

Minutes

Subject:	Minutes of the UEASU Trustee Board 21 March 20
Produced by:	Tony Moore
To:	Board
Action:	To approve
Status:	For publication
Paper:	TB 1046
Purpose:	Record of Decision Making

Present (online): A Perez (ALP) (Full Time Officer Trustee elect), A Trew (AT) (Full Time Officer Trustee) *for part of the meeting*, M Marko (MM) (Full Time Officer Trustee), S Atherton (SAT) (Full Time Officer Trustee), S Chan (SC) (Student Trustee), A Khan (Part Time Officer Trustee) *for part of the meeting*, D Smith (DS) (External Trustee), T Barker (TB) (PG Student Trustee)

Chair: M Jopp (MJ) (External Trustee)

In attendance: A Moore (AM) (Clerk to the Board), T Cave (Head of Finance) (TCA), T Cunningham (TCU) (CEO), C Wilson (HR Director)

Apologies: K Roszkowska (KR) (Student Trustee), E Moxon (EM) (Part Time Officer Trustee), J Clayton (JC) (External Trustee), B Gibbins (BG) (External Trustee), K Watchorn (KW) (External Trustee), F Fay (FF) (External Trustee), C Perry (Full Time Officer Trustee)

Key Decisions/deliberations:

- *Received update as to effect of pandemic on Union's finances and activities*
- *Agreed to management proposal on furloughing of staff*
- *Agreed to management proposal identifying areas to make cuts and savings*

Action Points

- *Email to be sent to student staff assuring them that the Union is investigating their eligibility for payment under the furlough scheme (CW)*
- *CEO to draft letter to University on behalf of the Board as to sustainable finance/virus/going concern (TCU)*
- *Meeting to be organised between FTOs, PTO Trustees and Student Trustees on Cuts and Savings (ALP)*

- *Trustees to send to Chair any suggestions on savings/cuts (All)*

ADMINISTRATION

TB1016 Membership and Statements from the Chair

Chair noted the appointment of Shriya Ayar as Student Trustee and of Tim Barker as PG Student Trustee.

Chair noted AHRC had recommended the re-appointment of K Watchorn as an External Trustee.

The Board unanimously re-elected K Watchorn to serve a second term.

TB1017 Register of Interests

Chair noted the declarations from S Arya and T Barker: there were no new declarations.

TB1018 Minutes of the previous meeting

The minutes of the meeting held on 17 December were agreed.

TB1019 Action Log and Matters Arising

Chair noted completed action points.

Chair noted that independent sampling of journals would remain to be actioned.

Chair noted that the letter to the University's Executive Team (ET) on future finances had been drafted but would be revisited in the light of discussions later in the meeting.

TCU reported that the minor changes to the wording of the Health and Safety and Safeguarding policies had been made and implementation of the policies was underway.

TB1020 Sub-Committee Minutes

ALP reported, as Chair of Finance Committee, that the Committee had met earlier in the day and considered in the light of the pandemic:

- Unnecessary expenditure
- Areas for saving
- Keeping the Shop and Unio open hence maintaining a small revenue stream
- Mitigation: tax holidays; insurance on the Waterfront; rent on Union House

ALP noted the Committee had recommended that the Board should ask the University for a letter of support as to future finances.

ALP noted the Committee had made some changes to the Where to Cut paper that the Board would be considering later in the meeting.

MM reported, as Chair of the Appointments and HR Committee, the Committee had recommended: the commissioning of a 360 appraisal of the CEO's performance, looking at, in the Democracy Review, increasing the number of student places on Board sub-committees, and the recruitment process for Student Trustees.

Chair noted, that in the absence of CP, the Chair of the Risk Committee, updates would be brought to the next Board meeting.

TB1021 Schedule of Delegation

TCU advised that changes since the last draft had been made to enable Management Committee, rather than the Board, to delegate specific business to AHRC and that each year's Schedule would come to the September Board.

MM noted that the Schedule referenced the AHRC receiving employment reports and statistics and wondered what form these would take.

TCU advised that AHRC would receive two reports each year: one on permanent staff and one on student/casual staff.

