nus NATIONAL CONFERENCE

Trustee Board report

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NUS UK Trustee Board

Author:	Malia Bouattia
Date Produced:	17 February 2017
Chair	Malia Bouattia (elected by NEC 2015 as an officer trustee; chair from 1.7.16)
Officer Trustees	Noorulann Shahid (elected by NEC 2016) James Elliott (elected by NEC 2016) Mostafa Rajaai (elected by NEC 2015 & 2016) Melantha Chittenden (elected by NEC 2016)
Student Trustees	Jack Mably (elected 2016) Tom Phipps (elected 2016) Ruth Titmuss (elected 2016) Brian Alcorn (elected 2015) Andrea Campos-Vigouroux (elected 2015) Mariam Guled (elected 2015)
Lay Trustees	Alistair Wilson Andrew Westwood Dianne Nelmes Kate McKenzie
Action:	National Conference will be asked to vote to approve this report

Introduction from the Chair

Welcome to National Conference and to this report from the NUS UK Board.

The Boards and Committees are an important part of the NUS governance processes. They ensure that our organisation is legally and financially secure, so that we can continue to campaign on the issues that affect our students the most.

To achieve this, the NUS UK Board oversees our Campaigning and Influencing Strategic Plan. At each meeting the Board will receive updates on the progress and actions against the plan, to ensure the continued effectiveness of NUS in tackling key student issues. Other powers are delegated by the board, and we also receive reports from the Audit and Risk and the Human Resources Subcommittees.

This report provides a summary of the updates and decisions made at this Board and the attendance of the Trustees. My report further highlights some key things that have happened over the past 12 months.

In Unity,

Malia

What does the Trustee Board do?

The Board of Trustees shall be responsible for the management and administration of the National Union and may exercise all the powers of the National Union as set out in these Articles of Association and the Rules. Subject to Article 69 below the Trustee Board's principal function in exercising its powers, duties and functions shall be to serve the aims, objects and wishes of the National Conference, National Executive Council and committees in line with Policy set out by those bodies.

No alteration of these Articles or the Rules shall invalidate any prior act of the Trustees which would have been valid if that alteration had not been made. A meeting of the Trustees at which a quorum is present may exercise all powers exercisable by the Trustees.

The Board of Trustees' powers under Article 67 shall include but not be limited to ultimate responsibility for the:

- management and administration of the National Union;
- the Detailed Internal Budgets of the National Union; and
- in conjunction with the National Executive Council, the formulation and proposal to the National Conference of the Budget of the National Union as presented by the National President.

The Board of Trustees shall only have the power to overrule administrative implications of decisions of the National Conference, the National Executive Council, the Nations, the Liberation Campaigns, the Student Sections, the Zones and/or the Democratic Procedures Committee on the following grounds:

- financial risk; and
- legal requirements;
- and the Trustee Board shall seek appropriate external advice before exercising its power to overrule and shall report every exercise of its power to overrule the National Conference in line with the Rules.

The Trustee Board does not have any power to overrule or amend Policy and it does not have the power to overrule Rule changes made by the National Conference. In addition, the NEC can with a two-thirds majority remove members from the Trustee Board, or the whole Board except the National President.

When has the Trustee Board met?

Since National Conference 2016 the Trustee Board has met four times, on the 16 June 2016, 22 September 2016, 6 December 2016 and 23 February 2017. The Board is also due to meet on the 16 June 2017. The attendance of the Board members is reported below, for those who were appointed in 2015 we are reporting on the last 4 meetings and for those who were appointed in 2016 we are reporting on the last 3 meetings. Members are Malia Bouattia (President), Tom Phipps, Ruth Titmuss, Jack Mably, Noorulann Shahid, James Elliot, Melantha Chittenden, Mostafa Rajaai, Brian Alcorn, Andrea Campos-Vigouroux, Mariam Guled, Alistair Wilson, Kate McKenzie, Andrew Westwood and Dianne Nelmes.

