

Cambridge University Students' Union Trustee Board

Meeting of:	CUSU Trustee Board
Location:	CUSU Offices, 17 Mill Lane
Date/Time:	31 st January 2017 18:00-20:00 (<i>scheduled</i>)
In Attendance:	Trustees: Chair, Amatey Doku (AD); Page Nyame-Satterthwaite (PNS); Péter Juhász (PJ); Audrey Sebatindira (AS).
Apologies:	Éireann Attridge (ÉA). Roberta Huldisch (RH);
Invitees in attendance:	Mark McCormack (MM); Jennifer Payne (JP); Gareth Marlow (GM).

A. Board Administration

A(i). Apologies – PNS, ÉA. Sophie Buck (Welfare and Rights Officer) and Jessica Wing (Disabled Students Officer) also sent apologies.

AD declared the meeting inquorate due to four full trustees being in attendance. All resolutions shall be ratified at the next meeting occurring within the week on 2nd February.

A(ii). Conflicts of interest – GM restated that he is currently undertaking contractual arrangements in a University dept.; Board accepted this conflict as announced previously at other trustee meetings and did not foresee it presenting an issue; the matter would be revisited should it question the proceedings.

MM announced three areas of conflict for CUSU employees, namely:

- i) MM and JP held a conflict of interest ("Col") in item C(i) - *Remuneration Policy*;
- ii) MM, AD, AS and JP held a Col in item C(ii) - ii) *Proposal to review employment policies every 3 or 5 years*, and C(iii) - *Proposal to remove 'core hours' from employment contracts and introduce a culture of flexible working*; and,
- iii) MM, and potentially JP, held a Col within item B, *Approval of 'key management personnel' as required for CUSU's 2015-16 audited accounts*.

A(iii). Minutes of the last meeting

Minutes of the November and December trustee meetings were approved.

Matters Arising: External Trustee Recruitment.

- MM updated the Board. The process had been delayed so far due to awaiting a collective recruitment effort with NUS and a range of other students' unions, which sought to promote the vacancies more widely. The University's alumni office had responded positively to supporting the recruitment through their alumni networks, however conformation was as yet outstanding. The process is now expected to close by first week of March.

- AD suggested motion for interim arrangements be put on the agenda for next meeting.
- PJ suggested attempting to reengage alumni office.

Matters Arising: Skills audit and Self-evaluation

- Board noted the new forms (Trustee Skills Audit Form and Self-Evaluation Questionnaire) created for trustees to complete, which would contribute to effective Board governance.
- AD suggested skills audit be completed by trustees by end of February as this would be beneficial to the current recruitment exercise; self-evaluation form could be held off to be completed in the Board meeting of Easter Term to tie in with ending trustee terms.

Matters Arising: NUS affiliation

- MM outlined risk of change to the affiliation fee for CUSU. MM gave context as to previous fees and arrangements; AD and MM had liaised with NUS on the issue.

ACTION/S: Skills audit be completed by trustees by end of February as this would be beneficial to the current recruitment exercise. MM to separate the forms and re-send to trustees.

A(iv). Starring and ordering of items for decision/discussion; deferring of items until next Board.

Defer B(i), Organisational developments (verbal report by MM), from item, *B. Organisation Updates*, until the next meeting so as to spend more formative time in the meeting on finance matters.

Defer C(i) and (ii), items regarding *annual review of policies* and *review of core hours in employment terms*, until 6th Feb meeting.

B. Organisation Updates

B(ii). Financial performance to-date

'November' Management Accounts

MM introduced the management accounts for the period July to November (2016-17). Unforeseen constraints on capacity had meant December accounts could not yet be produced and amendments to the reporting format of management accounting information had not yet been amended (as requested from previous Board).

The accounts showed a negative variance to budget of £37,169. Key areas of variance included fundraising and income, which was counter-acted by savings in expenditure; outstanding income from external contracts that were as-yet unbilled due to on-going

discussions regarding payment schedules (which are to be different to traditional payment schedules used to develop the month-by-month budget); and, outstanding transfer of some University funds amounting to approximately £40,000.

JP reported on the Union's Fundraising and Business activities. JP responded to questions from PNJ and Board colleagues relating to website income across the various CUSU websites and mail service performance.

The cash-flow forecast showed a £50k difference between the cash position CUSU had forecasted for November, however since November a number of improvements to the cash position, arising from outstanding payments from the previous financial year, will have mitigated this difference, namely: the GU's proportion of SUAS; University reimbursement for sexual health supplies; a proportion of 15-16 affiliation fees; outstanding income from fundraising contracts.

