



Minutes of the Imperial College Union  
Board of Trustees  
23 June 2016  
Meeting room 3, 16.00

**Present:**

Lay Trustee - Chair	Neil Sachdev (NS)
Lay Trustee	Jill Finney (JF)
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)
Deputy President (Finance & Services)	Chris Kaye (CJK), Serena Yuen (SY)
Student Trustee	Zain Rizvi (ZR)
Student Trustee	Tim Seers (TS)
Appointed Student Trustee	Andy Heeps (AH)

**Permanent Observers**

Managing Director	Jarlath O'Hara (JOH)
Interim Managing Director	Alex Mckee (AMK)
Administration Support Manager	Laura Fellows (LF)

**Apologies:** Student Trustee Alex Raposo (AR), Lay Trustee – Kate Owen

**Observers:** Abi du-Bruin (AB), Nas Athanasius (NA), Head of Finance and Resources - Malcolm Martin (MM)

**CHAIR'S BUSINESS & APOLOGIES**

**NOTED:**

- a) Board members were asked to ensure that papers are submitted on time.

**DECLARATION OF CONFLICT OF INTEREST – none**

**1. MINUTES OF LAST MEETING – 12 May 2016**

**NOTED:**

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

**RESOLVED:**

**To pass the minutes of the last meeting.**

**MATTERS ARISING**

## NOTED:

- a) Residential summary of the strategy discussion to be sent to all in this group, not just theme leads.

**2. FINANCE AND RISK COMMITTEE MINUTES –16 June 2016**

RECEIVED: The minutes were presented by JF

## NOTED:

- a) Health and Safety minutes were tabled. It is evident in these of the amount of work still to be done. The next meeting is to have a clear plan of where we want to be in 12 months, and how we will get there.
- b) Training will be offered for those on the panel for the external auditor recruitment in what they are looking for. A suggestion has also been made to include a member of College staff.
- c) Foundry paper will come to the next Board meeting when revised and submitted with a covering note.

## RESOLVED:

- 1) To pass the presented minutes.

**3. GOVERNANCE COMMITTEE – 24 FEBRUARY AND 28 APRIL 2016**

RECEIVED: No minutes available, verbal updated presented by JF

## NOTED:

- a) Discussion surrounding the incoming Officer Trustee Inductions.
- b) Elections review showed nothing much to report, but some work to be done with Post-graduates.
- c) Plan for a skills audit for the Board, coming up later in the agenda.
- d) There were also some discussions, with no formal actions, to look at the constitution for the next round of elections.

## RESOLVED:

- 1) To accept the verbal update of the Governance meeting.

**4. COMMUNICATIONS COMMITTEE – 13 JANUARY 2016**

RECEIVED: No minutes available, verbal updated provided by AMK

## NOTED:

- a) Conversations around the brand and what this looks like to internal and externals. To also a line the brand perception with the strategy. A paper will be bought back when the strategy is complete.
- b) Crisis communication plan first draft presented. Once reviewed and developed further, it will be bought back to this meeting.
- c) To look at providing media training for Presidents.

## RESOLVED:

- 1) To accept the verbal update of the Communications committee.

## 5. BUDGET

RECEIVED: Presented by MM

NOTED:

- a) Key highlights from the pack were presented.
- b) We are in a much better place than we were 5 years ago, this is the opportunity to look for investments in our budget.
- c) There are options for year 1 to bring us back to break even, followed by modest surpluses in year 2. The preferred option is to will focus on finding extra income streams in other areas. This will be the key focus to ensure we can make the breakeven figure for year 2. At this stage we can't say what these numbers might be.
- d) Extra work is needed on looking at some of the current deals in place with existing suppliers.
- e) If the extra income streams can't be found next year there are other, less preferable options such as the termination of temporary contact staff members.
- f) The capital plan shows numbers for next year with a replacement plan for the remaining 9 years. Once the new strategy is in place we can look further into these numbers.
- g) Over the next 6 months we need to look at the level of reserves we need to have. Finance and Risk (F and R) will take responsibility for this.
- h) Future business cases need to be stronger in the future to ensure that we measure and justify some of the expenditure areas.
- i) A commercial strategy has been commissioned by F and R to look at what can be achieved in the next 3 years.
- j) Training to be arranged for new F and R members before the first meeting, so they have a better understanding of how to read the management packs.
- k) MM has spoken with the College to inform and have confirmed they are aware of our plan to proceed with a deficit budget.
- l) F and R to keep a close eye on this as the year progresses.

