ REDACTED

LR believed that the Board would be foolish not to recommend Ian Gibson, citing his wealth of experience and contacts in the HE sector.

AR noted her reservations about Ian Gibson, REDACTED

HH echoed LR, suggesting that Ian Gibson's experience came through REDACTED, and suggesting that he believed his experience outweighs the perceived communication issues.

RH strongly argued that Ben Gibbins would be better suited for the external trustee role, suggesting that his experience was more relevant to the areas of oversight that the Board expects, and that he has a large amount of direct experience of running commercial ventures. He noted that we conventionally have external trustee positions that attempt to fill specific areas of experience, and therefore are linked to specific areas of oversight, and that he believed Ian Gibson would make a better replacement for an External Trustee with a focus on the HE sector, whereas Ben Gibbins better fills the current recruitment gap, which is a role intended to provide oversight over our commercial operations.

SP agreed with RH, suggesting that, given the current state of the organization in terms of its senior management restructure, having an external trustee with direct experience of commercial operations would be an asset to the Board.

CJ noted that Ian Gibson did have good financial experience, but that this had not come across at interview, but that he believed Ian Gibson would still be capable of delivering oversight in this area.

CJ moved the meeting to a vote on recommending Ian Gibson to the Board.

The committee voted to recommend Ian Gibson with 3 in favour, 2 against.

RH noted that, given this recommendation was not unanimous, there would need to be a full discussion at the next Board meeting regarding the recommendation.

# paper

**Subject:** Detailed Internal Budget 2016-17  
**Produced by:** Jim Dickinson Chief Executive; Tim Cave Head of Finance  
**To:** Trustee Board  
**Date:** 29<sup>th</sup> July 2016  
**Action:** To approve  
**Paper:**  
**Purpose:** Under the framework for finance and budgeting, the Union Council annually agrees a set of "Estimates" that mandate spending priorities for the year ahead. The Board (or Finance Committee on its behalf) then agrees a set of "Detailed Internal Budgets" that reflect these priorities and that have involved detailed considerations from managers. This paper proposes that DIB for the year ahead.

## Section 1: Budget

### **Introduction**

Under the framework for finance and budgeting, the Union Council annually agrees a set of "Estimates" that mandate spending priorities for the year ahead. These were agreed at the Easter meetings of the Board and Union Council respectively. The Board then agrees a set of "Detailed Internal Budgets" that reflect these priorities and that have involved detailed considerations from managers.

In an ideal world the Detailed Internal Budget for the year ahead would be presented to the June meeting of the Board as that is the last meeting before the new financial year on August 1<sup>st</sup>.

However at the last meeting we noted a number of factors that mitigated against this this year:

- In June a grant settlement for the union had not been agreed and the proposed financial package contained some changes to SU functions (within Opportunities) that affected the budgeting process.
- There was more uncertainty than usual over the final HE pay deal likely to be reached within the sector that we are linked to.
- Given events last year we are being deliberately cautious about budgeting and were keen to fully review all areas of the trading operation ahead.
- We were yet to agree a Capital schedule for the year ahead which was also the subject of a paper to that meeting.

### **Update on issues flagged in June**

- We have now agreed a funding settlement with the University that is in line with the financial model paper agreed in principle at the June Board. This is a positive agreement that both frees up resource on the capital side and helps close the long term inflation funding gap on the revenue side.
- On the HE pay deal a "full and final" offer of 1.1% has been put to the Trade Unions. UEA itself is so confident in the 1.1% that it has formed the basis of their 16-17 budgets. However UCU are taking strike action centred on Open Days this summer. We therefore have taken a prudent view to revise our 2.5% inflationary increase down to 1.5% for the purposes of budgeting.
- We have now had the opportunity to complete a detailed review of all trading areas which has better informed the budget.
- We have made some progress on the Capital issues although staff illness and uncertainty over the Waterfront lease has mitigated against presentation of a full proposed Capital schedule to this meeting.

### **University Funding**

At previous meetings we have identified a looming "funding gap" generated by the University only agreeing to uprate the core grant, leaving the trading areas to cope with generating the rest of the required inflationary uplift in Charitable expenditure. This is made difficult by the growth in student numbers placing additional strain on the Charity services; increased use of the SU building and associated costs; and the inability on already stretched shop and LCR to serve more customers.

The financial settlement goes some way to easing this pressure for the next 2-3 years.

### **Charity Costs- Changes since Estimates**

Other than the University pay deal, shift of Sports support costs to the University and changes to the treatment of depreciation and investment (see below) issue there are no major changes to the assumptions approved in the Estimates at Easter.

### **Trading Areas**

Subject to ongoing confirmation of the position expressed in the forecast, we are confident that the performance of the trading areas is under control and improving significantly. This has allowed us to develop trading budgets which we have more confidence in than in the past, with a forensic look at costs and income in the round being led by Toby.

Appended is some detail on this exercise in relation to Bars and Retail and Catering. By the time the Board meets we will have moved onto the Waterfront and Entertainments as the next major building blocks of the forensic exercise. At this stage there is not anything to give us cause to believe that the Estimates overestimated the potential commercial performance for the year ahead and indeed in some areas we are confident of a slightly better than estimates budget.

### **NOTE**

Additional background information is appended at the end.

