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| **Trustee Board** Date: **Tuesday 16 May 2017**  Time: **5.30pm** Number: **31**  Venue: **Committee Room 1, Edinburgh Campus, Riccarton** |

**In the Chair**: Stefan Kay, Trustee (SGK)

**Also Present** : Brian Hay, Trustee (BH)

Stephanie Harper, Trustee (SH)

Samantha Forsyth, Trustee (SF)

Paul Travill, University Trustee (PT)

Jonathan Kean, Student Trustee (JK)

Philip Wiltshire, Student Trustee (PW)

Diarmuid Cowan, President (DC)

Sheona Dorrian, Vice President Community (SD)

Corto Pimenta, Vice President SBC (CP)

Eloise McNeaney, Vice President Wellbeing (EMcN)

Aashna Bakshi, Vice President Wellbeing Elect (AB)

Jay Clifford, Vice President Community Elect (JC)

**In Attendance**: Gail Edwards, Chief Executive Officer (GE)

Jamie Nutter, Head of Corporate Services & Depute CEO (JN) (Minute Taker)

Fiona Hall, Finance Manager (FH)

**ACTION**

**2.2.1 Arrange Induction for Paul Travill SGK & GE**

**EXPENDITURE**

**5.3 £9,000 + VAT agreed for new Total Control System Finance**

1. **WELCOME AND APOLOGIES**
	1. The Chair welcomed everyone to the meeting. With a warm welcome to Aashna Bakshi and Jay Clifford, Vice President Elects, who were attending their first Trustee Board meeting.

1.2 No Apologies were received for the meeting.

1. **MINUTES AND MATTERS ARISING**

2.1 No factual corrections were noted.

2.2 **Action Points**: The Board were updated on actions from the last meeting.

2.2.1 PT Induction: this had taken place.

2.2.3 Trade Union: DC had met with the Trade Unions who were happy with the current voluntary redundancy scheme operated by the University. It was noted this may change should compulsory redundancy be enforced.

2.2.3 SBC Hoodies: this was being combined in to the planning process for next year after the shop refurbishment had taken place. It was noted the hoodies were high value items which would need careful planning.

2.2.4 Sabbatical Pay: this has been actioned.

2.2.5 All other action points would be covered in agenda items later in the meeting.

2.3 The Minutes were approved and duly noted.

1. **CONFLICT OF INTEREST**

3.1 There were no conflicts of interest noted.

1. **FINANCE UPDATE**

4.1 **Management Accounts**: FH presented accounts to the end of March, along with headlines for April. The figures look promising and are currently ahead of budget. Sales in Bar & Catering are £38k ahead of budget and sales in the shop are £123k ahead. However, this was not converting well to the bottom line, Bar & Catering converted to £14k profit, Shop only £8k profit. This was believed to be due to continuing errors with gross margins and salary costs. Commercial Services were £22k over budget on costs to the end of March.

4.2 **April Headlines**: FH reported behind on sales and it was noted it had been a quiet month in general. Bar & Catering are on budget, but behind on last year. The Shop is £6 – 7k adrift of where it was expected to be.

4.2.1 Commercial wages and salaries are higher than budget. Shop variable hours has reduced in April, which won’t be reflected until the following month’s accounts. FH explained at the start of the year, the Shop’s monthly fixed staff costs were £6k but were now £10k which is difficult to change.

4.2.2 GE spent two days in the Shop to look at the situation. GE has identified processes were labour intensive and required the current level of staff until they can be improved. Iain Herbert (Commercial Manager) and Pramilah Zeimpekis (Shop Manager) are aware of GE’s expectations.

4.2.3 FH outlined the lack of workmen on campus this year would reduce Bar & Catering sales, but the impact had not been similarly attributed to the shop.

4.2.4 BH noted the change in the month in which Easter fell this year might also be reflected in the figures.

4.3 **2017/18 Budget**: FH explained next year’s budget was largely in line with the current budget, apart from sales across commercial and a different approach to wages and salaries.

4.3.1 Grant income was expected to be £579k, not £597k as had been the original proposal.

4.3.2 Trading income has been built up on a profile from this year plus growth target. Shop growth has been set at 7%, Bar 2%, Catering 1%.

4.3.3 Shop margin has been set at 30%, Bar 65% and Catering 60%. The Bar & Events Manager has helped FH set the Bar & Catering margins based on achieving market expectations.

