

An Investment Budget

Budget 2016-2017

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The Budget Pack

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Financial Overview

▲ Where are we now?

- ▲ 5th consecutive year of budget surpluses
- ▲ Restoration of financial reputation
- ▲ Positive free reserves (£5k deficit in July 2012)
- ▲ Significant (additional) capital injections from College

▲ Opportunities for investment and service enhancement

- ▲ New College Strategy
- ▲ Advice service

▲ Growing social enterprise services

- ▲ Income growth 16/17 3.2% (7.2% incl Tobacco)

Financial Overview

▲ Key Investment Opportunities:

- ▲ Electronic Point of Sales System (EPOS) – grow income
- ▲ New Mini Buses for CSP's – maintain services to CSP's
- ▲ Develop Student Activities – enhance service
- ▲ Fixed Assets – service enhancements in commercial areas

Financial Overview

	Budget 15/16	Forecast 15/16	Budget 16/17	Projection Option 1 17/18	Projection Option 2 17/18	Projection 18/19
Income	4,750	4,759	5,124	5,458	5,338	5,571
Av. GP	75%	76%	77%	77%	77%	77%
Gross Profit	3,565	3,657	3,968	4,203	4,119	4,301
Staff Costs	(2,006)	(1,994)	(2,436)	*(2,476)	** (2,392)	** (2,465)
Temp Staff	(414)	(485)	(448)	(470)	(470)	(486)
Other Direct	(1,039)	(1,102)	(1,170)	(1,206)	(1,206)	(1,242)
Contingency	(75)		(75)	(75)	(75)	(75)
Total Cost	(3,534)	(3,581)	(4,129)	(4,152)	(4,143)	(4,268)
Foundry & Summer Ball	19	15	25	22	22	22
Surplus / Deficit	50	91	(136)	0	0	55
Efficiency			40			
Surplus / Deficit	50	91	(96)	0	0	55

Financial Overview – Income

	2014/2015 Actuals	2015/2016 Forecast	% Increase	Amount	2016/2017 Budget	% Increase	Amount
Income							
License Trade							
CX	103,449	110,102	6.4%	6,653	146,988	33.5%	36,886
H	187,321	208,372	11.2%	21,051	213,556	2.5%	5,184
SK	1,116,026	1,174,348	5.2%	58,322	1,260,123	7.3%	85,775
Catering	281,397	325,359	15.6%	43,962	345,687	6.2%	20,328
ENTS	33,910	41,655	22.8%	7,745	43,279	3.9%	1,624
The Foundry	0	12,000			15,000	25.0%	3,000
	1,722,103	1,871,836	8.7%	149,733	2,024,633	8.2%	152,797
Beit Venues							
Room Hire	194,015	202,793	4.5%	8,778	223,204	10.1%	20,411
Misc Sales	17,349	17,464	0.7%	115	14,143	-19.0%	-3,321
	211,364	220,257	4.2%	8,893	237,347	7.8%	17,090
Retail	1,069,582	1,121,458	4.9%	51,876	1,042,681	-7.0%	-78,777
Marketing							
General	43,837	47,910	9.3%	4,073	58,500	22.1%	10,590
Events	50,058	60,127	20.1%	10,069	66,130	10.0%	6,003
	93,895	108,037	15.1%	14,142	124,630	15.4%	16,593

New Initiatives

- ▲ Board Decision – September 2015 (investment of £150k)
 - ▲ Systems Development - risk management of our mission critical bespoke systems
 - ▲ Marketing Resource – investment in additional services & outlets
 - ▲ Student Development – Resource to underpin Imperial Award pilot scheme + Student Hubs (focus on student enterprise)
 - ▲ Advice Service

- ▲ Other New Initiatives
 - ▲ Student Activities

New Initiatives

What has been the impact of the investment ?

Investment Area	Impact	Measure	Result
Marketing Support Systems Manager Finance Manager	Increased revenues in Licensed Trade	Income across all six licensed trade budgets	2015 Actuals: £1,722,100 2016 Forecast: £1,871,836 2017 Budget: £2,024,633
Marketing Support Systems Manager Finance Manager	Increased revenues in Beit Venues	Income in Beit Venues budget	2015 Actuals: £211,364 2016 Forecast: £220,257 2017 Budget: £237,347
Marketing Support Systems Manager Finance Manager	Increased revenues in Retail	Income in Retail budget	2015 Actuals: £1,070,000 2016 Forecast: £1,121,000 2017 Budget: £1,042,700 <small>Taking into account a loss of income of £135,000 due to loss of tobacco sales</small>
Marketing Support	Increased revenues in Marketing	Income in Marketing budget	2015 Actuals: £93,895 2016 Forecast: £108,037 2017 Budget: £124,600
Systems Manager	More club money taken online rather than cash	Percentage of club SGI taken online	

New Initiatives

▲ What has been the impact of the investment ?

