



SUS Review
Discussion Document (Draft)

February 2010

Executive Summary

This review focused on whether Scottish Universities Sport's (SUS) current Human Resource (HR) structure and the organisational status of the organisation were suited to delivering the SUS strategy (2009–2014). The review process used was a combination of consultation, discussion and desktop research.

There were several points generated from the review of the HR structure that required further consideration:

- The scope and scale of SUS was now at the stage that the management structure required a position of Chief Officer to oversee the activities and operations of SUS. The reliance on a volunteer SUS Executive Chair who rotated every two years carried some future risks.
- It was also highlighted that the current level of staffing resource wasn't sufficient to carry out the remit outlined in SUS strategy.
- A modest plan that included the appointment of a Chief Officer and provided more staffing capacity would cost an additional £60K-£90K per annum. This is not affordable within the current financial profile.
- Concern was also raised that the current financial profile was not sustainable. Based on current charging methods (for internal/ member events and external business) together with the forecast level of growth in operating costs, these costs will exceed income generated by 2010 - 2011. This puts even the current levels of staffing at risk.

Three options were suggested as solutions: Option 1 involved SUS retracting some of the activities and aspirations as detailed in the strategy, and Options 2 and 3 involved SUS taking 15 months (by the time of the SUS Conference in June 2011) to fundamentally change its financial profile and generate the required resource to support an affordable and forward looking staffing structure that will deliver future growth. There were several reasons highlighted for recommending Options 2 and 3 with the most important being the evident potential to generate additional income.

The organisational status of the organisation was reviewed and this section concludes that the key issue centres on the need to obtain a separate legal identity for SUS, with the easiest currently available route being to become a company limited by guarantee.

However, the report also highlighted that a Bill has just been drafted by the Law Commission that would automatically confer a legal identify for SUS if it meets stipulated criteria (which SUS already meets if these were to stay the same as stated in the draft legislation). The report indicated that this could be an ideal development but it would have to be discussed further in terms of timescale for implementation.

1	INTRODUCTION AND BACKGROUND.....	3
2	PROCESS.....	4
3	HUMAN RESOURCE (HR) STRUCTURE	5
3.1	Is there a need to change the current HR structure?	5
3.1.1	Management Structure.....	5
3.1.2	Level of Staffing	6
3.1.3	The Key Requirements	6
3.2	Is it feasible to restructure within existing financial resources?.....	7
3.3	What is a solution that will allow SUS to deliver the change required?.....	8
4	ORGANISATIONAL STATUS.....	10
4.1	Liability.....	10
4.2	Benefits of Charitable Status	11
4.3	External Business Opportunities.....	12
5	CONCLUSIONS.....	12
6	APPENDIX 1 ORGANISATIONAL STRUCTURES	14
7	APPENDIX 2 OPTION 2: PROPOSED TIMETABLE FOR OPTION 2.....	15
8	APPENDIX 3 CURRENT LIABILITY RISKS	16

1 INTRODUCTION AND BACKGROUND

Scottish Universities Sport (SUS) was formed as an association in June 2005 as a result of the merger of the two previous governing bodies for sport in higher education [Scottish Universities Physical Education Association (SUPEA) and Scottish Universities Sports Federation (SUSF)]

The organisation has developed significantly over the past 4½ years and SUS have just recently endorsed a forward looking strategy (Active, Competitive, Innovative Strategy 2009–2014) that will shape the work of the organisation till 2014.

It is now therefore appropriate that the SUS Executive are asking questions about the structure and status of the organisation and whether the current model is the most appropriate to deliver the strategy.

In particular, the SUS Executive has identified the following key areas for review:

- Human Resource (HR) Structure
- Organisational Status of the Organisation

The purpose of this discussion document is to report the preliminary findings of this review for the SUS Executive to consider and debate. This report will also be supported by a presentation.

This report is divided into the following sections:

- Review Process
- Human Resource (HR) Structure – findings and recommendations
- Organisational Status – findings and recommendations
- Conclusions

2 PROCESS

- **Human Resource (HR) Structure**

In order to discuss the HR structure of SUS, the review set out to answer the following questions:

- Is there a need to change the current HR structure?
- Is it feasible to restructure within existing financial resources?
- What is a solution that will allow SUS to deliver the change required?

