

paper

Subject:	Estimates 2018-19
Produced by:	Cam Koosyal, Chair Finance Committee
To:	Union Council
Date:	19 th April 2018
Action:	To approve
Purpose:	Under the framework for finance and budgeting, the Union Council and Board annually agrees a set of "Estimates" that reflect spending priorities for the year ahead. The Board later agrees a set of "Detailed Internal Budgets" that reflect these priorities and that have involved detailed considerations from managers. This paper proposes a set of Estimates for the year ahead.

Introduction

Under the framework for finance and budgeting, the Union Council annually agrees a set of "Estimates" that reflect spending priorities for the year ahead. This becomes the financial policy document for the year ahead.

The Trustee Board then agrees a set of "Detailed Internal Budgets" that reflects priorities in the Estimates and that have involved detailed considerations from managers taken in the round with detailed outturn figures for the previous year.

UEASU Group comprises a core Charity vehicle and two subsidiary companies which operate on campus licensed trade and the Waterfront respectively. Infrastructure costs and management costs within the Charity are higher than may usually be expected for the level of activity; this reflects the fact that the Charity provides HR, Finance, Management and Buildings costs for the Social Enterprises. These are reflected through recharges in the Statutory Accounts.

For simplicity the Charity Estimates have been constructed to reflect the internal departmental structure of the Union, which comprises core delivery areas: Advocacy & Representation; Activities & Opportunities; and underpinning Infrastructure. They do not include Unio or Retail which officially operate from the Charity vehicle- this does not affect the budgeting process and become reflected in the statutory accounts.

The figures presented in this document- a summary of estimated income and expenditure- are a transparent and prudent analysis of the financial resources to be committed by the Union to meet its core priorities for the year ahead. Updates on progress against this budget will be presented to Finance Committee and the Trustee Board throughout the year.

Alongside this process numbers for the union's commercial activity have been prudently estimated. At this stage their **contribution** to the union in terms of estimated surplus is reflected and shown by outlet. As mentioned above for simplicity, these numbers exclude charges made by the Charity vehicle to the Trading Subsidiary for things like rent and service recharges all of which are reconciled and displayed appropriately when the statutory accounts are developed.

The Estimates

The first page of numbers is the "Estimates" ie the policy being presented, with subsequent appendices explaining what is in each area. All figures are in £1,000s.

The main body of the Estimates details areas of income and expenditure and may be challenged by Union Councillors using the methods detailed below.

The Appendices provide the detailed cost heading analysis of income and expenditure, which support the headline figures reported. The cost headings (cost centres) are revised to reflect services and are presented in a standard format throughout this document. Most cost headings (or “centres”) include these three sections:

- Staff/Officer Costs (ie Salaries, Tax and National Insurance)
- Student Staff Costs
- Activity Costs
- Income

This includes all restricted income in this area and explanations are given in the notes. The figures reflect employer’s contribution of NI and Tax and allocation to the pension scheme. Pension take up is assumed to be full.

Trading Income reflects the contribution expected from each trading area.

How to Challenge the Estimates

Members of Union Council may table a motion to refer back the Estimates in full (ie to reject the budget) or part of them.

A partial reference back will only be in order if it is composed of two parts:

(i) The positive reference back of a specified expenditure heading (on the next page) within a budgetary head or heads, indicating that each specified heading should have the sum allocated to it increased by an amount specified for that heading;

(ii) The negative reference back of a specific expenditure heading (on the next page) within a budgetary head or heads, indicating that each specified heading should have the sum allocated to it reduced by an amount specified for that heading; the total of the amounts specified in (i) being the same as the total of the amounts specified in (ii).

The Chair of Finance Committee will reply in writing to all Members tabling motions of reference back of the Estimates or part of them, indicating the implications if such a reference back is passed by the Union Council.

Any motions to reference back the Estimates in part or full must be received by the Amendments Deadline for this meeting of Union Council.

Questions on the Estimates may be asked from the floor of Council. Priority on the asking of such questions will be given to Members which have tabled motions on reference back.