The Board approved the Schedule without further comment.

PERFORMANCE

TB1022 Chief Executive Report

TCU drew attention to the written report.

TCU highlighted:

- The fact that, since Christmas, there had been no Assistant Directors Social Enterprise contributing to the work of SMT and this had put a huge amount of pressure on SMT and the FTOs
- Steady progress on Risk and Legal Compliance as well as on Licensing and Events
- EPC rating for the Waterfront had been obtained thus enabling the signing of the lease renewal
- Forthcoming talks to discover whether it would be possible to establish a working relationship with Epic Studios

TCU advised the Board should take notice of the situation with regard to the late-night economy. TCU noted that although there were nuances around GP the commercial performance had been acceptable but that it was now costing an extra £288K a year to run the venue which represented a large hole in the Union's finances. TCU advised that the extra costs were associated in the running of the venue in a sector-leading way. TCU noted that other factors included the University's failure to make up the £80K loss from the abandonment of externally promoted events and, as well, the reduction in capacity at the LCR.

DS wondered if the problems around the late-night economy might be linked to the continuing absence of Assistant Directors' supervision and the ability to oversee the training of staff.

TCU advised that there was a link as there was no strategic scrutiny of operations and this was a significant problem for the organisation.

ALP thought the Union had a problem in that it was trying to save money and cut costs but if it recruited an Assistant Director of Venues this would mean a significant increase in staff costs.

TCU advised that the two full Director roles that the Board had, in June 2018, agreed to had been put on hold and if an Assistant Director were not to be appointed there would be no analysis of operations and in-depth strategy for rectifying the problems facing Venues. TCU advised that, additionally, they personally had had to devote an inordinate amount of time to sorting out the details of the Waterfront lease, detracting from their fulfilment of CEO responsibilities in other areas. TCU advised that, with the added CEO workload associated with the pandemic and the deteriorating finances, this was a situation that should not be allowed to continue.

ALP noted they would not personally be comfortable with the appointment of a high-paid new staff member shortly after the creation of the new business development post when other staff were in danger of losing their jobs.

TCU advised that the Board could re-visit the Venues staff structure but there would still be a need to have the strategic leadership in place without imposing further burdens on SMT.

DS believed that the issues in Venues stemmed from a lack of strategic lead and that, however the staff structure was shuffled, it was important that there would be strategic leadership within Venues.

TB noted the additional costs for event management and extra security and wondered whether these were to be continuing year-on-year.

TCU clarified that the additional event management costs were due to the appointment of a Head of Venues and these would, therefore, be ongoing. TCU advised that the extra security costs were associated with the Union's aim to be sector leading: the extra staff were needed to manage the safety of members queuing outside the venue. TCU noted that as students were outside the venue ensuring their safety should be the responsibility of the University.

There were no further comments.

TB1023 Organisational Plan 19-20 Update

TCU reported solid progress across departments with the exception of some areas in the Charity where implementation had been delayed awaiting the arrival in post of the new Assistant Director of Charitable Services.

There were no further comments.

TB1024 CEO KPIs

Chair noted that, because of the absence of Trustees involved in the process, this item would be deferred to the next meeting.

COMMERCIAL AND TRADING

TB1025 Social Enterprise Report

TCU highlighted the underlying picture for the year prior to the pandemic as:

- Training in the Shop to maximise GP
- Looking at which of Spar's five pricing band the Shop should opt for to increase GP
- Decline in Bars trade in daytime and early evening
- Part of a national trend students spending less on campus in the daytime: affecting the Shop, Unio and food sales in the Bars
- Revenues from Unio now plateaued
- Events: affected by reduced capacity but improvement to spend per head
- Self-promoted gigs doing well
- Waterfront on budget

There were no comments.

FINANCE & LEGAL

TB1026 Management Accounts for the six months to January

Noted without comment.

TB1027 Forecast 19-20

TCA advised that the forecast was, as expected, to be around break-even, therefore £300K short of budget. TCA noted that the following year's finances would be coming off a lower base than expected and the current year's performance meant a weakening of the reserves.

