



Minutes of **meeting 7** of the Board of Trustees held on 18<sup>th</sup> May 2017 in the Boardroom, Paisley Campus, commencing at 11 am.

Heather Armstrong, Senior Student Representative in the Chair

Meeting commenced at 11.05am

### 7.1 Members Present

|                     |   |      |
|---------------------|---|------|
| Heather Armstrong   | Senior Student Representative / Chair   | HA   |
| John Black          | President of Education                  | JB   |
| Johnathan Cranstoun | President of Sport and Wellbeing        | JC   |
| Lisa McCusker       | President of Student Support (by phone) | LM   |
| Mark McRitchie      | External Trustee                        | MMcR |

### In Attendance:

|               |                                 |     |
|---------------|---------------------------------|-----|
| Janine Hunt   | Chief Executive                 | JH  |
| Aileen McColl | Admin Assistant (minute taker)  | AM  |
| Moirra Smith  | Management Accountant           | MS  |
| Jason Warnock | Business Development Consultant | JW  |
| Jan Buchanan  | Head of Finance UWS             | JBu |
| Bre Edwards   | Director of Student Life UWS    | BE  |

### Apologies:

None given

Everyone was welcomed along today and introductions were made by HA.

### Declaration of Interests:

HA asked if anyone had any declaration of interests. There were none to be noted.

### 7.2 Approval of minutes from previous meeting:

HA asked if everyone had a chance to read through the minutes from the previous meeting and if there were any amendments to be made.

Minutes are due to go up on the website, once this is done it was proposed minutes in full should be uploaded.

Correction on page 1: Ciaran O'Brien's job title is Head of Sport & Student Engagement.

Correction on page 5:

UWS University Challenge Team: UWS is seeking to potentially support the University Challenge Team. This is going to happen in 2018 so the money needs to be accounted for in moving it from 2017 to 2018 to support a new society.

**With these corrections the minutes were then approved.**

### **Matters Arising:**

MS and JH met with Milne Craig auditors yesterday, this was a very positive and successful meeting and there are follow up materials to be prepared in advance of the audit.

### **6.3d Cost of living rise:**

This was acted upon and staff will receive their rise in this month's payroll.

Still outstanding page 11:

MMcR asked what the liabilities of SAUWS for redundancies are. This is currently being calculated by Law at Work and will be sent to all Board members when ready. JH reiterated SAUWS are not looking at a redundancy process but the Board wanted comfort as to what potentially the figure would be.

### **7.3a Matters for discussion and approval:**

#### **Management Accounts – March 2017**

There was a summary table presented with headline movements in funds. The total operational cost of running and delivering services and programme of activities, commercial activity gross profit is recognised as a contribution to SAUWS overall funding. The current deficit is projected at £70k for end of year with March 2017 figures.

MS went through the table; staff costs were down compared to budget as no engagement officer was recruited and there were other savings against posts.

SAUWS insurance was budgeted at £21k annually, but the actual figure was £15k.

The main driver for the deficit was the £107k surplus which was budgeted to be generated against commercial activity. This is now a 17k deficit, and this lack of contribution from commercial activity does not cover SAUWS full costs of running the activities as per the budgeted figure for 2016/17 budget.

This was discussed at previous meetings, despite the drop in income the casual staff costs remained at the same level. There are various reasons for the staff costs running at the same level; SAUWS continued to remain open despite being no demand for sales, there was also a requirement for 2 staff to be working one of which needed to be a supervisor for health and safety reasons, there was extra staff working for student led events in Paisley and these events were not as successful as anticipated.

**Sponsorship and advertising:**

13k was forecast, but this did not fully materialise.

**UWS recoveries:**

Forecast to be recovered for team UWS events i.e. travelling to BUCS etc., there are certain costs can be recovered from UWS, the budget was set at 6k but is only planned to come in at 3k.

HA asked about the impact this has on SAUWS reserves?

MS informed the meeting the target reserves figure agreed was £151,400k, which would represent 3 months of reserve operating costs. The minimum should be 6 weeks, unfortunately at present SAUWS are looking to drop to 4.37 weeks' of reserves. MS stated SAUWS are limited to what can be done at this time of the year to address matters other than the current practice of strict cost control.

JH said in relation to staffing, there had been a reduction in the variable hour student facing staff as we had progressed to close down of sites over the summer period.

The only other area for immediate adjustment has been acting UMH to cover the sick leave of the substantive post holder; his contract will come to an end on the 31<sup>st</sup> May. At present JH is in negotiations with their union rep regarding a long serving staff member who is on long term sick.

MMcR asked how long this has been on-going , JH replied the staff member has had 20 weeks' full pay and has now had 7 weeks' of half pay and is entitled to another 13 weeks' of half pay.

The other area in terms of cost reductions were, in Hamilton and Paisley there were contracts taken out in 2015 in relation to the TV's these were in the process of being cancelled.

The meeting noted the additional work that MS has undertaken to deliver the budget.