- **Organisational Status of the Organisation**

The review investigated whether SUS should move from an unincorporated association to an organisation with a corporated status¹.

Discussions were held with the following people in undertaking the review:

- Shona Roche (SUS Administrative Assistant)
- Stew Fowlie (SUS Sports Manager)
- Jacqui Stone (SUS Executive Officer)
- Filippo Antoniazzi (Chair of SUS)
- Catriona McAllister (Executive member of SUS)
- Jim Aitken (past SUS Chair)
- Mike Fitchett (past SUS Executive member)

Reference was also made to a paper by Neil Park² (An Overview of the Benefits of Charitable Status) and some further desktop research which included very recent information from the Law Commission³ (highlighted by Jacqui Stone) concerning the potential for the introduction of new legislation regarding unincorporated associations.

¹ The organisational status of SUS was not part of the initial remit of this review. However, during the process of reviewing the HR structure and given the number of overlapping issues, it seemed sensible to include.

² An Overview of the Benefits of Charitable Status - Neil Park (May 2008)

³ The Law Commission – Unincorporated Associations www.scotlawcom.gov.uk: Discussion paper (140)

3 HUMAN RESOURCE (HR) STRUCTURE

3.1 Is there a need to change the current HR structure?

There was an overwhelming consensus from the discussions that there was a need to develop the current HR structure within SUS. There was agreement that this need centred around two main areas: the current management structure is over-reliant on a volunteer position to manage the business of the organisation and the current level of staffing is insufficient to support the delivery of the strategy. The following sections outline this in more detail and the kind of changes required.

3.1.1 Management Structure

The most critical change in structure voiced was the need for SUS to appoint a Chief Officer (Executive or Operating). It was felt that SUS was at or reaching the level of organisational scope and scale that it needed a designated person to lead and manage the strategy and operations of SUS. Currently a significant proportion of this role is dependent on the volunteer SUS Executive Chair position.

To date SUS has been very fortunate in the expertise and commitment of the past and current Chair but there was consensus that this was not a sustainable model and carried significant future risk. Outlined below are the key points that were made in discussions:

- The SUS Executive Chair is expected to have hands-on management of the staff of SUS (including HR functions, workload allocation, resourcing etc). As the organisation expands and the decisions regarding priorities become more pressured, this task is becoming more complex and time consuming. This is also exacerbated by the fact that the SUS Executive Chair can be physically located a significant distance from the SUS offices.
- The SUS Executive Chair is expected to be the key figurehead and lead contact for SUS. However, to deliver the strategy there needs to be a significant amount of time allocated to nurturing and developing the network and partnerships that SUS relies on and requires to develop in order to fulfil its' role. The increasing time commitment and increasing SUS specific knowledge this role requires is now deemed too much to expect of a volunteer position and particularly one that changes personnel every two

years.

A note of caution was raised through the discussions. It was highlighted that if SUS did appoint a Chief Officer then care would need to be taken to ensure that the representative and democratic culture of SUS and the Executive body were both preserved. One of the success factors of SUS is the volunteer structure that exists to support its work and the way in which this brings together different skills, ideas and expertise from across the breadth of Scottish Higher Education.

Appointing a Chief Officer or making any significant increase to SUS staff resource should not be about replacing aspects of the volunteer work that is currently undertaken but should be specifically to add value in other areas.

3.1.2 Level of Staffing

There was an expectation that a greater level of staffing would be required if the strategy was to be developed and delivered and that there wasn't sufficient existing capacity to do all that was needed. The following list identifies the areas of operation that existing staff have responsibility for:

- strategy & advocacy
- finance
- professional development
- physical activity
- fixtures and events
- sports development
- communications, sponsorship and marketing
- research and academic provision
- administration
- colleges development

3.1.3 The Key Requirements

There were a number of different versions of potential staffing plans including the modification of job roles and making alterations to committees but the fundamental need expressed was for a Chief Operating Officer and an increased staffing capacity.

Appendix 1 (Figure 1) outlines the current organisational structure and level of staffing and costs just under £100K per annum and Appendix 2 (Figure 2) outlines an example of one of the modest staffing development plans proposed. This would cost in the

region of £160K-£190K per annum (depending on the gradings of post).