Estimates 2017-18

Details	Salary Costs	Activity Costs	Student Staff	Net
1. Advocacy & Representation				
Advice and Student Rights Unit	£128,077	£9,797	£18,108	£155,982
Education and Engagement Unit	£164,381	£23,500	£4,527	£192,408
Student Leadership Unit	£125,556	£87,200	£13,581	£226,337
2. Opportunities & Activities				
Student Opportunities Unit	£137,864	£67,500	£18,108	£223,472
3. Infrastructure				
Strategic Development Unit	£309,447	£13,500		£322,947
People	£41,814	£127,228		£169,042
Operations	£66,492	£175,108	£40,000	£281,600
Finance Unit	£124,064	£51,100	£18,108	£193,272
CHARITY SUBTOTAL				£1,765,060
4. Unrestricted Income				
Basic Block Grant				-£1,174,640
Rent				£742,000
Net Core Grant				-£432,640
Easton College Associate Mship				-£5,000
INTO Grant				-£23,000
5. Social Enterprises				
Retail				-£358,900
Catering				-£170,089
Pizza				-£15,575
Campus Bars				-£913,862
Live!				-£79,848
Social Enterprise Total				£86,216
Waterfront				-£235,561
Marketing and Business Development				-£32,635
Agency Services				£24,156
INCOME SUBTOTAL				-£391,678
6. Non-Cash Items				
Rebuild reserves				£40,000
Waterfront Capital				£50,000
General Capital				£140,000
Pension deficit contribution				£161,678
NON CASH TOTAL				£391,678
GRAND TOTAL				£0

Background to the Estimates 2018

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

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. A number of “back office” areas are now covered by the University, and we have the lowest Senior Management costs per Turnover of any major SU in the UK.

In basic terms:

Charitable Expenditure

- The Union has direct charitable costs of around £1.1m
- Infrastructure costs (ie Union House, People, Finance) total around £700k
- We budget approx £200k pa on capital (inc Waterfront) as the University plans for major building changes in its capital budgets
- Almost £150k pa is spent on Pension Deficit Contributions arising from the now closed (to new entrants) Students’ Union Superannuation Pension Scheme
- Around £50k pa is budgeted to go into the cash reserve
- Total of approx. £2.1m

The real picture is not quite so simple- in the statutory accounts many of the above items are recharged to the commercial subsidiaries and social enterprises activity and staff contribute directly to charitable activity and outcomes. But for simplicity when internally budgeting, those are the headline figures.

Following the transfer of Sport support to the University, the Union receives just over £400k in net core grant funding from the University. We are now the UK’s most “commercially leveraged” SU- 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.

The underpinning financial model agreed with the University assumes that the grant element is uplifted by (university) inflation- which means that the remaining increase in charitable costs has to be met from surpluses from our social enterprises.

At present before statutory accounts recharging, these surpluses look roughly as follows:

Social Enterprises Net (Internal) Contribution

Retail	£350k
Catering (ie Unio)	£180k
Campus Bars	£880k
Live Events	£80k
Waterfront	£210k
Mktg & Bus Dev	£30k
Agency (Housing)	(£30k)
TOT	£1.7m

We have been working hard over the past four years to drive efficiency from the trading and charity operations (both internally and through University partnership work) and to drive additional charitable outcomes from the social enterprises, but we are now unlikely to be able to find further efficiency savings of significance.

Trading surpluses have also been growing through student number growth and resultant turnover increases, but the ability for the SU to grow its trading surpluses have hit a ceiling due to shop floor capacity and LCR size. We are seeing this play out “in year”, and we are unlikely to meet our ambitions on transfer to reserves in 17-18 as a result.

Headline Pressures

There are therefore three headline internal pressures that threaten the existing financial model:

- Trading surpluses cannot be increased via student number growth as the space and outlets are at capacity- and they face inflationary pressures on costs
- Demand is rising significantly for key charitable services (ie societies, opportunities, advice) as student numbers rise but headline grant increases are not forthcoming
- Pension deficit contributions into SUSS (the old SU Superannuation Pension Scheme) continue to increase following revaluation results.

The University faces pressures too. There is a strong “push” on growing surpluses in order to fund repayments on loans associated with the proposed capital plan; to respond to this the University is engaged in a project called “align” looking closely at all of its costs.

Despite this we have stressed to the University the following:

- The SU accepts that the principal financial priority for the University is to be able to post increased cash surpluses in order to access borrowing to invest in the campus.
- However some of the additional revenue from fees from student numbers growth should be spent on growing campus services to keep up with demand, both generally at UEA and specifically within the SU.
- It is in both the SU and the University’s interests that the SU is able to maintain charitable service levels by planning the way in which it will meet financial pressures effectively.
- It is important that the future capital needs for the SU are understood and budgeted effectively esp within Estates.
- Where student number growth is creating pinch points on service delivery we should have an honest conversation about how these pressures might be met.

