

# **STUDENTS' UNION,** **BATH SPA UNIVERSITY**

**TO: Board of Governors**  
**FROM: Students' Union President**  
**DATE: 11<sup>th</sup> June 2007**  
**SUBJECT: Trustees Report & 2007/08 Budget**

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## **TRUSTEES REPORT**

Work has been undertaken this year to review the governance of the Union and ensure it is in a position to fully comply with the requirements of the new Charities Act.

The new Trustees Board will be student focused, student-led but will allow for external trustees to help fill any skills gaps within the Board.

The 2005/06 Executive Committee committed the Union to appointing staff to two new posts. The first focusing on student representation and student development, and the second to improve the Union's presence at the Sion Hill site. Both posts have been successful and have increased interaction with the membership and representation of the membership.

We have developed the relationships with outside organisations, as well as regularly meeting with Council representatives as part of the Student Liaison Committee.

Our relationship with the University departments continues to strengthen, including a strong relationship with the Vice Chancellor.

The Union continues to affiliate to the National Union of Students, Association of Managers of Students' Unions, and the British Universities Sports Association. The Executive Committee feel that despite the need for ongoing reform of these organisations, the benefits of affiliation are valuable.

The review of election regulations and the simplification of the voting system that allowed for the introduction of e-voting for the first time, was a success with improved membership involvement.

This financial year has not been as successful as budgeted, with total income expected to be in the region of £302,335, this is much lower than the budgeted figure of £331,785.

Lower than budgeted income from commercial areas was slightly offset by higher than budgeted income from Union services such as marketing and office services.

Expenditure in most areas was under budget due in increased prudent management of Union finances. As a result expenditure is expected to be in the region of £265,927, this is much lower than the budgeted figure of £301,356.

The Union continues to replenish its unrestricted reserves following the costs associated with building works on the Union building at the Newton Park site.

An estimated £36,408 will be transferred to the Union's unrestricted reserves to use for furthering the objectives of the Union.

The next financial year provides us with an opportunity to review our strategies for delivering the Union's objectives, particularly the financial strategy. At the same time we will aim to improve student interaction with the Union, taking account of the changing demographic of the membership.

The Executive Committee have agreed that a review of staffing salaries must be undertaken in the next financial year, to bring salaries of its employees inline with that of staff within Bath Spa University.

The review of the student officer positions will allow the Union to improve its representation, campaigning and student development roles next year. The improvement of these services and activities will increase the interaction with the membership and as a result will improve their participation with the governance processes of the Union.

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 Trustees shall keep the trend of falling profits from commercial services under review to ensure it does not affect the financial stability of the Union as a whole.

## **AFFILIATIONS:**

Proposal:

It is proposed that Union continues to affiliate to the following external organisations for the academic year 2007/08

National Union of Students at a cost of £12,221

Association Of managers of Students' Unions at a cost of £325

British University Sports Association at a cost of £1,845

Resolution:

The Board of Governors notes the above affiliations for the academic year 2007/08.

## 2007/08 BUDGET & BLOCK GRANT REQUEST

### 1. PURPOSE:

To agree the level of block grant payable to the Students' Union for 2007/08

### 2. BACKGROUND

2.1 The Students' 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 2 bars and a shop. The balance of its income is paid as a block grant by the University. In 2006/07 this grant amounted to £194,335

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 2007/08 submission from the President of the Students' Union that incorporates:

- financial data, including the Students' Union projected income and expenditure for 2006/07 and budget proposals for 2007/08

### 3. 2007/08 BUDGET AND BLOCK GRANT REQUEST

The submission has been discussed and approved with the Director of Finance and Resources.

The Board will note that:

3.1 The block grant request in support of the Students' Union activities in 2007/08 includes an allowance for inflation of 2% on all non staffing items on the 2006/07 figure, and 10% on staffing as a result of the Union's commitments to bringing staff salaries inline with that of University staff.