Non-financial KPI's

Investment Area	Impact	Measure	Result
Advice Centre	Increase in use of the Advice Centre	Number of student cases completed	2015: 1,409 2016: 2,208 2016 figure taken 9 June.
Advice Centre	Increased satisfaction with the Advice Centre	Student satisfaction with the Advice Centre in Student Experience Survey	2016: 81% satisfied or better
Systems Manager	Increased satisfaction with the Union's online presence	Student satisfaction with the Union Website and eActivities in Student Experience Survey	2016: 63% satisfied or better
Marketing Support	Better knowledge of the Union at its role in enhancing the student experience	Increase in agreement the Union's key communication messages in Student Experience Survey	2016: Average of 69% agreed or strongly agreed

New Initiatives

Investment Area	Impact	Measure	Result
Student Development	Supporting student social enterprise opportunities	Number of social and environmental student projects and issues supported	2016: 3
Student Development	More students recording hours through our Imperial Plus scheme	Total number of hours recorded in Imperial Plus	2015: 12,161 hours 2016: 13,535 hours 2016 figure taken at the end of term two.
Student Development	More students volunteering in the local community	Student registering an interest in an volunteering opportunity	2015: 1,167 2016: 1,432 2016 figure taken at the end of term two.
Student Development	More students getting involved in mass volunteering events	Number of mass volunteering events	2015: 14 2016: 21 2016 figure taken at the end of term two.

New Initiatives

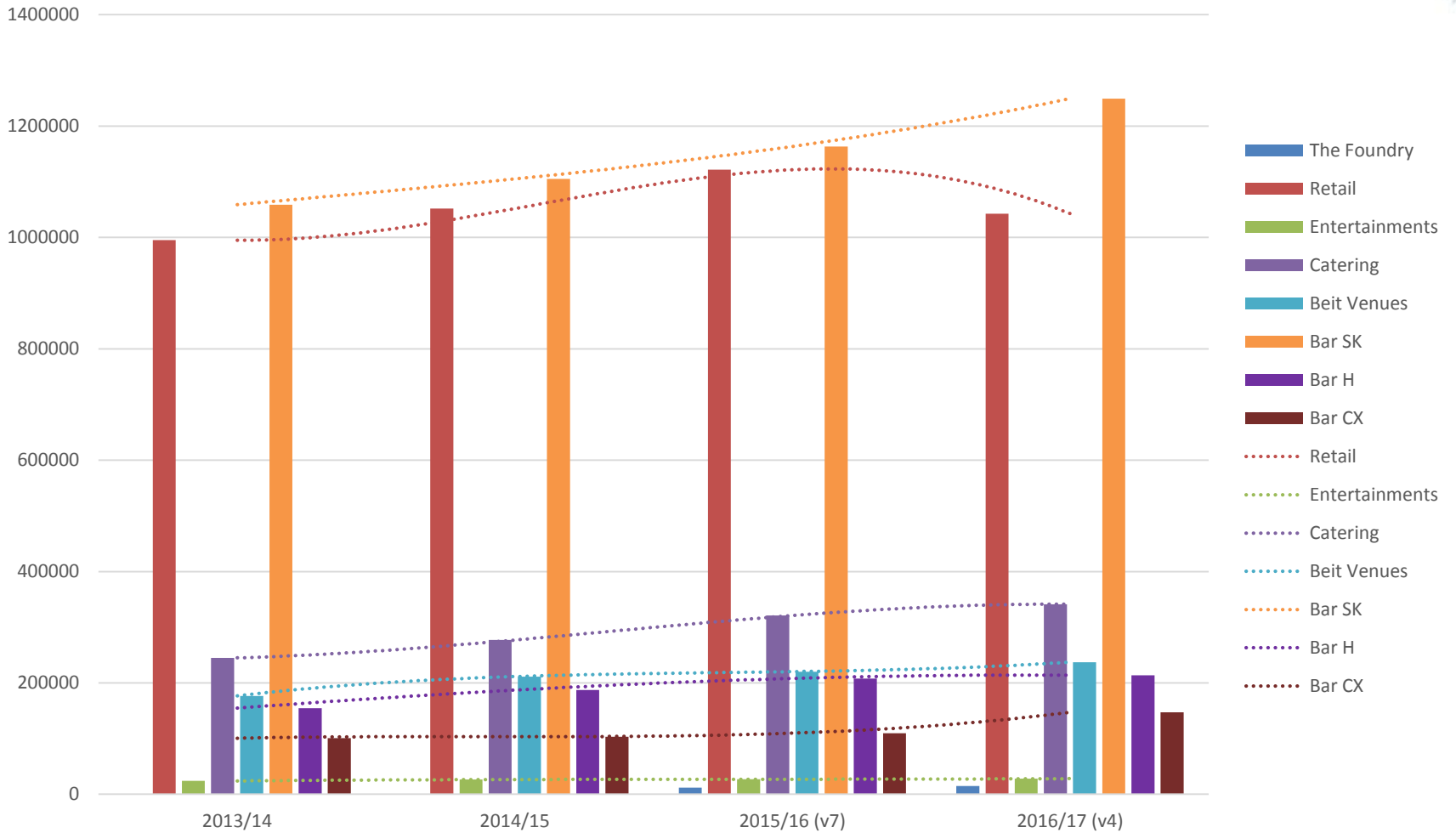
Investment Area	Impact	Measure	Result
Student Activities	More students joining our Clubs, Societies & Projects	Club memberships sold online	2015: 24,633 2016: 27,572 <small>2016 figure taken 9 June.</small>
Student Activities	Increased satisfaction with our Clubs, Societies & Projects	Student satisfaction with Clubs, Societies & Projects in Student Experience Survey	2016: 95% satisfied or better