1 | ADVOCACY & REPRESENTATION

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

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 and Student Rights

Advice and Student Rights	
Career Staff	£128,077
Student Staff	£18,108
Advice Subscriptions	£3,000
Alcohol Impact Project	£2,500
Nightline	£2,000
Peer Support Groups	£3,500
Advice Volunteers	£1,200
Tampons & Condoms	£2,000
Advice Materials	£5,000
Departmental Expenditure	£1,250
TOTAL	£155,982

The core function of this area includes the union’s professionally staffed Advice Centre, which provides help and advice to students on all issues. A triage reception is supported by student staff on the ground floor and the service offers drop in, remote and peripatetic services as well as provision of information on rights.

This budget area also supports the SU’s Nightline group, the SU’s participation in NUS’ Alcohol Harm reduction scheme and funds the provision of free tampons and sexual health products. Note whilst this area includes housing

advice, it does not include costs or income related to Home Run or Home Let which are operated through the trading budgets detailed on later pages.

1.2 Education and Engagement Unit

Education and Engagement Unit	
Career Staff	£164,381
Student Staff	£4,527
Convenors	£10,000
SU Projects	£1,000
Teaching Awards	£2,500
Research	£5,000
Rep Training	£3,000
Departmental	£2,000
TOTAL	£192,408

This area provides dedicated support to academic representation, ensuring that school, faculty and institutional representation delivers real change for students through both staff support and the funding of convenors in schools and faculties. It also houses support for liberation societies, assemblies and support for Healthcare students delivered through a partnership with the school of Health and Social Care. It also has a research and policy function, ensuring that the union’s arguments for students are evidenced and powerful.

A range of annual initiatives come from this spend, including rep support, campaigns teams, and student led teaching awards. This area will also manage a HEFCE funded project on Postgraduate Mental Health although income and expenditure for this project are omitted from these estimates.

1.3 Student Leadership Unit

Student Leadership Unit	
Career Staff	£125,556
Student Staff	£13,581
Training	£20,000
Uniforms	£500
Travel	£6,700
Elections (March, May, Oct)	£10,000
Conferences	£10,000
Campaigns & Projects	£20,000
NUS Affiliation	£20,000
TOTAL	£226,337

This area houses the costs related to the union’s student leadership team, comprising the five full time 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 for delegates to relevant NUS conferences and events. There is also a budget to support the wider student leadership structure. Note that costs relating to postgraduate campaigns have been moved to a single integrated PGSU budget within Education and Engagement.

2 | OPPORTUNITIES & ACTIVITIES

In this section we find costs relating to the union’s student opportunities function, including clubs, societies 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**.

2.2 Societies, Student Media and Student Enterprise

SOCIETIES & STUDENT MEDIA	
Career Staff	£137,864
Student Staff	£18,108
Societies Collective	£20,000
Give it a go	£8,000
Media Collective	£30,000
Postgraduate SU	£17,500
International SU	£5,000
Academic Societies Collective	£1,000
Enterprise	£2,500
TOTAL	£223,472

In this area there are direct support costs for the union’s award winning societies, including development of **student events** and **participation** strategies. There is also support for postgraduate students through **PGSU, Student Media**, accommodated in the union’s student media centre, as well as support for **Student Enterprise** and **International Student** activity.

This Unit also manages “**Do Something Different**” and “**BuddySU**” although as they are directly project funded income and expenditure for these projects is omitted from these estimates.

3 | UNDERPINNING 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 in the statutory accounts.

In this area we seek to achieve:

- **Well run, supported and functioning** student led **governance**
- High quality **management** and internal **processes**
- A strong **partnership** with University and others on infrastructure and culture
- Great stats- achieving an “**outstanding**” grade in every area of the **Students’ Union Quality Mark**

3.1 Marketing and Communications

In this area the communications team is housed, with full time and student staff running the union’s websites and union communications, as well as delivering design work and publications. At present for historical reasons costs and income from this area are housed within trading budgets detailed on later pages, but will be separated out into the Charity over the Summer.

3.2 People

People	
Career Staff	£41,814
HR Support	£24,650
Staff Training & Management Development	£30,000
Resilience Initiative	£7,500
People HR	£14,120
Group PHI and Life	£13,626
Childcare Vouchers	£5,832
Staff residential, meetings, events	£8,500
Rotacroud (Inc Venues)	£5,000
Wellbeing	£5,000

Occupational Health	£2,000
Stu Staff TU Project	£7,500
Departmental	£1,000
TOTAL	£169,042

In this area we house all of the union’s centralised HR costs for our 80 career and 1000 student staff- 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 or die in service. Legal covers ad hoc legal fees and HR Support is the cost of an external HR firm that delivers support. This area also houses initiatives on resilience and trade union membership.

