

Minutes of the Imperial College Union

Board of Trustees

12 May 2016

Meeting room 3, 16.30

**Present:**

|  |  |
| --- | --- |
| Lay Trustee - Chair | Neil Sachdev  |
| Lay Trustee  | Jill Finney |
| President  | Lucinda Sandon-Allum (LSA) |
| Council Chair | Richard Cameron (RC) |
| Deputy President (Clubs & Societies)  | Ben Howitt (BH) |
| Deputy President (Education) | Chun Yin San (CYS) |
| Deputy President (Welfare)  | Jennie Watson (JW)  |
| Appointed Student Trustee | Alex Raposo (AR) |
| Appointed Student Trustee | Tim Seers (TS) |
| **Permanent Observers** |  |
| Managing Director | Jarlath O’Hara (JOH) |
| Interim Managing Director  | Alex Mckee (AMK) |
| Governance Manager – Clerk  | Rebecca Coxhead (RJC)  |

**Apologies**: Deputy President (Finance & Services) Chris Kaye (CJK), Student Trustee Serena Yuen (SY), Student Trustee Zain Rizvi (ZR) Alumni Trustee Andy Heeps (AH)

1. **CHAIR’S BUSINESS & APOLOGIES**

NOTED:

1. JOH was welcomed to the Board and AMK was thanked immensely for undertaking the role of Interim Managing Director and keeping the organisation moving forward.
2. Board members were asked to ensure that papers were submitted on time and if not, they may not be accepted.
3. Board was reminded to ensure that actions are agreed with timeframes.
4. **DECLARATION OF CONFLICT OF INTEREST – none**
5. **MINUTES OF LAST MEETING – 14 January 2016**

NOTED:

1. The committee agreed to pass the presented minutes as an accurate reflection of the last meeting.

**RESOLVED:**

1. **To pass the minutes of the last meeting.**
2. **MATTERS ARISING**

NOTED:

1. The Terms of Reference for the Sub Committees should be reviewed at least annually.
2. **COMMUNICATIONS COMMITTEE MINUTES – 22 MARCH 2016**

RECEIVED: The minutes were presented by JF

NOTED:

1. The Committee’s Terms of Reference are currently being used as an indicative work plan however as the committee grows, the work plan will change.
2. The piece of work on brand understand of the Union uncovered some interesting assumptions. An area that the committee will be focusing on is the inconsistent tone, voice and image and looking in to finding the right pitch of these for the variety of audiences.
	* 1. This piece of work will be running in parallel to the strategic plan
3. It was suggested that reinforcing the message through the tone and language across media, and repetition of key words is a powerful tool that should be considered by the Union.
4. There is engagement from members but it needs to be tested as to whether the engagement is working for them in the way that they want it to.

**RESOLVED:**

* + - 1. **To pass the presented minutes.**
1. **FINANCE AND RISK COMMITTEE MINUTES – 24 FEBRUARY AND 28 APRIL 2016**

RECEIVED: The minutes and Management Accounts were presented by JF

NOTED:

1. The Finance and Risk Committee recommended to Board to pass the Management Accounts.
2. The following points were made in regards to the 25 February minutes:
	* 1. Overall the management accounts showed variation on income and expenditure that was to be expected for this time of the financial cycle and the committee did not have any overall concerns on the accounts.
		2. The deferral of purchasing of minibus is now starting to negatively impact through the rising cost in maintenance.
		3. There has been discussion in regards to investigating options for outsourcing or leasing options for minibuses, however whatever outcome there is, this will not be a reduction in services but adding efficiencies and value to the members. There is an opportunity in proving shuttle services to outlying campuses. Any decision made will be made with student consultation.
3. The following points were made in regards to the 28 April minutes:
	* 1. The management accounts showed the Union is a strong position with many areas hitting above budget.
		2. This meeting spent time of the broader remit of the committee, specifically commercial risk and health and safety.
		3. The external auditor process is being presented to the next meeting of the committee.
		4. The Strategic Risk Register is coming to the June Board meeting for approval along with the Health and Safety policy and implementation plan.
		5. A commercial strategy is currently being drafted which will come to Board.

**RESOLVED:**

1. **To pass the presented minutes and management accounts.**
2. **GOVERNANCE COMMITTEE MINUTES – 13 JANUARY 2016**

RECEIVED: The minutes were as tabled

NOTED:

1. A review on Leadership Elections and the Union’s approach to engagement with CSP’s will come to the next meeting of the committee.
2. A skills audit will be arranged for members to undertake.

