

FINANCIAL MEMORANDUM

BETWEEN

CANTERBURY CHRIST CHURCH UNIVERSITY, ON THE ONE PART

AND

CHRIST CHURCH STUDENTS' UNION, ON THE OTHER PART

FOR IMPLEMENTATION ACADEMIC YEAR 2017/18

Signed for and on behalf of the University:
Professor Rama Thirunamachandran – Vice Chancellor

.....

Date

Signed for and on behalf of the Student's Union:

Krum Tashev – Students' Union President

.....

Date



Dated: 01/08/2017

Between:

CANTERBURY CHRIST CHURCH UNIVERSITY ("the University") a Registered Company and charity with Company Number 4793659 and Charity Number is 1098136 whose registered office is at Rochester House, St Georges Place, Canterbury, Kent, CT1 1UT.

And

CHRIST CHURCH STUDENTS' UNION ("the Union") a Registered Company and charity with Company Number 7618194 and Charity Number 1142619 whose registered office is at St George's Centre, 41 St Georges Place, Canterbury, Kent, CT1 1UT

1. Introduction

- a. This is the Financial Memorandum between the University and the Students' Union. This document regulates financial matters between the University and the Students' Union and in particular contains the terms by which the University gives the Students' Union a grant and the methods by which the Students' Union makes itself accountable to the Governing Body.
- b. The Financial Memorandum (hereafter referred to as the Memorandum) is subject to review by the University and the Union annually. The Union is nevertheless entitled to make representations regarding the Memorandum as it would any other matter.
- c. There is an arm's length relationship between the University and the Students' Union. This identifies the services provided and will be subject to VAT if appropriate.

2. Definitions

- a. "Board of Trustees" means the Board of Trustees of the Union.
- b. "Union Council" means Union Council.
- c. "General Meeting" means a Union meeting at which all members are entitled to attend speak and vote.
- d. "Governing Body" means the Governing Body of the University.
- e. "Financial Year" means 1st August to 31st July.
- f. "The Block Grant" means the sum of money agreed annually by the University and the Union to fund core services that the Union provides to the students of the University.
- g. "Vice Chancellor" means the Vice Chancellor of the University.
- h. "President" means the President of the Students' Union.
- i. "Senior Manager" means the Managing Director of the Students' Union.
- j. "Person" means any individual, company, partnership firm or corporation.
- k. "Articles of Association" means the major governing document of the Students' Union.
- l. "Members" all registered students of Canterbury Christ Church University.

3. Coverage

- a. This Memorandum applies to all procedures and activities of the Students' Union.

4. Objects of the Students' Union

- a. The objects of the Students' Union are set out in the Articles of Association.

5. Funding and Accountability: Preliminary

- a. The Vice Chancellor is responsible for ensuring that the uses to which the University puts its funds are consistent with the purposes laid down by the Governing Body. This includes a responsibility to account for the regularity and probity of the annual block grant and other payments to the Students' Union. As part of these responsibilities the Vice Chancellor is required to be satisfied that the Students' Union has appropriate arrangements for financial management and accounting and that the uses to which the University's funds are put are consistent with the purposes for which they were given.
- b. The Board of Trustees shall ensure that the funds of the Union are discharged solely in pursuit of the formally stated Aims and Objects of the Students' Union, in compliance with this Memorandum and with any guidance issued by the Charities Commission or other regulators.
- c. The Senior Manager, as the Accounting Officer, is responsible for accounting to the University for the use of Union funds.
- d. In the event of another individual deputising for the Senior Manager that individual will be the Accounting Officer for the Students' Union.
- e. Any business conducted by the Students' Union shall be conducted in the best interests of the members of the Students' Union and based upon clear sustainable principles.

6. Allocation of Funds

- a. The amount of funds to be paid to the Students' Union in any year (the "block grant") shall be decided by the University after considering a detailed business plan submission. The payment of funds will be subject to such terms and conditions as agreed in this Memorandum. The agreed allocation is set out in Annex A to this document.
- b. Sabbatical officers shall be paid an allowance agreed by the Board of Trustees and reviewed annually.
- c. Payment to Union staff will be consistent with the job evaluation criteria employed by the University and grades arising there from.