JC asked a question around the student contributions, there are two points relating to this; around £15k contributions have been received from students this is a mixture of team UWS subscriptions, fundraising and societies.

MS explained a lot of this work had been done before she was with SAUWS and had perhaps not been coded correctly, she indicated this had already been raised through the audit in 15/16 and there were improvements to be made. MS said there was a risk there; once the review is done it may be discovered the bulk of the money would be attributed to activities and subs received which happened this year.

JC asked about UWS recoveries, most of this was against sport?

MS said this would come in as a recovery against the cost and would be netted off.

### **7.3b Budget Proposal 2017-18 v.1**

HA said this is a first draft for everyone to look at and comment. She handed this point over to JH to present the budget.

JH firstly thanked JBu for the support she had provided with her around the budget process. It was noted this was later than usual to have Board oversight in the process due to extensive work the Board had undertaken on governance in prior meetings.

The budget has been based on a very conservative estimate, also on real takings from August 16 through to March 17. This is an accurate reflection of what we have had in trading; it has been phased in a totally different way than before. This will enable the Union Managers to look at peaks and troughs of when students are around.

SAUWS has not taken the approach that it would be possible to trade our way out of deficit and it was currently presented in version 1 as deficit budget.

JH explained MJ had done a lot of the preparatory work and worked closely with the Union Managers about what the basis of the budget is, a lot of work had gone into the overheads, and appropriate apportionment of them, and was able to adjust the overhead management this year to improve what it was previously in 2015/16.

JH drew the Board attention to

#### **Recommendations:**

- a)** Note the CCF grant needs reporting on twice this year to Board to fulfil the requirements of FRC scrutiny and review as a grant holder of Scottish Government public funds.
- b)** That the budget is prepared on the basis of the March 2017 management accounts.
- c)** That further work will be required to establish the base budget as assumptions for 7, 10 and 11 and they are highly likely to change. Other matters are subject to negotiation.
- d)** The Board assumes a 1 % cost of living increase for staff with effect from April 2018.
- e)** Further work will need to be undertaken with the Board over the management of capital, its depreciation and the Board will need to **note** the approach of accounting for this its next meeting after discussions with the auditors/UWS.

- f) The Climate Challenge Fund is new to this year of activities; this is for environment under the budget heading 17 -18 and needs to be monitored against in two board meetings.

**Income:**

JH stated the assumption that SAUWS put together is a standstill block grant.

JW informed the meeting he had optimistic news about sponsorship, this was a verbal agreement was made with Domino's Pizza which would bring in £10k per year for the next three years.

JB asked about the figure of £11,800 sponsorship versus the target of last year of £11,807 which was for all the income generated through Fresher's, this was base sold at Paisley due to UWS Festival but this year will take place across 3 sites.

JW informed the meeting of the need to be conservative as the format is new to Ayr and Hamilton, it will take more effort to attract organisations in.

MMcR disagreed and said he felt commercial services needed pressure, as they were £124k off their budget this year.

JH responded that the budget presented reflected the real costs of opening a space, heat and light and employment of a union manager at each site. The sponsorship element could be reviewed.

BE asked the question, under the income section, where was the income target figures. JH apologised and said this had been clearly shown. MS responded it was £302,640.

**Costs:**

'Safe space': This is a concept of how to run services and Union spaces to be comfortable and welcoming to members. SAUWS has taken the approach of how much it actually costs to open all 3 sites.

JH said one way of looking at the fact that there is engagement taking place in the Union spaces, it accounts for open spaces during the day time.

Members of the meeting disagreed with the title of safe space but agreed with the budgeting principle that was explained.

There was a general discussion noting the following areas.

**Membership Services & Staffing: (a & b)**

- a. JH pointed out there was cost for an engagement advisor included in this year's budget and was included into 17/18.
- b. JH stated this is making an assumption there will be another 1% cost of living rise again next year. HA asked if the liberation officer's remuneration is

included within this costing. JH explained that it was costed out for 2 as not all the information was available. HA explained there were 4 officers in place

**Reporting on annual accounts:**

JH said a proposed budget included basic travel, training and food for all day events, this would count as governance. This would need to be reported into the SORP version of annual accounts.

**Provision for redundancy:**

JH confirmed the Board may request her to look at the composition of staff, and look at the activities SAUWS are undertaking and confirmed that no redundancies were being considered at the moment.

**Provisions for irrecoverable VAT:**

JH explained this, and on advice from MS and MJ, SAUWS has increased the provision to £12k. SAUWS is not in a position as yet to know exactly what can be recovered; assistance was offered from UWS finance. SAUWS would look for follow up support from UWS for the budget for next year.

**ACTION: To follow up with UWS.**

**Professional and legal fees:**

JH explained the Board has this year taken legal advice and extensive HR advice outside the standard contract, this contract runs out in September and will be up for tender in July. The budget included a limited provision for on-going HR and legal advice of £12k.

JBu commented that in the legal and professional costs there were some pure financial costs sitting in the projections which will be moved to staff costs.