4.3.4 FH explained staff costs have been set as a percentage of sales rather than in line with this year. Therefore, Shop staff costs have been set at 14% of sales to ensure sales targets can still be met. Bar & Catering staff costs have been set at 40%. Variable staff costs will be planned based upon overall staff costs minus fixed staff costs. This should enable staff costs to be based upon what is needed not on the previous year. Operating efficiencies line has been removed, as these costs have been built in to the budget.

4.3.5 SK noted this budget was a fair ask. FH replied the aim is reach industry standard, which we are not yet at. GE commented the shop margins would be the hardest task as NUS Services Ltd deals can be hard to unpick. After the Total Control upgrade this should be easier. Moving forward, any product on the shop floor must have a rationale for it being there.

4.3.6 Salaries budget has increased this year due to final HERA positioning, end of 3 year pension cycle to be accounted for, an estimation of minimum wage increase now taking effect in April, Cost of Living pot set at 1.5% and an increase in Financial resource as FH will be increasing to 4 days per week.

4.3.7 Depreciation is larger due to the shop refurbishment project.

4.3.8 FH outlined budgets have been assigned under Sabbatical remits, as this year has demonstrated a need for Officer activities and events to be provided for. FH thanked the Sabbaticals for their input this year.

4.3.9 FH explained the next stage is to phase the budget by department to form the cash flow. Currently there is a £55k improved cash position. Reserves will be impacted by pension deficit which is recognised immediately but ring fenced over 3 years.

4.3.10 BH noted the increase in travel costs attributed to overseas travel next year. The benefit to Sabbaticals with event and campaign costs was noted. BH enquired about increase in legal and professional services which is attributed to the Organisation spending on specialist advice, in particular a branding project next year. Clarification was also given regarding operational efficiencies now allocated directly to departmental figures rather than sitting in one pot.

4.3.11 SH questioned if casual staff costs were included in salary figures. This was confirmed based upon the previous discussion on commercial staff costs. It was stated Reception casual hours were still based upon service provision and were set hours through the year.

4.3.12 BH asked how £260k increase in trading at 7% growth would be monitored and whether the budget would be revisited later in the year. FH explained the sales profile is based upon sales this year, and quicker access to information through Total Control and Zest would enable this to be monitored throughout the month rather than solely at the end to allow for modifications to be made. FH also commented a plan was being formulated to free up Finance staff time through operational staff taking on a larger role in cash handling.

4.3.13 SK noted the budget was closer to a break-even budget which could be riskier. It was noted there was a £40k contingency included.

4.3.14 The budget was duly approved. FH was thanked for her hard work, and it was noted that the standard of accounts was excellent.

1. **PERFORMANCE RELATED PAY**

5.1 GE provided background to staff pay discussions previously brought to the Board, outlining this year saw the final HERA implementation. Moving forward, staff would be rewarded through a performance related pay system using the new Competency Framework. This would see potential pay increases in 2018/19 budget.

5.1.1 Cost of Living will form the base line increase as it is not financially viable to award spinal point increases linked to length of service. Cost of Living will enable salary bands to remain in line with the market. The Competency Framework will help demonstrate those who are effective and those who are not.

5.2 A new Performance Management System will launch in June, lasting until May each year which will form a review point. GE presented a Performance Related Pay matrix which is modelled on assumed positions of staff from this year. Most staff will sit at the Effective Level with some Highly Effective and a few Exceptional. The system will not penalise those deemed partially effective. Annual reviews will occur before the next year’s budget is set to enable the cost of pay increases to be budgeted for.

5.2.1 Cost of Living will be awarded to those Effective staff members, with an increase for those performing higher. Under performers will receive less, but will be performance managed. It is expected they will improve within 6 months and will be elevated to the effective level.

5.2.2 Budget includes assumption all staff will receive cost of living, based upon 65% of staff being effective, 35% highly effective and 5% exceptional.

5.2.3 FH has simulated different scenarios to identify a reasonable “pot” to be budgeted for. £18k pot seems reasonable for next year’s budget, but this will be reviewed throughout the year.

5.2.4 It was noted that this system is different to the way the University operate. It may cause a slight drift from the University pay scales, but salary bands will be updated every year in line with cost of living. Those staff reaching the top of a salary band will be dealt with on a case by case basis.

5.2.5 JC queried who would decide on a staff member’s level. It was explained the system is only applicable to Career Staff, and would be reviewed by the Senior Manager Team to ensure no bias is present.

5.2.6 JK identified there might be little room to increase if all staff are viewed as being highly effective. JK also explained it may cause high performers to remain and continue rising quickly, whilst lower performers may leave. GE explained either the percentages could be re-profiled or more challenging objectives set for high achievers.