- d. The Union, under the direction of the Board of Trustees and after taking advice, shall prepare the budget of the Union for a forthcoming financial year.
- e. The internally approved budget shall be submitted to the relevant Pro Vice Chancellor for the approval of the University. No amount of the block grant shall be paid until the Governing Body has agreed the proposed budget.
- f. In determining what funds to allocate to the Union, the University shall have due regard to the desirability of not discouraging the Union from maintaining and developing its funding from other sources.
- g. Major variations to the approved budget shall be reported to the Finance and General Purposes Committee of the Governing Body (or nominee) and they are then able to question said changes.

7. Funding Supplements

- a. In addition to the block grant the Students' Union may apply for additional funding from the University for specific purposes. Any such specific grant agreed by the University shall be used only for the purposes for which it was allocated. Any unused funding of this type shall be returned to the University as soon as practicable and certainly no later than the end of the Financial Year.

8. Payment of Funds

- a. Payment of the block grant to the Students' Union shall occur in twelve instalments, with each instalment being paid no later than the 10th day of each calendar month. The University reserves the right to set off, from the block grant, sums owed to it by the Students' Union.

9. Financial Management

- a. The Students' Union shall plan and conduct the financial and other affairs to ensure that, taking one accounting period with another, its total expenditure does not exceed its total income unless this has been budgeted and agreed by both the Board of Trustees and the Governing Body.
- b. The Board of Trustees shall ensure that the Union has a sound system of internal financial management and control, and that proper accounting records are kept. Implementation of such systems, controls and records will be the day-to-day responsibility of the Finance Manager with overall accountability by the Managing Director.
- c. The Financial Procedures of the Students' Union shall be adhered to by all staff. The Procedures include control over the raising of commitments to spend by budget holders, the receipt of goods, the security of assets and cash management. The procedures place reliance on signatures to confirm any commitment. Failure to comply with Financial Procedures is seen as a disciplinary offence and falsification of signatures is viewed as gross misconduct.

- d. The Students' Union shall comply with all relevant financial and taxation legislation as appropriate (e.g. legislation relating to VAT and PAYE).

10. Finance and Risk Committee

- a. The Finance and Risk Committee of the Students' Union will have responsibility for the finances of the Students' Union and the allocation of budgets.
- b. The Finance and Risk Committee shall be a sub-committee of the Board of Trustees and shall consist of the following voting members:
 - i. A Community Trustee (Chair);
 - ii. The President; and
 - iii. At least two other trustees as delegated by the Board of Trustees.
- c. The Finance and Risk Committee may be attended, with speaking rights, by:
 - i. The Senior Manager;
 - ii. The Finance Manager;
 - iii. All other members of the Board of Trustees;
 - iv. Any other member of staff / students as required by the Chair or Senior Manager; and
 - v. A specified and agreed representative of the University, usually from the Finance Office.
- d. The quorum for a meeting of the Finance and Risk Committee shall be three voting members.
- e. The Finance and Risk Committee shall be responsible for:
 - i. Allocation of Students' Union funds;
 - ii. Drafting and amending the Students' Union budget;
 - iii. Specifying the bankers to the Students' Union;
 - iv. Oversight of the management of Students' Union finances;
 - v. Recommending to the Board of Trustees suitable professional auditors who shall be appointed with the approval of the Board of Trustees and the Annual General Meeting; and
 - vi. The management of risk.
- f. Following the adoption of the budgets and the start of the financial year, the Finance and Risk Committee shall review the budget at least once a term and otherwise at the request of the Board of Trustees. The Finance and Risk Committee shall recommend such alterations to the budget as are necessary to deliver the business plan goals as well as the agreed strategic and charitable objectives.
- g. The Finance and Risk Committee shall meet at least four times a year and with consideration to the schedule of the University's Finance and General Purposes Committee.

- h. A majority vote supporting a proposed form of action, put forward by any voting member of the Committee, shall be deemed to be the decision of the Committee. Voting shall be by a show of hands. In the event of a tie, the President shall have the casting vote.