It was also put forward that a way of increasing staff capacity in a cost effective way would be to use a trainee/graduate assistant type of system of employment, particularly for the assistant type roles. It was highlighted that this would have a great fit with SUS and provide a way giving valuable work experience.

3.2 Is it feasible to restructure within existing financial resources?

There is very little room to manoeuvre within the existing financial profile of SUS and there is currently not the capacity to be able to support a restructure that incurs an additional cost of £60K-£90K (as outlined above and in Appendix 1, Figure 2).

Highlighted below are some key points regarding the current financial profile of SUS for consideration and discussion:

- The current core operating income⁴ for SUS is £149.9K per annum (£155K if college subscriptions are also included). This includes income from institutional membership subscriptions, funding from BUCS and sportscotland, and income from sponsorship activities. The core operating cost (based on 2009/10 forecast) is £58.6K per annum and the core staffing cost is £96.3K⁵ per annum. Given that staffing costs will increase annually due to grading increments and inflation, the current level of core income will have to increase or core operating costs will have to decrease for SUS to be able to sustain even the current structure and staffing levels into 2010-2011.
- The significant growth of SUS combined with the financial model of charging no fee (or only a minimal fee) to attend internal/ member events (eg seminars and conferences) and the approach to taking on external new business (eg colleges or SFA development) without recovering overhead costs means that operating costs will increase significantly and beyond any income being generated from these activities.
- Almost 12% of the current core income comes from sponsorship activities and this is currently not secured long-term.
- Almost 50% of the current core income comes from institutional membership

⁴ This excludes the income/expenditure from ring fenced projects from SFC / SFA

⁵ This represents core staffing costs without the inclusion of maternity costs.

subscriptions. Although this is more secure than income from sponsorship activities, it is unlikely that institutions will sanction any more than inflationary increases to membership subscriptions.

- Currently SUS do not pay for accommodation costs or for any associated operating costs relating to accommodation, and do not pay HR costs relating to the servicing of employment contracts. This cost is met by Edinburgh University and represents a significant subsidy to the organisation. SUS would be at financial risk if this subsidy was withdrawn or a contribution to accommodation or HR costs was required.

Clearly the above paints a challenging financial picture. On one hand SUS is really developing and needs a more sustainable staffing complement in order to further develop and deliver on the desired strategy, yet the current financial profile would be insufficient to sustain or support this growth.

3.3 What is a solution that will allow SUS to deliver the change required?

There was significant discussion relating to the prioritisation and targeting of the limited finances for SUS in order to identify where these should be focused. From the discussion, the following 3 options emerged as serious possibilities for further debate:

- **Option 1**
SUS retracts some of the activities and aspirations as detailed in the strategy and works to consolidate its position to ensure that it can work within current and proposed future financial resources. This option would not pursue the appointment of a Chief Officer or look to increase the level of staffing. The upcoming vacant administration position would be reviewed to establish how effectively and efficiently this financial resource could be deployed.
- **Option 2**
This is a much bolder solution and fundamentally challenges SUS to create a more sustainable income and expenditure profile that will generate the required resource to support a forward looking staffing structure by June 2011. The first step would be to release one of the current SUS staff from 50% of their role to lead and manage this process in the position of an Acting Chief Officer and all current staff would be invited to apply. Appendix 2 outlines

further details and a proposed timetable for Option 2. There are a number of points that would support this as a good option:

- There are currently projects and opportunities that have the potential to generate additional income. A good example is the Colleges Development where (given the success of the pilot to date) there is the opportunity to lever funding from the Scottish Funding Council (SFC) to continue with this project. There is also the potential for renegotiation of subsidies with BUCS and sportscotland and the scope to change the charging structures for internal/ member events and external new business.
- Creating the Acting Chief Officer position is in line with a key need and a good opportunity to test this structure in the short term.
- This development would allow SUS the time to develop a staffing structure that utilised a trainee/ graduate assistant system highlighted in section 3.1.3 to fill the assistant administration and sports development type roles⁶.
- It was felt that this was an option that could be tried and if it was found that there wasn't the financial resource to support a more developed staffing plan then it would still be possible to revert back to Option 1.
- It is very much aligned with the ethos of SUS – to be bold and to give things a go!
- **Option 3**

This is similar to Option 2 but instead of appointing a temporary Chief Officer to lead the financial and HR re-development the two senior posts within SUS (Executive Officer and Sports Manager) be asked to work together to generate this change. Again time would be released from their current roles to allow this to happen (e.g 25% each). Critically their work would be supported by a sub group from the Executive specifically convened for this purpose.