TCA noted that the Union would be facing the problems caused by the pandemic and the lack of movement on sustainable finances from a deteriorating financial position.

There were no comments.

TB1028 Issues to Note

TCA highlighted the issues other than the pandemic in the briefing paper:

- The Auditors had requested a letter of support for the Union from the University prior to the onset of the pandemic. TCA noted that the request reflected a nervousness across the SU sector as to institutional support. TCA noted that, in the Union's annual report, there had always been a general statement of the University's support. TCA reported that

subsequent to the Auditors' request, the Union had approached the University but the University had declined to sign a formal letter of support. TCA advised that this meant University support for the Union in the event of financial difficulties remained a grey area

- No change to the VAT on catering situation
- Historic pension liabilities: annual payments in the light of the latest re-evaluation would rise by around 3%.

TCA advised that developments as to the pandemic were fast moving. TCA noted that the paper on cash flow projection considered by Finance Committee earlier in the day had been updated: the purpose of the projection being to assure the Auditors and the Trustees that the Union was trading as a going concern.

TCA advised that the onset of the pandemic meant that the Annual Report and Accounts would need to be re-drafted with additional disclosures; these would take the form of a declaration of materiality that the Union was able to continue as a going concern or it could not. TCA recommended that Trustees be guided by the combined advice of SMT and the Audited as to the signing off of the Report and Accounts, the submission deadline for which being 30 April.

TCA advised there had been various expansive initiatives from the government to help businesses during the pandemic though none of them totally solved the problems facing the Union.

TCA noted the government had announced that it would facilitate business continuity insurance but that the Union's insurers, as with the rest of the insurance industry, were refusing to pay out because the pandemic was not on their list of notifiable diseases. TCA noted that any hope of a pay-out would rest on further government intervention. TCA advised there was a further relevant clause in the Union's insurance: restrictions on access to premises on government advice. TCA noted that the insurers were claiming that because the government advice was based on the attempt to stem the spread of a non-listed disease they had no liability; TCA advised this was a somewhat weaker argument and there was a realistic hope of a pay-out for the Waterfront.

TCA advised, on direct government support available, the only area that seemed to be substantive was that of loan schemes. TCA advised that as Trustees of a break-even organisation any acceptance of a loan would be something the Board would need to very careful when considering utilising as one to get over a cash flow problem because once the cash flow problem had been resolved there would be ongoing problems with the reserves. TCA advised that a loan might be desirable if it were to bridge a time gap when waiting for an insurance pay-out or increased funding from the University. TCA noted caution as to whether the scheme, 20% of which would be funded by commercial banks, would be applicable to asset-light organisations such as the Union.

TCA reported that the government's furloughing scheme where 80% of furloughed employees' wages would be met by the government was highly relevant to the Union and was urgently being looked into. TCA noted they had integrated the numbers from furloughing into the cash-flow projection of savings and it would come to £75K of monthly staff costs. TCA noted the complicating factor for the Union was that, if applied to Charity staff, furloughing would mean

halting some areas of membership services and this needed to be looked into in detail. TCA advised there was good news for student staff who had been laid off as it appeared they would be eligible for some level of furloughing payments.

TCA advised that there were some smaller government measures that the Union would certainly make use of: £10K rates relief for the Waterfront and a £25K small business grant for the Waterfront.

At the request of the Chair, TCU gave the Board initial proposals for making use of the furlough scheme. TCU advised that the Union would continue to attempt to provide services online but, over time, less and less people would be able to work so more staff would be furloughed. TCU advised that the Union would identify critical staff, such as Shop staff and SMT, that would work throughout the pandemic and, hopefully, bring staff off furlough as restrictions eased.

ALP wondered whether the Union would cover the remaining 20% of furloughed employees' wages.

TCU advised that the proposal was not to pay the 20% because staff would not have the associated costs of coming to work and, because of the pandemic restrictions on social life, employees' costs of living would decrease. TCU advised there would be an exception, anyone earning over the government limit (those earning over £30K) would have their wages topped up to the 80% mark by the Union.

Chair noted that furloughing would be a significant staffing decision for the Board to make and asked for the views of Trustees.

