

NUS Reform

Summary

February 2019

1. SUMMARY OF STAKEHOLDER FEEDBACK

Scope and Scale of the Feedback Exercise

NUS has been actively seeking feedback on proposals for reform from students' unions throughout the Turnaround period. The first round of consultation took place from October-December 2018. This informed the further consultation on NUS' White Paper on Reform which took place from January to early February 2019.

In addition to the two formal consultation periods, NUS has reviewed the extensive historic consultations, policies, strategies, and reports, and consulted with stakeholders through:

- NUS' largest ever Strategic Conversation event (November 2018)
- A weekly Skype meeting open to all students' union members
- Weekly communications from the National President and Chief Executive on Turnaround
- A weekly meeting with the NUS Full-Time Officer team
- Attendance at numerous regional events including the CEO Networking event
- Updates to students' unions through the Membership Engagement Team
- Two consultations with NUS' National Executive Committee
- Meetings of NUS' Boards and a dedicated Turnaround Board
- A dedicated questions inbox for any enquiries from members and NUS staff
- Dedicated consultation with Further Education members and the Learner Voice Network.

Cumulatively, this is potentially the broadest consultation exercise ever undertaken by NUS. The mix of digital and in-person engagement has helped give confidence that the proposed reforms reflect the genuine will of NUS' membership.

Here we provide a brief overview of the feedback from the initial consultation, on the White paper, and from elected and engaged stakeholders. A full breakdown of the feedback has been made available to NUS members.

Key Findings

- Students' unions want NUS to split and have two clear purposes: 1) student voice 2) SU support
- Students' unions want NUS to do way less, but do it more effectively
- Students' unions want NUS to cut the amount it invests in NUS
 - The affiliation fee should reduce from 4% to 2.5% of block grants
 - More income (TOTUM, trading etc) should go back to students' unions and students
- White Paper Responses (68 students' unions responded using a secure code)
 - 73% voted for a full-time officer team of seven
 - 66% voted for either a gateway or single affiliation model
 - 83% voted for the stripped back democracy as proposed in the White Paper.

What does the feedback mean?

- Students' unions are at breaking point and will not continue to invest in NUS at the rate they have previously – we have to reduce affiliation fees
- NUS needs to strip its activity right back to basics in order to grow again
- There is no doubt that NUS' governance has utterly failed. We need a strong and simple corporate governance

- The reforms can't be the end of the story – they're only the beginning. NUS needs to follow-up the reforms with swift improvements to delivery.