## **Section 2: Capital**

### **Introduction**

Following a discussion on capital expenditure, at the June Board we resolved:

- That a finalised cost (and therefore **annual** budget figure) be developed for "Project Brand New" (the cost of refreshing U/H each summer) and included in budgets.
- That the "real" depreciation charge be calculated on any current assets.
- That we make a management assessment on priorities on current CapEx requests and identify items not requested that are likely to need funding in the next five years.
- That work is carried out with the auditors on the appropriate level of cash reserves and a revised reserves policy is presented to the July Finance Committee to guide a decision on available investment funds.
- A long term (5 year) capital plan and 16-17 CapEx budget is presented for approval to the July Finance Committee as part of wider 16-17 budget approval.

This section updates on progress against these objectives and proposes capital spend for the year ahead.

### **Project Brand New**

An exercise has been carried out on the cost of refreshing U/H each summer and has been estimated at £7.5k. We have authorised that spend for Summer 16 from 15/16 budgets and have included an increased £10k figure in the DIB for 16-17 to cover any minor equipment/fixtures requirements. With the year end fast approaching we may not have actual costs by 31 July so would show in the accounts as capital commitments with spend actually incurred in 2016/17.

Up until now we haven't set and reported against a capital budget in our monthly accounts so we will likely agree a methodology for that separate to the main budget setting process.

### **Cash Reserves**

We have not been able to progress the work on appropriate level of cash reserves. This is partly due to time (on both our side and the auditors), but also subject to wider advice on issues relating to accounting changes and pensions. A view is also dependent on the longer term issues surrounding the Waterfront. Realistically, we anticipate this work will form a part of the auditors year end work for us with recommendations to the December Board. For this exercise we are therefore assuming that the current level of cash in the group is about right and in any event not to be eaten into without a detailed investment justification and risk assessment.

### **Depreciation**

Following the last meeting we have reviewed the balance sheet again both to identify real value and in light of the agreement reached with the University over finances. This summer we will lose some items relation to Sport from the balance sheet but will (for example) take on a number of items relating to U/H refurb. We have concluded that

any technical depreciation figure arising from the accounts is now a wholly unreliable guide to the amount of cash required to be “saved up” for future replacement and so it would not be appropriate to put those figures into the DIB/profit and loss budget. Depreciation charges will still be charged to the annual accounts on all assets – and that this will impact on reported P&L in the accounts, but we are effectively choosing to set Profit targets on a “before depreciation” basis.

As a result we are proposing that pending wider discussions on the Waterfront we establish a sensible rule of thumb- namely that any expenditure on Capital should not exceed the excess cash generated in a given year.

If we were to apply this “rule” to the result we expect to achieve in 2015-16 the numbers would be as follows:

Forecast for year	£'k
Operating Profit	224
Severance costs	(42)
Waterfront priority works (June 16)	(30)
Capex YTD	(40)
Total	112

The remaining decision is when in a given year that “remainder” amount should be spent- in the financial year after the performance has been achieved, or within the budget year.

That decision partly depends on prediction confidence (historically poor but improving) and partly depends on the mix of what's needed (compliance) against spend that would generate income. (It is also partly about the overall level required and the amount of final budget surplus that is proposed.)

**(Note** that we have previously agreed to take advantage of a contested VAT exemption on fundraising events which removes all VAT from up to 15 events a year. The intent is that the savings be kept in a restricted fund available for long term capital if the VAT Tribunal between Loughborough SU and HMRC falls in favour of the SU; if not we would have sufficient funds to pay HMRC back).

Overall we take the view that it would be prudent to assume that an additional 25% of the figure generated in a financial year should be spent in a given summer at the beginning of the following financial year.

That would leave the Summer 2016 Capex Budget at £140k.

### Management Committee Decision

As at Mid-July there were some items that required immediate authorisation given the lead in times. These were:

- Blue Bar (Flooring and Centre Stairs)
- Kitchen Ventilation
- PCs

It was proposed to Management Committee that these items (totalling £61.5k of the available £140k) be authorised:

Flooring for Blue Bar inc Stairs and new entry mats for the 3 main doors	£14.5k External quote.	10 years	To replace old flooring to make it fit for purpose-safety issue.
Kitchen extension & Ventilation install & electrical load update.	Essential Ventilation & Electrical works £24k Approximately £15k for consultants, overheads, possible asbestos removal	20 years	To increase size of kitchen and install extraction so we can grow existing business and expand offering.
Summer 16 PC Replacements	5 x Tablet Setup, 7 x HP Setup and new Design PC £8k	5 years	Essential upgrades and replacement cycle purchases.

That leaves approx. £80k to be allocated. It is **recommended** that this be allocated by Management Committee against criteria previously discussed at Board.

## Budget Summary

The first section lists the main figures, with later sections explaining what is in each area. Note that these have also been phased appropriately across the financial year.

## Charity

Details	Salary Costs	Student Staff	Activity Costs	Net
<b>1. Advocacy &amp; Representation</b>				
Advice & Housing Unit	£141,751	£8,550	£11,000	£161,301
Policy & Campaigns Unit	£107,648	£10,687	£38,100	£156,436
Student Leadership Unit	£110,205	£8,550	£61,692	£180,447
Adv & Rpn Overhead	£36,178		£1,000	£37,178
<b>SUBTOTAL</b>				<b>£535,362</b>
<b>2. Opportunities &amp; Activities</b>				
Societies, Student Media, Enterprise	£127,196	£23,085	£78,000	£224,006
<b>SUBTOTAL</b>				<b>£224,006</b>
<b>3. Infrastructure</b>				
Building & Equipment	£21,616		£153,450	£175,066
Finance Unit	£105,551	£14,820	£106,425	£227,096
Strategic Development & HR	£189,779		£65,000	£254,779
Operations & Administration	£135,460	£37,250	£40,000	£171,280
<b>SUBTOTAL</b>				<b>£828,221</b>
<b>CHARITY SUBTOTAL</b>				<b>£1,587,589</b>
<b>4. Unrestricted Income</b>				
Basic Block Grant				-£404,020
PDC Contribution				-£40,932
Partnerships inc INTO				-£32,341
<b>SUBTOTAL</b>				<b>-£477,293</b>
<b>TOTAL</b>				<b>£1,114,571</b>

