

Bath Spa University Students' Union

To: **Board of Governors 30th June 2010**

From: **Union President**

Prepared By: **Union President / Membership Services Manager**

Date: **30th June 2010**

Subject: **Students' Union Bock Grant Proposal 2010/11**

1. PURPOSE:

To review the estimated budget outcome for 2009/10 and agree the level of block grant payable to the Students' Union for 2010/11.

2. BACKGROUND

- 2.1 The Union is a free-standing organisation which has its own accounting structure, bank account, administrative staff and sabbatical officers. It derives some of its income from its commercial activities including a bar and shop. The balance of its income is paid as a block grant by the University. In 2009/10 this grant amounted to £228,271.
- 2.2 The Students' Union submits a budget proposal each year to the Board of Governors in support of their request for block grant funding.
- 2.3 Attached to this paper is the 2010/11 submission from the President of the Union that incorporates:
 - report of Union finances, including projected income and expenditure for 2009/10 and budget proposals for 2010/11 –Appendix 1
 - report of Union activities 2009/10 –Appendix 2

3. 2010/11 BUDGET AND BLOCK GRANT REQUEST

This submission has been approved by the Union's General Meeting, and discussed with the Deputy Vice-Chancellor (Jon Brady).

The Board will note that:

- 3.1 The proposed block grant request in support of the Union activities in 2010/11 includes an increase of 3% on all costs on the 2009/10 figure. The increase is towards the cost of salaries relating to cost of living and the ongoing HERA process.
- 3.2 In 2009/10 the Union expects to achieve a 29% contribution towards running costs of the Union from its Commercial Services, this is set to be 30% in 2010/11; both years are above the 25% minimum threshold set by the Board in 2001.
- 3.3 Income from all areas continues to fluctuate, making it harder to predict and budget properly. The Union has always been able to deliver and improve its services in a prudently managed way that has always been within budget, however, this is likely to become harder to achieve in future with uncertain income and funding.

Final Performance 2008/09

The shop profit was approximately £1,231 above budget, and the bar profit was approximately £1,461 under budget.

2009/10 Performance

Income from many areas is below budget as a result of reduced disposable income for students as a result of the national financial position.

Two of the key areas to note is the income from the bar and entertainments.

The bar is some £21,150 under budget as a result of lower than expected sales and a £13,000 upgrade of the kitchen which was not originally budgeted for.

Entertainments resulted in a loss of £3,483 mainly as a result of payment of a debt for security provision in previous years; attendance was also much lower than previous years.

Income from the shop is expected to remain constant in 2010/11, with any increases for staff wages being offset by increased sales or efficiency savings.

Income from bank interest fell further in 2009/10, investing for a longer period is expected to increase the income next year.

- 3.5 The Students' Union's Board of Trustees will need to be keeping the trend of fluctuating profits from services and the restricted block grant funding under review to ensure it does not affect the financial stability of the Union.
- 3.6 Ongoing prudent management of core budgets and the cutting of them if needed will be an ongoing necessity to ensure the future of the Union.
- 3.7 The Union is confident that it will be able to continue to improve the services it offers to its members and will be able to achieve the predicted budget in 2010/11, if not improve on it.
- 3.8 Any surplus referred to in the budget will be transferred to the Union's unrestricted reserves for use for furthering the objectives of the Union.
- 3.9 For 2010/11 the predicted University block grant should be £235,119
- 3.10 Overall income in 2010/11 is expected to be in the region of £338,119 and expenditure is expected to be in the region of £333,526, giving a predicted surplus of £4,594. Any surplus achieved in 2010/11 will be transferred to the Union's reserves and will be used towards furthering the Union's objectives and future developments.

4. RECOMMENDATION

- 4.1 The Board approves a block grant of £235,119 to support the Students' Union activities for the Academic Year 2010/11