**RESOLVED:**

1. **To pass the presented minutes.**
2. **INTERIM MANAGING DIRECTORS REPORT**

RECEIVED: The report was presented by AMK

NOTED:

1. The Chair stated that the organisation had massive success with the elections turnout and this was a real credit to everyone involved.
2. Accreditation for Investing in Volunteers and Investing in People is something that the organisation should be very proud of.
3. Thanks were given to Officers and staff for steeping in to the gaps during the interim period.
4. The Chair requested that for reports coming to the Board to be future focused and specifically with the Managing Director report to be aligned to the Strategic Risks.

**RESOLVED:**

1. **The Board noted the report.**
2. **STRATEGY DEVELOPMENT UPDATE**

RECEIVED: A verbal update was given by AMK

NOTED:

1. A summary of the Residential has been circulated to the strategy themes leads and the feedback and outcomes will be included in the next draft.
2. The importance of consultation and engagement of strategic development was highlighted.
3. JOH, LSA and AMK will be compiling a working draft strategy that will be sent out for feedback. AMK to send a timeline of the next phases of the strategy development.

**ACTION:**

* 1. **AMK to circulate a timeline of the next phases of the strategy development.**

**RESOLVED:**

1. **The Board noted the update.**
2. **MANAGING DIRECTOR REPORT**

RECEIVED: The report was presented by JC

NOTED:

1. Acknowledgment was given for the substantial transformation that JC had lead during his time as Managing Director.
2. The Board wished JC all the best for the future and in his new role.

**RESOLVED:**

1. **To accept the presented report.**
2. **COUNCIL CHAIR REPORT**

RECEIVED: The report was presented by RC

NOTED:

1. It was suggested that the Council Agenda should align to Board’s and bother agendas could be more collaborative.
2. In regards to the Democracy Review, members of Union Council have attempted to provide solutions to issues of attendance and quorum, which is extremely positive as there is a want to change, however due to inquorate meetings, these solutions can’t move forward.
	* 1. The solutions suggested are amending an immediate issue and there is the bigger question in regards to the Union’s democratic structures. There is a huge desire from Council members to reinvigorate the Democracy Review and some members have expressed their dissatisfaction with the democracy review being stagnant over the past few years.
		2. There is an issue in that Council are being asked to suggest changes that will affect them which could be potentially biased.
		3. The current membership is ex-officio majority which is good from the perspective of representation however engagement is not guaranteed as officers may not have understood that Council attendance would be a requirement of their role.
		4. LSA stated that there is a current proposal that has not been seen by Council as there are still improvements to be made to the proposal.
		5. Conversations and consultation should occur outside of the formal council forum.
		6. NS and JF stated that they were available to assist where appropriate.

**RESOLVED:**

1. **To accept the presented report.**
2. **OFFICER TRUSTEE REPORT**

NOTED:

1. Officers were reminded to be mindful when using acronyms that members may not know what they mean.
2. Officers were requested for the next report to include a review of their projects and to include any learning points that need to be handed over to their successors. Where appropriate, include culture changes that an then be monitored in the long term.
	* 1. If an objective has been dropped, a ‘close and review’ point would be beneficial as there are lessons that can be learnt from the working leading to the decision to drop them. It is also good practice to communicate to the membership that objectives have been dropped.

**ACTION:**

* 1. **Officers to present a report to include a review of their projects and to include any learning points that need to be handed over to their successors. Where appropriate, include culture changes that an then be monitored in the long term.**
1. The Deputy President (Education) outlined a number of successes including a very positive compliment from the College President in regards to the success of the Heads of Departments lunch.
2. The Deputy President (Welfare) stated the she and Deputy President (Education) are involved in reviewing College Policies and Procedures around academic regulations.
	* 1. JW stated that the task and finish group which is looking over the review is an intimidating environment and she has been treated poorly by members of the group in previous meetings. The Chair requested that examples of this bad behaviour be sent to him so that he can take action if necessary.

**12.2 JW to send examples of bad behaviour from members of the task and finish group to NS.**

**RESOLVED:**

1. **To accept the report.**
2. **RESIDENTIAL REPORT**

RECEIVED: A verbal report was given by AMK

NOTED:

1. The notes from the residential will be sent to the Board once AMK has reviewed these.
2. Those attended were invited to send feedback on what went well/areas for improvement to RJC/AMK by the end of the month.

