

# **Bath Spa University Students' Union**

**To: Board of Governors**

**From: Union President**

**Prepared By: Membership Services Manager/General Manager**

**Date: 20<sup>th</sup> October 2011**

**Subject: Students' Union Budget 2011/12**

## **1. PURPOSE:**

To review the final expenditure for 2010/11 and the proposed budget for 2011/12.

## **2. BACKGROUND**

2.1 The Union is a freestanding organisation, which has its own accounting structure, bank account, administrative staff and 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 from the University. In 2010/11 this grant amounted to £235,119.

2.2 In accordance with the Union Constitution, an annual budget must be prepared and approved by the governing bodies of both the Union and University, in support of the Union's request for block grant funding.

2.3.1 Attached to this paper is the 2011/12 submission that incorporates:

- report of Union finances, including projected income and expenditure for 2010/11 and budget proposals for 2011/12 –Appendix 1
- report of Union activities 2010/11 –Appendix 2

## **3. 2011/12 BUDGET**

The AGM will note that:

3.1 The block grant from the University in support of Union activities in 2011/12 includes an increase of 1% on the 2010/11 figure agreed by the Board of Governors in June 2011.

3.2 In 2011/12 the Union expects to achieve a minimum of a 39% contribution towards the running costs of the Union from its Commercial Services and reserves. In 2010/11 it achieved 33%; this is well above the 25% minimum threshold set by the University Board of Governors 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 and has always been within budget. However, this has now changed and the Union is now running at an annual deficit rather than the traditional surplus.

## 2010/11 performance

Overall there was a reduction in income from Union services; this is despite most areas having higher than budgeted income.

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

The Bar made a loss of -£12,360 and was £25,360 under budget as a result of lower than expected sales and increasing staff costs associated with student staff including £5836.89 in back dated holiday pay.

Entertainments resulted in a loss of -£6,757 mainly as a result of falling attendance and high security costs. This would have been much higher if it was not for a £23,966 profit from Freshers' Week and the Summer Ball.

Income from the shop was £2,113 higher than budget, but fell significantly on the 2009/10 profit figure due to a dramatic decrease in sales, partly offset by lower than expected costs.

Income from bank interest remained low in 2010/11; investing for a longer period is expected to increase the income next year.

Expenditure on clubs and societies was £16,303 higher than budgeted, mainly as a result of increased hire of sports facilities and transportation.

Overall the Union made a loss of -£25,380 some £29,973 lower than budget. The overall loss figure increases to £51,938 once depreciation is taken into account.

- 3.5 The Board of Trustees will need to be keeping the trend of falling profits from services and the restricted block grant funding under review to ensure it does not affect the financial stability of the Union. Unless the Bar achieves a surplus in the 2011/12, the Board of Trustees will review the future of this service in accordance with restrictions associated with the Union's Charity status.
- 3.6 The Board of Trustees has agreed to increase the expenditure from Union reserves for the foreseeable future to allow for the changes resulting from the staffing review and the longer-term strategic review.
- 3.7 The Senior Management Team is no longer confident that the Union will be able to continue to improve the services offered to members without increased resources including staffing.
- 3.8 Any deficits referred to in the budget will be transferred from the Union's unrestricted reserves.
- 3.9 For 2011/12 the University block grant is agreed to be £237,470.
- 3.10 Overall income in 2011/12 is estimated to be in the region of £382,970. The growth is mainly from increased income from Commercial Services as a result of prudent management, improved efficiency and increased promotion resulting in a rise in sales.
- 3.11 Overall expenditure in 2011/12 is expected to rise to £388,393. The main increase in costs is for staffing due to the continued implementation of HERA and to the appointment of a new staff member to assist with furthering of the Union's representation work.
- 3.12 Overall losses for 2011/12, is estimated to be in the region of -£5,423. However, should income from Commercial Services not increase as predicted, losses could be in the region of -£39,652.

The Board of Trustees has agreed that losses in this region are sustainable for the short term, as the Union holds significant reserves of about £800,000. However, the Board of Trustees does not see that losses of this level are sustainable in the long term, especially if the Union is to undertake a major refurbishment in the next five years.