The Process

- ▲ Zero based budgeting approach
 - ▲ Benchmarking
 - ▲ COL 2% assumption
 - ▲ Daily income targets
- ▲ 17 operational budgets (budget holders)
- ▲ Initial review by SMG representatives
- ▲ Presentation to budget panel consisting of President, DPFS, DPCS, MD X 2, HOF&R (over 80 hours) plus time spent by the Finance team
- ▲ SMG review
- ▲ Leadership Team review

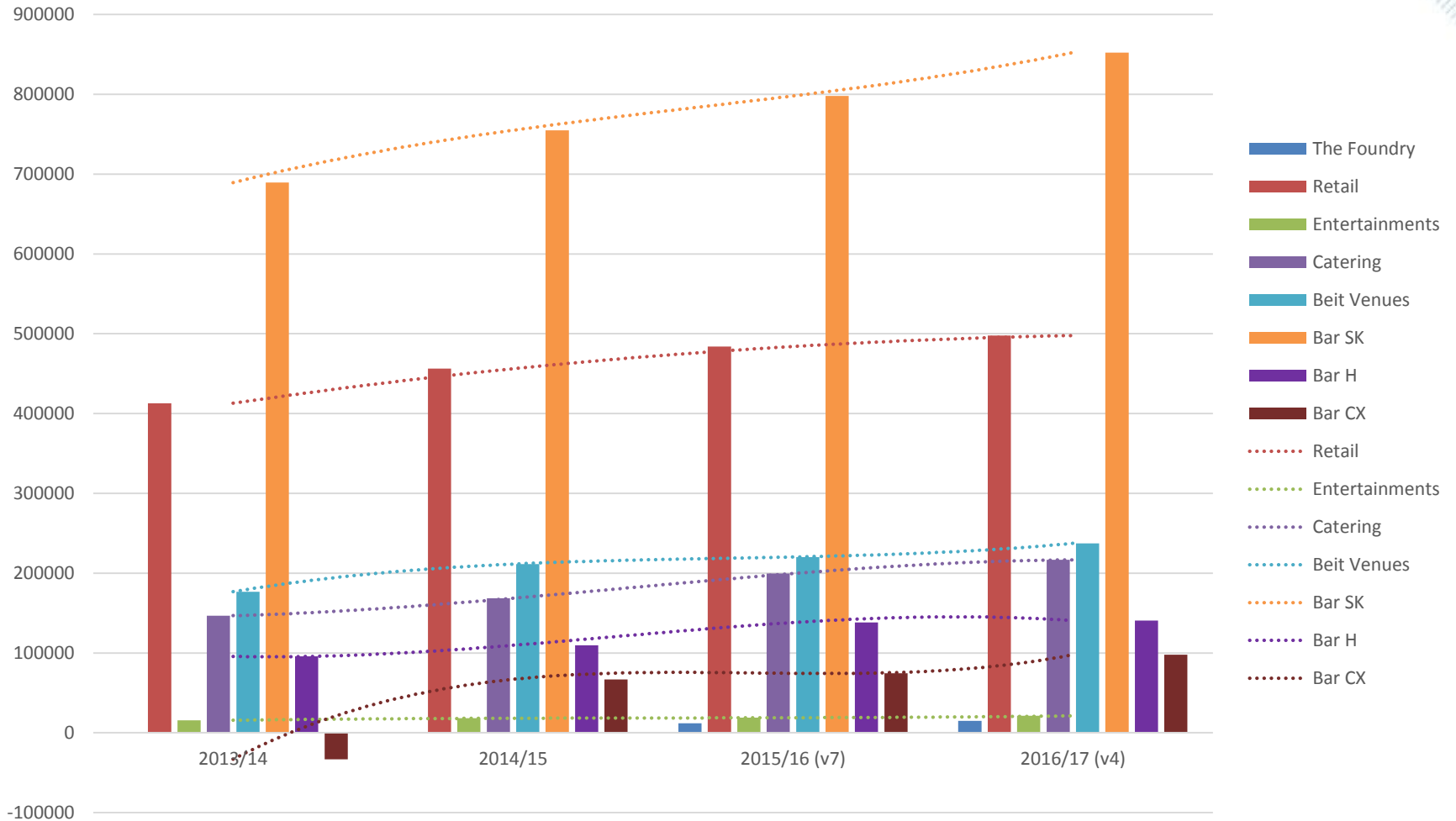
Social Enterprise

Social Enterprise - Sales



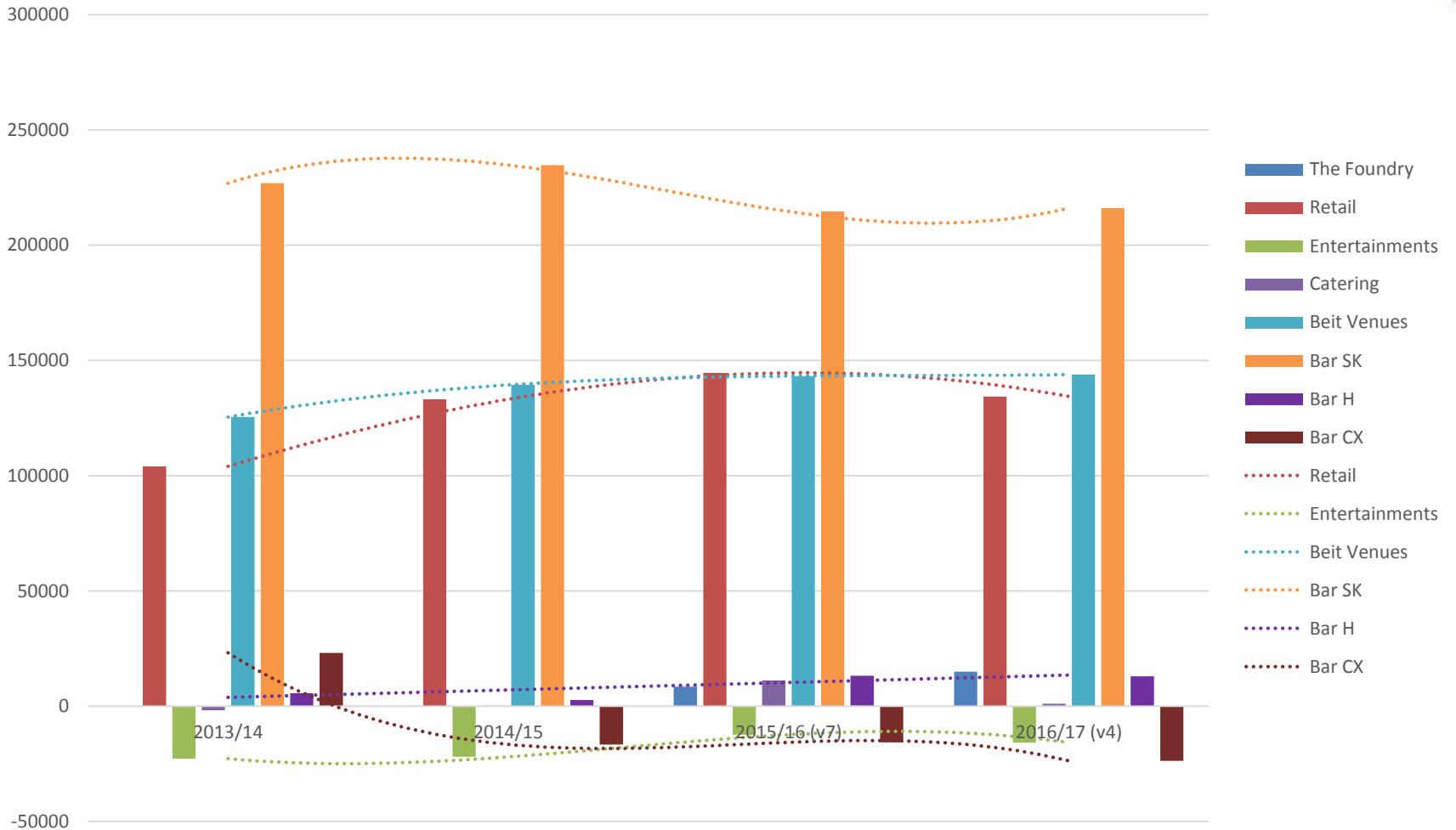
Social Enterprise

Social Enterprise - Gross Profit



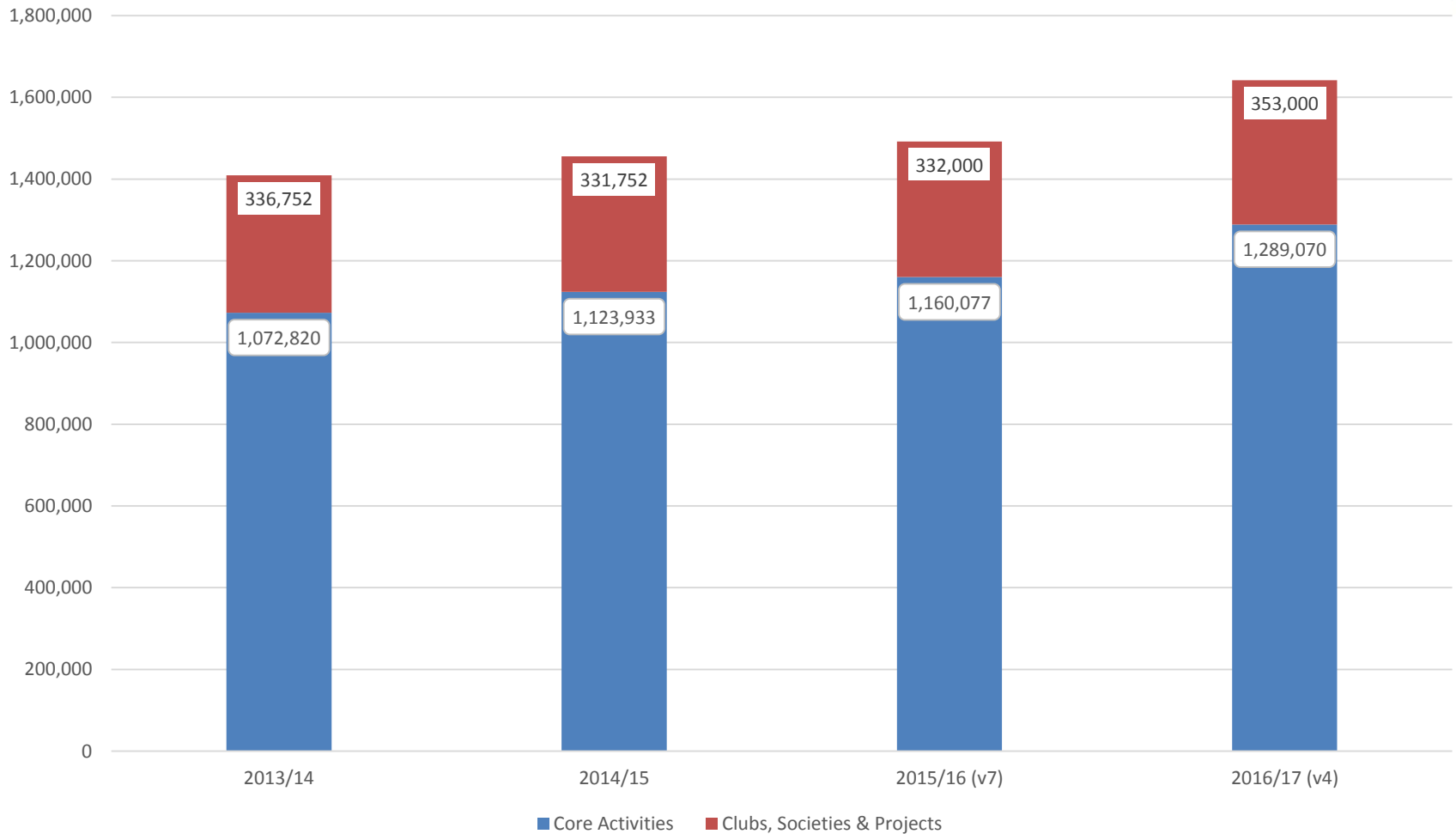
Social Enterprise

Social Enterprise - Net Profit



Block Grant

Block Grant



Opportunities

▲ Investment Opportunities

- ▲ Student social enterprise

▲ Service improvements

- ▲ Marketing
- ▲ Systems – student staff engagement
