Minutes of the CUSU Board of Trustees, April 11th 2017.

<table>
<thead>
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<th>Meeting of:</th>
<th>CUSU Trustee Board</th>
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<tr>
<td>Location:</td>
<td>CUSU Offices, 17 Mill Lane</td>
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<tr>
<td>Date/Time:</td>
<td>2pm, 11th April 2017</td>
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<td>In Attendance:</td>
<td>Trustees: Chair, Amatey Doku (AD); Gareth Marlow (GM); Audrey Sebatindira (AS); Roberta Huldisch (RH); Éireann Attridge (ÉA).</td>
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<tr>
<td>Apologies:</td>
<td>Péter Juhász (PJ); Page Nyame-Satterthwaite (PNS) Jessica Wing (JW).</td>
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<td>Invitees in attendance:</td>
<td>Mark McCormack (MM); Jennifer Payne (JP).</td>
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A. Board Administration

1. Apologies for absence
Péter Juhász (PJ); Page Nyame-Satterthwaite (PNS) Jessica Wing (JW).

2. Conflicts of interest
JP and MM conflicted in all items regarding pay and employment terms. Included in the agenda was to approve/recommend annual uplifts on salaries relating to cost-of-living rise for forthcoming financial year and any spinal-point increases (item c.iii.a) as part of the 2017-18 budget. JP and MM were willing to leave the room at any point to support discussion on pay matters at the request of the Chair or any of the trustees.

GM again announced a standing conflict due to work commitments engaging with a University Department. No action would be needed at this point.

3. Minutes of the last meeting
   - **Matters Arising: Approval of Minutes of February meeting (06/02/17)**
     Clarification made in the minutes regarding attendance. Board approved the minutes in principle however sought wider Board ratification. The Minutes were to be approved by circulation following the meeting.

     **DECISION:** MM to circulate the February minutes for approval following the Board meeting.

4. Starring and ordering or items for decision/discussion; deferring of items until next Board.

None. AD advised that the focus of the meeting would be to discuss the budget for the forthcoming year to be presented to Members in Easter Term.
B. Organisation Updates

- **Organisational developments (verbal)**

  MM reported to the Board. **Staffing matters:**

  - Most staff reviews had taken place, with notes to follow in due course. Managers were beginning to undertake reviews with their reports. Process seemed to be well-received so-far.

  - The Representation and Change Coordinator had now left the organisation to take-up a new appointment. A decision to re-recruit was pending further budget discussions.

  - The staff satisfaction survey, now ran with a new provider, had just closed and results were pending. These would be discussed at a Board meeting once budget discussions were complete.

  **Governance matters:**

  - Elections had taken place and largely been successful, albeit with some complaints and an appeal part-upheld by the Junior Proctor. 22.41% of students voted. A full new team would begin in July.

  - Members had voted to adopt the new Constitution and Standing Orders. 3,079 Members voted in the referendum, representing 13.89% of CUSU’s eligible register of voters. CUSU’s existing constitution required a minimum of 10% of students voting in the referendum for any acceptance of the Motion; as well as requiring a minimum 10% of CUSU’s Members to vote in favour of adopting any new constitution. 11.88% of registered voters (2,634) voted in favour of the motion to accept CUSU’s proposed constitution and Standing Orders. Of those voting, 85.55% voted in favour of adopting the new constitution, 14.45% voted against.

  The vote to adopt the constitution incorporated [as part of any adoption] the adoption of one of two sets of charity objects dependent upon Charity Commission feedback and the adoption of newly proposed Standing Orders. The new constitution requires University approval in order to be fully adopted and come into practice; the Standing Orders have now been taken into practice.

  The Charity Commission had communicated their acceptance of the new constitution and preferred objects, however their correspondence had at times seemed contradictory; the Union’s legal representatives were continuing to push for clarification. Continued correspondence with the Charity Commission, on the back of prolonged University consultation, had brought about larger legal fees than initially expected.

  - Recruitment for new external and student trustees was now in its final phase with the student-led selection group meeting over the Easter period to review applications. A joint recruitment drive with NUS seemed positive and had resulted in good exposure of students’ union trusteeship opportunities and a handful of applications.