The Audit and Risk (A&R) Sub Committee has met six times on the 7 June 2016, 20 July 2016, 1 September 2016, 1 November 2016, 24 January 2017 and 27 March 2017. As of July 2016, members are Mostafa Rajaai, Richard Brooks, Ceri Davies, Jon Berg, Alistair Wilson, Jim Gardner and Conor Savage. The attendance of the Board members is reported below, for those who were appointed in 2016 we are reporting on the last 3 meetings and for those appointed in 2015 (lay trustees) we are reporting on the last 4 meetings (appointments in 2016 were not made until August 2016).

The Human Resources (HR) Sub Committee has met on the 2 November 2016 and the 24 January 2017. Members are Kate McKenzie (Chair), James Elliott, Mariam Guled, Alec Edgecliffe-Johnson, Sarah Gosling, Jo Thomas and Jacqui Clements.

Noorulann Shahid, Andrea Campos-Vigouroux, Brian Alcorn, James Elliott and Melantha Chittenden have been appointed to sit on the NUS Charitable Services Board from NUS UK Board. The NUS Charitable Services Board has met three times on 7 June 2016, 29 January 2016, and 14 February 2017. The attendance of the Board members is reported below, for those who were appointed in 2016 we are reporting on the last 3 meetings. For those appointed in 2015 (lay trustees) we are reporting on the last 4 meetings. Final meetings will take place for this year after National Conference.

Attendance

	NUS UK Board Meetings attended since National Conference 2016	Attendance at A&R Subcommittee	Attendance at HR Subcommittee	Attendance at NUS SU Charitable Services Board
Officer Directors				
Malia Bouattia	2/4	n/a	n/a	0/3
Noorulann Shahid	0/3	n/a	n/a	0/3
James Elliot	3/3	n/a	2/2	1/3
Richard Brooks	n/a	4/6	n/a	3/3
Mostafa Rajaai	2/4	3/5	n/a	n/a
Melantha Chittenden	2/3	n/a	n/a	n/a
Student Directors				
Tom Phipps	3/3	0/5	n/a	n/a
Ruth Titmuss	3/3	n/a	n/a	n/a
Jack Mably	2/3	n/a	n/a	n/a
Brian Alcorn	4/4	n/a	n/a	2/3
Andrea Campos-Vigouroux	3/4	n/a	n/a	0/3
Mariam Guled	3/4	n/a	0/2	n/a
Board Members				
Alistair Wilson	4/4	6/6	n/a	n/a
Andrew Westwood	3/4	n/a	n/a	n/a
Dianne Nelmes	3/4	n/a	n/a	n/a
Kate McKenzie	3/4	n/a	2/2	n/a

Overview of work and decisions of the Trustee Board

Main Priorities	Progress (what has been achieved since Conference 2015)
Administration & Appointments	Appointed Dianne Nelmes as Vice Chair of the NUS UK Board. Appointed Kate McKenzie as the lead trustee with responsibility for HR issues. Appointed Mariam Guled, James Elliott and Kate McKenzie to the HR sub-committee. Appointed Mariam Guled as the Board's Diversity champion. Appointed Alistair Wilson as chair of the Audit and Risk Committee. Appointed Alistair Wilson, James Elliott and Tom Phipps to the Audit and Risk Committee. Re-appointed Dianne Nelmes and appointed Tom Phipps to the Nominations Committee. Appointed Melantha Chittenden, Noorulann Shahid, James Elliott, Tom Phipps and Andrea Campos-Vigouroux to the NUS Students' Union Charitable Services Board. Re-appointed Alistair Wilson to supervising trustee for code of conduct. Approved a cycle of business over 4 meetings in the year.
Reports	Received reports from the Chief Executive and Leadership Team. Noted the work of the National Executive Council and Zone Conferences. Received reports on various campaigns including: HE & Research Bill, Technical & FE Bill, National Student Survey and the National Demonstration.
Strategy	Agreed the NUS100 Strategy that was then launched in July 2016. Supported the development of the NUS100 plans. Agreed revisions to the Code of Conduct Received updates on the NUS Democratic and Governance review Received updates on the Institutional Racism review Received updates on Epona and NUS Media.
Audit and Risk	Oversight of finance and risk are delegated to the Audit and Risk Subcommittee. In order to monitor the work of this committee the Board receive minutes and reports following each meeting. The Board also has representatives of the Board making up the membership of this committee. Approved the Detailed Internal Budgets 2016/17. Approved Hardship and Abatement claims for students' unions. Monitored at each meeting the Risk register for the Group. Reviewed and approved the statutory Accounts for 2016 for all seven entities. With the NEC the NUS UK board propose the Estimates to National Conference for the 2017/8 financial year.
Human Resources	Areas of Human Resources are delegated to the HR Subcommittee. In order to monitor the work of this committee the Board receive minutes and reports following each meeting.