3.3 Operations and Union House

Building & Equipment	
Career Staff	£66,492
Student Staff	£40,000
Utilities	£120,000
Printing	£30,258
Post and Franking	£4,200
Union House (PBN)	£7,500
Stationary	£4,200
Staff Welfare/Travel	£1,000
Uniform	£1,050
Green Impact	£500
AIWIP Income	-£3,500
Confidential Waste	£1,200
Maintenance	£2,500
Telephone	£4,200
Departmental	£2,000
TOTAL	£281,600

This area covers the costs of operating union house and central admin costs- things like photocopying and telephones all get paid for from here, along with computing and post. We also operate the student reception and welcome team from here. A significant part of the costs in previous years was cleaning and maintenance, which has now been moved to the University, allowing a significant saving to be deployed on other priorities.

3.4 Finance

Finance	
Career Staff	£124,064
Student Staff	£18,108
Data Storage & Software Licenses	£20,000
Bank Charges	£600
Legal & Professional	£3,000
Insurance	£18,000
Audit	£8,500
Departmental	£1,000
TOTAL	£193,272

The union’s Finance function helps the rest of the organisation run effectively. It handles invoicing, accounts and supports officers and managers with data to help them make decisions and manage their operations. IT software costs are also housed here along with a series of legal functions such as audit and insurance.

3.5 Strategic Development

Strategic Development Unit	
Career Staff	£309,447
Travel / Conferences	£6,000
Trustee Expenses	£2,000
PSA Settlement	£500

Legal and Professional	£5,000
TOTAL	£322,947

This area contains costs for the Senior Management Team (which has been benchmarked as the leanest SMT in relation to SU turnover in the sector) although as with other infrastructure areas a large proportion of these costs are recharged to the social enterprises in the statutory accounts. It also contains support for Full Time Officers, Priority Campaigns, Governance and Democracy including Council and Elections. Ad hoc legal support is also charged here.

4 | Social Enterprises

“Social Enterprises” are what we call the Union’s trading operations. We call them this because we don’t just run them for profit- we have social purposes too:

Our ambitions for Enterprise

- We will be run efficiently, to a high standard, and generate a healthy surplus that can be ploughed back into the union (making the link between surplus and service delivery for members much clearer)
- We will employ a high number of student staff who are paid well and gain valuable experience at all levels of our business
- We will be an exemplar in relation to safety, security, responsible retailing and ethical practices and purchasing
- In our programming and product ranges we will seek to meet the widest possible range of students’ needs, we will focus on minorities as well as majorities, and we will provide a platform for student talent to shine

These figures reflect the internal contribution we expect from each area. The total turnover of the SU is around £12m and these figures are not “profit” as they do not reflect the costs of infrastructure and management housed within the charity budgets above. Figures are adjusted to reflect these charges in the annual statutory accounts.

Social Enterprise	
Retail	-£358,900
Catering	-£170,089
Pizza	-£15,575
Campus Bars	-£910,862
Scholars	-£3,000
Live!	-£79,848
Social Enterprise Total	£86,216
Waterfront	-£235,561
Marketing and Business Development	-£32,635
Agency Services	£24,156
TOTAL	-£1,696,098
Retail	-£358,900

The figures above have been prepared with the following core assumptions:

Retail and Catering

- We will implement a new shop stock supplier to improve pricing for our members
- We will review our coffee supply to see if we can create a direct relationship with the growers
- We will explore opening a new catering outlet in the hive and replace the current bakery offer in the shop with an extended clothing range and more freezer space
- We will review our Value range, cautious of the impact on Gross Profit
- We will trial online ordering in Unio
- Unio will open all year round due to demand for social space which has an impact on staff and sales ratios
- Shop and PO opens all year round due to a large number of students on campus out of term which impacts on staff and sales ratios

Bars/LCR

- We will consider adding a third core club night to the portfolio given increased student numbers and collapse of POWR, and add occasional student friendly club nights
- Continuation of Barista Coffee to Bar Area - Incremental Daytime Sales / Plus Food Growth.
- Review alcohol supplier to improve Gross Profit

- Any price increases beyond those for duty/student staff inflation will fall on general public not students

Waterfront

- Having agreed a new lease we will invest in capital for the duration of the lease.

General

- Student staff wages will increase and we will need a budget for training and development
- We will continue with "Net Promoter" score research from students twice yearly
- We will shift all ticket sales to the SU Website with potential savings