11. Financial Information

- a. The Students' Union will be obliged to provide the Vice Chancellor (or nominee) with any information that is requested in order to allow the Vice Chancellor to discharge the responsibility of Accounting Officer to the University in relation to public funds, or in order to comply with a specific directive of the Finance and General Purposes Committee or Governing Body.
- b. The Students' Union is required to inform the Vice Chancellor (or nominee) if at any time, any action or policy under consideration by the Union appears to the President, Board of Trustees or Senior Manager to be incompatible with the terms of this Memorandum, or appears, potentially, to cause a breach of the Education Act (1994), the Charities Act (1996), or any other law or statute.
- c. The Union has an obligation to inform the Vice Chancellor (or nominee) if there is evidence to suggest that any of the following events have occurred:
 - i. Any expenditure is or may be challenged as being ultra vires to the aims and objects of the Union; or
 - ii. There is reason to believe that any funds of the University have been misappropriated or subject to fraud; or
 - iii. There is reason to believe that the Union has insufficient funds to meet its current liabilities.
- d. In such circumstances whereby the release of information could cause the Students' Union to commit an offence at law, the Board of Trustees shall be entitled to withhold such information.

12. Financial Reporting

- a. The Union shall ensure that the following standard information is submitted to the University promptly and as required:
 - i. Estimates of income and expenditure for the ensuing financial year;
 - ii. Monthly Management Accounts which will include an income and expenditure account together with a balance sheet in the current financial year as set against the approved budget.
 - iii. A forecast of the end of year position will be required on a termly basis - in a prescribed form – in time for the University's Finance and General Purposes Committee. Reports are required by the end of the third week following the month end;
 - iv. Audited accounts for each financial year, no later than 31st October immediately following the financial year end (31st July); and

- v. The accounts of the Students' Union shall be audited annually. The audited accounts and the estimates of income and expenditure are to be provided in accordance with the accounting policies specified by the University.
- b. At the request of the University the Students' Union will be required to arrange for an independent audit review of financial controls, record keeping and reporting. It shall be the responsibility of the Students' Union to maintain records and provide information such that the audit review can be carried out to a satisfactory standard.
- c. The provision of external auditors to the Students' Union should be subject to tender at least every five years.
- d. It shall be the responsibility of the Senior Manager to report all information requested by the University, or nominally required under the terms of this Memorandum. The Senior Manager shall be empowered to report all such information to the University without normally first consulting the Board of Trustees, but the Senior Manager shall give due regard to the sensitivity of such information.
- e. The Senior Manager shall inform the Board of Trustees of all matters that s/he has reported to the Vice Chancellor (or nominee) or that has been requested under the terms of this Memorandum. The President shall, on behalf of the Board of Trustees, inform the Union Council and / or General Meeting and / or Annual Members' Meeting of the Students' Union of all matters that the Senior Manager has reported to the Vice Chancellor (or nominee) or has been requested under the terms of this Memorandum.
- f. Upon the written request of one hundred (100) Ordinary Members of the Students' Union, and within a period of ten (10) working days, a full written, detailed and up-to-date statement of all the Students' Union Accounts shall be published.

13. Matters Requiring the Consent of the University

- a. The Students' Union shall not, without the written consent of the University, :
 - i. Enter into any long term borrowing (see also Section 16);
 - ii. Create any fixed or floating charge over the whole or any part of the assets or property of the Students' Union;
 - iii. Make a loan or advance or give any credit to any person except for the purpose of making deposits with bankers;
 - iv. Make any donations or payments to persons or bodies outside the Students' Union except for subscriptions to national and regional student or sporting bodies approved by the Annual General Meeting, or payment for supplies or services rendered;
 - v. Give any guarantee or indemnity to secure the liabilities or obligations of any person except when covered by an adequate insurance policy;
 - vi. Sell, lease, transfer, assign, or otherwise dispose of any of the Students' Union's assets or property valued at more than £10,000;
 - vii. Supply any goods or services on credit;
 - viii. Take or agree to take any leasehold interest in or licence over any land;

- ix. Enter into any commercial partnerships which may be in conflict with the interests of the University;
- x. Do or permit or suffer to be done any act or thing whereby the Students' Union may be wound up (whether voluntarily or compulsorily) except as otherwise expressly provided for in this agreement; and
- xi. Acquire, purchase or subscribe for any shares, debentures, mortgages or securities in any company, trust, or other body.

14. Premises

- a. The Students' Union shall occupy University premises as agreed with the University on an annual basis. The lease agreement(s) for use of the premises will be drafted by the University.
- b. The Students' Union shall hold up to date licences for live and recorded music for any and all activities within the St George's Centre and for events that are run by the Union.