	HR Subcommittee scrutinized the institutional racism review and are developing the action plan. HR Subcommittee monitored the people statistics and approved a number of policies.
Corporate Governance	Approved the Terms of Reference and delegated authorities.

Report from the Chair of the Trustee Board

Nominations Committee

Appointment of Chief Returning Officer

Background:

The current Chief Returning Officer, Jules Mason, was appointed by National Conference 2015 following a recommendation from nominations committee, for a two year term which ends in June 2017.

Decision:

The nominations committee has decided not to recommend the current Chief Returning Officer for reappointment to the role. A process of recruitment to this position will therefore begin in May and a recommendation will be made by the committee to either an extraordinary meeting of National Conference, or to the National Executive Council in July. If the latter process is followed, the decision will be brought to the next meeting of National Conference for ratification.

Appointment of NUS UK Lay Trustee

Background:

In July 2017 there will be a vacancy for one Lay Trustee on the NUS UK Board.

Decision:

A suitable candidate for the position has not yet been identified. A search is ongoing and a recommendation will be made by the committee to either an extraordinary meeting of National Conference, or to the National Executive Council in July. If the latter process is followed, the decision will be brought to the next meeting of National Conference for ratification.

Project 100

Project100 was established in October 2015 to oversee the development of a new strategic framework for NUS and take the next steps with the New Settlement report.

Project100 has three key areas of focus:

1. **To develop a strategic framework:** identifying an inspiring vision, with clear aims and measurable goals
2. **To become more effective and engaging:** focusing on financial and corporate governance, including steering progress towards a fairer membership contribution

3. **To become more inclusive and representative**: focusing on democratic decision-making in the medium- to long-term

This section of the report includes an update on the successful publishing and launch of the strategic framework NUS100; proposals for point two, above, pertaining to corporate and financial governance; and comment on the third point, relating to democratic governance.

NUS100 – A Strategic Framework

Following extensive consultations and engagement with students' unions, at Students' Unions 2016 we launched our strategic framework **NUS100-Manifesto for a Just and Sustainable Future**. The strategy reflects a collaborative journey of reflecting on what we're trying to achieve as a movement.

Four key themes were identified that will help us focus our efforts on the change we seek:

- Everyone can access and excel in post-16 education
- The learner voice creates change in education
- Wellbeing and welfare are central to the student experience
- Students should be confident to engage in civic life

Based on our values and the consultation process, a further four themes were identified that will deliver an outstanding student-led campaigning-and-membership organisation:

- Supporting excellence in students' unions
- Developing a strong and influential collective voice
- Putting data, evidence and digital at the heart of our movement
- Attracting and retaining outstanding people

Members helping to fund NUS in a simple and fairer way

<u>What is the membership contribution?</u>

NUS is a confederation of students' unions. This means that when students' unions sign up to be members of NUS and fight for a just and sustainable future, they make a contribution to a pot of money that funds these activities. So the membership contribution that students' unions make helps to fund all of NUS's student voice, and influences work across the UK. This goes to the heart of why NUS exists and what it stands for: combining the power of students' unions together, in order to campaign to further the interests of students.

<u>Why it needs to change</u>

In 2015, NUS received an independent report on the costs and benefits of NUS membership. The report called for a "New Settlement" to significantly improve NUS's approach to membership. The report highlighted NUS's model for calculating the membership contribution as being both unnecessarily complex and unfair. These issues are starkly illustrated the graph in Figure 1.