Appendix 1

	NOTES	FINAL 08/09	BUDGET 09/10	EST 09/10	BUDGET 10/11
INCOME					
GRANT	1	226,011	228,271	228,271	235,119
BAR PROFITS	2	13,039	23,150	2,000	13,000
SHOP PROFITS	3	11,231	7,253	7,000	7,000
BANK INTEREST	4	2,639	3,500	200	1,000
UNION SERVICE	5	202,397	100,928	64,629	82,000
MARKETING	6	19,877	17,243	14,624	15,000
ENTERTAINMENTS	7	30,411	32,006	-3,483	9,500
OFFICE & VENDING	8	42,421	48,249	38,352	40,000
GYM	9	109,688	3,430	636	3,000
VOLUNTEERING	10			14,500	14,500
TOTAL	11	455,317	363,102	302,100	338,119
EXPENDITURE					
OVERHEADS	12	241,634	262,940	268,609	283,341
DIRECT EXPENSES	13	40,838	53,648	50,347	50,185
OTHER PURCHASES	14	110,302	1,000	750	0
TOTAL	15	392,774	317,588	319,706	333,526
SURPLUS/DEFICIT	16	62,543	45,514	-17,606	4,594
% SU CONTRIBUTION	17	42	28	29	30
OVERHEADS					
RENT		40,000	40,000	40,000	40,000
CLEANING & UTILITIES		3,403	3,343	3,343	3,500
INSURANCE		8,327	8,614	7,271	7,271
STAFF COSTS		130,547	143,709	156,675	167,883
SABBATICAL COSTS		48,021	49,552	48,116	48,236
GENERAL ADMINISTRATION		-5,834	-500	-4,874	-3,000
PROFESSIONAL FEES		2,723	2,791	2,695	3,500
TRAINING		1,374	2,500	3,170	3,000
TRAVEL		1,633	1,500	1,200	1,200
BANK CHARGES		4,371	4,185	4,483	5,000
PERFORMANCE FEES		7,069	7,246	6,531	6,750
TOTAL	12	241,634	262,940	268,609	283,341
DIRECT EXPENDITURE					
SPORTS & SOCIETIES		16,968	23,000	19,000	19,000
MINIBUS		3,588	4,578	3,500	3,500
AFFILIATIONS		14,215	14,570	14,756	16,185
CAMPAIGNS		2,154	2,000	1,968	2,000
REPRESENTATION		2,054	3,500	4,947	3,500
COMMUNICATIONS		164	2,000	2,156	1,500
VOLUNTEERING		1,695	3,000	4,020	4,000
STUDENT DEVELOPMENT		0	1,000	0	500
TOTAL	13	40,838	53,648	50,347	50,185
OTHER PURCHASES					
EQUIPMENT		0	0	750	0
MISC PURCHASES		2,302	1,000	0	0
GYM SETUP COSTS		108,000	0	0	0
TOTAL	14	110,302	1,000	750	0

NOTES TO BUDGET FOR 2010/11

1. The figure set for the Union block grant request for 2010/11 is £235,119. This figure incorporates a 3% increase on the 2009/10 figure.
2. Profits from the Bar continue to fall, despite the closure of the Sion Hill bar that traditionally cost money to provide the service. This is mainly due to decreasing evening sales. The estimated profit from the bar for 2009/10 is £2,000, partly resulting from £13,000 expenditure that was not originally budgeted for.
3. Profits from the shop are estimated to be as budgeted, despite the increasing staff costs and slight fall in sales. It is hoped that this level of profit can be maintained if not improved on in 2010/11.
4. The Union intends to increase the income from its reserves in 2010/11, through investing in bank bonds for a longer period of time.
5. Overall income from Union Services is estimated to fall well below budget in 2009/10, mainly as a result of decreased income from entertainments. It is hoped that this trend can be reversed in 2010/11. See note 6-10.
6. As a result of national marketing budgets being reduced due to the recession, revenue from outside marketing opportunities actually fell further in 2009/10. It is hoped that this level of income can be maintained if not improved on in 2010/11.
7. Overall income from entertainments was much higher than budgeted in 2008/09. However, this trend was not repeated in 2009/10 due to reduced attendance at events and the payment of a debt associated with the provision of security in previous years.

Income from Freshers' week activities 2009/10 was above budget as a result of increased attendance at many events. It is hoped that a similar level of income can be expected in 2010/11.

It was hoped that the Summer Ball would return to profit making in 2009/10, but it is now set to make a loss or at the most break even.

8. Income from Office & Vending is estimated to be £9,897 under budget for 2009/10, due to reduced income from the cash machine and reduced bus pass sales. It is hoped that slight improvement in 2010/11 can be achieved.
9. Income from the new gym was lower than budgeted due to lower than expected uptake from University staff in 2009/10. It is hoped that numbers can be increased in 2010/11 and thus increase surplus income from the facility. The depreciation value of the equipment has been set aside in accordance with the business plan.
10. The Union secured £14,500 funding for volunteering activities in 2009/10 and 2010/11, following the transfer of the volunteering department to the Union from the University.
11. The final overall income for 2008/09 was above estimate at £451,971 some £122,804 above the original budget.