15. Insurance

- a. The Students' Union shall enter into appropriate arrangements in order to ensure that it is insured against all reasonably foreseeable liabilities.
- b. The Students' Union shall ensure that insurance cover for its events and activities is extended, as appropriate, to cover those included in its provisions who are not members of the Students' Union.
- c. The Students' Union shall ensure that it is adequately covered by employer's liability insurance sufficient for the purpose of employing such members of staff with whom the Students' Union has a contract of employment.
- d. Copies of insurance policies, including employer's liability insurance policies, will be submitted annually to the University's Director of Finance and the University's Insurance Advisor. The certificates should also be displayed in the Students' Union offices in the St. George's Centre.

16. Borrowing

- a. The Students' Union may enter into short-term borrowing for cash management purposes provided that:
 - i. The total short-term borrowing shall not at any time exceed 1/12 of the block grant; and
 - ii. The short-term borrowing shall not exceed a continuous period of 60 days in any financial year.
- b. Any short-term borrowing shall be limited to overdraft facilities provided by one of the banks or building societies on the University's list of approved deposit takers, and upon the most favourable terms obtainable as to interest, repayment and security.

17. Employment of Staff

- a. The Students' Union shall be permitted to employ staff to carry out its functions providing the terms and conditions for employment, payment and development of staff are in accordance with those of the University.
- b. The whole cost of employed staff shall be met by the Students' Union, and shall be taken into account by the University when allocating the annual block grant.
- c. Staff employed by the Union shall sign their contracts of employment with "Canterbury Christ Church University - Students' Union". The University shall act as a payment agent, and shall recharge the Students' Union for monies paid to Students' Union staff.
- d. The Students' Union shall, in its annual budget submission to the University, detail all required permanent staff and their agreed salaries individually within that budget application.
- e. Staffing requirements for the Students' Union shall be included in the normal process of negotiations over the annual budget application, and shall not be subject to any special process (save for normal discussion between the Union and the University as to the development of the Students' Union).
- f. The Board of Trustees may appoint temporary staff as required for the smooth operation of the Union; temporary staff shall be afforded the same protection as permanent staff. Temporary staff shall be appointed for a period of no longer than twelve 15 months.
- g. In accordance with the Articles of Association, sabbatical officers are Ordinary Members of the Students' Union, who, for the purposes of their sabbatical term of office, are considered registered students of the University. They shall be paid an allowance agreed by the Board of Trustees.

18. Senior Manager

- a. The Senior Manager shall be a permanent member of Students' Union staff. The Senior Manager has responsibility for specific roles defined in the Articles of Association and this Memorandum, and shall also have a detailed job description / specification.
- b. The Senior Manager's duties shall include:
 - i. Responsibility for monitoring the income and expenditure of the Students' Union in relation to its budget, and a duty to advise the President and Board of Trustees of overspending in any area, as well as any financial problems and issues arising;
 - ii. Attending the Finance and Risk Committee (with speaking rights only);
 - iii. Presenting the Students' Union's accounts to the University's Finance and General Purposes Committee at each of the four meetings held in the year;
 - iv. Acting as a cheque signatory for the Students' Union's bank account together with the President of the Students' Union;

- v. Acting as an authorised signatory, together with the President of the Students' Union, for entering into contracts;
- vi. Preparing (or have prepared) the annual accounts of the Students' Union for presentation to an independent body for audit: the completion of audit and transmission of accounts to the Governing Body shall be completed within three months of the end of the financial year (ie within 3 months of 31st July);
- vii. Arranging adequate insurance cover for the Students' Union's owned assets, sporting activities, public and employer's liabilities, all third party risks and any other appropriate risks;
- viii. Responsibility for the effective management of all other staff working for the Students' Union;
- ix. Ensuring, on behalf of the University and the Students' Union, that the regulations contained in this Memorandum are observed; and
- x. Responsibility for ensuring that any anomaly or discrepancy in the financial management of the Students' Union is reported to the Board of Trustees and the President. If no satisfactory outcome results, the matter shall be reported to the Vice Chancellor.