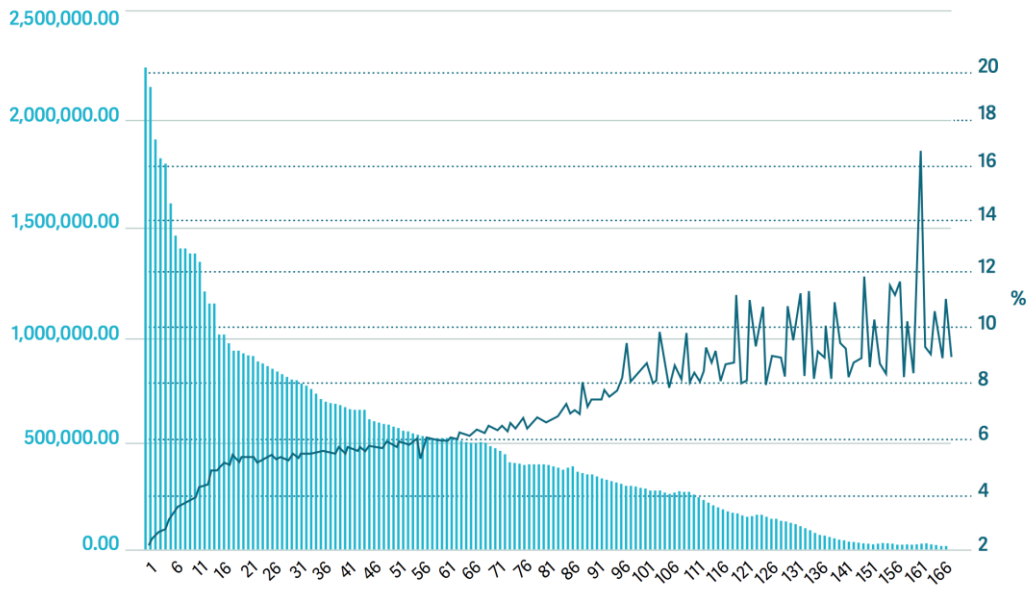

Fig.1

On the left-hand, Y-axis of the graph is the "block grant". A block grant is the funding a students' union receives from their partner institution(s). Along the right-hand Y-axis is the percentage of that funding that students' unions contribute as members of NUS. In short, the graph shows that some of the poorest students' unions were contributing over 16% of their block grant to NUS, while some of the richest were contributing as little as 2%. This regressive system was correctly identified by the New Settlement report as misaligned with the values of the student movement and in need of change.

A simple and fairer alternative

The New Settlement made it clear that, "students' unions are highly diverse; this means the membership fee must be in some sense linked to unions' financial capacity, and it must be seen to do that in a fair and reasonable way," whilst being clear that, "This does not mean that all students' unions should be offered the same service by NUS… different types of students' unions require different levels of support."

In effect, this outlines an approach to membership based on the principle of treating each students' union according to their ability, and each according to their need in a simple and transparent way. It is therefore the view of the board that the principle approach should be to ask all members of NUS to contribute the same percentage of their block grant income to fund the national campaign for their students' interests. The percentage that students' unions contribute must be democratically agreed, in order to appropriately fund this activity, but with certain conditions, this is a more straightforward and fair approach. It is proposed that, in order to maintain the current levels of funding to NUS, the percentage is initially set at 4%. However, as part of a bi-annual comprehensive spending review, this percentage could be revisited as part of a broader process whereby NUS works with its membership to ensure priorities are resourced appropriately.

Conditions

In the interests of maintaining harmony and stability within the student movement three conditions will be made to this approach.

1. If the model is to be based on "block grant" we must be clear on how a students' union's block grant will be defined for the purposes of calculating their membership contribution. The definition we intend to use is detailed in appendix A. NUS will continue to define block grant as all the grants and indirect funding a students' union receives from their partner institution or institutions to fund their work. However, funding that students' unions receive, only to be immediately returned to

their institution(s) in rent or other fixed utility costs, will continue to be "tax deductible" for the purposes of calculating their membership contribution.

