

STUDENTS' UNION, BATH SPA UNIVERSITY

TO: Students' Union AGM

FROM:

Students' Union President

DATE:22/05/2008

SUBJECT:

Trustees Annual Report & Union Budget 2008/09

SECTION 1: TRUSTEES REPORT

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

The Constitution passed by the Annual General Meeting in 2007 and reapproved in 2008, shall be introduced from 1st July 2008. This will mean that the new Trustees board will be student focused, student-led but allowing for external trustees to help fill any skills gaps within the board from the skills held by the student trustees.

The Students' Union continues to develop relationships we have with outside organisations such as the local Council and the Primary Care Trust. The President regularly meets with Council representatives as part of the Student Community Partnership.

The Students' Union continues to build on its good working relationship with University departments as well as the Vice Chancellor.

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

E-voting in the Students' Union elections and increased competition for posts, continues to improve membership involvement.

Increased commitment to Volunteering by the VP Activities & Participation has greatly improved links with the University volunteering department and has resulted in the revival of volunteering within the Students' Union. This has further improved the Students' Union's image within the local community.

This financial year has been more successful than budgeted, with total income expected to be in the region of £328,388; this is higher than the budgeted figure. This is despite much lower than budgeted income from the Bars.

Lower than budgeted income from bars was offset by higher than budgeted income from Students' Union services such as marketing and office services, as well as higher income from the shop due to under spend on staffing.

The ongoing reduction in income from the Bars, is putting increasingly financial restrictions on the Students' Union; the Trustees intend to keep this area under constant review.

Expenditure in most areas was under budget due to increased prudent management of Students' Union finances, as well as under spends in staffing

resulting from the delay in the review and introduction of a new staff salaries scheme. As a result expenditure is expected to be in the region of £292,913 this is much lower than the budgeted figure of £302,277.

The Students' 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 £35,475 will be transferred to the Students' Union's unrestricted reserves for use for furthering its objectives.

The review of the Students' Union's strategic plan was delayed until next financial year. This provides us with an opportunity to review our strategies for delivering the Students' Union's objectives, particularly the financial strategy, at the same time as improving student interaction with the Students' Union, taking account of the changing membership.

The staffing review agreed by the Trustees and AGM last year, has taken much longer than expected and means that the new scheme will not be introduced until next the financial year, to bring salaries of its employees in line with that of staff within Bath Spa University.

Income from non commercial areas is expected to increase further next financial year, at the same time income from commercial services is expected to fall as a result of increased staffing costs as a result of the salaries review.

Expenditure in most areas is expected to increase slightly; exceptions are staff costs, volunteering and student development, resulting from the new staff salaries schemes and the planned improvement of the volunteering and student development areas of the Union.

The Students' 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 Students' Union as a whole.

SECTION 2: AFFILIATIONS:

Proposal:

It is proposed that the Students' Union continues to affiliate to the following external organisations for the academic year 2008/09

National Union of Students at a cost of £11,880

Association Of Managers of Students' Unions at a cost of £350

Resolution:

That the AGM approves continued affiliation to these external organisations.

SECTION 3: UNION BUDGET 2008/09

1. PURPOSE:

To agree the level of block grant payable to the Students' Union for 2008/09

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 2007/08 this grant amounted to £217,778.

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 2008/09 submission from the President of the Students' Union that incorporates:

- financial data, including the Students' Union projected income and expenditure for 2007/08 and budget proposals for 2008/09

3. 2008/09 BUDGET

The AGM will note that:

3.1 The proposed block grant request in support of the Students' Union activities in 2008/09 includes an increase of 2.5% on all non salary costs, and 3% + £12,000 on staffing costs, on 2007/08 figure.

3.2 There were a number of criteria set by the Board of Governors in 2001/02, the main criteria was that the Students' Union was expected to achieve a 26% minimum contribution towards running costs of the Union via its Commercial Services - as envisaged in the Students' Union's 2002/05 business plan.

3.3 For the year 2006/07 a 32% contribution was originally budgeted but only 26% contribution was actually achieved, due to lower than expected expenditure, at the same time as increased income from non commercial areas.

3.4 For the current financial year the Students' Union is set to achieve 26% contribution to running costs. This is 2% lower than budgeted as a result of, lower than expected expenditure and higher than expected income from all service areas apart from the bar which was some £23,000 under budget.

3.5 It is expected that the Students' Union will contribute in the region of 32% for the 2008/09 financial year.

3.6 Although the past four 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 the Students' Union bars activities this may not be achievable in the longer term.

Final Performance 2006/07

The shop profit was approximately £5,000 above budgeted due to a better than expected end of year. The bar profit was approximately £62,500 under budget. This is as a result of increasing overheads of running the services in a competitive market and a much lower than budgeted end to the year.

