

Regulation 8 – Financial Planning and Impact Assessment

GUIDELINES TO PRODUCING A REALISTIC FINANCIAL PLAN

1. Introduction

Any motion submitted to a democratic body involving revenue, expenditure or that could be demonstrated to have any negative financial implication for the Students' Union should contain a realistic financial plan before being put to a vote; the Trustees have the power to override any decision or Policy made by the Members at an All Student Vote, or by ordinary resolution in Company Law meeting, or by the Student Council, as codified in the Memorandum and Articles of Association, if there is not a realistic financial plan.

The following is intended to explain what a realistic financial plan is and is designed to help:

- Those writing the policy
- The democratic body in deciding whether to accept a motion for consideration, i.e. Steering Group
- The Board of Trustees with their mandate to 'ensure the long term financial stability of Warwick SU'

A distinction is made between both non-commercial income and expenditure and commercial income and expenditure.

2. Budgets

Union budgets are prepared during the second term and reviewed over the Easter vacation. Financial budgets are submitted to the Board of Trustees in Term 3 for approval.

Budgets provide the financial base for the Union for the next 12 months and it is extremely difficult to make changes once they have been set. Changes to budgets are examined very carefully as the Union operates on a break-even basis, even a small overspend can cause the Union to made a loss for the year. It is a lot easier to build expenditure into a budget than to change budget mid-year. You can consider any changes being phased over a number of terms or years.

3. Non-Commercial Expenditure

Each Constituent Group is allocated a budget for the year, the Chair should be able to quote the current balance of that budget and any allocated expenses for the year to date. Student Council or All Student Votes may instruct expenditure of Constituent Group budgets, other representation budgets, money from the Societies Federation expenditure accounts or monies from the Project Fund. The Student Council Project Fund is set to provide additional funds for Union activities through a bidding process. These funds will be operated as designated funds.

Policies resulting in expenditure exceeding the total of the Representation Budgets and Societies Federation Budgets in any given year, except for capital projects, are not normally feasible and would require a massive restructuring of budgets.

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4. Non-Commercial Income

Warwick Sport and Societies Federation raise their own income through membership fees. The Societies Federation fee is set by Societies Exec, in consultation with interested parties.

Student Council and All Student Votes may override the decisions of Societies Exec, if they so wish. However, the annual allocation to the Societies Federation from the Union is set in the budget. This means that a lower Federation fee will result in lower expenditure but the Federation will not receive an increased allocation from the Union.

Warwick Sport has a Board which decides on budgets, this can't be overturned by Student Council or All Student Votes though there is a significant student representation on the Board. If a student wished to amend the Warwick Sport fee, they would need to put pressure on Warwick Sport or propose a policy for the Union to put pressure on Warwick Sport to lower its membership fee.

5. Commercial Income and Expenditure

Proposals that affect the Union's commercial operations are more complicated, it is important all factors, including financial stability, are taken into account. If you are thinking about writing a policy that will affect the Union's commercial operations you should consult with the relevant Sabbatical Officer, who, along with staff members will assist you in producing a workable policy to be put to the vote.

It must be remembered that the Union operates to breakeven. Any surplus made on the commercial areas goes towards funding the non-commercial operations. This means that any action that decreases the amount of surplus that the commercial operations make is not cost free – it directly reduces our ability to fund our non-commercial operations.

Policy proposed to change commercial operations must include detailed estimates of changes to:

1. Income – i.e. how will the money coming in be affected?
 - Price – what will the price be changed to?
 - Volume – will the volume increase or decrease in response to the change?
 - Quality of Service – will the produce be of a lower quality than currently offered?
 - Perception – how will our customers perceive the change?
Will the changes be in keeping with the style of the varied outlets that the Union operates?
2. Expenses – i.e. how will the cost of providing the service change?
3. Staffing – i.e. will additional staffing resources/training/management be required? How much will this cost? Will less resources be needed? If so there will be legal implications for this.
4. Bottom Line and Change from Budget
The estimated changes income, expenses and staffing costs need to be added to the 'bottom line'. It needs to be clear how these figures are different from budget.

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In order to be able to estimate any of these things accurately, it is highly advisable that you speak to and work with the relevant Sabbatical Officer. They are there to facilitate the process and therefore will not be obstructive.

6. The Outcome

If the above process is followed fully, it should produce a final figure that is the combined cost of the submitted policy. This will fully inform the decision that Student Council or All Student Vote is taking. The cost is important, since any money spent in one area is not available to spend in another. Similarly, any money that the commercial operations are prevented from making is not available to support the non-commercial operations.

7. Contracts

Student Council and All Student Votes cannot resolve or mandate the Union to break any legal agreements or contracts. However, Student Council or All Student Votes can resolve that current contracts should not be renewed once they expire.

Motion Impact Assessment

Impact assessment ensures that possible serious legal and financial consequences of any policy or resolution proposals are considered prior to the motion being submitted to the student body for a vote.

This is in place to avoid conflict between the legal responsibilities of the Trustee Board and the functions of the democratic policy making processes and to reduce the usually unintended risks of significant legal or financial implications for the charity, particularly where the Trustee Board would otherwise be called upon to intervene in line with their legal responsibilities. In most cases, the assessment will be straight forward as there will be no legal or financial implications.

This Impact Assessment must be completed prior to the relevant Steering or Composite Group.

The assessment will be completed by a Sabbatical Officer (usually the Democracy and Development Officer) and a suitably knowledgeable/qualified member of staff on behalf of the Board of Trustees. The proposer of the motion will normally be consulted in this process.

Where further specialist advice is required, the Chief Executive should be consulted in the first instance and the Board may be required to authorise expenditure to access this advice. Wherever possible, the proposer of the motion will normally be consulted in this process.

In the case where the motion is deemed to be so high a risk (based only on the criteria below) that it cannot progress to a student vote and that the proposer and the SU cannot reach an agreement on modification to mitigate these risks, then the authority to withdraw the motion from Steering/Composite is delegated from the Trustees to the Democracy and Development

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Officer, the President, the Deputy President, the Chair of Council, the Deputy Chair of Council and the Chief Executive (or his/her Deputy in his/her absence). Three of the group must be in attendance at the meeting.

Such a decision will be scrutinised at the next available Board of Trustees Meeting and the outcome presented back to the proposers.

The aim of the assessment will normally be to find resolution to risk identified in collaboration with the proposer.

Potential outcomes of the assessment:

- The motion progresses without change.
- The motion may progress with agreed changes.
- The motion cannot progress as the risk (financial or legal) is high and cannot be removed or reduced unless the policy is withdrawn in totality.

Appeal Process

If the proposer of the motion feels that the option presented by the assessment is unacceptable they can submit an appeal. The Appeal must be submitted within 48 hours of notification of the assessment outcome to the Democratic Team. The Appeal will be heard by either the Board of Trustees or Audit and Risk Committee (whichever is meeting the soonest). The proposers will be given the opportunity to present their reason for appeal at the meeting.

For clarification, the motion is deemed to be postponed during this process pending the final outcome.

Article 40.3 of Memorandum and Articles of Association

40.3 The Board of Trustees may override any decision or Policy made by the Members at an All Student Vote or by ordinary resolution in Company Law meeting or otherwise or by the Student Council which the Trustees consider (in their absolute discretion):

40.3.1 has or may have any financial implications for the Union;

40.3.2 or has been in breach of, contrary to or otherwise inconsistent with charity or education law or any other legal requirements (including ultra vires);

40.3.3 is not or may not be in the best interests of the Union or all or any of its charitable objects; or

40.3.4 Will or may otherwise affect the discharge of any or all of the responsibilities referred to in article 40.2.