## Commercial

Details				
<b>5. Commercial Overhead</b>				
Staffing				£40,000
Bank/Cash/Finance/Admin				£33,856
Details	Turnover	Cost of Sales	GP	Net
<b>6. Commercial Contribution</b>				
Bars	£1,803,339	-£601,082	67%	-£682,608
Pizza	£200,000	-£110,000	45%	-£7,400
Retail	£3,290,340	-£2,204,177	33%	-£384,627
Unio	£427,000	-£170,800	60%	-£98,850
Marketing and BD	£220,350	-£34,579		-£40,000
Lettings	£47,000			0
Entertainments	£1,256,000	-£553,000		-£256,835
Ents Overhead and B/O	£144,000	-£21,750		£193,697
Waterfront	£1,377,982	-£527,288	(Bars 72.2%)	-£209,033
<b>TOTAL</b>				<b>£1,411,800</b>
Details	Income	Costs	GP	Net
<b>7. Summary</b>				
Charity Income				-£477,293
Charity Expenditure				£1,587,589
Contribution from Social Enterprises				-£1,411,800
<b>TOTAL CASH SURPLUS</b>				<b>£301,505</b>
Details				
<b>8. Below Line</b>				
Pension Deficit Contribution (PP)				£110,062
Capital Investment Fund				£191,443

## 1 | ADVOCACY AND REPRESENTATION

In this section you will find costs relating to the union's advocacy and representation functions, including centrally run campaigns, full time officers and academic representation. A detailed explanation of what each area covers is given below each subsection. This area supports these areas of the SU Purpose:

**We advocate on students' behalf, both individually and collectively.**

- **Evidence** and **research** from the **whole student body** a key part of the union's student voice activity
- More **support, training** and **development** for our student representatives
- Students **working with** academic and administrators to make **suggestions** and **solve problems**
- **Independent, flexible** student advice and advocacy service that **leads to policy change**

### 1.1 Advice & Housing Unit

ADVICE & HOUSING UNIT	Staff	Costs	Student Staff	
Staff Costs	£141,751		£8,550	
Materials and Printing		£1,000		
Nightline		£2,000		
Peer Support Groups		£1,000		
Subscriptions		£3,500		
Volunteer Scheme		£1,000		
Departmental and Specialist Trng		£2,500		
<b>TOTAL</b>				<b>£161,301</b>

This area includes the union's professionally staffed Advice Centre, which provides help and advice to students on all issues. In the year ahead the unit will operate the Advice and Housing unit in the Union House gateway; maintain a volunteer programme in advice, run a new buddying scheme, enhance support to student groups and provide support to NiteLine, the union's student listening service.

This area also manages the Housing function although its direct financials are listed within the social enterprises budgets.

### 1.2 Campaigns & Policy Unit

CAMPAIGNS & POLICY UNIT	Staff	Costs	Student Staff	
Salaries	£122,444		£10,687	
HSC Additional Funding		-£14,796		
HSC SU		£2,000		
Reps and Convenors		£10,000		
Research		£13,500		
Web and IT Infrastructure		£6,000		
Training and Materials		£5,000		
Student Led Teaching Awards		£2,500		
Faculty Convenor Income		-£2,400		
Departmental		£1,500		
<b>TOTAL</b>				<b>£156,436</b>

This area provides dedicated support to academic representation, ensuring that school, faculty and institutional representation delivers real change for students. It also houses support for the student officer committee and their campaigns and has a research and policy function, ensuring that the union's arguments for students are evidence and powerful. Staff support for Liberation, Equality and Diversity is also in this department.

### 1.3 Student Leadership Unit

<b>STUDENT LEADERSHIP UNIT</b>	Staff	Costs	Student Staff	
Full Time Officers	£110,205		£8,550	
Officer Training		£10,000		
Democracy & Elections		£7,500		
Priority Campaigns		£4,000		
Campaign Groups		£6,000		
SOC Projects		£4,500		
Liberation, Equality & Diversity		£5,500		
NUS Affiliation Fee		£14,192		
Conferences		£10,000		
<b>TOTAL</b>				<b>£180,447</b>

In this area you will find the costs related to the union's student leadership team, comprising the five sabbatical officers and the wider student officer committee. It includes dedicated budgets for campaigns, elections, training and also include the annual affiliation fee to NUS. There is also a fund for automatic attendance at relevant conferences and events, as well as a small fund designed to promote the representative work of the Union.

## 2 | OPPORTUNITIES AND ACTIVITIES

In this section we find costs relating to the union’s student opportunities function, including societies, enterprise and student media. A detailed explanation of what each area covers is given below each subsection. This area supports these functions:

### We provide opportunities for students.

- **Every student** taking part in **extra curricular**, ensuring activities are **student led** and **high quality**.
- Support all student volunteers and staff to use their **experience** taking part in student opportunities to **benefit them in later life**
- An exemplar in relation to **safety** and **risk assessment** and facilities geared around the **needs of active members**
- Support for the **full breadth** of student diversity to take part in the most **diverse** set of activities possible, reducing barriers to involvement and **setting and meeting targets related to diversity**.

### 2.1 Sports Association

Following an agreement reached with the University, this area- including all direct costs for support for Sports Clubs and participation in BUCS competitions- has moved to UEA and this is now directed under a joint governance arrangement for Student Sport.