**ACTION:**

**13.1 Members who to send feedback on the Residential to RJC/AMK by the end of the month.**

1. **RESERVES POLICY**

RECEIVED: The paper was presented by AMK

NOTED:

1. Board is being asked to allow Finance & Risk Committee to consider a £150 000 deficit for the 16/17 financial year when scrutinising the budget.
2. The approach that the Board has taken is to hold 2-4 month operating costs as reserves.
	* 1. There is an opportunity for educating members to the purpose of the reserves.
3. The Union is committed to investing in the organisation but also needs to be prudent in regards to holding funds to be able to show it is financially robust.
4. Part of the proposed deficit pertains to the increase in staff resources and a funding gap in capital expenditure.
	* 1. The proposed deficit is a one year approach – 17/18 is budgeted to break even. It was questioned how this will occur.
5. The budgeting process for 16/17 is currently underway and budget holders are showing efficiencies on spend in increase on income targets.
	* 1. Concern was raised that efficiency may stifle growth however it was pointed that there is income opportunities with the College Strategy to deliver projects associated to this.
6. There is a risk to College as the main funding source and the funding future of Higher Education being unknown.
7. Concern was raised that if the deficit is approved, this may set a principle that this is an acceptable solution.
8. The Board want assurance that the deficit can be mitigated as best as possible through income opportunities and expenditure efficiencies.
9. There is a commitment to drive efficiencies but not at the detriment of the delivery of services.
10. The Board requested that options on how the deficit can be reduced be submitted.

**RESOLVED:**

1. **Board passed the presented Reserves Policy (see appendix)**

1. **SPORTS STRATEGY**

RECEIVED: A presentation was given by BH

NOTED:

1. During the process up to now, resource requirements have been identified and this may increase when the strategy is completed.
2. Consultation has identified an opportunity to create an offer to fit all member requirements.
3. There is a challenge in regards to getting academics to understand the importance in the value and benefit in students’ participation in sport.
4. The sample size of the participants in consultation thus far is extremely impressive.
5. The term ‘sport’ can be misleading to what the strategy is trying to achieve however BH stated that this is most likely to change for the final draft.
6. **ANY OTHER BUSINESS**

17.1 OFFICER TRUSTEE VACANCY

NOTED:

1. It is likely that the role description will not change for the role of Deputy President (Finance & Services) however the lack of candidates in the Leadership Election has highlighted a need to the role to be reviewed.

17.2 LAY TRUSTEE VACANCY

NOTED:

1. A process on the process of recruitment of the lay trustee will come to the next meeting of Board.

Meeting Closed 18.45

Approved as a correct record at a meeting

of the Trustee Board on

\_\_\_\_\_\_\_\_\_15/16

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**Appendix**

**Reserves Policy**

1. Introduction
	1. The Charities Act requires that Trustees prepare an annual report and consider whether the Charity needs reserves and what level of reserves are appropriate.