2. In order to maintain the financial viability of membership, the maximum contribution any students' union will be asked to make is £60,000. Although under this new model the vast majority of students' unions would see a slight reduction in their membership contribution, those who would see an increase would continue to be granted "transition aid". Transition aid ensures affordability by limiting the increase any students' unions membership contribution could increase by year-on-year.

3. Some members of NUS receive very little or no block grant. However, in this instance, their institution will often make the membership contribution on their behalf. A minimum membership contribution of £250 would therefore continue to be required of those with little or no block grant. All membership contribution calculations would also continue to be subject to a system of "hardship appeals", whereby members can request a reduction to their contribution.

Financial context

In February 2016 NUS published a report called "An open look at NUS" detailing that the £4,000,000 membership contribution funds 64% of all of our Voice and Influence work. Other major sources of income for this work are running training and development (6%), sponsorship (8%) and externally funded projects (9%). This money funds all of our policy, campaigns, communications and political affairs for NUS-USI, NUS Wales, Scotland and UK.

The report showed that the majority of NUS's income is actually made through our Enterprise activity. Over £15,000,000 is generated through the purchasing consortium, NUS Extra, Union Cloud, Insight, Sponsorship and Advertising, Clothing as well as property and infrastructure. NUS 100: An Open Look at NUS can be downloaded from NUS connect.

Conclusion

Social justice is a core value of the student movement and must inform how we collectively fund our work. At the same time, the financial contribution that students' unions are asked to make as members of NUS must be financially viable. The board believe that all students' unions contributing the same percentage of their block grant, whilst applying the conditions above, is the simplest and fairest way to fund our fight for a just and sustainable future.

A new structure for NUS governance

NUS is a group of seven different legal entities, five companies and two charities. See appendix B for a list of each entity and its relationship to the others. There are historical reasons why these different entities were established. For example, NUS Holdings Limited was set up before NUS UK was incorporated to own the property of NUS UK. It's not just that NUS has changed. Now that the legislation permits charities based in England and Wales to register and carry out work in Scotland, the need to maintain a separate Scottish Charity is reduced.

There is a bureaucratic burden of maintaining multiple entities within one group, taking up time and resources that could be better spent elsewhere. More importantly for NUS as a membership organisation, it makes it difficult to understand which bit of NUS does what; who is making which decisions, how money flows round the group and how to effectively influence these processes. This is not to say that reducing the number of entities alone will make NUS's corporate governance arrangements easily comprehensible to all of our members. But it is the case that the current arrangement is unnecessarily complex, and once a more simple structure is established, further work can be done to ensure that students' unions can understand, advise and influence the work of NUS.

We propose that the governance structure in Figure 2 be established:

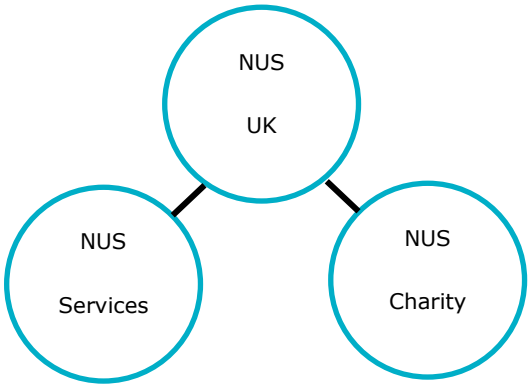

Fig 2.

This would require transferring the activities of:

- NUS Holdings into NUS UK
- NUS Media and Epona into NUS Services
- The Scottish Charity into NUS Charity

NUS UK is the campaigning organisation that students' unions join and control as members. By maintaining NUS UK "at the top" of the structure, students' unions can exert influence across the group. During consultation with the membership, this proposal has received near unanimous support. It has been developed based on legal advice from Bates Wells Braithwaite (BWB) who, for example, advised that the model above provided the greatest flexibility in terms of regulation and the potential to explore further configurations in the future. BWB have also provided step-by-step guidance for the restructure.

The board shares the view of the Task Group established to oversee improvements to NUS' Governance and Democracy, that once the structure is established, more work will be conducted to ensure effective mechanisms for members to advise, influence and govern NUS in and outside the boardroom.