Total block grant request for 2007/08 amounts to £217,778

The 2007/08 request includes £15,329 towards the increased costs of salaries, predicted to be in the region of 10%. It also includes an £5,000 increase for sporting activities, mainly the provision of kits for the sports teams representing the University.

3.2 There were a number of criteria set by the Board of Governors in 2001/02. The Students' Union was expected to achieve a 26% minimum contribution towards the running costs of the Union via its Commercial Services, as envisaged in the Unions 2002/05 business plan. For the year 2004/05 the Students' Union achieved 45% contribution but actually achieved 70% due to the cost of building works and equipment associated with the new Union building at Newton Park.

3.3 The Students' Union was set to achieve 36% contribution for the year 2006/07, but due to lower than budgeted expenditure, as a result of concerns over income from the commercial services of the Students' Union only achieved a 27% contribution.

3.4 For the coming year the Students' Union commercial activities are expected to achieve a 28% contribution towards the running costs of the core budgets.

- 3.5 Any surplus referred to in the budget shall be transferred to the Union's unrestricted reserves to use for furthering the objectives of the Union.
- 3.6 Although the past three years have seen fluctuations in income from different areas, the Students' Union has always been able to deliver and improve its services in a prudently managed way that has always been within budget. However, due to ongoing fall in income from commercial activities this may not be achievable in the longer term.

#### Final Performance 2005/06

The shop profit was approximately £8,000 under budget, and the bar profit was approximately £40,000 under budget. This is as a result of increasing overheads of running the services in an increasingly competitive market.

#### 2006/07 Performance

The Students' Union has achieved budgeted income in most areas, with the exception shop and bar.

The shop profit is expected to be approximately £3,000 under budget, and the bar profit is expected to be approximately £40,000 under budget. This is as a result of increasing overheads of running the services in an increasingly competitive market. Overheads are set to increase further in 2007/08 and as a result income is expected to fall further, despite the increase in sales prices above inflation.

The Students Union shall be keeping both the shop and bars under review and shall ensure that their performance does not jeopardise the future of the Students' Union.

Ongoing prudent management of core budgets and the cutting of them if needed will be an ongoing necessity to ensure the future of the Students' Union.

The Students' 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 2007/08 if not improve on it.

## 4. RECOMMENDATION

That the Board of Governors approves a block grant of £217,778 to support the Students' Union activities for the Academic Year 2007/08

	NOTES	FINAL 05/06	BUDGET 06/07	EST 06/07	BUDGET 07/08
<b>INCOME</b>					
<b>GRANT</b>	<b>1</b>	188,586	194,335	194,335	217,778
<b>BAR PROFITS</b>	<b>2</b>	43,248	75,000	35,000	35,000
<b>SHOP PROFITS</b>	<b>3</b>	7,334	10,250	7,000	4,500
<b>BANK INTEREST</b>	<b>4</b>	4,318	4,500	4,500	4,500
<b>UNION SERVICES</b>	<b>5</b>	50,522	47,700	61,500	58,000
MARKETING	<b>6</b>	6,765	11,922	20,000	22,000
ENTERTAINMENTS	<b>7</b>	28,893	10,435	14,500	11,000
OFFICE & VENDING	<b>8</b>	14,864	25,343	27,000	25,000
<b>TOTAL</b>	<b>9</b>	<b>294,008</b>	<b>331,785</b>	<b>302,335</b>	<b>319,778</b>

<b>EXPENDITURE</b>					
<b>OVERHEADS</b>	<b>10</b>	181,631	230,633	213,107	239,056
<b>DIRECT EXPENSES</b>	<b>11</b>	410,801	67,723	38,895	52,221
<b>OTHER PURCHASES</b>	<b>12</b>	43,842	3,000	13,925	12,000
<b>TOTAL</b>	<b>13</b>	<b>636,273</b>	<b>301,356</b>	<b>265,927</b>	<b>303,277</b>
<b>SURPLUS/DEFICIT</b>	<b>14</b>	<b>-342,265</b>	<b>30,429</b>	<b>36,408</b>	<b>16,501</b>
<b>% SU CONTRIBUTION</b>	<b>15</b>	<b>70</b>	<b>36</b>	<b>27</b>	<b>28</b>