* 1. A statement about the reserves policy must be published in the accordance with the Statement of Recommended Practise for Charities better known as the Charity SORP.
	2. A reserve is part of a charity’s unrestricted funds that is freely available to spend on any of the charity’s purposes. This definition excludes restricted income funds and endowment funds, although holding such funds may influence a charity’s reserves policy. Reserves will also normally exclude tangible fixed assets held for the charity’s use and amounts designated for essential future spending
	3. It is important to remember that Charity law requires any income received by a charity is to be spent within a reasonable period of receipt. Trustees should be able to justify the holding of income as reserves.
1. Fund Types
	1. Restricted Funds
		1. The restricted funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority (eg in a public appeal) or created through legal process, but still within the wider objects of the charity. Restricted funds may be restricted income funds, which are spent at the discretion of the trustees in furtherance of some particular aspect(s) of the objects of the charity, or they may be endowment funds, where the assets are required to be invested, or retained for actual use, rather than spent.
		2. The self-generated income (SGI) which the clubs, societies and projects (CSP) create is being regarded as the restricted funds of the Union and as such is excluded from the definition of being freely available to spend on any activity. The SGI is to be used exclusively for clubs, societies and project activities.
	2. Unrestricted Funds
		1. The surplus or remaining funds generated from the block grant, social enterprise activity, mini bus hire, events and advertising less all the associated expenditure constitute the unrestricted funds of the Union and as such are freely available to spend on any of the charity’s purposes.
	3. Designated Funds
		1. Designated funds are part of the unrestricted funds which trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the charity should not proceed or continue with the use or project for which the funds were designated.
2. Level of Reserves
	1. There is no single level or even a range of reserves that is right for all charities. Any target set by trustees for the level of reserves to be held should reflect the particular circumstances of the individual charity.
	2. When determining a level or range of reserves the following steps are outlined by the Charity Commission for consideration:
		1. Step 1 - Understanding the nature of charitable funds held
			1. Within the balance sheet of the Union fund balances can be classified into two categories being either restricted or unrestricted.
			2. The restricted funds consist of Capital Grants and Student Activities (CSP SGI balances). As at 31 March 2016 the Capital Grant balance was £3,118,166. This fund represents historical funds provided by College to fund capital developments. This fund will reduce over the depreciated life of the capital asset as a small proportion is released each month as income to fund the depreciation charge.
			3. The Student Activities balance as at 31 March 2016 was £1,283,653.
			4. The unrestricted funds fall into two categories namely designated and general. The designated funds represent the funding of fixed assets and investments less the capital grant.
			5. Restricted and designated funds are excluded from the free reserves calculation.
			6. The general or free reserve as at 31 March 2016 was £1,351,479.
		2. Step 2 - Identifying functional assets
			1. The Charities SORP specifically allows funds held as tangible fixed assets for charity use to be excluded from reserves. This recognises that certain assets will be used operationally and their disposal may adversely impact on a charity’s ability to deliver its aims.
			2. As at the 31 March 2016 the net book value (NBV) of Fixed Assets was recorded as £4,953,986 with the majority relating to the three phases of capital development for South Kensington. The remaining balance relates to equipment and mini-buses. Clearly all the fixed assets of the Union are essential to the delivery of our charitable aims and could not be disposed of without adversely impacting our operations.
			3. The NBV of the Fixed Assets less the Capital Grant is therefore set aside as designated funds in the balance sheet and is excluded from the free reserve calculation.
		3. Step 3 - Understanding the financial impact of risk
			1. It is important to consider the financial impact of certain risks, if they occur, on the activities of the Union especially the financial impact of catastrophic events taking place.
			2. The draft strategic risk register has identified a number potentially significant strategic risks which would have a financial impact including commercial operations suffering a significant downturn, a serious health and safety incident occurring and significant failure of our IT systems.
		4. Step 4 - Reviewing sources of income
			1. We are now in the final year of a three year funding arrangement with College and have achieved agreement for a funding uplift for 2016/2017. At present the funding for 17/18 and beyond is uncertain although it is not expected that funding will reduce.
			2. Income from Social Enterprise which currently is in the region of £3.2m has a degree of volatility and an in year contingency of up to 5% is created each year to mitigate any potential income shortfall and to encourage managers to create more aspirational operating plans. The current level of contingency is £75,000 (2.3%).
		5. Step 5 - Impact of future plans and commitments
			1. At present, the process of compiling the next strategy has only just begun and it is impossible at this stage to tell how innovative the strategy is likely to be or indeed what resources will underpin it.
			2. In order to support the 10 year capital plan which is being drafted it would be prudent to set aside one year’s worth of capital funding so that liquid funds remain readily available to underpin capital expenditure throughout the year.
			3. There are a number of statutory changes in the pipeline in relation to financial reporting standards which will affect the amount of reserves needed to underpin pension liabilities and the year end provision for staff holiday pay. Once professional advice has been undertaken in relation to these matter, the financial model outlined below in appendix 1 can be updated.
		6. Step 6 - Reserve Policy – Wording for Final Accounts

The final wording for the 15/16 accounts will be reviewed once professional advice has been undertaken as the new financial reporting standard, FRS 102 requires additional disclosure including the need to compare the available reserves with the reserves policy and explain what steps are being taken to bring the level of reserves held into line with the policy.

For reference the current word is:

*The trustees of the Union have reviewed the organisation's needs to generate free reserves in accordance with Charity Commission’s guidance.*

*In the Trustees’ view the Union needs free reserves in order to*

* *Ensure that funds are available to safe guard the Union for the benefit of our membership*
* *Ensure that the Union has sufficient cash during periods of volatile trade enabling the Union to meet its short term financial liabilities as they fall due*
* *Provide the financial resources to enable investment in premises, facilities and equipment to enhance the range of services the Union provides to its members*
* *Maintain sufficient funds to enable operational activities to be maintained, taking account of potential financial risks, uncertainties and contingencies that may arise from time to time*

*In light the above, the Union will maintain a target level of free reserves within a range of between two to four months average unrestricted expenditure which equates to between £800k and £1.5m.*

1. Conclusion
	1. The Union is now much stronger financially having moved from a position of negative free reserves in July 2012 to a positive position of £1,351,479 as at 31 March 2016. It is expected that the value of reserves will reduce over the coming months due to the seasonal nature of Union activity.
	2. The Reserve Policy and calculation of the desired free reserve balance needs to be reviewed at least on an annual basis by Trustees to ensure that the target reserve balance is sufficient for the needs of the Union.
	3. The Board of Trustees at its recent Away Day focused on strategic risk management and further consideration may be given to the level of reserves once the strategic risk register has been completed. Also the level of reserves will fluctuate according to the perception of risk and the financial strength of the Union.