New Settlement Report

The Board continues to work towards delivering on the **New Settlement** report. The next steps section from the original report are reproduced below;

If our recommendations were implemented in full, this would represent a major undertaking. We have to bear in mind that it would involve:

- Conducting a review of the 'settlement' built around the two major mission areas, to include a root and branch review of spending and establishing new tests of value to refocus activities around strongest benefits
- Conducting an equally major review of governance across the NUS group
- Comprehensive revision of financial and legal structures and flows
- Potentially significant removal of costs from some areas of activity and the winding down of others altogether

These are no small matters, and this would clearly need to be a central leadership and management task for a new NUS Chief Executive and other senior staff, with the full involvement of all relevant Boards, approval obtained through wider democratic structures and in further deep consultation with students' unions. We therefore believe it would take between three and five years to complete the whole process.

However, work on the first two items listed above should begin as soon as practicable – which we believe would be Autumn 2015. Work on reviewing externally funded projects, on re-thinking the approach to 'events', and on implementing total quarterly billing should begin immediately.

In the medium term, we believe implementing any significant changes to governance and to financial structures must happen in concert, as they are so closely interlinked. Ideally a position would be reached where a revised set of Articles and Rules codifying new governance arrangements for NUS is proposed at National Conference 2017. A new membership fee methodology should be proposed at the same meeting and that proposal should include transitional arrangements so that a reconfigured financial structure (including the new fee system) can be phased in over three years. At that point, any consequential amendments to Articles of other legal vehicles should be completed with the agreement of relevant bodies.

Although it would be possible to approach all these issues separately, we think it would not be desirable to move for a changed fiscal settlement without securing reciprocal changes to the governance arrangements, especially in relation to the governance of resources. We also believe that transitional arrangements will be need to be carefully designed to avoid damaging NUS's ability to deliver activities, and to mitigate any shock to students' unions facing any increased costs.

To date the board has:

- Reviewed the corporate governance arrangements. Proposals are being discussed at National Conference 2017. This work leads towards the grouping of work into the two major mission areas.
- The review of financial and legal structures is, in part presented as the corporate governance reform, this work will be ongoing.
- The membership contribution proposals have been submitted to National Conference following engagement with members.
- At a group level the NUS100 strategy, and the process of creating it, has enabled us to prioritise work decided on by member unions and other stakeholders.
- The NUS Services Board has addressed removal of cost and continues to wind down of areas of activity and focusing on the strongest enterprise benefits.
- The NUS Charity Board has reviewed activity and focussed on those areas that member unions have prioritized such as the Employer Brand & Learning Academy.
- Work on external projects has been completed.
- The changes to Events are ongoing and in response to member feedback. A review is underway.
- Five year financial plans have been drafted.

The following continues to/will need to be worked on:

- Production of Quarterly benefit statements. A senior staff member vacancy delayed this work.
- Further Corporate Governance changes will deliver two distinct areas of work with appropriate structures

- Analysis of five year spending to ensure NUS is able to deliver NUS100
- Review the "settlement" post governance changes to establish tests of value and resource allocation.

Overall the board is confident that the 3-5 year timetable can be achieved if members agree with the changes put forward.

Strengthening NUS Democracy and the IRR

The board welcomes the proposals submitted to National Conference by the Democratic Procedures Committee to strengthen NUS's democracy. The ideas have the potential to significantly improve our inclusiveness, transparency and help give more of our members the power to make informed decisions. The changing make-up of our membership, increasing devolution and a real appetite for change from students' unions are all key drivers for these important reforms.

A consultation document on the ideas for democratic reform circulated in early January 2017 included the recommendation made by Runnymede's Independent Institutional Racism Review (IRR) to move "elections to every other year as opposed to the current annual cycle". When the Task Group set up by the board to oversee this work met after the consultation to shape the final proposals for National Conference, they made the decision to remove this recommendation. This decision was made based on feedback from the consultation and a number of concerns raised by members of the Task group. Nevertheless, the board wishes to re-assert NUS' absolute commitment to responding to the IRR and to increase the capacity and understanding around race and racism in NUS. Furthermore, once the full Race Equality Action Plan has been developed and a deeper understanding the rationale that sits behind the recommendations has been established, NUS may wish to revisit initiatives relating to democracy and race equality.