- 3.13 The Board of Governors should note that the Board of Trustees has approved a staffing restructuring, which if fully implemented will see the Union make an estimated loss of between -£35,477 and -£62,200 in 2012/13.
- 3.14 The Board of Governors should note that the Union is in the process of finalising a two year strategic plan, which should be approved by the Board of Trustees in November 2011. (See Strategy section – Appendix 2)

#### 4. RECOMMENDATION

- 4.1 It is recommended that Board of Governors approve this budget.

## Appendix 1

	NOTES	FINAL 09/10	BUDGET 10/11	FINAL 10/11	BUDGET 11/12
<b>INCOME</b>					
<b>GRANT</b>	1	228,271	235,119	235,119	237,470
<b>BAR PROFITS</b>	2	19,601	13,000	-12,360	20,000
<b>SHOP PROFITS</b>	3	14,670	7,000	9,113	15,000
<b>BANK INTEREST</b>	4	181	1,000	181	2,000
<b>UNION SERVICE</b>	5	74,545	82,000	92,300	108,500
MARKETING	6	11,216	15,000	17,716	18,000
ENTERTAINMENTS	7	-111	9,500	-6,757	10,000
OFFICE & VENDING	8	39,879	40,000	53,958	54,000
GYM	9	9,060	12,000	12,883	12,000
VOLUNTEERING	10	14,500	14,500	14,500	14,500
<b>TOTAL</b>	11	<b>337,268</b>	<b>338,119</b>	<b>324,353</b>	<b>382,970</b>
<b>EXPENDITURE</b>					
<b>OVERHEADS</b>	12	270,402	283,341	287,215	326,739
<b>DIRECT EXPENSES</b>	13	53,567	50,185	62,518	61,654
<b>OTHER PURCHASES</b>	14	0	0	0	0
<b>TOTAL</b>	15	<b>323,969</b>	<b>333,526</b>	<b>349,733</b>	<b>388,393</b>
SURPLUS/DEFICIT	16	13,299	4,593	-25,380	-5,423
% SU CONTRIBUTION	17	30	30	33	39
<b>OVERHEADS</b>					
RENT		40,000	40,000	40,000	40,000
CLEANING & UTILITIES		3,308	3,500	3,440	3,474
INSURANCE		7,276	7,271	7,801	8,581
STAFF COSTS		156,675	167,883	168,613	198,514
SABBATICAL COSTS		48,582	48,236	47,440	49,069
GENERAL ADMINISTRATION		-1,467	-3,000	2,552	5,000
PROFESSIONAL FEES		2,830	3,500	4,295	4,620
TRAINING		946	3,000	1,333	3,000
TRAVEL		938	1,200	749	3,000
BANK CHARGES		4,784	5,000	4,701	5,000
PERFORMANCE FEES		6,530	6,750	6,291	6,480
<b>TOTAL</b>	12	<b>270,402</b>	<b>283,341</b>	<b>287,215</b>	<b>326,739</b>
<b>DIRECT EXPENDITURE</b>					
SPORTS & SOCIETIES		23,497	19,000	35,303	30,000
MINIBUS		3,541	3,500	3,162	3,500
AFFILIATIONS		14,756	16,185	15,385	16,154
CAMPAIGNS		1,921	2,000	1,134	2,000
REPRESENTATION		4,498	3,500	2,012	3,000
COMMUNICATIONS		1,856	1,500	2,609	2,000
SPALIFE					500
VOLUNTEERING		3,493	4,000	2,578	4,000
STUDENT DEVELOPMENT		5	500	335	500
<b>TOTAL</b>	13	<b>53,567</b>	<b>50,185</b>	<b>62,518</b>	<b>61,654</b>
<b>OTHER PURCHASES</b>					
EQUIPMENT		0	0	0	0
<b>TOTAL</b>	14	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **NOTES TO BUDGET FOR 2010/11**