19. Duration

- a. This Memorandum covers the period 1st August 2017 to 31st July 2018 and is subject to annual review.
- b. This Memorandum shall continue in full force and effect until the occurrence of any event detailed in Clause 20 - Termination. The terms of this Memorandum should nevertheless continue to bind the Parties thereafter to such an extent and for so long as may be necessary to give effect to the rights and obligations embodied in this Memorandum.

20. Termination

- a. This Memorandum shall be terminated should one or more of the following events occur:
 - i. Either of the parties committing a material breach of its obligations under this Memorandum and in the case of a breach capable of remedy, failing to remedy the same within twenty one (21) days of being specifically required in writing to do so by the other party; or
 - ii. Any distress, sequestration, or other process being levied or enforced upon or against the property of the Students' Union which is not discharged within ten (10) days; or
 - iii. The inability of either party to pay its debts in the course of business; or
 - iv. Either party ceasing or threatening to cease wholly or substantially to carry on its business otherwise than for the purpose of a reconstruction or amalgamation without insolvency previously approved by the other party (such approval not to be unreasonably withheld); or
 - v. Any encumbrancer taking possession of, or a receiver, or trustee being appointed, over the whole or any part of the undertaking property or assets of the Students' Union; or

- vi. The making of the order or the passing of a resolution for the winding up of either party, otherwise than for the purpose of a reconstruction or amalgamation without insolvency previously approved by the other party (such approval not to be unreasonably withheld).

21. Assignment

- a. Neither party shall be able to assign or transfer or purport to assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

22. Notices

- a. Any notice to be given under this Memorandum shall either be delivered personally or sent by first class recorded delivery post. The address for service of each party shall be its address stated above or any other address for service previously notified to the other. A notice shall be deemed to have been served as follows:
 - i. If personally delivered at the time of delivery; or
 - ii. If posted at the expiration of forty eight (48) hours after the envelope containing such notice was properly addressed and delivered into the custody office of the postal authority as a prepaid first class recorded delivery or airmail letter (as appropriate).

23. Waiver, Forbearance and Variation

- a. The rights of either party shall not be prejudiced or restricted by an indulgence or forbearance extended to the other party and no waiver by any party in respect of any breach shall operate as a waiver in respect of any subsequent breach.
- b. Changes to the Memorandum may be proposed by either the Senior Manager or President (on the part of the Union), or the Chairman of the Governing Body (or nominee), or the Vice Chancellor or their nominee (on the part of the University). The Memorandum will be reviewed annually and considered at the June meeting of the Finance and General Purposes committee.

24. Governing Law

- a. The construction, validity and performance of this Memorandum shall be governed in all respects by English law.
- b. The University and the Students' Union shall use their best efforts to negotiate in good faith and settle amicably any dispute that may arise out of or relate to this Memorandum or breach thereof. If any such dispute cannot be settled amicably through ordinary negotiations by appropriate representatives of the University and the Students' Union the dispute shall be referred to the Chairman of the Governing Body who having taken appropriate advice shall determine the matter.

25. General Matters

- a. This Memorandum supersedes any previous arrangement between the parties in relation to the matters dealt with herein and represents the entire understanding between the parties in relation thereto.
- b. Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended or re-enacted.
- c. Words or terms denoting the singular number only shall include the plural and vice-versa.
- d. Unless the context otherwise requires, reference to any clause is to a clause in this Memorandum.
- e. The headings in this Memorandum are inserted for convenience only and shall not affect the construction hereof.

Annex A - Christ Church Students' Union Grant allocation 2017/18

Core Grant Allocation Includes an inflationary increase of 1% from 2016/17.	£599,223
Rates Based upon current council rates cost and charitable discount on business rate.	£3,106
Rent Source Legal Agreement Abtec Ltd. Rent is not charged at a peppercorn rate, otherwise the value would be £240,000 per annum plus VAT.	£1
Hard FM costs including utilities and maintenance service contracts Building services, PPM, Water and Sewage costs, CCTV & Waste, based on previous year's costs and an uplift for inflation.	£54,400
IT Service Level Agreement Information Technology and IP Telephone support.	£30,078
HR Service Level Agreement Human Resource recruitment, selection, administration, and personnel development support.	£25,289
TOTAL	£712,097
12,454 FTE Students x £57.18 = £712,097	