  - There was concern that the deadline for submitting accounts was fast approaching and some items remained outstanding. These items included a valuation of the premises and rates costs for the building and sign-off from a partner from the auditing firm. Collation of the audit had been challenging due to absence in the team, meaning the audit was coordinated by the General Manager during a particularly busy period.
The Union’s auditors had advised that a late submission was looking increasingly likely. MM had already spoken to the auditors regarding a range of new measures to speed up the audit process.

C. For decision

i) Board approval of the Trustees Annual Report for the forthcoming audit (paper provided)

MM introduced. Board welcomed the report and approved the thrust of the report; were broadly happy to accept the content for use in the accounts. Board spoke about value of impact reporting – needs to become institutional; it was hoped the new management role would support this. Board suggested the report be created earlier as it could be a valuable handover resource; MM welcomed this.
Board agreed that they be given time to amend parts of the document prior to submission.

**DECISION:** Approved pending minor amends. MM will circulate through the week with a deadline end of 18th April.

ii) CUSU careers project (paper provided)

Board asserted the agenda item had implications on the budget for 17-18 year so must be considered before discussing the budget in full.

JP introduced the item. No careers publication agreement was in place currently and so haven’t received income budgeted. Board had considered the contract at previous meetings and set expectations for new contracts entered into by the Union. Contractual negotiations had not met all of the expectations so far; such had brought into focus the extent to which the Union felt dependent upon a single funding source for so much of its free, unrestricted income. The University are currently detached from the problem and therefore require CUSU to set its own course on the issue.

There were alternatives, in particular if explored in combination with existing relationships or products. This included an option to manage a new project in-house. Any new project would foresee a significant drop in expected income in the short term and may take a number of years to rise to levels the Union has come to expect.

JP offered three options: that the Union re-enter negotiations with the current project provider; seek University assistance; or prepare to undertake its own careers project in the medium-term, which would provide some income whilst the Union explores options further.

**Board discussion overview:**

It was deemed important to retain as positive relationship as possible with the previous company, both in recognition of a long-held relationship and with future projects a continuing prospect. Should continue to engage.

The University wanted to see leadership from the Union in resolving their own funding conflicts, in particular demonstrating a strategic view on the extent to which its work
and impact is linked to funding source. New income may be less forthcoming without a clear departure from current practice by way of a new strategy.

CUSU may not have an opportunity to establish a more independent funding structure in the near-future if it were not to act diligently now.

The removal of a high-value contract would have serious implications for the budget, and likely affect the Union’s financial stability in the short-term. CUSU should seek any temporary or short-term assistance from the University during any transition period should it be available. In particular, cash-flow could become problematic as the Union enters into a second year of the new scenario.

Options detailed within the item paperwork were considered, including three-year budgets for each option, set alongside a case study and risks and opportunities of each option. Board felt the prospective business in the proposal looked promising, but that it would require some reorientation of organisation. It may be difficult to implement a new plan over successive sabbatical teams with ongoing financial uncertainty; the financial reality may seem a long way away from members. Any ongoing plans may need to consider a response to this.

Board asked about the University Careers Service and how they may react to the Union’s continuing role in providing careers information to students. JP explained that a good relationship already existed between the Service and CUSU. Board noted that it would wish to retain this positive relationship and ensure no future project disrupted the Service’s own aims.

Board considered the Union’s strength in the negotiating process with the existing or other providers. Whilst this may have value in the short-term, there was recognition that sufficient time needed to be allocated to contract negotiations, during which time CUSU would be losing opportunity to generate income.

Board were satisfied alternatives had been explored and thanked JP for an informative and detailed paper on the item.

Board considered that they had responsibility as trustees to effectively manage the Union’s assets in the advancement of the charity’s aims. This both extended to making difficult decisions regarding how the charity funded its work and safeguarding the financial stability in the long-term.

**DECISION:** GM proposed to accept option iii), to pursue alternative project in-house, subject to endorsement by the Careers Service. Board were open to one-off solutions with the current provider provided this did not prevent any new in-house project being successful. JP was tasked to take forward the decision subject to approval by the Members via the budget-setting process.

iii) Setting the 2017-18 Budget (papers provided), incorporating:
   a. Decision on salaries for 2017-18 (included in papers)
   b. Decision on request for additional funds towards Advice Service (verbal/paper tabled)

MM introduced the item: Board was required to approve a budget for the forthcoming 2017-18 year. A working budget was presented, which required further decision-making to bring-about a final budget to be presented to CUSU Council in May.