### 2.2 Societies & Student Media

<b>SOCIETIES &amp; STUDENT MEDIA</b>	Staff	Costs	Student Staff	
Salaries	£127,196		£23,085	
Fairs and Transport		£4,000		
RAG Recharge		(£4,275)		
Societies		£20,000		
Give it a go		£8,000		
Student Media		£25,000		
Postgraduate SU		£12,500		
International SU		£5,000		
Academic Societies		£1,000		
Enterprise		£2,500		
<b>TOTAL</b>				<b>£224,006</b>

In this area there is support for the union’s award winning societies, including development of events and participation strategies. There is also support for student media, accommodated in the student media centre funded by the University in union house. The allocations above will be subject to a distribution process based around central union priorities. This area also includes projects on employability and enterprise, and support for strategies for international students and postgraduate students are implemented here.

### 3 | INFRASTRUCTURE

In this area underpinning services that make the union work are housed. This includes costs related to union house, admin, HR, IT and Finance. A large proportion of infrastructure work serves the commercial activity and so is recharged to the commercial companies in terms of rent or service charges at the end of each year in the overall group statutory accounts.

In this area we seek to achieve:

- **Outstanding** student led governance
- High quality **management** and internal **processes**
- A strong **partnership** with University and others on infrastructure and culture
- Great stats- No.1 in the **National Student Survey** for **Question 23**, and **outstanding** grade for the **Students' Union Quality Mark**

#### 3.1 Marketing & Communications

This area is consolidated with Marketing and Sponsorship income within the Social Enterprises section of the budget.

#### 3.2 Operations & Administration

OPERATIONS	Staff	Costs	Student Staff	
Salaries	£135,460		£37,250	
Photocopier		£25,000		
Data Storage		£2,500		
Uniform		£1,000		
Stationery		£3,500		
Post and Franking		£1,500		
Telephone		£5,000		
Departmental		£1,500		
<b>TOTAL</b>				<b>£171,280</b>

In this area we operate the student reception and welcome team. It also houses all of the union's central admin costs- things like photocopying and telephones all get paid for from here, along with computing and post. The cost of the Head of Operations is also included here.

#### 3.3 Building & Equipment

BUILDING & EQUIPMENT	Staff	Costs	Student Staff	
Salaries	£21,616			
Utilities		£135,450		
Alarms		£1,000		
Maintenance Contracts		£2,000		
Annual Renewal		£10,000		
Premises		£5,000		
<b>TOTAL</b>				

This area covers the costs of operating union house along with repairs, maintenance, utilities etc.

#### 3.4 Finance

FINANCE UNIT	Staff	Costs	Student Staff	
Salaries	£105,851		£14,820	
Bank Charges		£500		
Additional Irrecoverable VAT		£23,530		
Software and Data Storage		£20,000		
Audit		£7,500		
Insurance		£16,370		
NEST Pension		£2,000		
Departmental		£1,500		
Contingency		£35,025		
<b>TOTAL</b>				<b>£227,096</b>

The union's Finance function helps the rest of the organisation run effectively. It handles invoicing, accounts and supports managers with data to help them make decisions and manage their operations. The Pension Deficit Contribution is an amount the union has to pay into one of the union's pension schemes to ensure that it is able to meet its commitments to pensioners.

### 3.5 Strategic Development & HR

STRATEGIC DEVELOPMENT & HR	Staff	Costs	Student Staff	
Salaries	£189,779			
Staff Training		£15,000		
Management Development/CIPD		£5,000		
Group PHI and Life Ass		£8,000		
Legal and Professional		£5,000		
Staff Welfare/Meetings		£4,000		
Staff Incentive Scheme		£5,000		
HR Support		£6,000		
Recruitment and Selection		£12,500		
Travel & Accommodation		£2,500		
Subscriptions		£500		
Trustee Board		£1,500		
<b>TOTAL</b>				<b>£254,779</b>

This area contains costs for the Chief Executive and Deputy Chief Executive, as well staff support for the corporate Governance function. It also hosts crucial central costs relating to staff training and development and HR support.

Staff training is courses for all staff attached to personal development plans. Management Development is specific training for the Heads of Department/Management Team. "Group PHI and Life Ass" is a an insurance policy that covers payments if staff are on long term sick and if they die in service. HR Support is the cost of the external HR firm that helps deliver the union's People plan.

