

STUDENTS' UNION, BATH SPA UNIVERSITY

TO: The Board of Governors **FROM:** Students' Union President
DATE: 27/05/2009 **SUBJECT:** Trustees Annual Report & Union Budget 2009/10

SECTION 1: TRUSTEES REPORT

The Union continues to work towards ensuring that it is in a position to register as a charity and fully comply with the requirements of the Charities Act 2006.

The Union continues to adapt to the Constitution passed by Annual General Meeting in 2007. The view of the current Board of Trustees is that external Trustees should be recruited in the next academic year to fill any skills gaps. Two key areas of deficiencies are finance and legislation.

The Union continues to develop the relationships we have with outside organisations such as the local Council and the Primary Care Trust. The President continues to represent the student body via regular meetings with the Council as part of the Student Community Partnership.

Our relationship with University departments has continued to strengthen over the past year, as well as our strong relationship with the Vice Chancellery. Three major developments include increased collaboration with Just V (University's Volunteer Department), housing the Study Skills Centre and collaboration with a number of University departments on Bath Spa Plus.

The appointment of a new Student Training & Development Coordinator in February 2009 has resulted in further improvements to volunteering and training offered by the Union.

The Union has reintroduced a Senior Management Team to take responsibility for overseeing the day-to-day management of the Union on their behalf. The Membership Services Manager has been appointed Chair until further notice.

The Board of Trustees and Senior Union Managers are in the process of writing a strategic review of all services, both core and commercial. The Board of Trustees intends to seek the approval of a long-term strategic plan for the Union in the autumn. The aim of the plan will be to provide direction for the development of the Union and its services through changes in staff and the yearly change in the sabbatical team.

The Union continues to affiliate to the National Union of Students, Association of Managers of Students' Unions, and the British Universities Colleges Sports. The Trustees shall review these affiliations and raise any changes regarding the benefits with the Union membership at the earliest opportunity.

This financial year has been more successful than budgeted, with total income expected to be in the region of £442,286. This is higher than the budgeted figure mainly as a result of a contribution towards the cost of the new gym facility from the University. Without the contribution towards the gym setup, the total income is

only slightly above that budgeted, as a result of higher than budgeted income from Union Services.

Budgeted income from the Bar was much higher than originally budgeted in 2007/08 as a result of an above average end to the year. However it is looking unlikely that this will be repeated in 2008/09 and income is expected to be only as budgeted. The sale of alcohol has fallen at Newton Park, and Sion Hill remains a financial drain. However, some of this is offset by the fact that sales of food has risen considerably in 2008/09 after the appointment of a Catering Supervisor.

Lower than budgeted income from interest on reserves has affected the shop, bar and the core Union finances. The core Union finances have seen income from interest reduced by 50% in 2008/09.

Expenditure in many areas is either as budgeted or slightly over budget. This is showing a move away from the prudent management of Union finances traditionally resulting in under spends in nearly all areas. Overall, before taking into account the unbudgeted setup costs for the new Gym, there was a £28,374 under spend as a result of cancelling building works and the Bar paying directly for decorating.

The Union continues to replenish its unrestricted reserves following the costs associated with building works on the new Union building at the Newton Park site. An estimated £32,215 will be transferred to the Union's unrestricted reserves for use for furthering the objectives of the Union in 2008/09 which is much higher than the budgeted £4,563 mainly as a result of higher than expected income.

In August 2008, the Board of Trustees agreed and implemented the recommendations of the staffing review undertaken and agreed by the 2008 AGM, to bring salaries of its staff in line with that of staff within Bath Spa University.

The Union President has lead the Board of Trustees and Senior Management Team in reviewing the Union's current position and writing a new strategic plan, that will improve student interaction with the Union at the same time as improving services and facilities offered by the Union over the next five years. It is proposed that the new Strategic Plan is agreed and introduced early next academic year.

Income from non commercial areas is expected to remain fairly constant over the next year following a better than budgeted year in 2007/08 and approximately as budgeted in 2008/09. At the same time income from commercial services is expected to increase due to reduction in costs resulting from the closure of the Sion Hill Bar in June 2009, but it is unlikely to achieve the 2007 levels as a result of reduced evening bar trade.