1. The figure set for the Union block grant for 2011/12 is £237,470. This figure incorporates a 1% increase on the 2010/11 grant figure.
2. Profits from the Bar continue to fall, primarily due to very poor attendance on event nights. The Bar has made a loss for the first time of -£12,360, of which £5837 was as a result of backdating holiday pay.
3. Profits from the shop are above budget, but £5,557 down on 2009/10, mainly due to falling sales. It is hoped that this level of profit can be maintained if not improved upon in 2011/12.
4. The Union intends to increase the income from its reserves in 2011/12, through investing in bank bonds for a longer period of time.
5. Overall income from Union Services was greater than budgeted in 2010/11, despite a considerable loss from entertainments due to poor attendance. It is hoped that income from entertainments can be improved in 2011/12 from working with outside promoters to provide a number of events at no cost to the Union. See note 6-10.
6. Income from outside marketing opportunities increased higher than budgeted in 2010/11. It is hoped that this will increase further in 2011/12 if the Union outsources this work to an agency such as BAM at a cost of approximately £3,000. This will free up staff time to focus on core services.
7. Overall income from entertainments was much lower than budgeted in 2010/11 at a loss of -£6,757, due to poor attendance at all events other than Freshers' Week and the Summer Ball. However, it is hoped that this trend of poor attendance and loss making events can be reversed this year through working with outside promoters to provide a number of events at no cost to the Union.

Attendance at the Summer Ball was higher than expected which resulted in the event returning a profit in 2010/11; it is expected that the event will make a minimum of £5,000 profit in 2011/12.

In 2011/12, it is anticipated that through a combination of reduced losses in the year round entertainment programme and slight increase in profits from Freshers' Week and the Summer Ball, that income will return to a profit of approximately £10,000.

8. Income from Office & Vending is £13,958 higher than budgeted, mainly due to increased income from bus pass sales. It is hoped that this can be repeated in 2011/12.
9. Income from the gym was slightly higher than budgeted in 2010/11; this is despite lower than expected membership resulting in lower income levels. Savings on staffing in the second half of the year resulted in the overall impact

of increased income. However, savings on staffing resulted in a reduced service; to improve the service in 2011/12 a permanent member of staff has been appointed rather than the use of temporary or self employed staff. Any increased costs should be balanced by increased membership.

10. The Union secured £14,500 funding for volunteering activities in 2010/11; this funding has been secured for 2011/12 and for the foreseeable future.
11. The final overall income in 2010/11 from the block grant and Union activities is approximately £13,766 lower than budgeted mainly due to decreased bar profits and decreased income from events resulting from poor attendance levels.

Income in 2011/12 is expected to increase to £382,970 partly as a result of reduced losses in the bar and entertainments, but also as a result of the 1% increase in block grant from the University

12. Total expenditure on overheads was £3,874 over budget at £287,215, as a result of reduced income from photocopying and higher staffing costs and professional fees.

#### 2011/12 Overheads

The overall budget for overheads is expected to increase to £326,739 in 2011/12, mainly due to increases in staff costs and travel expenses resulting from the extended Board of Trustees.

Staff salaries are expected to increase to £198,514 in 2011/12 from £168,613 in 2010/11, the lower level results 0.5% cost of living increase and costs associated with staff moving from one grade to another. The higher level results from the introduction of a new Representation support post.

Costs associated with general administration were higher than budgeted as a result of reduced income from photocopying etc in 2010/11. It is expected that income will fall further in 2011/12 due to reduced photocopying resulting from the Union's environmental initiatives.

Costs of professional fees were approximately as budgeted in 2010/11. However, costs are expected to increase slightly in 2011/12 should the Union move to new external auditors.

Training costs are above budget in 2010/11 and are expected to remain at this level in 2011/12 due to increased training of part time officers.

Travel costs for 2010/11 is lower than expected, following shared travel to conferences etc. It is expected that this will increase in 2011/12 due to increased involvement and travel by Union Officers and Representatives.

Bank charges remained low and are expected to remain constant in 2011/12.

13. Total Direct Expenditure is estimated to be approximately £12,333 over budget, mainly due to increased costs associated with clubs and societies; especially hire of sports facilities and transport cost.