The potential advantage of this option over Option 2 is that it brings together a range of skills and expertise all of focused on the task at hand. This would not

⁶ Would also be a system suited to implement for Option1

only provide a better chance of success but also provide developmental experience for the two senior post holders in SUS⁷. The other advantage is that this option could be implemented almost immediately with no requirement for an EGM.

Obviously all three options require a significant amount of further discussion and debate. However, it is clear from the existing financial profile of SUS that the 'status quo' or 'do nothing' approach is not an option.

4 ORGANISATIONAL STATUS

SUS is currently what is known as an association that is unincorporated. There would appear to be three main drivers influencing the discussions about whether SUS should be changing its current organisational status, and these include:

- liability
- benefits of charitable status, and
- external business opportunities

This section will discuss these drivers and their relevance to SUS.

4.1 Liability

Unincorporated associations have no legal identity and as such cannot:

- enter into a contract
- engage employees
- sue or be sued by another
- own property

When associations do undertake any of the above activities, it means that the risk and liability for these activities is assumed elsewhere ie within individual members or with the management group. If an association is working in this way then it is strongly recommended that the association becomes incorporated so that limited liability is in

⁷ The expectation would be that if the funding levels were generated by June 2011 the post of a permanent

place and the association has a separate legal identity in its own right. The normal route is to become a company limited by guarantee.

However, a further factor to consider is that the Law Commission has just drafted a Bill⁸ that will provide an automatic legal identity to associations if they pass a set of criteria. For associations meeting the criteria they would be referred to as Scottish Association with a Legal Personality (SALP). As the Bill currently stands, SUS would already meet these criteria. This Bill arose out of concern that there were a significant number of unincorporated institutions in Scotland and they were not being served well by the law. The Bill is designed to provide a new corporate vehicle suitable for not-for-profit organisations. It is aimed at creating a simple regime with the minimum of administrative burdens to ensure that associations are recognised as legal entities.

It would appear that this Law could be ideally suited to SUS and would avoid the need to meet the additional compliance requirements and costs associated with becoming a company limited by guarantee. However, this new Bill could take some time to become law and therefore the issue of liability still requires to be discussed in the interim and a decision would need to be taken in relation to whether or not SUS could wait.

Appendix 3 outlines a number of the potential liability areas and details that currently the risks are either minimal or mitigated. However, it is important that the SUS Executive obtains further advice on this matter.

If it was decided to move to a company limited by guarantee then it is recommended that this would be an objective to be included as part of the Option 2/3 scenario and presented to the SUS Conference in June 2011.

4.2 Benefits of Charitable Status

Becoming a charity also provides an association with a separate legal identity (and therefore limiting liability) but also has potential financial benefits, primarily relating to employment tax, corporation tax and VAT.

From an initial investigation, it doesn't appear that there is a financial benefit to SUS from becoming a registered charity. The non-financial benefit would be that SUS

Chief Officer for SUS would become available.

would have a legal identity and therefore would have limited liability (as detailed in section 4.1) but it would be easier to become a company limited by guarantee if this was the sole reason to benefit.

4.3 External Business Opportunities

External organisations or partner groups may have a reluctance to do business with unincorporated associations. It can be seen as poor practice and this needs to be factored into the debate around future organisational status (especially in discussion relating to Option 2 which proposes an increase in funding opportunities from external groups and new ways to attract business funding). The SUS Executive would need to decide on the level of risk in relation to gaining business from key partners who regard being unincorporated as poor practice, despite the proposed upcoming change in the law.

5 CONCLUSIONS

This review set out to look at the Human Resource (HR) structure of SUS to give some views on whether the current structure and the organisational status were the best model to support the development of SUS and the delivery of its forward look strategy.

The key conclusion reached was that the existing financial profile of SUS will not sustain the current structure or the desired growth. Unless the financial profile of SUS is developed then the identified changes to the management structure and level of staffing cannot be implemented.