Expenditure in most areas is expected to remain fairly constant; exceptions are staff costs, campaigns and representation, because of the continued implementation of the University staff salaries schemes and the planned introduction of student lead campaigns, outreach representation to partner colleges and off campus students.

Income from the University block grant was as budgeted in 2008/09, but is set to remain constant over the next year or two due to the University being under increasing financial difficulties. This has increased the pressure to maintain, if not improve income generated from the Union's services as well as restricting

expenditure.

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 shall keep the trend of fluctuation 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.

SECTION 2: AFFILIATIONS:

Proposal:

It is proposed that the Union continues to affiliate to the following external organisations for the academic year 2009/10;

National Union of Students at a cost of £14,182 (estimated)

Association of Managers of Students' Unions at a cost of £388 (estimated)

British Universities & Colleges Sports at a cost of £1606 (estimated)

Resolution:

That The Board of Governors approves continued affiliation to these external organisations.

SECTION 3: UNION BUDGET 2009/10

1. PURPOSE:

To review the estimated budget outcome for 2008/09 and agree budgets for 2009/10.

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 2 bars, and a shop. The balance of its income is paid as a block grant by the University. In 2008/09 this grant amounted to £226,011.

2.2 The Board of Trustees submits a budget proposal each year to the Union's Annual General Meeting for approval before submitting it to the University's Board of Governors as its block grant funding application.

2.3 Attached to this paper is the 2009/10 submission from the President of the Union that incorporates:

- financial data, including the Union projected income and expenditure for 2008/09 and budget proposals for 2009/10

3. 2009/10 BUDGET

The Board of Governors will note that:

3.1 The proposed block grant request in support of the Union activities in 2009/10 includes an increase for inflation of 1% on all costs on 2008/09 figure, considerably lower than the expected figure due to University being under increasing financial difficulties

3.2 There were a number of criteria set by the Board of Governors in 2001/02. The Union was expected to achieve a 25% minimum contribution towards running costs of the Union via its Commercial Services, as envisaged in the Unions 2002/05 business plan. For the year 2008/09 a 32% contribution was budgeted for but only achieved a 21% contribution, mainly savings resulting from putting projects on hold until the financial situation improves in the future.

3.3 The Union is set to return to the required level and achieve a 28% contribution for the year 2009/10.

3.4 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 2007/08

The shop profit was approximately £14,000 above budget, and the bar profit

was approximately £1,500, due to the delayed introduction of a new staffing pay scheme.

2008/09 Performance

The Union has achieved budgeted income in most areas, with the exception of shop, interest, marketing and summer ball.

The shop is expected to be approximately £1,000 under budget. This is as a result of the increasing overheads of running the service. Overheads are set to increase further in 2009/10 and as a result income is expected to fall further.

The bar is expected to be approximately £4,500 above the budgeted £10,000, this is in contrast to achieving £33,647 in 2007/08 resulting from a better end to the year than budgeted. It is unlikely that the final period will have the same effect on this year's final bar profits due to reduction in overall evening sales. This is set to improve next year as overheads will fall following the closure of the Sion Hill bar in June.

Bank interest has halved over the past year as a result in falling interest rates. This is set to be the case or worsen over the next academic year.

Income generated from marketing of outside organisation to our members has fallen due to tightening of marketing budgets as a result of the recession. It is hoped that despite a worsening national situation, that income levels can be maintained by increasing the number of organisations next academic year.

- 3.5 The Board of Trustees will be keeping the trend of fluctuation 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 it's members and will be able to achieve the predicted budget in 2009/10 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 2009/10 the predicted University block grant should be £228,271
- 3.10 Overall income in 2009/10 is expected to be in the region of £355,856 and expenditure is expected to be in the region of £316,856

RECOMMENDATION

That The Board of Governors approves the attached budget.