**RESOLVED:**

- 1) The Board recognises the financial strength of the Union.**
- 2) Allows the capital expenditure of £324k for 16/17**
- 3) Notes the preferred option is to grow income to eliminate the 1 year deficit.**
- 4) Approves the 16/17 operational investment Budget being a deficit of £96k.**

## 6. STRATEGIC RISK REGISTER

RECEIVED: Paper presented by MM

NOTED:

- a) Since the away day, the register has moved down to 11 risks.
- b) Some work has been done to look at subheadings and how they are grouped together. There isn't a ranking system in place.
- c) Ownership of each is with the Strategic Management lead.
- d) High impact and high likelihood risks need to be raised and discussed at every meeting.
- e) This is something that is going to be owned by the Board and as such a regular review will take place and this will be tabled at every meeting.

**RESOLVED:**

- 1) **Board to accept the Strategic Risk register, with regular updates at every meeting.**

**7. SUCCESSION PLANNING**

RECEIVED: The report was presented by JO

**NOTED:**

- a) A plan on how to fulfil the current vacancy that we have. The decision of the new appointee will be made via email so they can attend the first meeting of the next academic year.
- b) As we are also due to have an Alumni post to fill, to look at running both at the same time.

**RESOLVED:**

- 1) **To accept the presented report.**

**8. COUNCIL REFORM WORK PLAN**

RECEIVED: The report was presented by RC

**NOTED:**

- a) The proposal outlines the decision to move some powers down to some of the sub-committees. This will allow them to have more power and hopefully provide better outputs and decision making.
- b) The members in the new sub-committee would come from the current Council. The plan is not to rectify the old Executive Committee.
- c) The new Council chair will provide a review in 6 months' time.

**RESOLVED:**

- 1) **To accept the presented report.**

**9. CITIZENS UK**

RECEIVED: The report was presented by LSA

**NOTED:**

- a) Paper bought here to ratify the decision made by Council.
- b) We need to talk to them about updating their news pages as the most recent news article is from 2014.
- c) We need to ensure that we measure the value of this £5k expenditure. We need to look at a measure of success.
- d) Communication committee will monitor the review of this.
- e) Full review in 6 months' time to return.

**ACTION:**

- 9.1 **A full review to be reported back in 6 months' time.**

**RESOLVED:**

- 1) **To accept the report, with one abstention.**

**10. MANAGING DIRECTOR REPORT**

RECEIVED: Report presented by JO

**NOTED:**

- a) The Officer Trustee hand over is being worked on as it is an important part of the Union's year. Thoughts are being made to look at extending the time spent doing the inductions to get the most from the process.
- b) Suggestions about having a coach that can come and provide support throughout the year, with some focus on encouraging team work. Some of this can be sought from the current members of this meeting.

**RESOLVED:**

- 1) **To accept the report.**

**11. PRESIDENTS REPORT**

RECEIVED: Report presented by LSA

**NOTED:**

- a) LSA has learnt how to manage their time throughout the year.
- b) A key issue to bring forward housing as this will continue to change each year and is always an issue for students.

**RESOLVED:**

- 1) **Board accept the report.**

**12. DEPUTY PRESIDENT EDUCATION REPORT**

RECEIVED: Report presented by CYS

**NOTED:**

- a) Three noted areas to look into for next year, Post-graduate engagement, One Imperial community and how do we empower people to change the world.

**RESOLVED:**

- 1) **Board accept the report.**

**13. DEPUTY PRESIDENT WELFARE REPORT**

RECEIVED: Report presented JW

**NOTED:**

- a) A final thing to add to the paper already submitted, Guarantor scheme. JW is due to meet with the College Provost who will pass this as part of his role of Council chair. As a Union we need to look at how we get this communication out to the student population.

