

Union Council 22<sup>nd</sup> January 2007

**Making LUU more effective:**  
**Proposed changes to LUU's governance**

This is an updated version of the paper that was submitted to Union Council on 2<sup>nd</sup> October 2006.

**What is Governance?**

"... the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation."

National Council for Voluntary Organisations (NCVO)

It's about planning and oversight of and responsibility for the organisation.

It is helpful to think of LUU in two halves. Firstly the representational half which includes Union Council, assemblies, the policies and campaign of the Union, and the day to day representational work of the executive. This is what LUU is about; making sure the student voice is heard, and every student has a say in its democracy. The other half is the organisational half which includes the Union's commercial services, membership services, the employment of staff, the accounts and the building. This is what we have in place to support our members and *facilitate* representation. The changes proposed here benefit both halves by freeing the representational half of the organisation to do its job more effectively and by giving proper scrutiny and transparency to the decisions of the organisational half.

**Background**

The Governance Review Group (GRG) was brought together by Union Council last year following a commitment in the plan for 05-06. It comprised two Executive Officers, one member of Union Council, the General Manager and the Membership Services Manager, the University Secretary, and a former lay member of the University's Council with a specialist legal background.

LUU had committed to review its governance structures in the light of imminent changes to charity legislation and in response to best practise in the voluntary sector and other Students' Unions. Under the new charity bill which is expected to become law in this parliament, Students' Unions will now have to register with the charity commission. Many other Unions

across the country, most notably Kings College London, Reading and Goldsmiths have been moving in this direction.

Information has been gathered from many sources, including NCVO, Association of Chief Executives in Voluntary Organisations (acevo), the charity commission and many other membership organisations and charities such as Oxfam and the National Trust. The group has met several times over the course of the year and has recommended some significant changes to LUU's governance. These changes have been fully discussed and endorsed by the Executive Committee.

Finally, any organisation needs to have the right decision making structures to be able to achieve its aims. Our aims are very clearly stated on the plan, which has been written with more member input than ever before.

- Mission: To provide effective representation and a range of member led services that are of consistently high quality and embrace the needs of our members
- Vision: By 2009 the vibrancy of LUU, the strength of our services and our ability to engage with, motivate and empower all of our members will mean that we are the most effective Students' Union in the country

The changes below are proposed in order to ensure that the organisation has the right governance structures to be able to reach its objectives and uphold its values.

### **Issues with our current governance structures**

Representation is what we're about. Making sure the rights of students are promoted and defended on a daily basis is why we have a union at all, and it's why we have systems and processes in place to make sure the voice of our students is heard. We employ a full-time team of students, the executive, to represent students on a day-to-day basis. We have assemblies representing a whole smorgasbord of student issues, everything from race, to sexuality, gender, ethics, activities and welfare. We have a department of the organisation, the Democracy Support Unit, dedicated to making sure our democratic processes run smoothly. We've the referenda, the forum for all our students to have their say in our policy, and finally we have Union Council, our sovereign body for political policy. Composed of 42 student reps, it was composed in such a way that it was as representative of our student body as possible, and has the final say in

any representational policy. These are our representational structures; these are what we're about.

While representation is the core of our union, there is another key component to our mission as a union; the provision of what we call our 'membership' services. These are services like the Student Advice Centre, the Student Activities Centre, and the nursery Bright Beginnings. These are the services we provide for our members. To fund these services and our representational structures, we run commercial services; our bars, nightclubs, two shops, bookshop etc. To deliver these membership and commercial services, we employ 170 full-time staff, 230 part-time staff, and turn-over £9 million a year. With this operation comes significant responsibilities; financial planning and stability, health & safety and other legal responsibilities, all implemented across each department.

As a membership organisation there are other demands placed upon us, around making sure we are the best organisation possible for our members. We must constantly be asking, are we meeting the wishes of our membership? Are we catering for our diverse student population? How do we improve our membership services? How do we make our commercial services stronger to fund this activity? Are we meeting the plan our members set us? Are there any developments in the outside world, like political pressure or legislation, that we must pre-empt or respond to?

All these issues concern how well our organisation is run. They concern the *governance* of the organisation, and effective governance means a sustainable organisation that is truly meeting the needs and wishes of its members. The key problem is that at the moment, we are trying to govern the organisation through the structures that we created to *represent* students, not to effectively govern the organisation. Worse, the fact we burden the representational structures with some governance duties only means time and focus is taken away from the important issues affecting students. That in turn means the governance issues are not given nearly enough attention, leading to less scrutiny and accountability, and ultimately a poorer organisation for students.