	NOTES	FINAL 07/08	BUDGET 08/09	EST 08/09	BUDGET 09/10
INCOME					
GRANT	1	217,778	226,011	226,011	228,271
BAR PROFITS	2	33,647	10,000	14,500	23,150
SHOP PROFITS	3	18,547	11,000	10,000	7,253
BANK INTEREST	4	7,605	9,000	4,118	3,500
UNION SERVICE	5	111,764	79,000	187,660	93,682
MARKETING	6	22,951	19,000	17,243	17,243
FRESHERS	7	5,018	5,000	12,365	10,000
SUMMER BALL	8	7,992	6,000	0	5,000
ENTERTAINMENTS	9	15,248	4,000	9,760	9,760
OFFICE & VENDING	10	60,555	45,000	48,249	48,249
GYM	11		0	100,043	3,430
TOTAL	12	389,341	335,011	442,289	355,856
EXPENDITURE					
OVERHEADS	13	223,088	250,068	248,780	262,940
DIRECT EXPENSES	14	47,639	50,380	51,950	53,648
OTHER PURCHASES	15	18,400	30,000	109,344	0
TOTAL	16	289,127	330,448	410,074	316,588
SURPLUS/DEFICIT	17	100,214	4,563	32,215	39,268
% SU CONTRIBUTION	18	25	32	21	28
OVERHEADS					
RENT		40,000	40,000	40,000	40,000
CLEANING & UTILITIES		3,090	3,183	3,310	3,343
INSURANCE		7,930	8,204	8,404	8,614
STAFF COSTS		114,250	130,014	131,134	143,709
SABBATICAL COSTS		44,728	47,850	48,158	49,552
GENERAL ADMINISTRATION		245	1,000	-2,000	-1,000
AUDIT & ACCOUNTANCY		3,753	4,973	2,723	2,791
TRAINING		3,174	4,500	2,261	2,500
TRAVEL		1,632	2,000	1,289	1,500
BANK CHARGES		2,017	2,000	4,083	4,185
PERFORMANCE FEES		2,269	5,844	7,069	7,246
MISC EXPENDITURE		0	500	2,349	500
TOTAL	13	223,088	250,068	248,780	262,940
DIRECT EXPENDITURE					
SPORTS & SOCIETIES		26,883	25,000	24,649	23,000
MINIBUS		2,263	3,000	4,467	4,578
AFFILIATIONS		11,534	11,880	14,215	14,570
CAMPAIGNS		799	1,500	1,480	2,000
REPRESENTATION		3,111	1,000	2,084	3,500
COMMUNICATIONS H20		2,029	3,000	2,000	2,000
VOLUNTEERING		1,020	3,000	2,055	3,000
STUDENT DEVELOPMENT		0	2,000	1,000	1,000
TOTAL	14	47,639	50,380	51,950	53,648
OTHER PURCHASES					
EQUIPMENT		18,400	0	0	0
MISC PURCHASES		0	30,000	1,344	1,000
GYM SETUP COSTS				108,000	0
TOTAL	15	18,400	30,000	109,344	1,000

NOTES TO BUDGET FOR 2009/10

1. The figure set for the Union block grant request for 2009/10 is £228,271. This figure incorporates a 1% increase on the 2008/09 figure, considerably less than the figure originally expected due to the University being under increasing financial difficulties
2. The new Union at Newton Park was expected to increase profits from the bars, but in 2008/09 this has fallen to approximately £14,500. This is down on the final figure for 2007/08 due to a decrease in evening sales of alcohol.

It is expected that this will increase in 2009/10 due to decrease in overheads resulting from the closure of the Sion Hill Bar.

3. Profits from the shop fell further than expected due to increased overheads. It is expected to be approximately £1,000 under budget.

It is predicted that profits will fall further as a result of increased overheads due to staffing costs. However, it is hoped that opening the shop slightly earlier at no additional cost and finding further opportunities to increase its profitability, will maintain this income level in future.