**Operations Post:**

This post is currently being fulfilled by BDC; SAUWS has made provision for accounting for a post or service on an on-going basis. JH said last year's Board felt it would be prudent to employ a Commercial Manager to cover the three sites; this post became a Business Development Post.

**General Income:**

There has been some movement from 2012/13 as the block grant increased; this would coincide with the Principal coming to UWS. JH asked the Board to note the block grant has been static for the past three years, but also appreciates that UWS may potentially be facing a public funding drop. JB asked about the additional grant of £20k compensation for the closure of the shop in Paisley? AM explained where this had been and when it was closed.

**Performance and Trading:**

A 20% improvement is being looked for in the shops as there is room for development. SAUWS are looking for support from NUS to help with ideas for the shops through NUS commercial services

JH said there was a conservative forecast regarding direct sales and trading, and we hoped to have income generation from the use of the Paisley venue for external events in later report from BDC.

JC also asked about the income forecast for Ayr and Hamilton, as there was a considerable increase?

JW informed the meeting that there could be external events at both these campuses so they are not entirely Paisley focused.

**Overheads:**

JH explained the table of overheads. JC said it would be useful to see what the overheads were this year as opposed to last year?

JB commented on the cost table for staff members, costs in the table was £503,593 but in the appendix it was £514,353.

MS informed the meeting it was the latter figure.

JB asked about the increase in staff costs of £65k from last year, and what is this attributed to?

MS explained that the budget included the full cost of a finance manager, engagement officer, operations manager and a sports coordinator plus a projected 1% cost of living increase.

**Income:**

***Finance and Resource Committee Action matter completed:***

A request from Finance and Resource Committee in the past had asked for a more accurate phasing of the budget.

This has been done, which accounts for 27 weeks of trading instead of UWS calendar which is 36 weeks over 3 terms. SAUWS have also accounted for the way the income will be better managed than in 2016/17. JC said this was very useful and will allow for tracking.

**Capital Development:**

There was a commitment made in 2014 that SAUWS would not pay rent to UWS for the Paisley building from 2014 onwards (£15k had already been committed). The understanding was that £50k would be ring-fenced in the future by SAUWS but had not been acted upon.

JBu explained the Principal had increased SAUWS block grant to £700k and reduced the costs by 50k as SAUWS would no longer pay rental for the building. UWS expected 50k should be ring-fenced within SAUWS budget for repairs Capital and maintenance of the infrastructure so it is sustainable going forward. If anything is deemed capital it would need to be depreciated, this money should be spent on things that would benefit the Students' Association overall. The presentation of this within the budget and reserves still needs to be clarified.

**Action:**

**CEO and UWS Finance to agree representation within budget and accounts for 2017/18**

**Activities:**

The meeting suggested a variety of means to examine how activities in both societies and sports would be accounted for as this is an area that has not had

detailed analysis in the past. It noted there is a need for no duplication with UWS activities.

JBu stated as SAUWS primary funder UWS's financial position is they are receiving a reduced grant funding from Scottish Government, they will work together with SAUWS in partnership to deliver services but SAUWS cannot ask for more financial help.

JBu explained the process for approval of the budget is through Policy and Resources Committee and then to Court on 22<sup>nd</sup> June as Trevor Gabriel presents the budget on behalf of the charity.

The meeting had a robust discussion about the drivers for delivering the budget for 17/18 with both a stretch to all services in financial targets. The meeting felt it was not appropriate to present a deficit budget as the next version and asked the CEO to examine options for what is presented to Chief Financial Officer on 22<sup>nd</sup> May with a break even position.

The Board summarised the following areas for further review

- stretching sponsorship targets
- Re-examine what commercial costs apportionment
- Re-examine staff costs
- Try to negotiate on NUS membership fees

**AGREED:**

**The Board agreed to have the next version by email, and the reserves position would be revisited at the next Board meeting.**

**JC left the meeting at this point.**

**7.3 (c and d) Business Development Proposal:**

- c. JW discussed the development of the proposal presented to the meeting which was based on experience of running 5 external events within the Paisley Union and the related bar takings.

HA asked if the Board had a chance to read the proposals and were they happy to approve the process of its development. The Board agreed to this.

- d. JW said SAUWS needed to formally respond to UWS on the feedback provided to the Board in April which was submitted at the end of February. HA suggested it would formally respond to UWS, but have a dedicated Lanarkshire meeting.

**Agreed action:**

**To have a separate meeting to discuss Lanarkshire Project**

**7.4 Trustee recruitment update:**

HA updated the Board on Trustee recruitment and confirmed she would inform them fully by email – the role description was included in the papers.

FINAL

JH said there was a date for Board training with Strathclyde Students' Association on 1<sup>st</sup> August in BTO solicitors' offices in the centre of Glasgow, a formal note will be sent round.

HA will invite the incoming sabbaticals to the next Board meeting.

**AOB**

HA thanked everyone for their attendance. The meeting closed at 13.55

DRAFT