<b>OVERHEADS</b>					
RENT		40,000	40,000	40,000	40,800
CLEANING & UTILITIES		3,000	6,000	3,000	3,060
INSURANCE		7,855	8,076	7,226	7,371
STAFF COSTS		86,080	119,206	111,194	122,314
SABBATICAL COSTS		36,845	41,250	42,062	46,268
GENERAL ADMINISTRATION EXPENCES		-3,612	-5,154	-4,200	-1,000
AUDIT & ACCOUNTANCY FEES		2,468	3,500	2,472	5,000
TRAINING		2,790	9,700	3,500	6,500
TRAVEL		1,314	3,000	1,200	2,000
BANK CHARGES		1,461	2,050	1,500	1,530
PERFORMING RIGHTS SOCIETY		1,948	2,006	4,131	4,214
MISC EXPENDITURE		1,482	1,000	1,022	1,000
<b>TOTAL</b>	<b>10</b>	<b>181,631</b>	<b>230,633</b>	<b>213,107</b>	<b>239,056</b>

<b>DIRECT EXPENDITURE</b>					
SPORTS & SOCIETIES		20,503	30,750	20,000	26,000
MINIBUS		2,885	5,207	2,540	2,500
AFFILIATIONS		12,033	12,266	11,981	12,221
REPRESENTATION & CAMPAIGNS		1,816	5,000	2,985	5,000
H2O NEWSPAPER		11,871	9,000	167	3,000
VOLUNTEERING		443	1,000	300	1,000
STUDENT DEVELOPMENT		0	4,500	0	1,500
MISC EXPENDITURE		0	0	922	1,000
BUILDING WORKS		361,250	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>410,801</b>	<b>67,723</b>	<b>38,895</b>	<b>52,221</b>

<b>OTHER PURCHASES</b>					
EQUIPMENT		41,539	2,000	13,227	12,000
MISC PURCHASES		2,303	1,000	698	0
<b>TOTAL</b>	<b>12</b>	<b>43,842</b>	<b>3,000</b>	<b>13,925</b>	<b>12,000</b>

1. The figure set for the Students' Union block grant request for 2007/08 is £212,778. This figure incorporates a 10% increase for the salary costs and a 2% increase for all other costs in line with the University precedent on the expected expenditure figure for 2006/07. There is also an increase of £5,000 towards the cost of equipping sports teams that represent the University with new kits on a yearly basis.
2. The new Students' Union at Newton Park was expected help to increase profits from the bars in 2005/06 but the final accounts showed a much lower than expected figure of approximately £40,000, mainly due to increasing overheads and ongoing costs of the new building.

It was hoped that the 2006/07 figure would be approximately £75,000 but due to the ongoing high costs of overheads and increased competition it is expected to fall well short at an estimated £35,000.

It is expected that this fall in profits from the bars can be stabilised in 2007/08 with increased cost been offset by an above inflation increase in the sales prices.

3. It was hoped that the trend of a fall in the profits from the Students' Union shop could be reversed in the 2006/07 financial year; this was not the case however. The shop profits are expected to be some £3,000 below budget. This is mainly due to reduced sales at the same time as an increase in overheads.

It is predicted that profits shall fall further as a result of increased overheads due to staffing costs. It is hoped that the shop can look at new opportunities in the future to increase its profitability.