**RESOLVED:**

- 1) **Board accept the report.**

**14. DEPUTY PRESIDENT CLUBS AND SOCIETIES REPORT**

RECEIVED: Report presented BH

NOTED:

- a) Has met with the College's chief Financial Officer to discuss what has been happening and what funding is available from existing budgets to offer these proposed new services.
- b) Still ongoing issues with Club storage and the budgeting process.

**RESOLVED:**

- 1) **Board accept the report.**

**15. DEPUTY PRESIDENT FINANCE AND RESOURCES REPORT**

RECEIVED: Report presented by CK

NOTED:

- a) Some work to be done in streamlining some of the processes that this role has to do.

**RESOLVED:**

- 1) **Board accept the report.**

**16. COUNCIL CHAIR REPORT**

RECEIVED: Report presented by RC

NOTED:

- a) Only one meeting held since the last Board, with most of the decisions being made via email.
- b) There were a number of policies that were due to expire which have now been updated and reviewed.

**RESOLVED:**

- 1) **Board accept the report.**

**17. ASSOCIATE MEMBERSHIP**

RECEIVED: Paper presented BH

NOTED:

- c) The current policy expires at the end of this year, this sits with the Board. The paper asks for a further extension for 3 years.
- d) NA has expressed an interest to look at this during his time to look into Alumni membership.

**RESOLVED:**

- 1) **Board accept the report, on the basis that NA may bring another to change this.**

## 18. ANY OTHER BUSINESS

### 18.1 EMPLOYMENT OF EX-TRUSTEES

**NOTED:**

- a) A decision was passed to now allow ex-trustees to benefit from a paid role in the Union for 1 full year after the end of their role.
- b) We have an incoming student trustee who has been a student trainer for the Imperial Plus award for the past few years who wants to continue doing so. As this is a causal role a decision was made on there being no conflict of interest.
- c) A current Officer Trustee would like to undertake this role but actions need to be taken before this can be agreed.

**ACTION:**

**18.1 To see in writing from JO, a description of the process so we can ensure ex-trustees taking up roles were not directly involved in the creation of them.**

Meeting Closed 18.50

Approved as a correct record at a meeting  
of the Trustee Board on

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

\_\_\_\_\_ Chair of the Meeting

## Appendix

### Reserves Policy

#### 1. Introduction

- 1.1. The Charities Act requires that Trustees prepare an annual report and consider whether the Charity needs reserves and what level of reserves are appropriate.
- 1.2. 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.
- 1.3. 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
- 1.4. 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.

#### 2. Fund Types

##### 2.1. Restricted Funds

- 2.1.1. 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.
- 2.1.2. 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.

##### 2.2. Unrestricted Funds

- 2.2.1. 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.

### 2.3. Designated Funds

2.3.1. 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.

## 3. Level of Reserves

3.1. 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.

3.2. When determining a level or range of reserves the following steps are outlined by the Charity Commission for consideration:

### 3.2.1. Step 1 - Understanding the nature of charitable funds held

3.2.1.1. Within the balance sheet of the Union fund balances can be classified into two categories being either restricted or unrestricted.

3.2.1.2. 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.

3.2.1.3. The Student Activities balance as at 31 March 2016 was £1,283,653.

3.2.1.4. 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.

3.2.1.5. Restricted and designated funds are excluded from the free reserves calculation.

3.2.1.6. The general or free reserve as at 31 March 2016 was £1,351,479.

### 3.2.2. Step 2 - Identifying functional assets

3.2.2.1. 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.

3.2.2.2. 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.

3.2.2.3. 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.

### 3.2.3. Step 3 - Understanding the financial impact of risk

3.2.3.1. 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.

3.2.3.2. 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.

### 3.2.4. Step 4 - Reviewing sources of income

3.2.4.1. 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.

3.2.4.2. 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%).

### 3.2.5. Step 5 - Impact of future plans and commitments

3.2.5.1. 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.

3.2.5.2. 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.

3.2.5.3. 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.

### 3.2.6. 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.*

## 4. Conclusion

- 4.1. 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.
- 4.2. 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.
- 4.3. 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.