- ▲ Advice service

Risks

▲ Risks – inherent

- ▲ Loss of license
- ▲ Staff turnover
- ▲ Weather

▲ Risks – specific

- ▲ Retail – loss of connected sales (tobacco)
- ▲ Beit Venues – add hoc clients (BBC contract £40k + £12k)
- ▲ Catering – increase in Function Sales

Levers (year 2)

- ▲ What will the Union do to move to a break-even position for 2017/2018?
- ▲ Option 1 – Develop new income streams
 - ▲ Renegotiating listing fee for brewery contract
 - ▲ College funding for Student Enterprise
 - ▲ Sell spare mini bus capacity during summer

Levers (*continued*)

▲ Option 2 – reduce staff costs

▲ Levers – Yr 2

- ▲ 1 Year short-term contracts £85k
 - ▲ Representation Coordinator £31k
 - ▲ Student Activities Administrator £27k
 - ▲ Student Development Coordinator £27k

- ▲ Unpalatable Options £123k
 - ▲ Remove Contingency £75k
 - ▲ Increase mini buses charges £2k
 - ▲ Increase bar £12k
 - ▲ Remove Clubs contingency £15k
 - ▲ Reduce CSP Grant by 3% £9k
 - ▲ Reduce Training £10k

Reserves

Year	Opening Balance	Asset Purchase	Depreciation	DCG Release	Surplus	General Reserves
2015/16	764,967	(238,217)	460,678	(221,821)	100,000	865,607
2016/17	865,607	(323,984)	522,213	(221,821)	(100,000)	742,014
2017/18	742,014	(113,982)	551,200	(221,821)	-	957,412
2018/19	957,412	(129,258)	552,217	(221,821)	50,000	1,208,550
2019/20	1,208,550	(164,534)	543,874	(221,821)	50,000	1,416,069
2020/21	1,416,069	(197,140)	526,909	(221,821)	50,000	1,574,017
2021/22	1,574,017	(307,977)	543,353	(221,821)	50,000	1,637,572
2022/23	1,637,572	(149,812)	517,952	(221,821)	50,000	1,833,891
2023/24	1,833,891	(153,788)	521,299	(221,821)	50,000	2,029,582
2024/25	2,029,582	(145,648)	525,150	(221,821)	50,000	2,237,263
2025/26	2,237,263	(98,093)	530,348	(221,821)	50,000	2,497,697

Capital

▲ 2016/17 Capital Spend = £323,984

Note – an itemised capital plan was reviewed by Finance and Risk Committee (Thursday 16 June 2016)

Appendix 1 – Mini Buses

▲ Key findings

- ▲ Aging fleet of 18 mini buses with 10 being depreciated
- ▲ Current capital investment breaks even at 1.5% cost of capital
- ▲ NPV of 5.5% can be achieved with additional net income of £1k p.a.
- ▲ There is an opportunity to sale spare capacity

Recommendations

▲ *The Board:*

- ▲ *Recognises the financial strength of the Union*
- ▲ *Allows the capital expenditure of £324K for 16/17*
- ▲ *Notes the preferred option is to grow income to eliminated the 1 year deficit*
- ▲ *Approves the 16/17 operational investment Budget being a deficit of £96k*