2007/08 Performance

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

The shop is expected to achieve in the same region of £15,000 profit, £10,500 above budget as a result of under spend on staffing.

The bar is expected to achieve £12,000 profit, some £23,000 under budget, as a result of further competition and increasing overheads. It was hoped that increase in bar prices and improved marketing could increase profits this financial year but the income to the Students' Union remains the same as last financial year. The bar overheads are set to rise further in 2008/09 as a result of the introduction of the new staff salaries scheme. It is hoped the slight price increase and the diversification of the service can keep the reduction in profit to a minimum.

- 3.7 The Students' Union has allocated £30,000 in the 2008/09 budget for improvement projects aimed at increasing the number of members using the services, in particular the Bar at Newton Park.
- 3.8 The Students' Union must constantly keep bars under review and must ensure that their performance does not jeopardise the future of the Students' Union
- 3.9 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.
- 3.10 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 2008/09 if not improve on it.
- 3.11 Surplus referred to in the budget will be transferred to the Union's unrestricted reserves for use for furthering the objectives of the Union.
- 3.12 For 2008/09 the predicted University block grant should be approximately £226,011.
- 3.13 Overall income in 2008/09 is expected to be £335,011 and expenditure is expected to be in the region of £330,448

RECOMMENDATION

That the AGM approves the attached budget.

	NOTES	FINAL 06/07	BUDGET 07/08	EST 07/08	BUDGET 08/09
INCOME					
GRANT	1	194,335	217,778	217,778	226,011
BAR PROFITS	2	12,494	35,000	12,000	10,000
SHOP PROFITS	3	15,428	4,500	15,000	11,000
BANK INTEREST	4	6,329	4,500	8,200	9,000
UNION SERVICES	5	78,588	58,000	75,410	79,000
MARKETING	6	16,635	17,000	17,392	19,000
FRESHERS	7	10,757	5,000	5,018	5,000
ENTERTAINMENTS	8	13,287	11,000	10,000	10,000
OFFICE & VENDING	9	37,909	25,000	43,000	45,000
TOTAL	10	307,174	319,778	328,388	335,011

EXPENDITURE					
OVERHEADS	11	218,608	239,056	229,329	250,068
DIRECT EXPENSES	12	36,800	52,221	43,034	50,380
OTHER PURCHASES	13	8,541	12,000	20,550	30,000
TOTAL	14	263,949	303,277	292,913	330,448
SURPLUS/DEFICIT	15	43,225	16,501	35,475	4,563
% SU CONTRIBUTION	16	26	28	26	32

OVERHEADS					
RENT		40,000	40,800	40,000	40,000
CLEANING & UTILITIES		6,090	3,060	3,090	3,183
INSURANCE		5,975	7,371	7,965	8,204
STAFF COSTS		111,301	122,314	115,007	130,014
SABBATICAL COSTS		42,039	46,268	43,916	47,850
GENERAL ADMINISTRATION EXPENSES		106	-1,000	1,000	1,000
AUDIT & ACCOUNTANCY FEES		2,698	5,000	4,852	4,973
TRAINING		2,480	6,500	4,500	4,500
TRAVEL		934	2,000	1,325	2,000
BANK CHARGES		1,832	1,530	2,000	2,000
PERFORMING RIGHTS SOCIETY		4,131	4,214	5,674	5,844
MISC EXPENDITURE		1,022	1,000	0	500
TOTAL	11	218,608	239,056	229,329	250,068

DIRECT EXPENDITURE					
SPORTS & SOCIETIES		19,250	27,000	25,000	25,000
MINIBUS		2,176	2,500	3,000	3,000
AFFILIATIONS		11,981	12,221	11,534	11,880
REPRESENTATION & CAMPAIGNS		3,072	5,000	2,500	2,500
H2O NEWSPAPER		167	3,000	0	3,000
VOLUNTEERING		154	1,000	1,000	3,000
STUDENT DEVELOPMENT		0	1,500	0	2,000
TOTAL	12	36,800	52,221	43,034	50,380

OTHER PURCHASES					
EQUIPMENT		8,331	12,000	20,550	0
MISC PURCHASES		210	0	0	30,000
TOTAL	13	8,541	12,000	20,550	30,000

NOTES TO BUDGET/BLOCK GRANT REQUEST FOR 2007/08

1. The figure set for the Students' Union block grant request for 2008/09 is £224,011. This figure incorporates an increase of 3% plus £12,000 for the salary costs and a 2.5% increase for all other costs in line with the University precedent on the expected expenditure figure for 2007/08.
2. The new Students' Union at Newton Park was expected help to increase profits from the bars but in 2006/07 profit fell to £12,494, mainly due to increasing overheads and ongoing costs of the new building.