Overall income in 2009/10 from the block grant and Union activities is expected to be approximately £61,000 lower than budgeted mainly due to decreased bar profits and decreased income from events resulting from payment of a debt for security provision.

Income in 2010/11 is expected to increase overall to £338,119, partly as a result of increased prudent management of commercial activities, but also as a result of the 3% increase in block grant from the University

12. Total expenditure on overheads is estimated to be approximately £5,669 over budget as a result of increased staff costs associate with volunteering, that was not originally budgeted for. If the additional staff costs were excluded the final figure would have been under budget.

2010/11 Overheads

The overall budget for overheads is expected to increase by approximately £20,400 to £283,341 in 2010/11, mainly due to increases in staff costs.

Staff salaries are expected to increase to £167,883 in 2010/11 from £156,675 in 2009/1 as a result of the Union bringing staff salaries in line with that of the University, but also additional staff costs associated with volunteering.

Costs associated with general administration were below budget as a result of increased income from photocopying etc in 2009/10. It is expected that income will fall slightly in 2010/11 due to reduced photocopying due to the Union's new environmental initiatives.

Costs of professional fees were as budgeted in 2009/10. However, costs are expected to increase slightly in 2010/11 following the Union's registration as a Charity.

Training costs are above budget in 2009/10 and are expected to remain at this level in 2010/11 due to increased training of part time officers.

Travel costs are for 2009/10 and are likely to remain at current levels for 2010/11 due to tighter management control.

Bank charges remained higher than 2008/09 and are expected to increase further in 2010/11

13. Total Direct Expenditure is estimated to be approximately £3,301 below budget, mainly due to savings in the costs associated with clubs and societies resulting from increased income from club sponsorship.

Representation was above budget in 2009/10 as a result of a week long consultation "Spotlight Spa", which as funded in partnership with the University. However, the Union was unable to deliver its planned representation work with partner colleges due to staffing and budget restrictions.

Direct Expenditure is expected to remain fairly constant in 2010/11, with savings offsetting any increases.

14. Total expenditure on other purchases is estimated to be £750 in 2009/10, approximately £250 under budget. The Union is not intending to make any such purchases in 2010/11.
15. Overall total expenditure of the Union core facilities is expected to be approximately £22,519 over budget. See note 14-16
16. In 2008/09 it was hoped that reserves be replaced with an estimated surplus of £57,937 which was £62,543 in the end as a result of higher than anticipated savings and higher than expected income from Union services during the final quarter of the year.

The Union is expecting to have a deficit of £17,606 for 2009/1 due to a decrease in income from the bar and entertainments.

It is expected that a small surplus can be made in 2010/11 due to an increase in block grant from the University and prudent management of income generating services.

17. The Union achieved 29% contribution towards Union costs in 2009/10, above the 25% originally set by The Board of Governors in 2002, 1% higher than originally budgeted.

The Union is expecting to achieve a 30% contribution in 2010/11.

Appendix 2

REPORT OF UNION ACTIVITIES 2009/10

Overview

Preparations for charity registration have been finalised and passed through the Board of Trustees; this process shall be completed in early July 2010.

Representation has been strengthened through new developments with Union Council and the academic representative Union Committees.

Community relations have continued to build stronger with the Federation of Bath Residents Association (FoBRA) as well as the Local Strategic Partnership, Student Community Partnership and Partners And Communities Together meetings.

Participation in extra curricular activities continues to grow. With now over 500 students involved in volunteering since the Union took over responsibility in September 2009, and increased number of sports teams competing at a national level. This trend looks to continue next year many teams now registering multiple teams into the national leagues, and.

The Union is in a financially favourable position due to years of prudent management of budgets, allowing the Union remain financially stable. However, the Union is aware of and will keep the trend of decreasing income from services and the restricted block grant funding under review, to ensure it does not affect the financial stability of the Union as a whole.

Charity Registration

The Union continues to hold charity-status and looks to register officially as a charity this autumn. Before registration, the Union has adopted an amended version of the model constitution agreed by NUS with the Charities Commission, ensuring a smooth registration process and reduce any potential conflicts once the Union is formally registered with the Charities Commission.

The Union expects to formally register with the Charities Commission in early July 2010.

Constitutional Governance

The Union continues to run in accordance with our constitution and this is upheld through a full Board of Trustees, Senior Management Team, Union Council and our Annual General Meeting.