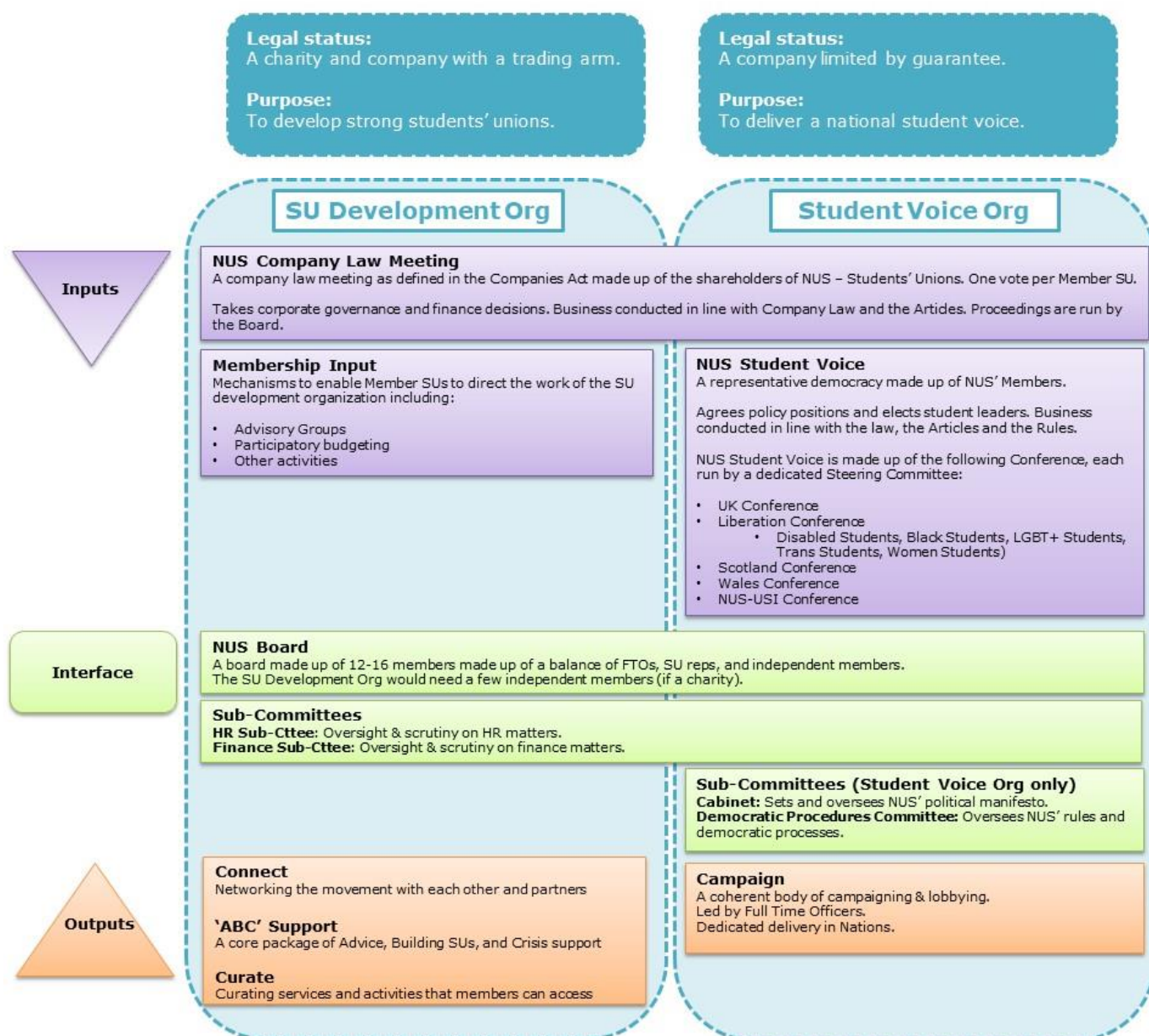
2. GOVERNANCE REFORM PROPOSALS

What's being proposed is that the current NUS Group (made up of four confusing legal entities, all tied together in a web of inter-company activity) splits into two clear organisations with two clear purposes: 1) a national student voice organisation and 2) a students' union development organisation.

These bodies should stand shoulder-to-shoulder, should be run by **one Board**, and be owned and governed by the funders – students' unions - via a **Company Law Meeting**.

There should be a dedicated space for the political views of students to be expressed. This democratic **Student Voice** space should be freed up to explore political issues, set policy, and elect leaders. But it should not also run the organisation's corporate activities.

Governance Diagram



3. FINANCIAL MODELLING¹

Summary

- The following factors play a significant role in NUS' income moving forward and have been valued based on data and feedback from members:
 - We need to reduce the affiliation fee from 4% to 2.5% of grants;
 - We need to remove income from TOTUM in the short term;
 - We pay an annual pension deficit cost of £700k and this will increase;
 - We must rebuild our cash reserves by £3m to become solvent.
- Combined, the factors above mean that NUS has gone from being roughly a £22m organisation in 2017 to an £7.5m organisation in 2020; a reduction of 65%.
- The following measures are required to reduce costs to a viable level:
 - Move out of the London office, sell the building, and move most of our activity to Macclesfield;
 - Reduce the full-time officer team down from 12 in 19/20 to seven in 2020/21;
 - Reduce activity and staff costs by £914k against the FY20 budget;
 - Re-build the cash reserves by £3m through income from the sale of the London building and/or another income source.

Student Voice Org (£000s)

	Revised Budget FY20	FY21	FY22	FY23	FY24	FY25	FY26
Affiliation Revenue	4,288	2,168	2,168	2,168	2,168	2,168	2,168
Endsleigh Insurance	1,292	1,292	1,292	1,292	1,292	1,292	1,292
Charity	0	0	0	0	0	0	0
Trading Support	0	0	0	0	0	0	0
Total Revenue	5,580	3,460	3,460	3,460	3,460	3,460	3,460
Wages & Salary Costs	(1,959)	(1,382)	(1,410)	(1,439)	(1,469)	(1,499)	(1,530)
Activity Costs	(3,340)	(1,328)	(1,328)	(1,328)	(1,328)	(1,328)	(1,328)
Total Cost of Sales	(5,299)	(2,710)	(2,738)	(2,767)	(2,797)	(2,827)	(2,858)
Operating Surplus / (Deficit)	281	750	722	692	663	633	602
Pension costs	562	(654)	(708)	(743)	(865)	(937)	(984)
Surplus / (Deficit) after pension costs	(281)	96	14	(51)	(202)	(304)	(382)
Staff / FTO ratio	3.0	3.8	3.8	3.8	3.8	3.8	3.8

SU Support Org (£000s)

	Revised Budget FY20	FY21	FY22	FY23	FY24	FY25	FY26
Affiliation Revenue	0	542	542	542	542	542	542
Endsleigh Insurance	0	0	0	0	0	0	0
Charity	2,235	793	793	793	793	793	793
Trading Support	2,995	2,995	2,995	2,995	2,995	2,995	2,995
Total Revenue	5,230	4,330	4,330	4,330	4,330	4,330	4,330
Wages & Salary Costs	(2,181)	(2,014)	(2,055)	(2,097)	(2,141)	(2,186)	(2,232)
Activity Costs	(2,156)	(2,066)	(2,066)	(2,066)	(2,066)	(2,066)	(2,066)
Total Cost of Sales	(4,337)	(4,080)	(4,121)	(4,164)	(4,208)	(4,253)	(4,298)
Operating Surplus / (Deficit)	893	250	209	166	122	77	31
Pension costs	(154)	(179)	(194)	(204)	(237)	(257)	(299)
Surplus / (Deficit) after pension costs	739	71	15	(38)	(115)	(180)	(268)

¹ Notes on the modelling:

Revised Budget FY20: The 'Revised Budget FY20' is a version of the 2019/20 Estimates being presented to National Conference – the revisions are (a) an assumption has been made that we have successfully sold the London office and are renting office space for circa 40 staff somewhere cheaper in London and (b) the current four NUS entities have been disaggregated into two organisations.

Significant variables: There are two significant variables that may improve the financial position between FY21 – FY26 which are (a) we may achieve income through TOTUM or other income-generating activities and (b) measures may be taken to reduce the rate at which the pension costs increase. The scale of these variables could be in the £000s and any future plans would almost certainly set targets against both of these variables.