Although there is an option to consolidate and reduce some of the growth activities of SUS (Option 1), it would be more the SUS ethos to take bolder action. The recommended options (Option 2 or 3) are to focus (over a trial period of the next 15 months) to change the financial profile of SUS to sustain and build on the excellent progress that has been made to date.

In terms of organisational status, being an unincorporated association is not ideal and the preference would be that SUS was established as a separate legal entity in order

⁸ Unincorporated Associations (Scotland) Bill, 26 November 2009

to reduce risk and limit liability. If feasible, it would be recommended that SUS wait until the forthcoming Bill that is specifically targeted at providing this legal identity to not-for-profit organisations becomes legislation. This would save time and reduce costs to SUS.

If the risk is deemed too high (either in terms of liability or for the risk to external business opportunities) then incorporation as a company limited by guarantee should be part of the proposal put to the SUS Conference in June 2011.

6 APPENDIX 1 ORGANISATIONAL STRUCTURES

Figure 1 outlines the current organisational structure and level of staffing and costs just under £100K per annum:

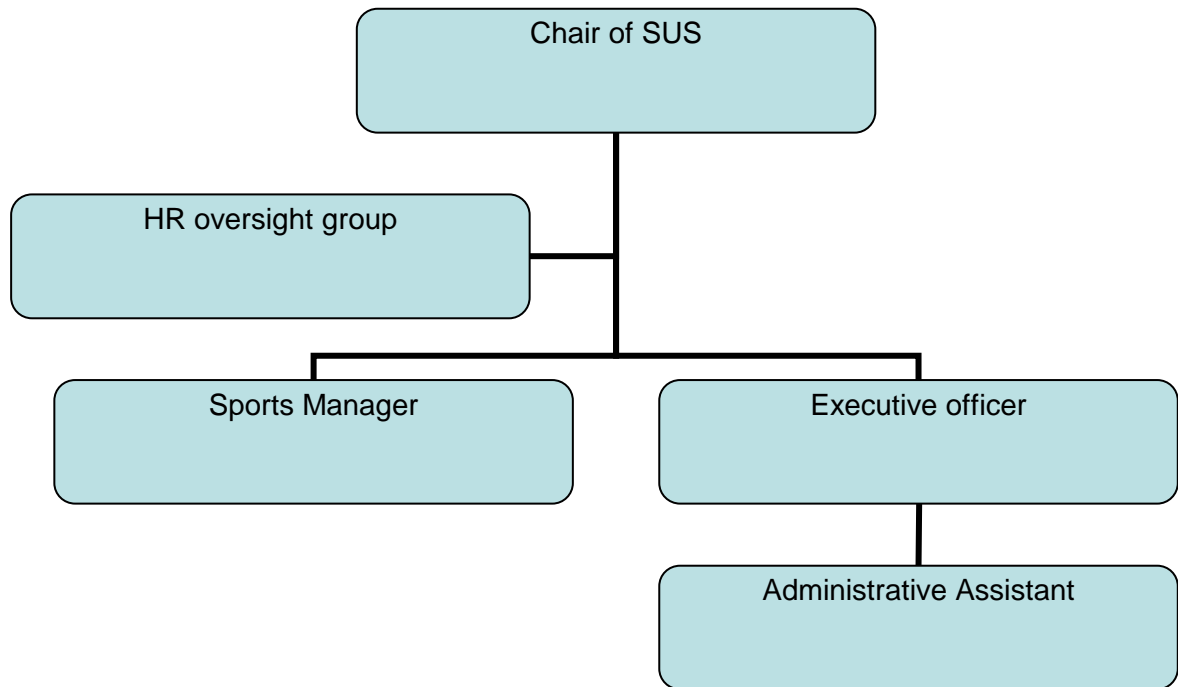
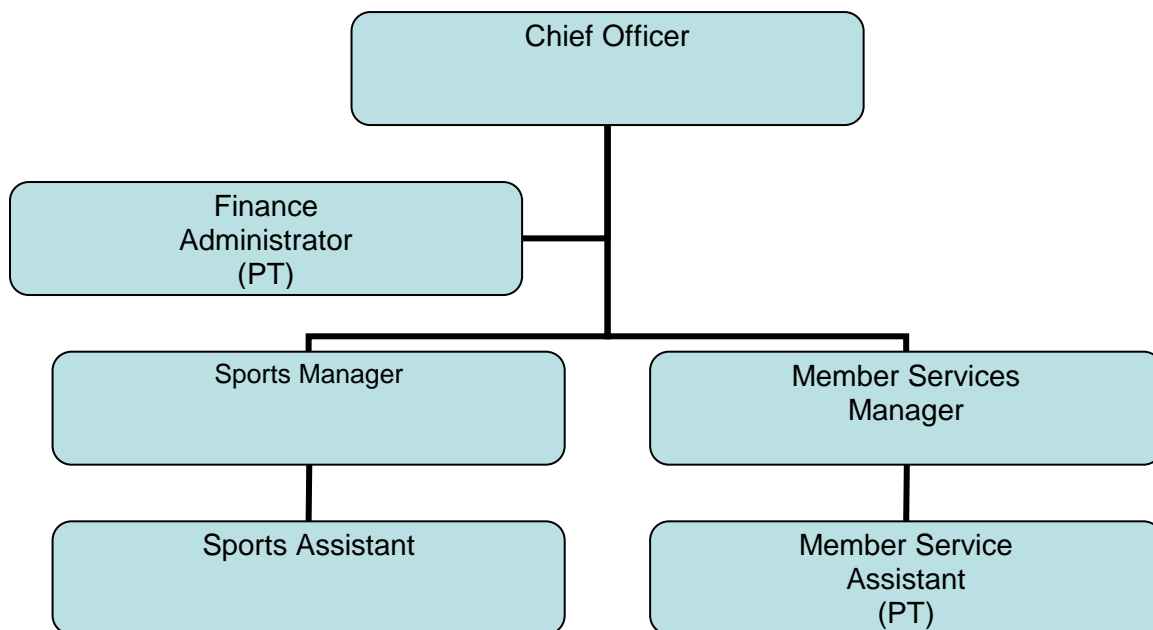