## Social Enterprises: On Campus

Dept	Bars	Pizza	Retail	Unio	M&BD	Admin	Lettings	Ents	Ents OH	Totals
Turnover	£1,803,339	£200,000	£3,290,340	£427,000	£220,350	£1,000	£47,000	£1,256,000	£144,000	£7,389,029
Costs of sales	-£601,082	-£110,000	-£2,204,177	-£170,800	-£34,579	£0	£0	-£553,000	-£21,750	-£3,695,388
Gross Profit	£1,202,257	£90,000	£1,086,163	£256,200	£185,771	£1,000	£47,000		£122,250	£2,990,641
GP	67%	45%	33%	60%		100%	100%		85%	
Career Staff	-£160,766	-£25,000	-£291,205	-£60,000	-£81,888	-£40,000	-£36,000	-£31,000	-£236,617	-£962,476
Student Staff	-£308,558	-£45,000	-£345,000	-£90,000	-£31,233		-£5,250	-£70,350	-£20,000	-£915,391
Security Staff								-£166,815		-£166,815
Student staff ratio	17.00%	22.50%	10.50%	21.00%						
Total staff ratio	26.0%	35.0%	19.3%	35.0%						
Other	-£3,825	-£500	-£1,431	-£2,150	£6,900		-£2,850	-£15,500	-£4,500	-£23,856
Premises	-£23,600	-£500	-£30,000	-£2,700	£0		-£5,832		£0	-£62,632
Admin	-£1,400	-£500	-£3,600	£0	-£39,550	-£2,830	-£1,200	-£45,000	-£175	-£94,255
Equipment	-£16,500	-£11,100	-£19,300	-£2,500	£0	-£7,026			-£12,655	-£69,081
Professional	-£5,000	£0	-£11,000	£0	£0	-£25,000	-£80	-£117,500	-£42,000	-£200,580
<b>Net Contribution</b>	<b>£682,608</b>	<b>£7,400</b>	<b>£384,627</b>	<b>£98,850</b>	<b>£40,000</b>	<b>-£73,856</b>	<b>-£4,212</b>	<b>£256,835</b>	<b>-£193,697</b>	<b>£1,198,555</b>
NC 15/16 Forecast	579445	0	381209	64740	43315	-67462	49856	234592	-157373	£1,128,322
Variance	£103,163	£7,400	£3,418	£34,110	-£3,315	-£6,394	-£54,068	£22,243	-£36,324	£70,233

## Underpinning Assumptions

- In **Bars** we are assuming a 4% uplift in turnover with Catering and Damn Good (Tuesday Club) driving sales. Figures include revised staffing structure and improved GP.
- In **Pizza** we are assuming improved Ventilation and improved throughput, with daytime sales
- In **Retail** we are assuming an improved GP, a mild increase in staff costs and no increase in sales
- In **Unio** we assuming benefits of £35k VAT exemption (on campus catering)
- In **Marketing** we are assuming significantly more turnover but matched by an increase in Charitable spend
- In **Lettings** we are assuming cost savings will be achieved on above figures to rest at Break Even
- In **Ents** we are assuming improved Damn Good performance

### Social Enterprises: Waterfront

Dept	Bars	Ents	Machines	Admin	Premises	Sund Inc	total
Income	£910,646	£455,000	£3,109	£151	£1,560	£7,516	£1,377,982
Costs of sales	-£250,727	-£275,455	-£1,106	£0			-£527,288
Gross Profit	£649,919		£4,215	£151			£654,285
GP	72.20%						£1
Career	-£76,000	-£20,000			-£7,443		-£103,443
Student	-£106,500	-£66,000			-£55		-£172,555
Security		-£110,200					-£110,200
Other	-£250	-£1,500		-£300			-£2,050
Premises				-£1,541	-£124,300		-£125,841
Admin		-£770		-£2,627	£0		-£3,397
Equipment	-£3,123	-£3,142		-£100	-£3,810		-£10,175
Professional		-£90,000		-£24,000	£0		-£114,000
<b>Net</b>	<b>£474,046</b>	<b>-£112,067</b>	<b>£2,003</b>	<b>-£28,417</b>	<b>-£134,048</b>	<b>£7,516</b>	<b>£209,033</b>
15/16 Fcast	£470,079	-£107,938	£2,002	-£28,467	-£131,470	£7,516	£211,722
Variance	£3,967	-£4,129	£1	£50	-£2,578	£0	-£2,689

**Appendix  
Detailed Internal Budget 16/17  
Background Notes**

**UEASU's Group Financial Context**

Over the past few years the Union has been reviewing and reshaping its financial model, responding belatedly to a downturn in alcohol sales by lobbying to increase in net terms the grant from the University and reducing "back office" costs in order to maximise the spend on charitable objectives.

The Union has been receiving just over £0.5m in direct grant funding from the University. We are notable in the SU sector for being highly "commercially leveraged"- in other words the bulk of the union's income comes in from trading activity, which has been in decline. The working assumption is that the near monopoly on retail and alcohol sales provides an "in kind" grant to the Union that enables it to deliver significantly higher trading surpluses than other unions to fund directly charitable activity.

In 14-15 the University grant was broadly held at a consistent level but for two notable differences- the University took over the costs of cleaning and IT support, freeing up resource to invest in student representation and welfare to bring closer to the standard of comparator group unions; and the grant was marginally increased above University inflation to cover the pension deficit contribution the union is required to make into the Students' Union Superannuation Scheme.

**Union Financial Policy**

- To consistently perform to budget, ending the annual cycle of producing year end deficits
- Ensuring the reserve is healthy and used for the benefit of students
- Reducing direct expenditure on infrastructure through careful procurement or partnership work
- Steadily improving investment in services, activities and campaigns for students

**Annual profit and loss budget: Developments 14-15**

Within the Charity the process described above of net increasing the grant from the University, driving down central costs and investing in priority areas was largely successful and in 2014-15 we performed to budget within the Charity; this included significant increased expenditure on student engagement/representation, international students, postgraduate students and student advice.

However operational problems in the trading areas in the first term of 14-15, coupled with a challenging trading environment, resulted in less progress in the Social Enterprises and resultant **contribution** into the Charity which meant a significant loss in year. This issue bled into the planning process for 15-16 which has meant a challenging year in relation to hitting overall budget.

The University Council approved plan for financing the SU assumes that the Union grant will increase by the assumed University inflation rate of 0.233% for five years.

Given the Union's overall Charity costs run at around £1.8m, with the remainder funded by trading surpluses, the inbuilt assumption was therefore that the trading areas would fund the remaining increase required to Charity funding and/or that the Union would drive out additional efficiencies.

An efficiency exercise was carried out across 2013-14 and was seen as unlikely that additional meaningful efficiencies would be possible against existing activity.