Membership Contribution 2017-18

Under section 2100 of the NUS Constitution, the Board is responsible for proposing the membership fee system for NUS in its report each year. We are required to do this according to the following broad principles:

a) Transparency

b) Ability of unions to pay

c) Fairness and comparisons of "like with like"

d) Flexibility for unions experiencing hardship

e) The system must be regularly reviewed

2017-18 Membership Contribution

The 2017-18 estimate for NUS UK core affiliation fees is £3.4m excluding the nations and £4.0m including the nations, which is the same as 2016-7. The projected income from membership contribution for the nations is shown within the income totals for each of those areas. The estimate for the income associated with each of them was as follows: NUS-USI is £110k, Scotland is £315k, Wales is £210k.

Summary of the membership contribution mechanism for the coming year

As previously outlined in this report it is proposed that the new membership contribution structure will propose a levy of 4% of block grant income, with a minimum contribution of £250 and maximum of £60,000 to generate an income for NUSUK of £4M.

The minimum contribution of £250 will apply to students' unions regulated under the Education Act 1994 (i.e. Public Sector Further and Higher Education Institutions across the UK).

For Grant Funded unions, a Students' Unions' block grant will be obtained from the NUS Membership Survey.

As total block grants have risen this will result in a reduction in the membership contibution as a proportion of block grants overall. We reiterate our commitment to rebate anything collected above the £4.0m estimate, after abatement and hardships, to students' unions, via a mechanism that distributes the greatest rebates to unions that contribute a highest proportion of their block grant. The estimate of the amount of this rebate is £185k, based on current year.

Best Wishes

Malia Bouattia, NUS UK Board Chair

Appendices

A - Block Grant definition

- The Block Grant is recognised as all recurrent grants/ subventions received from the institution as unresticted income that can be allocated at the students' union/guild/association's (member's) discretion to fund any of its charitable activities.
- We would expect to adjust this income figure to include funds withheld by the institution to cover costs that most students' union/guild/associations would incur such as officer and staff salaries.
- We will adjust the Block Grant figure by excluding institutional charges the students' union/guild/association must pay for the use of space (e.g. rent) and related fixed costs (e.g. energy costs). Discretionary refurbishment costs will not be excluded
- We will include any earmarked grants or restricted income from the institution that relate to costs that most students' union/guild/associations would fund from a general block grant."
- These measures are intended to ensure a clear, consistent, and fair assessment of the Block Grant figures to be used in calculating membership contributions.

B – The seven entities in the current NUS group

- National Union of Students United Kingdom (NUS): a company limited by guarantee. Its members are those unions affiliated to the NUS, and is the ultimate parent entity of the Group.
- NUS Holdings Limited (Holdings): a company limited by shares. It has 119,942 issued shares, all held by NUS. It owns property, and provides property management services. It owns NUS Services Limited and NUS Media Limited.
- NUS Services Limited (Services): a company limited by shares. It has A Shares and B Shares. It operates the purchasing consortium, marketing and sponsorship services and provides financial and administrative support to NUS.
- NUS Media Limited (Media): a company limited by shares. It has one issued share, owned by Holdings. It provides digital services, media advertising services, outsourcing and back office functions.
- Epona Limited (Epona): a company limited by shares. It has 308 issued shares, owned by NUS Services Limited. It is a fair trade clothing company.

- NUS Students' Union Charitable Services (Charity): a charitable company limited by guarantee. It provides training, conferences and seminars, advice and information on legal, accountancy, management and fundraising matters. It has one member: NUS.
- NUS Scotland Charitable Services (Scottish Charity): a Scottish Charitable Incorporated Organisation (SCIO). It has wide charitable objects including to advance education, health, citizenship, environmental protection and to promote equality and diversity. It has two members: NUS and the Charity.