SA wondered how many staff earned over the £30K threshold.

TCU advised that this would apply to six members of staff and the sums involved were not overly significant.

TCA confirmed there were only three staff over the threshold in the initial furloughing.

DS wondered as to furloughing's impact on the Union's charitable objectives. DS believed the pandemic would pose a range of challenges for students particularly around holding the University to account as to online learning, assessment, graduation, and the position of international students. DS did not see the demand for membership services decreasing; in fact they would be increasing whilst staff were being laid off.

TCU advised that SMT had divided online support for students into three core elements: general wellbeing and welfare, teaching delivery and assessment, and monitoring of changes to the University's rules and regulations. TCU assured DS that staff in those areas would not be furloughed in the first wave. TCU emphasised that the first wave of furloughing would involve staff supporting events and activities which had had to be discontinued.

DS noted they felt comfortable with TCU's assurance.

TCA advised that, in financial terms, there was a difference between the Union as a going concern and whether it was fit for purpose. TCA noted that going forward the Union's finances were driven by no income and a £200K staff bill and that even with the furloughing relief of £75K as the pandemic continued the finances would be in a challenging situation.

Chair wondered whether the decision on furloughing might be delegated to Management Committee which would be able to examine the details more closely.

TCU advised that, as furloughing was such an emotive matter, it would be helpful if the FTOs had the support of the full Board, expressed at the current meeting.

TB believed, given the Trustees' obligation to ensure the sustainability of the Union's finances, the Board had no choice but to agree to the proposal whilst ensuring it was implemented to secure the best possible outcomes for staff. TB believed, if furloughing were not to be taken up, there would be a need for redundancies further on.

TCU advised that the 20% reduction would hurt some staff more than others and would cause some disquiet.

TCA advised that some staff would benefit from other government initiative such as holidays over mortgage repayments.

SA and ALP noted concerns as to student staff who had to pay rent. ALP argued that as a student-led organisation it was important that the Union supported its student staff as best it could.

TCU advised that as soon as the government released the details for furloughing casual staff the Union would investigate whether they would be applicable.

Chair asked that, if no new information had come from the government by the middle of the coming week, an email be sent to student staff reassuring them that the Union would be investigating furloughing arrangements for them. **AP**

TCU noted that the Union was liaising with the University over student access to the Hardship Fund.

CW reported that links had been sent to student staff to job opportunities for casual employment at the major supermarket chains.

DS noted that previous Board meetings had discussed issues around staff culture and believed it important to mitigate any fallout from the furloughing decision. DS asked that management work closely with the trade unions and communicate the details of the scheme clearly that it was a measure taken to ensure that staff had a viable organisation to return to.

TCU advised that some employees might volunteer to take furlough and this would be explored. TCU noted that SMT would meet early in the coming week to design a communications package.

The Board agreed unanimously to the furloughing proposal as outlined by management.

TCA asked for the Board to return to the matter of going concern. TCA advised it would be a lot easier for the Auditors to make the declaration if they had a

letter of support from the University. TCA asked the Board to resolve that a further request to the University should be made.

TCU advised that the request should include the ongoing need for sustainable finance pre-dating the pandemic, for support during the pandemic and for University backing the Union as a going concern.

Chair asked TCU to draft a letter on behalf of the Board requesting the above comforts. **AP**

There were no further comments.

TB1029 Where to Cut?

Chair noted that the paper dealt with where to make savings in the following year so as to generate surpluses and rebuild the reserves. Chair noted that the initial financial plan had been to gradually erode the reserves whilst the finances were put in order but due to the pandemic the Board no longer had that luxury. Chair noted that the paper had been considered by Finance Committee: it consisted of suggestions from management where savings might be looked for and these had been ranked in priority as to implementation by the FTOs.

TCA advised that to give financial context to the possible cuts, the Union would be going into discussions with the University asking for an extra £500K of funding whilst the total savings identified in the paper totalled £665K so that might be some wriggle room. TCA advised, however, that the Board should be cautious as it would be extremely optimistic to believe that 100% of the savings would actually be achieved.

Chair left the meeting for a comfort break; ALP took the chair for this item.