This meant that the ongoing issue of grant funding was difficult. Whilst we did not expect the balance between trading income and grant to shift dramatically, the University's previous assumption- that the grant could increase broadly by inflation with the union's trading operations able to also deliver inflationary increases in profit would not hold in a period where we expect trading to be flat at best. This is because the LCR Club Nights and Shop- the two key drivers of contribution- are effectively "full" and would not benefit meaningfully from student numbers growth.

The Board reached the view that whilst costs are under control, it was unlikely to be possible to drive real terms increases from the trading areas unless we took on new activity or aggressively targeted students with alcohol in a way that would be detrimental to student welfare.

The ongoing result was that a gap opened up between the funding increase on the grant and the funding required to continue to operate the union against its established range of activity. These sample figures therefore tracked the "gap" assuming that the union's costs accurately tracked the University's assumed inflation rate.

	14-15	15-16	16-17	17-18	18-19	19-20
Grant inc PDC	£580,977	£594,514	£608,366	£622,541	£637,046	£651,889
Core Charity Costs	£1,804,367	£1,846,409	£1,889,430	£1,933,454	£1,978,503	£2,024,602
Grant Inc over 1415		£13,537	£27,389	£41,564	£56,069	£70,912
Cost Inc over 1415		£42,042	£85,063	£129,087	£174,136	£220,235
Gap		£28,505	£57,674	£87,523	£118,067	£149,323

### Recent past- UEA relationship

Over the past three years the Union has made substantial changes to its financial model and overall financial relationship with the University. These have included:

- A significant ongoing investment in **charitable delivery** to bring the union up to comparator standard
- A significant reduction in “infrastructure” operating costs through **rationalisation/efficiencies** and transfer of responsibilities to the University (ie cleaning and IT)
- A squeezing of the commercial areas to deliver charitable outcomes from current trading activity; reduction of costs through flexible deployment; and process change to improve margin/**profitability**

Over the past year we resolved:

- To argue to the University that in medium term financial planning, the inflation rate applied by the University to the Union’s core grant funding should be increased to take account of the inability of the trading services to deliver their “share” of charitable- delivering an increase that reflects charitable spend not just grant
- That encompassing discussions re Sports and future of DOS, a wider strategy for the student experience should be developed that includes a strategic review of respective responsibilities between the SU and the University, with an associated long term funding plan
- That we should continue to explore opportunities for rationalisation of “back office” functions to release funding for core student experience delivery
- That we should actively explore opportunities for the Union to expand trading operations, including additional retail sites across the campus; town centre opportunities as part of wider “Norwich Student Experience” efforts; and internal tendering of new café outlets on campus (rather than automatically assuming that external providers or campus kitchen should be preferred)
- That the requirement for the union to pay increasing pension deficit contributions be considered alongside the University’s ongoing requirement to do similar inside its pension schemes with funding allocated as appropriate
- That we should identify assets on the balance sheet that have been replaced by the recent refurbishment
- That we should seek broad clarification from the University on respective responsibilities for capital investment going forward
- That we should restructure the balance sheet appropriately in light of the above and make relevant changes to the MOU and/or lease
- That we should create and actively management an appropriate investment fund within long term budgets that accurately tracks towards longer term goals within our ambit of responsibility

### 2016-17

For 2016-17 we have made some progress against these goals which we agreed in June. These included:

- Retention of core grant, inflationary uplift and funding towards Pension Deficit Contribution
- Transfer of the recurrent GSA grant to the Union (£7k) and remaining balance
- Transfer of the SU “Sports Association” budget at circa £200k (including income and expenditure lines) to the University, with £50k retained by the Union to invest
- A further recurrent grant reduction of £20k to cover shop cleaning and routine maintenance across U/H and Shop (budget neutral with some savings on admin)
- Transfer of all Sports assets from the Union to the University, and allocation of the LCR replacement lighting rig to the Union House capital project
- Changes to the Union/UEA MOU that would result in circa £150k to be released from the depreciation budget

## **Union of UEA Students**

### **Management Accounts to June 2016- Man. Committee**

#### Introduction:-

Attached are summary schedules for the management accounts for the 11 months to June 2016 as follows:

1. Charity by department total overhead in Board Pack format
2. Overview of Student Union Services Net Contribution for the 11 month period by business stream with variance to forecast
3. Waterfront Limited departmental totals in Board format

The schedules are provided to give an overview of the latest performance as an aid to decision making.

#### Summary performance:-

Net Income was £37k below forecast in the month but remains £34k ahead of the half year forecast, before taking account of non-trading ite

Overspends in the Charity are largely a matter of timing, with costs lagging behind the original forecast. The year to date position remains £54k better than forecast.

Student Union Services remains close to forecast having entered the quieter trading months. Broadly speaking, better than forecast performance in the bars, shop and lettings have offset the Ents business where the half year forecast underestimated show-costs.

The more detailed schedules for SUS Ltd show that Income has been stronger than forecast in the core businesses and that Staff costs have been well controlled, in both cases reflecting enhanced management by the SE team.

Waterfront saw some catch-up on bar costs (indicating that we need to work at minimising the delaying impact of the off-campus location) and is now £11k behind forecast but remains £59k ahead of the original budget.

#### Other points to note:-

As discussed at the Board, the highlighted performance excludes non-operating costs which are non-recurring. The £66k of income from advance ticket sales which was recognised in last years result is a non-cash affecting item (the cash being received last year regardless of the timing of the Income recognition)

Cash at the beginning of last week stood at £1.3m although we can expect this to reduce towards £1.1m by the end of the month when salaries, wages and monthly supplier payments have been made.