This failure to separate and clarify these two structures has led to some significant issues with our governance. Perhaps the most glaring issue regards our trusteeship. Trustees are legally responsible for the overall running and oversight of an organisation. According to our constitution the trustees are the whole of Union Council, a group of 42, much larger than is recommended by NCVO or the Charity Commission. The vast majority of students stand to be members of Union Council because they

want to represent their constituencies and run campaigns. That does not always sit easily with trustee responsibilities. Sometimes the two roles are even in conflict and Union Councillors do not receive sufficient support to resolve those conflicts.

This issue arises from the political nature of the representative structures. Clearly a representative body must be political, but a trustee body must expressly *not* have a political mandate. It must act in the long-term interests of the organisation, to make sure LUU is still here in 5, 10, 15 years time for future students to benefit from and enjoy. It must be inherent in the governance structures that there is a long-term perspective, yet it is not fair to prevent a student activist on Union Council from running a campaign and represent their constituency because they have to act as a trustee.

These conflicts are often more acute for elected officers who, in the space of one day, can be acting as a trustee, as a representative and as a service provider, all with very different imperatives. It is vital that officers know which "hat" they are wearing at any one time in order to fulfil their obligations to the organisation and to the membership.

The scrutiny which ought to be applied to key decisions such as the budget tends to get lost in this structure. This year there were only two questions on our 2005-2006 accounts, one of the most important documents a trustee board could receive and discuss. At any other board there would have been significant discussion, but why should Union Council have been concerned? Why should it be burdened with being legally responsible for the solvency of the union, and all the responsibilities of scrutinising the accounts, health and safety reports, staffing regulations etc. when it could be spending time doing what it's members voted it in to do – represent their voice? Making this separation between representation and organisational governance not only provides greater scrutiny of the organisation, but is better too for empowering and representing the concerns and wishes of our members.

Furthermore, the present structures do not reflect the reality of how the organisation is actually run. The relationship between staff and officers is difficult because it is important that staff don't become involved in the policy making of LUU. However, they are clearly involved in the way LUU as an organisation is run and so the structures should recognise that reality and hold them to account for it. Also, all these decisions regarding organisational issues (strategy, health & safety, staffing, progress on the plan) all have to be made to keep the organisation running. But because of the lack of a clear governance structure, they currently take place

behind closed doors. Where is the accountability and transparency for those decisions? By making clear and explicit our governance, we make our organisation far more open, accountable and transparent to our members.

## **Proposed changes**

So what structures might we put in place to effectively govern the organisation? We need not look any further than the principles and structures adopted by fellow charities, and for all charities (and indeed private and public organisations) the bedrock of good governance is the trustee board.

## **Trustee Board**

The key recommendation is that we set up a trustee board distinct from the structures which exist to represent students and set policy. Representation is the purpose of the Union, but it need not be how it is governed as an organisation. Again, think of the Union in two halves:

The representational half will in fact change very little. Members will elect the Student Executive and Union Council as ever, and the Student Executive will be held to account for its campaigning and representational work by Union Council. Union Council remains the sovereign body of representational issues, and has the power to set policy and decide the issues which are voted on by the membership at a referendum (although it is still possible for any student to call a referendum by petition).

What changes is that the responsibility for the governance of the organisation is transferred to the new trustee board. Union Council will be responsible for representing students, setting policy and campaigning, but not the running of the Union's services. This will empower the representational half of the organisation to better perform its job as the voice of students, because it will not be burdened with the responsibilities of trusteeship.

The trustee board would determine the Union's strategy and vision in line with the will of the membership. It will also approve and monitor services, approve and monitor budgets, ensure sound risk management, and appoint and appraise the Chief Executive. It must have the power to make decisions on the things for which it is legally responsible. But it would not get involved in the policy making of the Union, running campaigns or

representing students, unless those things affected the future of the organisation.

The board would comprise all the executive officers (elected), up to four ordinary students (appointed) and up to four co-opted members (appointed), to add to the skills mix and add a degree of objectivity.

The elected officers sit twice in the structure, in the traditional Student Executive committee and as trustees. This is very deliberate. It resolves the problems described above around trusteeship but the relationship between Union Council and the Student Executive in the representational half has not changed and this is key. Union Council can still mandate officers to run certain campaigns, uphold certain policies and hold them to account for their political behaviour. What they can no longer do is scrutinise the budget or wield other trustee duties.

Sitting twice in the structure will also help the officers understand which "hat" they are wearing at any one time. The environment of the board meetings should be different, and there will be the added co-opted members present. Confusion between trustee and representational or political responsibilities will thus be minimised. The board would meet around five to seven times a year and outside these meetings officers should carry out their day-to-day roles of representing and campaigning for students. Governance becomes very difficult when officers step into the realms of management and visa-versa. The structures should discourage officers from getting involved in operational issues, that is why we employ staff, and officers should spend as much time as possible working for their members. Added to this we have suggested changes to the elections processes to ensure that all candidates are fully briefed about the true nature of the role.