4. Income from bank interest continues to remain fairly constant.
5. Overall income from Union Services continued to perform above expectation in 2006/07. It is hoped that this trend can be continued in 2007/08. The exception is Entertainments which is expected to fall due to increased overheads.  
See note 6-8.
6. Revenue from outside marketing opportunities continued to perform well and was above budget in 2006/07. Despite worries that some aspects of marketing would reduce the total income from this revenue sources, other areas performed much better and more than compensated for the underperforming areas. It is hoped that the revenue from marketing can be increased further in 2007/08.
7. Income from entertainments is estimated to be slightly higher than budgeted for 2006/07, down on 2005/06 due to increasing costs associated with large events such as the Summer Ball; it is expected to be higher than budgeted however, due to cost savings associated with Freshers' Week.
8. Income from Office Services was above expected in 2006/07, mainly due to income from NUS Extra Cards. Other areas performed as expected. This is despite a much lower than expected final figure for 2005/06. This figure is likely to fall slightly in 2007/08.
9. The final overall income for 2005/06 was below estimated at £294,008; some £42,571 under the original budget.

Overall income in 2006/07 from the block grant and Students' Union services approximately £29,450 under budget at £302,335.

Overall income in 2007/08 is expected to increase due to increases in budget from the University, income from Students' Union Services is expected to fall slightly.

10. Total expenditure on Overheads is estimated to be approximately £17,526 below budget in 2006/07, due to an underspend on many areas including some £8,000 on training and travel, and £8,000 on salaries.

2007/08 Overheads.

The overall budget for Overheads is expected to increase by approximately £25,949 to £239,0565 in 2007/08, mainly due to increases in staff and sabbatical costs.

Staff salaries are expected to increase to £122,314 from £111,194 in 2006/06. The main reason for this increase is as a result of the Union bringing staff salaries inline with that of the University.

Sabbatical salaries are set to be increased in 2007/08 so that they are in line with Union staff on the new University pay scales, an increased cost of approximately £4,206. Increases in future are expected to be in line with cost of living increases of Union staff.

Costs associated with General Administration was below budget as a result of increased costs associated with the provision services increased at the same time as a fall in income from photocopying etc. It is expected this figure will fall further in future years due to increasing costs.

Costs of audit and accounting fees are expected to be higher in 2007/08 due to possible costs associated with the new Charity law. This cost was expected in 2006/07 so a saving was made in this financial year.

Training and travel costs are expected to return to increase in 2007/08 after the Union made savings in 2006/07.

11. Total Direct Expenditure is estimated to be approximately £28,882 under budget. Mainly due to savings on the costs of the minibus, representation, student development, and societies. H20 was also well below budget as a result of cross departmental charging for space in the publication.

Direct Expenditure is expected to increase in 2007/08 but at a more controlled pace than budgeted for 2006/07. There shall be an increase of approximately £13,426 on 2006/07 up to £52,221; this will still be well below the £67,723 originally budgeted for 2006/07.

Increases in Direct Expenditure shall include:

£5,000 for purchase of sports team kits.

£2,000 for continued development of representation and campaigns within the University.

£3,000 for the development of h20 student newspaper

£1,500 for the development of the student development programme, including student training.

12. Total expenditure on Other Purchases in 2006/07 is estimated to be £13,925, approximately £10,925 over budget. This is mainly as a result to continue expenditure associated with the new building at Newton Park and the need to replace nearly all Students' Union computers.

It is anticipated that the Students' Union will need to replace both of its minibuses in the 2007/08 financial year at a cost of at least £12,000.

13. Total expenditure of the Students' Union core facilities is expected to be approximately £35,429 under budget as a result of prudent management of budgets forcing savings. See note 10-12.

14. In 2006/07 it was hoped that reserves can start to be replenished with £30,429 surplus, it is expected that the surplus will be well above budget at approximately £36,408 due to savings against budgets.

This figure is expected to fall to approximately £16,501 in 2007/08 as a result of forced increases in expenditure as the Students' Union tries to improve services without risking the future stability of Students' Union's finances.

15. The Students' Union achieved 27% contribution towards Union costs in 2006/07. This was above the 26% target set by The Board of Governors. However it was below the budgeted 36%, as a result of savings against budgeted expenditure.

The Union is expected to remain above the 26% target in 2007/08, with an estimated contribution of 28%.