## Union of UEA Students

Management Accounts to June 2016	Month			Year to date			Full year			Full year 2014/15
	Actual £	Forecast £	Variance £	Actual £	Forecast £	Variance £	Forecast £	Budget £	Variance £	
Summary by Department										
<b>Union Income</b>	<b>53,144</b>	<b>52,782</b>	<b>362</b>	<b>577,842</b>	<b>580,603</b>	<b>(2,761)</b>	<b>643,385</b>	<b>643,386</b>	<b>(1)</b>	<b>644,246</b>
Advice & Housing	(10,107)	(11,357)	1,250	(122,217)	(123,100)	883	(133,377)	(144,101)	10,724	(193,276)
Policy & campaigns	(11,242)	(9,019)	(2,223)	(99,918)	(116,288)	16,370	(123,707)	(130,780)	7,073	(135,948)
Student Leadership unit	(21,077)	(13,288)	(7,788)	(153,760)	(151,176)	(2,584)	(163,464)	(171,745)	8,281	(165,893)
Advocacy & Representation overhead			0	(23,042)	(23,042)	0	(23,042)	(61,563)	38,521	
<b>Advocacy &amp; Representation</b>	<b>(42,425)</b>	<b>(33,664)</b>	<b>(8,761)</b>	<b>(398,937)</b>	<b>(413,606)</b>	<b>14,669</b>	<b>(443,590)</b>	<b>(508,189)</b>	<b>64,599</b>	<b>(495,117)</b>
Sports Association	(11,842)	(14,238)	2,395	(170,556)	(192,857)	22,301	(205,995)	(197,546)	(8,449)	(192,043)
Societies & Student Media	(11,715)	(3,814)	(7,901)	(72,848)	(92,180)	19,332	(93,647)	(118,364)	24,717	(60,326)
Opportunities & Activities	(10,957)	(9,115)	(1,842)	(74,742)	(77,900)	3,158	(85,315)	(91,796)	6,481	(111,771)
<b>Opportunities &amp; Activities</b>	<b>(34,515)</b>	<b>(27,167)</b>	<b>(7,348)</b>	<b>(318,146)</b>	<b>(362,937)</b>	<b>44,791</b>	<b>(384,956)</b>	<b>(407,706)</b>	<b>22,750</b>	<b>(364,141)</b>
Union House & Equipment	(13,119)	(12,795)	(325)	(166,609)	(164,714)	(1,895)	(176,694)	(216,107)	39,413	(181,887)
Finance Dept	(22,796)	(21,857)	(939)	(265,583)	(267,014)	1,431	(288,871)	(272,526)	(16,345)	(241,182)
Strategic Development Unit	(21,047)	(23,782)	2,736	(245,814)	(245,092)	(722)	(266,374)	(261,344)	(5,030)	(244,697)
Marketing & Communications	1,980	0	1,980	1,979	(0)	1,980	(0)	0	(0)	(161,260)
Ops & Admin	(12,035)	(10,628)	(1,407)	(128,009)	(124,288)	(3,721)	(135,023)	(158,236)	23,213	(87,895)
<b>Infrastructure</b>	<b>(67,017)</b>	<b>(69,062)</b>	<b>2,045</b>	<b>(804,035)</b>	<b>(801,109)</b>	<b>(2,926)</b>	<b>(866,963)</b>	<b>(908,213)</b>	<b>41,250</b>	<b>(916,921)</b>
<b>Net Union Operating Income / (Expenditure)</b>	<b>(90,813)</b>	<b>(77,111)</b>	<b>(13,702)</b>	<b>(943,276)</b>	<b>(997,049)</b>	<b>53,772</b>	<b>(1,052,124)</b>	<b>(1,180,722)</b>	<b>128,598</b>	<b>(1,131,932)</b>
Net Income / (Expenditure) from Subsidiaries										
Student Union Services	42,887	40,207	2,681	1,020,464	1,028,592	(8,128)	1,104,741	1,200,268	(95,527)	1,085,333
Waterfront	(15,213)	10,802	(26,015)	205,985	217,092	(11,106)	211,723	153,000	58,723	50,568
Provision for wage increase (NLW)						0	(40,000)		(40,000)	
<b>Net Consolidated Operating Income / (Expenditure)</b>	<b>(63,139)</b>	<b>(26,103)</b>	<b>(37,036)</b>	<b>283,173</b>	<b>248,635</b>	<b>34,538</b>	<b>224,341</b>	<b>172,546</b>	<b>51,794</b>	<b>3,968</b>
Improvement plan costs - Union	0	0	0	(31,066)	(30,499)	(568)	(30,000)	0	(30,000)	
Improvement plan costs - SUS	0	0	0	(11,955)	(11,955)	0	(11,955)	0	(11,955)	0
Depreciation on property improvements	(10,733)	(10,733)	0	(85,864)	(85,864)	0	(128,796)	(128,796)	0	(128,796)
Depreciation - Union	(2,038)	(650)	(1,388)	(22,490)	(16,700)	(5,790)	(17,350)	(25,201)	7,851	(16,962)
Depreciation - Student Union Services	(2,477)	(2,477)	(0)	(59,478)	(59,477)	(1)	(29,755)	(15,589)	(14,166)	(13,285)
Depreciation - Waterfront	(256)	(256)	0	(2,768)	(2,821)	53	(3,078)	(3,000)	(77)	(5,398)
Income recorded in prior year			0	(66,400)		(66,400)			0	
<b>Net Income / Expenditure</b>	<b>(78,643)</b>	<b>(40,219)</b>	<b>(38,424)</b>	<b>3,151</b>	<b>41,319</b>	<b>(38,168)</b>	<b>3,407</b>	<b>(40)</b>	<b>3,447</b>	<b>(160,473)</b>