5.2.7 SH asked why annual rewards were consolidated in to pay, as an exceptional employee could drop to effective but still be benefitting from the higher reward. SK suggested a review date should be set to remove the system if necessary.

5.2.8 PW highlighted regular recruiting for new staff due to low performers leaving may prove costly.

5.2.9 PT explained a lot of training would be required for managers to support staff in this process.

5.2.10 SH questioned the need to inform staff of the percentages / pot of money. GE explained this was to manage their expectations.

5.2.11 SK highlighted this was a new process and all staff were regraded through HERA to the bottom of their grade, so there would be some time before staff would near the top of a salary band.

5.2.12 An appeal process would need to be identified for staff dissatisfied with their assigned performance level.

5.2.13 SH noted exceptions must be looked at, such as staff on maternity leave or undergoing performance management at the time of review.

5.3 The performance related pay proposal was approved.

1. **STUDENT UNION BUILDING**

6.1 GE gave a brief update on the University’s Capital Plan that included £2m for a Union Solution. GE had met with David Wright, Project Manager who had taken on the project after Graham Currie left.

6.1.1 DC explained Campus Management Group were reprioritising expenditure and hoped improving the student experience could help with a better building.

6.1.2 GE informed a refurbishment of the existing building would be a refit not an extension due to the money offered by the University.

6.2 GE is working with a business consultant to assess the viability of borrowing money to go towards a new building. GE explained it is still too early to form a decision as a new building is a big ask.

1. **PROJECTS UPDATE**

7.1 **EPOS:** JN provided an update on the Total Control and Hospitality EPOS upgrade projects. Both are booked to be completed in July.

7.1.1 Extra Total Control licences had been negotiated for free, and a more secure fob sign on system was being added to the Bar & Catering EPOS.

7.2 **Shop:** NUS Services were assisting in planning the shop refurbishment. A plan was also being formulated with a shop fitter to complete the works in July.

7.2.1 The flooring has been quoted at under £10k. The counter is no longer being extended. The University’s Energy Manager is assisting in getting funding for replacing old refrigeration units with new which would allow for new units to be purchased for the same price as reconditioned.

7.2.2 Updating the alcohol licence is proving difficult, as the licence for the Hugh Nisbett Building is held by Hospitality Services. The changes requested were a major variation and required various parties to be involved.

7.2.3 The flooring will be replaced over a weekend, and the shop will be closed for 4 days. The rest of the works will be completed in stages, enabling the front portion of the shop to remain open throughout which is expected to take a week to complete.

7.2.4 The hot food offering will now be in free-standing units. This requires cook-off facilities in the back store room which will require a building warrant. This could take up to 3 months to receive. Alternative solutions are being developed whilst waiting for the warrant but a last option might involve launching hot food at a later date in October. SF offered contacts to help with the building warrant if necessary.

1. **SABBATICAL REPORTS**

8.1 **President:** The report had been circulated with the meeting papers. DC highlighted the Annual Court Report had been submitted and would be presented at the Court Away Day in Zeros later in the week.

8.1.1 Halls compensation is still being debated, as the University is awarding £100 compensation to students effected by heating noises (around 70 students) but not other issues such as flooding. It was noted not all students effected by heating noises had been contacted.

8.1.2 DC gave a brief summary of his report including Learning and Teaching Oscars event, update on the Credit Union Society, Student food prices and NUS conferences.

8.1.3 DC will be travelling to Orkney Campus to work on improving the social aspect of this campus. PT suggested contacting University of Highlands and Islands to collaborate.

8.2 **Vice President Community:** The report had been circulated with the meeting papers. SD gave a brief summary of her report, including Volunteer Awards event, Skills Based Workshops which included an excellent session by a mentalist, basic first aid at work and well received interview workshops.

8.2.1 The annual Beer Festival was a success and was nominated for Best Society Event at the recent NUS Awards.

8.2.2 SD has also collaborated with the Advice Hub to create new exam stress packs prior to the exam period.

8.2.3 SD explained Battle of the Halls has not been particularly successful outside of Freshers Week for the last few years. A Halls Summer Mixer event was held instead with around 250 students attending.

8.3 **Vice President Wellbeing:** The report had been circulated with the meeting papers. EM gave a brief summary of her report, including Volunteer Awards, Open Days and NUS Conferences.