Board were being asked to decide upon any level of financial loss it was willing to accept in the forthcoming year (within the budget) and an overall strategy for CUSU’s finances in the
short- and medium-term; Board would then decide on appropriate spending commitments to be proposed in the 2017-18 budget to Members.

The ‘working budget’ was provided to give context for Board decision-making on available cuts to expenditure and further income potential. It incorporated a cost-of-living rise of 1% and a continuation of spinal-scale rises mirroring the University’s annual uplift method, the introduction of new manager post in-line with CUSU’s funding proposal to the University and an increased NUS affiliation fee. Reductions in expenditure presented included a removal of specific staffing support for CUSU Council, exclusion of any income relating to publications and a 1% rise in affiliation fees. The ‘working budget’ forecasted a year-end loss for 2018 as £147,501, which would deplete CUSU’s reserves considerably. A range of cost-limiting options were outlined to Board that then sought to reduce the size of the loss projected in the ‘working budget’.

The paperwork, which provided a means to workshop the budget within the meeting, recommended to the Board a proposal of a three-year plan that culminates in a new strategic plan formed in collaboration with members and the University. The plan presented accepted significant losses, but showed how progress against the plan would seek to move the Union into a more credible financial position. As part of the recommendation, Board were asked to consider the following actions:

- accept a loss-making budget for the forthcoming year provided reserves can be protected at approximately £140k (representing ~3 months of operating expenditure);
- enact further cost-limiting preventative measures;
- raise affiliation fees; and
- request a loan arrangement from the University in order to safeguard threats to reserves/cash-flow and as a basis to approach the University on a strategy for SU funding.

**Board discussion:**

In revisiting the earlier agenda item regarding the careers project, the Union had chosen to move away from any reliance on single, external sources of income for such large proportions of its core expenditure, therefore to do so required a transition period to a new funding model.

The transition was timely, with the previous (and first) strategic cycle ending. Any new strategic plan emerging would need to actively engage Members and the University in the Union’s role and future at the Collegiate University. There was consensus that the Union wished to end a preoccupation with fire-fighting the Union’s financial situation, and cease consistent requests for increased funding from the University. The Union would therefore need to engage the University community in a funding model that is secure and stable enough.

With personnel costs the largest annual outlay of the Union, the Board considered the extent to which restructuring could make savings, especially in consideration of vacant posts. MM outlined a variety of means for reducing the size of the support team, including merging existing teams, reducing the size and scope of existing teams, restructuring managerial positions across the organisation, reducing the size of the sabbatical team and a reduction in service-level at Reception.

Board considered that each of these required CUSU stop core activity and would harm the representational efforts of the union and its elected officers. Merging and economising was likely to affect quality and standards, which in-turn could poorly affect Members’ perceptions of the Union and the service they receive when approaching it. The Union needed to think about the extent to which cuts will affect staff; poor retention
could be as damaging as loss-making budgets. Board were in consensus that the budget should try to preserve human capital within the organisation, especially whilst a financial restructuring was occurring. During a period where the organisation is experiencing change or uncertainty, it was important that its people were paid effectively and could work effectively.

In answer to questions to Board, MM explained the difference between cost-of-living increments added to salaries and those relating to a salary-spine progression. Board considered the extent of savings that could be made by reducing or raising the cost-of-living percentage or from moving away from the spinal progression method.

There was recognition that cuts going too far could spiral out of control and prevent the Union stabilising in due course. Was deemed important to stress the progress the Union has been making, such as recent gains in engagement, and the extent to which reductions might be a backward step. However it was noted that the Union may not have the luxury of maintaining current levels of expenditure.

A clear plan for bringing about stability and financial independence was required. If the Union were not to ‘grasp the nettle’ and sort out structural issues, potentially in situation of running down reserves and becoming indebted. It would not be practical to devise a longer-term plan by the end of the 2016-17 year, however it should be prioritised and be in motion by the end of 2017.