The relationship between the trustees and the most senior staff member (the Chief Executive) should be formalised through one of the trustees. This should be the chair of the trustee board and one officer should have that as a clear responsibility. We propose that a co-opted trustee could fulfil the role of deputy chair to assist the chair with some of the most demanding roles, such as the Chief Executive's appraisal.

The Chief Executive would report to the trustee board and this would help with the accountability of staff. Senior staff clearly make decisions which affect the organisation and are running the Union's services, but staff should not be involved in the political structures so currently it is not clear to members how they are held to account. Many of the potential problems with staff-student protocols, which are necessary when staff are

operating in a political environment, would be eliminated. However, we propose that additional work should be done to train and help staff working in the political environment.

### **Accountability of the board**

The accountability of the trustee board is clearly vital and the membership would have ultimate say in removing the board if they disagreed with the trustees' decisions.

Officers will be held to account for their political actions through Union Council and Council can express its opinion on any matter relating to the Union.

All trustees could be removed through a vote of the membership (a vote of no confidence) with a quorum of 4500; a majority of two thirds would need to be achieved. A vote of no confidence would require a petition with at least 1500 signatures; the petition would be held by the Union, probably in at reception.

All trustees could also be removed by the other members of the board of trustees. This would only happen in extreme circumstances. In the case of a member of the Executive only other Executive members and the student trustees would be able to vote; co-opted trustees would have no say over the removal of Executive Officer trustees. In the case of the student and co-opted trustees, all trustees could vote but there would need to be a majority of both Executive and co-opted trustees voting in favour.

An Executive Officer losing their position on one half of the governance structures would necessitate that they lose it on the other half, i.e. he/she would cease to be a trustee as well as a representative.

LUU would continue to hold an AGM. This is not like the LUU's old AGMs and would not to set policy or make decisions about the future of the organisation. Rather it would approve the accounts and appoint auditors. The trustees are formally answerable to the membership at the AGM.

The decisions which the trustees make, as they relate to the things students experience in LUU such as the services and the building, will always be informed by students because it is our members with whom we conduct market research. All of the big decisions taken by the Union over recent years have been informed in this way. The democratic structures are established for the Union to be an effective campaigning

organisation but they are not best suited to the running of services. These proposals will ensure that all LUU's services continuously meet the diverse and changing needs of our membership.

Here we've outlined the most important ways in which the board would be held accountable, however we are currently building greater detail around ways we can make the board as transparent and accountable as possible. We would welcome ideas from Union Council as to what detail they would like to see.

### **Sub committees of the Board**

In order for a Board of trustees to govern effectively it is necessary to have sub groups of the Board looking at particular issues in more detail. However, sub committees should only be formed if the area concerned is about governance, is an ongoing issue and is better tackled by a committee rather than the whole Board. There are three areas that fall into this category:

- Audit and Risk (looking at the Union's finances in detail and also considering what areas of the Union's activity are potentially risky and how that risk might be minimised)
- Appointments (of trustees as well as the Chief Executive)
- Remuneration and HR (staffing and pay issues)

Therefore it is recommended that there are three sub committees of the Board looking at each of these areas.

### **Examples of how things would work**

#### Writing the Union's plan:

Members asked through focus groups and market research, board review information and produce draft proposals, draft proposals considered by UC, assemblies and the membership, proposals amended by the board and voted on by members at a referendum.

#### Setting policy on Iran:

Member goes to an assembly and discusses the policy, assembly chair takes the policy to Union Council, UC votes and it becomes policy of LUU.

#### I want to ban Coke in LUU:

Member goes to E&E assembly to discuss the issue, assembly takes issue forward to UC, UC votes on policy and advises the board, the board considers the implications for the future of LUU and makes a decision or consults further. If the board was satisfied that the majority of the

membership wanted this change then it would implement it perhaps following a referendum. If the member was unhappy with the board's decision then with the support of a significant proportion of the membership the board could be removed.

I feel discriminated against and want the university to mark all work anonymously:

Member goes to the Education assembly and the issue is taken forward to UC. UC mandates the Education Officer to run a campaign.

**Conclusion:**

Over 18 months after LUU began reviewing its governance structures, four consultations with Union Council and several focus groups later, we really feel we have arrived at proposals that truly empower Union Council to carry out its mandate more effectively, and give the organisational decisions the scrutiny, transparency and accountability they deserve.

We ask Union Council to give feedback on these proposals, before they are taken out to further consultation.

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