The Board expressed concern about the Union's ongoing 'cash position' (available cash-at-bank at any period of time). MM and JP responded to questions from the trustees in relation to fundraising contracts; CUSU's ability to manage its debtors alongside ongoing expenditure; and, the extent of risk associated with credit control, in particular that attached to larger grant funds and contracts, or reimbursement arrangements. JP outlined the efforts being made to improve the fundraising potential of contracts, and further outlined proposals for greater management control of credit control, which were currently being negotiated, and for which discussions had been positive.

CUSU's auditors had provided advice on accounting for contractual and grant income in appropriate financial years, however this would not affect any material change in CUSU's cash position.

The Board noted the existing practice of spending related to income not yet received (i.e. committed, but not yet in CUSU's bank), and that such created vulnerability in CUSU's financial model. GM stressed the importance of accurate management accounts and a need to consider the ongoing stability and certainty of CUSU's various income sources. The Board further considered that spending would need to be in-line with any reduced income expectations and/or emerging cash-flow constraints.

AD reasserted the need for a risk register. GM commended the new format of the fundraising report in supporting Board business and suggested extending to incorporate as a wider income-specific risk register.

ACTION/S: MM to produce a 2017-18 'scenario-planning' budget for discussion at the next Board, which would assist scenario-planning in the event of a major loss of income stream.

Update on progress of audit of CUSU's accounts for 2015-16

The audit of the 2015-16 accounts was now underway:

- Some affiliation fee payments from affiliate members for the previous year were still outstanding.
- Auditors would be on-site during the present week to review finance, governance and HR records.
- The audit was on track to meet the Charity Commission deadline for a submission of accounts by end of March 2017.

Definition of 'Key Management Personnel' in audited accounts

MM introduced the item and Board noted MM's conflict of interest. CUSU were in the process of adopting a new charity finance regulation standard ("FRS 102"), which requires amendments to be made to the presentation of audited accounts. One such amendment is that charities must disclose the combined salary amount of all 'key management personnel' ("KMP"), referred to as being those who have "authority and responsibility for planning, directing and controlling the activities of the [charitable] entity, directly or indirectly, including any director (whether executive or otherwise)". Trustees must decide who from their organisation will be included in this new disclosure.

AD asserted a need for a sensible rationale for KMP. Three options presented to Board included iterations of managers (staff) and Sabbatical Officers. Board considered option two, which referred to a 'Senior Management Team', and an alternative option, which suggested the four Sabbatical Trustees, and any senior Managers (which for 2015-16 would incorporate the General Manager and CUSU Coordinator, and for 2016-17 would incorporate the General Manager and Fundraising & Services Manager).

The Board considered the size of KMP quoted in the accounts and what roles may constitute KMP against the definition given in the Charities SORP. CUSU's auditors had advised there was no set number of KMP. PJ suggested the amount of personnel quoted may be of less interest to Members, with Members more likely to be concerned with any decision meeting the definition given in the regulation. PNS advocated a justifiable definition that was consistent from year to the next.

DECISION/S: Board approved the proposed alternative option that KMP be referred to as the Four Sabbatical Trustees and any managers with appropriate seniority.

B(iii). Risk and Legal Matters (verbal)

MM updated Board on an ongoing issue on a long-standing complaint CUSU had received dating back to 2012, referring to a decision of the previous meeting. Board resolved to monitor the situation, subject to any advice from the sabbatical team at a future meeting.

C. Items For Decision

C (i). Remuneration Policy

MM introduced the item. Board welcomed the paper; Board resolved that a formalised policy regarding the Union's approach to remuneration should exist. In regards to the contents of the policy, Board discussed that the policy should be preoccupied with providing clarity and purpose/direction to staff.

MM responded to questions from Board relating to:

- the format and frequency of performance reviews and any instances of remuneration requests or queries;
- the involvement of Board and how the process interacts with Board decision-making; and,
- the timeline of performance reviews of staff and the setting of annual budgets.

MM explained how staff reviews worked and confirmed that any pay decisions would come to Board in advance of the budget being discussed and set. Board discussed the role of the General Manager in steering the process of reviews and the capacity for conflict or improper process to arise if the General Manager was not appropriately supported.

AD proposed a reserved business element of Board in order to discuss staffing matters.