The Union has formally adopted an amended version of the NUS model constitution; see charity registration above.

Community Relations

This year has seen strong links developed and sustained through the community. The Union has had a strong presence on the Local Strategic Partnership (LSP), Student Community Partnership (SCP) and Federation of Bath Residents Association (FoBRA). Through these relationships, campaigns have been run such as the 'Moving Out' and 'Growing Together' projects. Moreover it has allowed for a joint voice in the community, council and press.

The Union plans to create and develop a specific Community Engagement Strategy in the new academic year.

This year has also seen progressive development of the bus routes. Through regular meetings with First Bus and increased student engagement, we have achieved two extra bus routes, a new provider, customer service training for all bus drivers and much faster turn-around on student complaints. These landmark achievements look to continue in the next three years to compensate for any effect building work will have on car parking.

University Relationship

It is believed that Union – University relations are the strongest they have been. There are good working relationships between all departments and this has allowed us to run joint projects such as Spotlight Spa.

The strong relationships with the Chancellery and Senior Management Team as well as individual departments such as Student Housing, Student Services, Academic Office and individual Heads of Schools have been indispensable to the Union. These links have allowed a faster and more accurate service provided to students and inter-alia the University.

Human Resources

2009-10 has seen the introduction of a new staff member to the Union to take on the responsibilities of volunteering that used to be provided by the University through Ed Stevens in Student Support. The role has seen dramatic improvements in our already extraordinary volunteering numbers, so much so we are competing on like-for-like numbers with Universities three times the size of us.

Participation

Volunteering numbers have soared for a second consecutive year reaching well over 500 students.

In terms of diversity within the societies this year we have seen a large improvement, with societies such as Knitter Knatter and Bath Spa TV functioning successfully this year, so much so, that Bath Spa TV won an award at the National Student Television Awards. Competitive sport has been steadily increasing in both numbers and quality this year with new teams joining the Athletic Union. This has resulted in us entering double the amount of teams into BUCS, the National University leagues, for the next sporting season.

Democratic Development

This year saw the highest turn out for our annual elections reaching over a 1000 voting students. This continues to boost the legitimate foundations on which the representatives uphold.

Student participation in democratic procedures has been dramatically increased through the officialising of Union Council into a membership body of the most influential representatives.

Events such as Spotlight Spa and campaigns such as the Education Week have increased the legitimate foundation of our activity.

Management & Governance

The Union continues to be governed by its Board of Trustees. This year has seen the introduction of external trustees to give the highest decision making board not only the ability, but also the knowledge and experience, to run the Union.

Currently one year-long term position has been filled with two more positions pending appointment.

Further introduced this year has been an official Union Council which is made up of the most influential representatives the Union has. This membership of nearly 100 meets five times a year and any member has the right to propose motions to lobby / hold to account the Union. These meetings have taken place in the Council Chambers, Guildhall, Bath and have improved the legitimacy of the Union's activity.

Strategic Plan

2009/10 has seen the introduction of a five year strategic plan. The main document identifies the key purpose, vision and values of the Union. Assisting the document are three operating plans that apply to each of the three main Union departments (management and governance, commercial services and membership services).

Affiliations

The Union continues its affiliations with NUS and AMSU as passed by AGM in May 2010. Two new affiliations this year are FoBRA and ArtsGroup. The former looks to boost links with the community and the latter looks to boost our representation for our art based students.

2010/11 Affiliations

National Union of Students at a cost of £15,385 (estimated)

Association of Managers of Students' Unions at a cost of £800 (estimated)

British Universities & Colleges Sports at a cost of £1,275 (estimated)

Federation of Bath Residents Association at a cost of £40

Arts Group at a cost of £1.50

Financial Statement

The Union is in a financially favourable position due to years of prudent management of budgets, allowing the Union to increase its unrestricted reserves. However, the Board of Trustees needs to be aware of and shall need to keep the trend of decreasing income from services and the restricted block grant funding under review, to ensure it does not affect the financial stability of the Union as a whole.

This financial year has seen a dramatic shift from the traditional end of year surplus of over £20,000, for the first time the Union is expected to have an estimated end of year deficit of £17,606. This is mainly due to expenditure that was not originally budgeted for as well as a reduction in income in many areas.

Finances are expected to improve in 2010/11, giving a small surplus. The Union is confident that through prudent management in all areas, it can cope with the current situation and is not expecting to reduce service provision nor reduce its staff base.

Further information is available in the Union block grant proposal.