Reductions in expenditure that do not risk the ongoing viability of the union to operate on behalf of Members’ needs and interests will feel like proper enactment of trustee duties.

Moving away from an external funding reliance gives opportunity for real transparency with members on CUSU’s economic situation. There’ll be a need to focus on how the Union uses this situation to progress towards a new financial settlement in the longer-term.

MM clarified the role of loan funding should CUSU request assistance from the University, and explained in further detail the options available for reducing expenditure. The three-year model proposed suggests that CUSU need ‘time’ and support with ‘cash flow’ in order respond more constructively to its funding problem.

Board asked MM to explain further about reserves: projections presented were based upon previous year’s accounts, the most recent projection from CUSU’s auditors and a projection for the current-year year-end. Calculations of ‘operating costs’ followed Charity Commission guidance; it did not include cost-of-sale expenditure that could sometimes inflate the reserves required.

Board discussed in detail the cost-cutting options given, of which key points discussed covered:

- There seemed sufficient scope, in such a tight financial year, for allocating funding to campaigns based on how much they have spent year-on-year historically, however it was accepted Members may be dismayed by this.
- Considered value of reception support and that removing this resource would impact upon fundraising and broader operational efforts in the Union.
- Reducing Freshers Fair expenditure was deemed possible with effective planning.
- Board were keen to assess the broader membership value offered by the mail service and this needed to be considered alongside any income potential.
- The website cost provision was likely to offer some savings by scaling down the functionality, however doing so could be untimely due to imminent arrival of a new communications-focused post at CUSU. Reductions in this budget line could not occur if a viable alternative could not be smoothly implemented. Board felt that, in
principle, moving to a simpler, more consistent/easy-to-operate website was something the Union wanted, but need a plan that confirmed smooth transition, what will the transition look like and when.

- Affiliation Fees & Council Free Budget - in context of efforts to change fees, difficult to cut the Free Budget. The notion of even the slightest annual uplift in affiliation fees was felt to be over-politicised; however a simple 1% increase was common, with some J/MCRs likely receiving an uplift from their College. The estimated average uplift on 16-17 fees would be £17.45; with 15 J/MCRs paying an est. less than £15 increase for the year. Trinity JCR would incur the highest increase, £48.56 on the current year’s fees should fees increase by 1%. Board agreed it would be better to propose a frozen figure in the first Council to gauge opinion on the fee increase.

- Board suggested a clearer breakdown of where and how staff time spreads across each of our expenditure areas and core activities might be helpful.

**DECISIONS:** Board approved the plan outlined with amendments to the budget presented. A budget draft was revised, from the ‘working budget’ that reduced the projected loss for the 17-18 year to £75,888. This was achieved by a 9% reduction in expenditure and a 4% rise in income. The budget did the following:

- removed the proposed 1% uplift on affiliation fees until further dialogue with CUSU Council on 1st May;
- introduced a new careers project;
- revised the Freshers Fair budget with an improved surplus;
- a forecasted increase in NUS Extra card sales on the basis of new promotions tactics;
- a £7,270 reduction in spending in personnel support costs and overheads, with more restrictions placed upon training and development budgets and travel costs.
- a review of the NUS Website platform;
- removal of promotions budgets, e.g. during Freshers, with a focus on digital means;
- reduction in the Council Free Budget and Exec budget; and
- revised estimate of the NUS Affiliation Fee using NUS’ new calculation model.

The Union was to bring-about a strategic plan by the end of the calendar year, engaging Members and the University in defining the Union’s future role in the University and the funding required to establish and/or maintain this.

The Union would request financial assistance from the University. The assistance should support CUSU to maintain its current staffing levels and retain the current NUS website for at least one further year, as well as support next year’s deficit from depleting CUSU’s reserves any further. The financial assistance required should be at least £100,000 to support the Union to focus on the strategic needs of the organisation.

**D. For discussion**

i) **Shared staffing arrangements with the Graduate Union and recruitment of vacant posts and new manager position (verbal)**

Due to length of the meeting, the Board deferred remaining agenda items to the next meeting.
E. Any Other Business

The next meeting would take place on 2nd May. Meeting ended approximately 5.30pm.