Representation was above budget in 2010/11 as a result of savings on costs associated with Student Council meetings.

Costs associated with clubs and societies are expected to remain high in 2011/12. However, it is hoped that savings can be made through improved financial controls.

Direct Expenditure is expected to remain fairly constant in 2011/12, with savings offsetting any increases.

14. There is no planned expenditure on other purchases in 2011/12.

15. Overall total expenditure of the Union core facilities is expected to be approximately £16,207 over budget. See note 12-14

16. In 2010/11 it was anticipated that the Union would achieve a small surplus and transfer £4,593. However, the 2010/11 financial year resulted in a loss of -£25,380 due to a decrease in income from the bar and entertainments

The Union is expecting to have a deficit of between -£5,423 and -£39,652 for 2011/12 due to increasing staff costs. However, it is hoped that the lower figure can be achieved through better attendance at events and increased bar sales.

17. The Union achieved 33% contribution towards Union running costs in 2010/11, above the 25% originally set by The Board of Governors in 2002, 2% higher than originally budgeted.

The Union is expecting to achieve a 39% contribution in 2011/12.

## **Appendix 2**

### **REPORT OF UNION ACTIVITIES 2010/11**

#### **Overview**

The Union formally registered with the Charities Commission as an Unincorporated Association in October 2010.

Representation has been strengthened through increased work with Liberation Representatives, Academic Representatives and Union School Committees.

Community relations have continued to build strong links with an increasing number of local and regional organisations, including the Federation of Bath Residents Association (FoBRA), Student Community Partnership, Bath & North East Somerset Council and local voluntary organisations.

The Union hosted the 2011 Forever Friends Appeal Mad Dash 10k/2k/Toddle run, which was a huge success and is set to return in 2012.

Participation in extracurricular activities continues to grow, with now over 600 students involved in internal and local volunteering in 2010/11, increased variety of societies, and an increasing number of sports teams competing in British University & College Sports competitions. This trend looks to continue in the current year.

The Union is in a financially favourable position due to years of prudent management of budgets, allowing the Union to remain financially stable. However, for the first time, the Union recorded an end of year deficit of -£51,938. The Union is aware of the need to keep an eye on 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 formally registered with the Charities Commission as an Unincorporated Association in October 2010. The registration process was easily achieved due to the use of model constitution and advice from NUS and local law firms.

The Union intends to review our position and consider becoming an incorporated charity prior to the need to introduce a pension scheme in 2013.

#### **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, Student Council and our Annual General Meeting.

Recruitment of External and Alumni Trustees began in July 2011 and is set to see the appointment of four trustees to the Board in October/November 2011.

A consultant from NUS has advised reviewing the composition of the Board of Trustees and reducing its size to the recommended maximum of ten members; a review will be completed by December 2011.

## **Community Relations**

This year has seen the links with the local community developed and sustained. The Union has had a strong presence on the Student Community Partnership (SCP) and Federation of Bath Residents Association (FoBRA) and has worked with an increasing number of voluntary organisations. Through these relationships, campaigns have been run such as the 'Moving Out' as well as hosting the Forever Friends Appeal Mad Dash. Moreover it has allowed for a joint voice in the community, council and press.

Through the Union's two year Strategic Plan and long-term strategic review, the Union plans to develop community engagement in the new academic year.

## **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 develop the Union School Committees and have a bigger impact on student experience.

The strong relationships with the Chancellery and Senior Management Team allowed the Union to play its part in the recruitment process for the new Vice Chancellor.

## **Human Resources**

No significant changes have been made to the Union workforce in 2010/11. However, we have been required to alter our holiday pay for student staff which has seen an increase in costs of 12.07% .

There was one disciplinary investigation and hearing; this hearing resulted in no significant disciplinary action.

## **Participation**

Volunteering numbers continued to grow. However, the number of internal volunteers has grown more significantly than external volunteering and in 2010/11 accounted for 652 out of a total of 869 volunteer occurrences.