**Student Union Services Ltd**
**11 Months to June 2016**

	Bars £	Unio £	Admin £	Premises £	M & BD £	Lettings £	Ents events £	Ents O/H £	Retail £	Total £
Income	1,795,246	344,161	3,073	0	80,895	102,316	1,039,228	169,553	3,092,129	6,626,602
Cost of Sales	(711,465)	(149,433)	(360)	0	(8,397)	(2,770)	(517,419)	(7,189)	(2,132,087)	(3,529,122)
Gross Profit	1,083,780	194,728	2,714	0	72,498	99,546	521,809	162,364	960,042	3,097,481
GP %	60.4%	56.6%	88.3%		89.6%	97.3%	50.2%	95.8%	31.0%	46.7%
Staff costs										
Career	(157,741)	(23,782)	(33,645)	0	(47,212)	(32,479)	0	(153,069)	(225,121)	(673,049)
Student	(318,987)	(100,637)	0	0	(15,344)	(2,316)	(108,671)	(17,607)	(314,390)	(877,953)
Security	(1)	0	0	0	0	0	(146,515)	0	0	(146,516)
Other	(4,071)	(2,035)	(144)	(56)	(54)	(2,781)	0	(14,743)	(3,294)	(27,178)
Total	(480,800)	(126,455)	(33,788)	(56)	(62,610)	(37,576)	(255,187)	(185,419)	(542,805)	(1,724,696)
Overheads	(52,516)	(5,927)	(22,769)	(75)	(14,910)	(6,510)	(131,682)	(79,383)	(38,549)	(352,321)
Net Contribution	550,465	62,346	(53,844)	(132)	(5,022)	55,460	134,941	(102,438)	378,688	1,020,465
Forecast	511,545	51,119	(54,153)	(89)	(14,995)	57,175	247,068	(126,186)	357,108	1,028,593
variance	38,921	11,227	309	(42)	9,973	(1,716)	(112,128)	23,748	21,580	(8,128)
<b>Variance to Forecast</b>	£	£	£	£	£	£	£	£	£	£
Income	161,347	(16,008)	2,062	0	(13,861)	(2,601)	23,889	21,845	44,537	221,209
Cost of Sales	(98,712)	20,216	(360)	0	9,552	(2,770)	(112,842)	12,622	(21,546)	(193,839)
Gross Profit	62,634	4,208	1,702	0	(4,309)	(5,371)	(88,953)	34,467	22,991	27,370
GP %	38.8%	-26.3%	82.5%		31.1%	206.5%	-372.4%	157.8%	51.6%	12.4%
Staff costs										
Career	6,582	(4,926)	0	0	7,951	1,056	0	2,742	4,242	17,648
Student	(19,796)	12,767	0	0	841	2,364	(19,730)	(2,583)	2,646	(23,492)
Security	(1)	0	0	0	0	0	10,774	0	0	10,774
Other	1,005	(6)	(68)	0	100	(511)	0	496	(1,735)	(719)
Total	(12,209)	7,835	(68)	0	8,892	2,909	(8,956)	655	5,152	4,211
Overheads	(11,505)	(816)	(1,324)	(42)	5,390	746	(14,219)	(11,375)	(6,563)	(39,709)
Net Contribution	38,921	11,227	309	(42)	9,973	(1,716)	(112,128)	23,748	21,580	(8,128)

**Waterfront Limited**

Management accounts to June 2016	Month			Year to date			Full year	Full year	Full year	
	Actual £	Forecast £	Variance £	Actual £	Forecast £	Variance £	Forecast £	Budget £	Variance £	2014/15 £
<b>Overview</b>										
Bars	14,592	33,121	(18,529)	419,353	450,083	(30,730)	470,079	376,282	93,797	371,628
Entertainment	(13,711)	(10,350)	(3,361)	(66,610)	(94,558)	27,948	(107,938)	(77,096)	(30,842)	(160,109)
Games Machines	224	167	57	1,196	1,835	(640)	2,002	318	1,684	482
<b>Total Venues</b>	<b>1,105</b>	<b>22,938</b>	<b>(21,833)</b>	<b>353,939</b>	<b>357,361</b>	<b>(3,422)</b>	<b>364,144</b>	<b>299,504</b>	<b>64,639</b>	<b>212,001</b>
Sundry Income	3,385	626	2,759	9,050	6,890	2,160	7,516	4,644	2,872	7,426
Administration	(2,100)	(2,469)	369	(24,961)	(25,982)	1,021	(28,467)	(29,848)	1,381	(29,140)
Premises	(17,603)	(10,294)	(7,309)	(132,042)	(121,176)	(10,866)	(131,470)	(121,300)	(10,170)	(139,720)
<b>Net Income / (Expenditure)</b>	<b>(15,213)</b>	<b>10,802</b>	<b>(26,015)</b>	<b>205,985</b>	<b>217,092</b>	<b>(11,106)</b>	<b>211,723</b>	<b>153,000</b>	<b>58,723</b>	<b>50,568</b>
Depreciation	(256)	(256)	0	(2,768)	(2,821)	53	(3,078)	(3,000)	(77)	(5,398)
<b>Net Income / (Expenditure)</b>	<b>(15,469)</b>	<b>10,545</b>	<b>(26,014)</b>	<b>203,217</b>	<b>214,271</b>	<b>(11,053)</b>	<b>208,646</b>	<b>150,000</b>	<b>58,645</b>	<b>45,170</b>