It was hoped that the 2007/08 figure would be approximately £35,000 after a considerable increase in the sale price of alcohol, but due to the ongoing high costs of overheads and increased competition it is expected to fall well short at an estimated £12,000.

It is expected that this fall in profits from the bars can be stabilised in 2008/09 with increased costs been offset by a further increase in the sales prices.

3. It was feared that the profits from the Students' Union shop were also falling and it was expected that the shop would be under budget in 2006/07 by £3,250, but due to a much better than expected end to the year the shop actually ended £5,178 above budget. It is estimate that the profit from the shop will be in the region of £15,000 for 2007/08.

It is predicted that profits shall fall further as a result of increased overheads due to staffing costs next financial year. 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. Yet again, overall income from Union Services continued to perform above expectation in 2007/08. It is hoped that this trend can be continued in 2008/09. See note 6-8.
6. Revenue from outside marketing opportunities performed as expected and was just above budget in 2007/08. It is hoped that the revenue from marketing can be increased further in 2007/08 through increased activity and tighter control of expenditure.
7. Income from freshers week activities fell as budgeted in 2007/08 due to increased cost of events and publications, as well as reduced numbers due to restricting the events to freshers only. It is expected that income from this area will remain constant in 2008/09.
8. Income from entertainments is estimated to be slightly lower than budgeted for 2007/08 due to increased security costs at the same time as a fall in the popularity of some event nights.
9. Income from Office Services is expected to be approximately £18,000 higher than budgeted in 2007/08, due to increased income from NUS Extra Cards and bus passes. Other areas performed as expected. This is a further improvement on the £37,909 in 2006/07 which was some £12,566 above budget.
10. The final overall income for 2006/07 was below budget at £307,174; some £24,611 under the original budget.

Overall income in 2007/08 from the block grant and Students' Union services is estimated to be approximately £8,610 above budget at £328,388. This is despite the much lower than budget income from the bar.

Overall income in 2008/09 is expected to increase due to increases in budget from the University. Income from Students' Union Services is expected to fall slightly.

11. Total expenditure on overheads is estimated to be approximately £10,364 below budget in 2007/08, due to an under spend on many areas including some £7,300 on salaries.

2008/09 Overheads.

The overall budget for Overheads is expected to increase by approximately £20,739 to £250,068 in 2008/09, mainly due to increases in salary costs.

Staff salaries are expected to increase to £130,014 from £115,007 in 2007/08. 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 2007/08 so that they are in line with Union staff on the new University pay scales, an increased cost of approximately £3,934. 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 was as budgeted in 2007/08 and is expected to remain high in future years due to the increased complexity of the accounts required under the new Charity law.

Training and travel costs are expected to remain low in 2007/08 after the Union made savings in 2007/078 from improved targeting of training provided.

12. Total Direct Expenditure is estimated to be approximately £9,187 under budget in 2007/08, mainly due to savings on the costs of the representation and student development, H20 was also well below budget as a result of cross departmental charging for space in the publication and the reduction in costs resulting from a reduced sized publication.

Direct Expenditure is expected to increase in 2008/09 but at a more controlled pace than budgeted for 2006/07 and 07/08. There will be an increase of approximately £7,346 on 2007/08 up to £50,380; this will still be below the £52,221 originally budgeted for 2007/08.

Increases in Direct Expenditure shall include:

£3,000 for the development of h20 student newspaper

£2,000 for volunteering and student community action projects

£2,000 for the development of the student development programme, including student training.

13. Total expenditure on other purchases in 2007/08 is estimated to be £20,550, approximately £8,550 over budget. This is mainly as a result the cost of replacement of computers falling in the 2007/08 financial year and not 2006/07 as originally budgeted. It is also estimated that approximately £2500 will be spent on purchasing a new colour photocopier.

The Students' Union is expecting to spend in the region of £30,000 on improvement works for the Newton Park building, designed to increase usage by the membership.

14. Total expenditure of the Students' Union core facilities is expected to be approximately £10,605 under budget mainly as a result of under spend on salaries. See note 10-13.

15. In 2007/08 it was hoped that reserves could be increased by £16,501. It is expected that the surplus will be well above budget at approximately £35,475 due to savings against budgets and increased income.

This figure is expected to fall to approximately £4,563 in 2008/09 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.

16. The Students' Union is expected to achieve 26% contribution towards Union costs in 2007/08. This is in line with the 26% target set by The Board of Governors. However this is below the budgeted 28%, as a result of savings against budgeted expenditure.

The Union is expected to go well above the 26% target in 2008/09, with an estimated contribution of 32%.