In terms of diversity within the societies this year we have seen a large improvement, with societies such as Knitter Knatter and polo functioning successfully this year, so much so, that Polo won a national competition. Other competitive sport has been steadily increasing in both numbers and quality this year with new teams joining the Athletic Union.

The Union successfully launched a new media network 'SpaLife', consisting of a termly magazine, monthly TV and fortnightly Radio podcast. These new media have proved successful in engaging students through the volunteering opportunities, but also through readership and viewing figures.

## **Democratic Development**

This year saw the highest turn out for our annual elections for a number of years, reaching over 1100 voting students. This continues to boost the legitimate foundations on which the representatives uphold.

Student Council continued to develop with increased attendance, making this key committee more democratic and representative.

The Union ran a major campaign in association with NUS as part of the national anti-fees / cuts campaign; this involved over 100 students from Bath Spa University; including a number of our students from Partner Institutions.

### **Management & Governance**

The Union continues to be governed by its Board of Trustees. The Board failed to meet the required minimum number of times in 2010/11.

Following consultation, the Union restarted its attempts to recruit External Trustees to the Board. The hope is that the four vacancies will be filled by November 2011.

Following the announcement that the Finance/General Manager will retire in July 2012, the Senior Management Team began a Union wide staffing / departmental structural review. This review has highlighted the need for additional staff at both ends of the staffing structure, as well as the need to introduce a more defined departmental structure and clearer staff roles. This staffing review will be completed by December 2011 and will be introduced in stages as they are agreed and signed off by the Board.

### **Strategic Plan**

The strategic plan originally put in place in 2009 was abandoned as it was not fit for purpose and did not go much beyond targets for the 2009/10 year. The Union is currently undergoing a further review process and a two-year plan should be put to the Board of Trustees in November 2011. This document will guide managers and departments as to what is expected of them through stricken key performance indicators.

By July 2013, the Union will have fully implemented the strategy, achieving the following objectives.

Representing, supporting students and campaigning for change

- Comprehensive and student focused democratic, representational, welfare support and campaigning.

Forward thinking, effectively managed and financially sustainable Union

- Strategically planned, financially sustainable and developing Union with strong leadership.

Structured, professional and motivated workforce

- Well developed staff, delivering activities and services that enhance the overall student experience within a defined departmental framework.

Informed membership and effective two-way communications

- Comprehensive range of effective student focused communication platforms used to inform the membership,

University and local community and maximise two-way communications.

#### Developing students through extracurricular activities

- Comprehensive range of student focused extracurricular developmental opportunities that enhance student employability and the overall student experience.

Bath Spa University students are active members of the local community

- Positive image of students, seen as actively contributors to their local community.

#### Environmentally sustainable Union

- Union operating in an environmentally sustainable manner.

#### Serving students commercial needs

- Diverse and financially sustainable commercial services that enhance the student experience.

It is planned that a five-year plan is researched, written and agreed by summer 2013, following the appointment of new senior staff members.

#### **Financial Statement**

The Union is in a financially favourable position due to years of prudent management of budgets. However, for the first time the Union has recorded an end of year loss. 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.

It was expected that the Union would make a small loss in 2010/11, but for the first time the Union made a loss of -£51,938 in 2010/11. This is mainly due to decreasing income due to poor attendance at events and low bar sales.

Commercial activity was lower than in 2009/10, with the bar making a loss of -£12,360 in 2010/11, while the shop made profit of £9,113.

Overall income in 2010/11 was £981,617 compared to a total expenditure of £1,033,555.

The Senior Management Team is no longer confident that it can improve its services without further resources, which will require the use of some of the unrestricted reserves. There is a long-term need to find new sources of revenue if the Union is to remain in a financially stable position in the long-term.

**Affiliations**

The Union continues its affiliations with National Union of Students, British Universities & College Sports and Federation of Bath Residents Association. However, the Union no longer affiliates to the Association of Managers of Students' Unions as the organisation has now merged with the NUS

***2011/12 Affiliations***

National Union of Students at a cost of £16,114 (estimated)

British Universities & Colleges Sports at a cost of £1,600 (estimated)

Federation of Bath Residents Association at a cost of £40