8.3.1 EM gave an update on sexual assault and hate crimes on campus work, following meetings with Christine Johnston and Ann-Marie Dalton. This included looking at a University wide reporting system to centralise the data of issues on campus. EM has also recorded a consent video which will be played at all student inductions for the next 3 years.

8.3.2 EM raised an issue regarding the need for a Trans Officer, as it is felt the LGBT+ Officer is not able to fully support trans students. GE outlined there would be budget constraints and a bye-law update for a new Officer. The proposal will be presented at the next Executive Committee for discussion and approval.

8.3.3 EM explained there has been transphobic graffiti reported across the campus. It has been quickly dealt with and DC addressed the situation in his weekly email.

8.4 **Vice President SBC:** The report had been circulated with the meeting papers. CP explained SBC had been very quiet the last few weeks, however students had visited the office for hardship loans and to hire bikes. The Thread is being well used as a study space.

8.4.1 CP updated that Baxter Storey were due to pay the money they owe soon. He is disappointed it is late. CP also asked them about a 16% price increase that took effect over the summer. They replied they had not increased prices for 4 years.

8.4.2 CP updated on several events that have taken place including an End of Year Party and a Time-Out Tea. School Officer and Freshers Helper recruitment is underway.

1. **CEO REPORT**

9.1 The CEO gave a brief verbal update on her report which had been circulated with the meeting papers. GE began explaining the new Officers will take office from 1st June, following Officer Training.

9.2 BH and DC attended a meeting with OSCR to discuss issues some associations were experiencing with their boards. GE is pleased our approach is robust and suitable.

9.3 GE notified the Board there have been some issues with the Drama Society around governance and finance. These are being worked on to resolve.

9.4 A submission has been entered to the Annual Fund for £28k which is a collective application on behalf of the Union and student societies. It was noted an increase on our application has been offered to support food vouchers from the Advice Hub.

9.4.1 PT noted the Student Union application has always been highly regarded due to its detailed nature.

9.4.2 The Alumni office are moving to quarterly reporting rather than annual.

9.5 GE is considering the NUS Quality Student Unions framework for next year. It may be time heavy for senior staff but should be beneficial.

9.6 Due to the organic change in the SBC Administrator role, this position has now been renamed SBC Co-Ordinator and has moved to the Representation and Engagement Department.

1. **GOVERNANCE, LEGAL AND BREXIT**

10.1 JN provided an update on General Data Protection Regulations following a meeting with Ann Jones from the University’s Heritage and Information Governance Services.

10.1.1 Initial discussions are positive regarding the data share agreement to run the annual elections. Help is also being provided to ensure we are fully compliant on other areas of data protection.

10.1.2 CCTV remains a challenging issue due to our cameras recording to University servers. Further work will take place on this.

1. **AOCB**

11.1 **Credit Union:** SK noted the RBS branch in Currie could possibly become a credit union. It is not thought it will cause any problems for the Heriot-Watt credit union which is restricted to Heriot-Watt staff and students.

11.2 **Computer Hacking:** PW asked if the Student Union was at risk of computer issues following the recent stories in the press. JN explained our systems are newer and regularly updated. Assurance had been sought from our IT service providers.

11.3 **Discovery & Innovation Centre:** PW highlighted the plans included a café. The President sits on two working groups for this project and confirmed the café is very likely. The Student Union will hopefully be included in the tender process.

11.4 **NUS Scotland Vice President Community:** DC explained this role is voluntary and thus ineffective. The possibility of this position becoming a paid position, funded by Student Unions through an increase in affiliation fee is being looked at to make it more effective. Discussions will continue.

11.4.1 GE explained NUS have implemented a new affiliation fee calculation which will show a small reduction in our fee. This might be able to be used to offset the cost of this position.

11.5 **Sabbatical Project Handover:** SD and EM raised concerns that key projects started under one sabbatical, might not be continued by a following sabbatical. It was suggested these projects (such as the Volunteer Hour Tracking) should be adopted by a staff member. GE explained staff resource constraints prevented this from always being the case.

11.5.1 BH stated that sabbaticals need to understand they are expected to continue the work of their predecessors as well as complete their own manifesto items.

11.6 **AGM Actions:** SD and EM highlighted a problem with new Sabbaticals not always being aware of AGM policies and actions from the last meeting. This would be addressed during Sabbatical handovers.

11.7 **Thanks:** SK thanked the Sabbaticals for a very good year. They had worked well together and wished the outgoing Sabbaticals well.

1. **DATE OF NEXT MEETING**

12.1 A Doodle Poll will be distributed to gather suitable dates for the next meetings.