DECISION/S: Board approved the contents of the policy subject to further feedback from the Union's HR advisors and actioned a mandatory review of the policy's effectiveness by the summer – e.g. its effect on the budget process and staff engagement; the extent to which it had met its aims.

ACTION/S:

- MM to review the staff development process and incorporate explicit provisions for the appraisal of the General Manager.
- MM to bring the existing policy on performance review to the Board for review.
- Board to review the effectiveness of the policy in meeting the policy's aims at either the May or July Board meeting.
- MM and AD to draft a process for including reserved business at Board.

Continued overleaf

D. Items For Discussion

D(i). Review of draft of new Constitution

AD introduced the item and updated Board of developments since the previous meeting, namely:

- The University had inputted into the consultation process; CCSSU had met to review the constitution having received formal legal advice on the draft.
- The Union Development Team had workshopped the draft at an 'away day' in December and had continued to oversee the development of the draft.
- CUSU Council had reviewed the draft at its most recent meeting.
- The University had broadly accepted CUSU's draft, with the exception of one clause referring to a power to acquire or merge with non-charitable entities as well as charitable entities.
- CUSU had instructed their legal advisors to make final amendments following feedback received from members and the University.

Board noted that the disputed clause in the constitution, referring to a power to merge, is the one major clause of concern the University has. Board also noted that the Union's powers could only be utilised in the advancement of CUSU's objects; that stringent governance systems were in place to ensure trustees remained accountable to Members (not least those provided in law).

CCSSU had established a position that the particular clause was far too broad as CUSU had the power to merge with any entity, whereas the originally published NUS Model was more restrictive, instead limiting merger and acquisition to charitable entities only. CUSU legal appointees had recently revised the NUS Model constitution from its original 2011 iteration, and the new Model had been approved by the Charity Commission and accepted by NUS into its own governing documents. Furthermore CUSU's advisors had advised the Union retain the broader power.

The Board considered that it is their duty as trustees to responsibly manage the resources of the charity, a duty that incorporated being required to undertake due diligence and operate in-line with accepted practice in charity governance. The Board asserted that a removal of the drafted clause would prevent the trustees from undertaking that duty as the Board could not explore attractive opportunities that may further advance the purpose of the union as defined in the Constitution. Inserting a convoluted process that involved the University would likely prevent CUSU seizing attractive opportunities that may become available; it would also assert a level of University control over the Board's legal responsibilities to act in the interests of its Members.

AD stressed that, in future, there may be organisations performing activities that align with CUSU's aims but that are not registered charities, such as societies or student fundraising. If CUSU were to acquiesce to the University's demand on the contested clause, CUSU could

not amalgamate with existing student bodies, but could only form new ones. In exemplifying the issue, Board noted that, whilst the University had accepted that RAG may wish to approach CUSU to establish an autonomous student group within CUSU's charitable status, the current clause would not enable any asset transfer to take place unless RAG were to first register as a charity independently.

Board considered whether to accommodate the University's position on the disputed clause and refer to the 2011 published draft for the particular clause, or to proceed with the Union's legal advice to retain the wider acquisition clause. The Board accepted that, in the event of the Union ever being in a position to invest in commercial activity and seek to acquire or merge with a business, it would likely follow best practice and establish a trading subsidiary for the purposes. This should not then infer a blanket restriction of the unincorporated body of CUSU from acquiring non-charitable entities where they can be shown to be well-disposed to CUSU's constitutional charitable aims.

PJ asked if we had provided examples [of the power's potential use] to the University; MM confirmed examples had been provided (referencing paperwork to the meeting). The Board discussed a range of examples where a power to acquire non-charitable entities may be appropriate and in the interests of members.

MM outlined that the University has referenced their obligations under the Education Act 1994; that the clause could prevent the University meeting obligations under the Act and therefore presented risk to the University. The Board expressed frustration that the timetable for the approval of constitution, which was sent to the University in October, could be delayed by the University's resistance to a clause deemed satisfactory by the Charity Commission; especially where coherent examples of how the clause could prevent the University meeting obligations under the Act could not be provided. Furthermore, the Board noted that other constitutional powers could therefore be argued to present similar risk, yet these were deemed acceptable.

DECISION/S: Board resolved that the timetable for proceeding to referendum of the membership should not be amended, and if the University wish to amend the constitution prior to approving it, they have the power to do this.

D. AOB

AD suggested deferring other items to next Board due to time constraints.

PNS and PJ committed to attending the next CUSU Council meeting.

AD asked that paper items have a numbering system to make referencing papers and respective items easier.

End of meeting. 20:35.