4. Income from bank interest approximately halved in 2008/09 due to the fall in interest rates. It is expected that this will fall further in 2009/10 and is likely to be the situation for the next year or two.
5. Overall income from Union Services continued to perform above expectation in 2008/09. It is hoped that this trend can be continued in 2009/10. Exceptions were Marketing and Summer Ball. 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 rather than increased in 2008/09. It is hoped that this level of income can be maintained if not improved on in 2009/10.
7. Income from freshers week activities was well above budget as a result of reducing costs and increased attendance at many events. It is hoped that a similar level of income can be expected in 2009/10.
8. Income from the Summer Ball is expected to fall to £0 in 2008/09 due to increased overheads as a direct consequence of improving the quality of the event, which is now overseen by a student committee. It is hoped that this can be returned to a profit in 2009/10 through better management and increased attendance.
9. Income from entertainments is estimated to be slightly higher than budgeted for 2008/09, but down on 2007/08 due to increasing costs associated with some of the larger events. It is expected to be higher than budgeted however, due to cost savings associate with capping the contribution to societies on flirt nights.
10. Income from Office Services was above expected in 2008/09, mainly due to income from NUS extra cards and bus passes. Other areas performed less well, such as commission from vending and games machine. However, this is well below the final figure for 2007/08 and is likely to remain at this level for the foreseeable future.

11. The opening of a new gym facility within the Union at Newton Park and associated funding from the University brought additional income into the Union which was not budgeted for. However, it is expected to cost the Union approximately £8,000 in 2008/09. It is hoped that this will be a profit of £3,430 in 2009/10 if the gym recruits membership to the levels outlined in its business plan.

12. The final overall income for 2007/08 was above estimated at £389,341 some £79,945 above the original budget.

Overall income in 2008/09 from the block grant and Union activities is expected to be approximately £7,000 higher than budgeted or £107,278 if the University gym funding is included. It is expected that income from Union activities will increase further in 2009/10 mainly due to increased bar profits.

13. Total expenditure on overheads is estimated to be approximately £1,200 under budget mainly as a result of under spend on professional fees and increased income from general administration, compensating for overspending in other areas.

2009/10 Overheads

The overall budget for overheads is expected to increase by approximately £14,160 to £262,940 in 2009/10, mainly due to increases in staff and sabbatical costs.

Staff salaries are expected to increase to £143,709 from £131,134 in 2009/10. The main reason for this increase is as a result of the Union bringing staff salaries in line with that of the University.

Sabbatical salaries are set to be increased in 2009/10 in line with the cost of living increase of Union staff.

Costs associated with general administration were below budget as a result of increased income from photocopying etc. It is expected this figure will fall further in future years due to increasing costs.

Costs of professional fees were below budget as a result of the late introduction of the new Charity law meaning that savings could be made on the final account formats. It is hoped that this cost will not increase until 2010/11 when the Union is fully registered as a charity.

Training and travel costs are below budget for 2008/09 and are likely to remain at current levels for 2009/10 due to tighter management control.

Bank charges have doubled in 2009/10 due to the introduction of bank card and online payment facilities for the Union Office. These costs are expected to remain high in future.

14. Total Direct Expenditure is estimated to be approximately £1,570 over budget, due to above expected increase in affiliation costs for the National Union of Students.

Direct Expenditure is expected to increase slightly in 2009/10 due to the introduction of student lead campaigns and representation work with partner colleges and off campus students.

15. Total expenditure on other purchases in 2008/09 is estimated to be £109,344, approximately £79,344 over budget due to the unbudgeted set up costs for the new gym part of which was offset by a saving from cancelling building works in the bar area.

It is anticipated that expenditure on other purchases will be minimal in 2009/10 due to tight management and putting on hold any planned non essential expenditure until 2010/11 at the earliest.

16. Overall total expenditure of the Union core facilities is expected to be approximately £79,626 over budget or some £28,000 under budget if you exclude the gym setup costs. See note 13-15.

17. In 2007/08 it was hoped that reserves would start to be replaced with an estimated surplus of £36,480 which was £100,214 in the end as a result of higher than anticipated savings and higher than expected sales during the final quarter of the year.

This figure is estimated to be approximately £32,215 for 2008/09 due to a decrease in income from some areas of the Union's commercial and non-commercial services, before rising to £39,268 in 2009/10 due to increased bar profits.

18. The Union achieved 21% contribution towards Union costs in 2008/09. This was below the 25% originally set by The Board of Governors in 2002 and the 32% originally budgeted, due to savings resulting from putting projects on hold until the financial situation improves in the future.

The Union is expected to return to above the 25% target in 2009/10, with an estimated contribution of 28%.