ALP highlighted: the shortening of opening hours, the re-instatement of external events, the FTOs' request that the Post Office service be kept, increasing capacity in the LCR, a move to part-time working for a member of Advice staff, responsibility for Sports Clubs' finances to move to the University, cuts to some Society grants, reduction in the number of FTOs and migrating security training to the local police.

ALP noted that Good Night Out had been listed as keep when it should be a low priority.

TCA noted they would move the item accordingly: it would result in savings of £1K.

ALP noted that there had been differing opinions expressed at Finance Committee as to the priorities given to: Liberations support, reduction of the FTO team, staff support for FTOs, and staff support for PG students.

ALP noted that three items the FTO team had definitely wanted to keep had been: Christmas opening, Alcohol Impact and Liberations support.

SA noted that, on reflection, they would personally prioritise staff support for FTOs over Liberations support.

TB noted that the Finance Committee had discussed in depth the area of support for PGs and TB believed the Committee had agreed to move retention of the PG Officer role to the priority to keep category and to move staff support for the PG Officer to the median category. TB noted that this move, along with the retention of Liberations support, would only cut the total savings to £610K meaning that there would still be £110K spare. TB noted that during the discussion the Committee had taken into account the disproportionate effect that cuts in other areas, such as reductions to opening times, would have on PG students.

MJ resumed the chair.

MJ believed the thrust of the Committee's thinking had been that retention of the PG FTO role was high priority and that PG Officer support though important should be in the medium category but there were nuances as to placement of items across this category.

MJ noted TCA's earlier caution that some of the savings might not be fully achievable with delays to implementation and one-off costs such as redundancy payments and this should be kept in mind when making reductions from the £665K total.

MJ reminded the Board that none of the cuts to services were ones that the Union wished to make and as they were being presented in their totality to the University there was a possibility that the University would see the need to maintain the services so as to not damage the student experience.

TB believed MJ's statement reinforced TB's argument. TB believed that the University did not care about maintaining the PG FTO role and PG staff support so it would be best to take these out of the frame at an early stage. TB believed that once the PG role and support were cut, even if they were later restored, it would be hard to reconstruct the PG community that had been built up over the last few years.

TCU advised that when communicating the envisaged cuts to the University the areas which the University would value most would be placed at the top of the list.

Chair asked that Student and PO Trustees and FTOs meet to discuss other areas across the Union's activities where savings might be made. Chair asked members when meeting to bear in mind the need to maintain the target figure of £655K.

ALP noted they would facilitate the meeting. **AP**

DS believe it would be useful to map out the effects of any cuts on both the Union's and the University's strategic plans.

TCA advised that TCU when drafting the original paper had referenced the Union's strategic aims and would certainly be pointing out to the University the impact on their strategic aims.

TCU advised as to the impact on the University that the last letter the Board had sent had not been fully taken on board by the University's Executive Team, the attitude appeared to be: there is a problem but it is not their responsibility to think of a solution. TCU noted, however, that, after the University had agreed to investigate Kent University's SU as a comparator, the results of the investigation would reveal that Kent SU received £2.1m in funding whilst UEASU received £430K which would, one would hope, a bigger impact on the Executive Team's thinking.

There were no further comments.

The Board noted receipt of the proposal as to savings and cuts and noted broad agreement subject to any further areas of savings identified by Trustees to be included.

STRATEGY/POLICY

Note: no policies were tabled for the meeting; strategic discussions took place in an online forum, the results of which will be collated by the Chair.

RISK

TB1030 Risk Register

Deferred until the next meeting.

TB1031 Updates on Risk Audit Report

Deferred until the next meeting.

TB1032 Legal Compliance Checklist

Deferred until the next meeting.

TB1033 GDPR Update

Deferred until the next meeting.

SUNDRIES

TB1034 Key Decisions of Union Council

SA reported that there had been no decisions that the Board needed to consider.

TB1035 Any Other Business

There was none.

TB1036 Time, date and place of next meeting

Provisionally 4 pm, Tuesday 16 June with the possibility of emergency meetings prior to this.

TB1037 Revised Cycle of Business

Noted without comment.