Figure 2 outlines an example of a future organisational structure and level of staffing based on one of the modest staffing development plans proposed. This would cost in the region of £160K -£190K per annum (depending on the gradings of post):



7 APPENDIX 2 OPTION 2: PROPOSED TIMETABLE FOR OPTION 2

	Action	Time-scale	Comment
1	Agreement on Option 2 and finalisation of detailed proposal	ASAP	Discussed and agreed by SUS Executive and then will this require to be endorsed by the SUS membership – EGM?
2	Develop job description etc for Acting Chief Officer position, advertise internally and recruit	ASAP – preferably to have person in post by April 2010	Work with HR at Edinburgh University to agree reward package -(funding possibly required from reserves) This would be temporary position until June 2011
3	Develop job roles to fill gaps	No later than June 2010	These would need to be temporary positions until June 2011 – potential for trainee/ assistant positions. To ensure sufficient coverage there may need to be more resource added (£10K maximum).
4	SUS Executive Chair to be asked to continue his position until June 2011		This level of continuity is vital and it is important that the SUS Executive Chair works with the Acting Chief Officer and SUS staff to help create the best chance of success.
5	SUS Executive Committee	Feb 2010 to June 2011	Work to develop Option 2 and provide task support as required. By May 2011 the SUS Executive should be in a position to recommend a staffing structure and financial profile to SUS.

8 APPENDIX 3 CURRENT LIABILITY RISKS

	Risk Area	Held by:	Comment
1	Employment Contracts	Currently undertaken by Edinburgh University so they manage the risk at present.	From discussion, this is not regarded as a significant risk and is currently managed.
2	Property		SUS do not currently own any property so no risk at present.
3	Delivery of Competitions/ Activities	Currently covered by separate insurance.	Some unincorporated associations find it difficult to get insurance. This is currently less of an issue for SUS because of links to University institutions.
4	Service Delivery Contracts eg with Scottish Funding Council, Scottish Football Association, sportscotland	If unable to fulfil contract or something catastrophic occurs (eg embezzlement) then the SUS membership may be liable ie individual institutions liable for costs.	The fact that the membership is University institutions gives comfort to external organisations entering contracts with SUS. However, if something catastrophic occurs then it would potentially be the individual University institutions who would be held liable.