

**Imperial College Union
Board of Trustees / 29 September 2021**

2021/22 Stage 2 Budget

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Purpose: To propose the final Stage 2 Budget and two capital projects.

Decisions(s): To approve the Stage 2 Budget, to approve £70k capital expenditure budget.

1. Context

In May 2021 the Board of Trustees agreed a staged approach to budgeting for 2021/22 to reflect the increased uncertainty around operations as a result of the ongoing coronavirus pandemic. The Stage 1 Budget was approved by Trustees in July 2021 and in line with the agreed approach to budgeting, the underlying assumptions have been reconsidered in this Stage 2 Budget

2. National Context

A significant factor impacting on the budget for 2021/22 is level of restriction in place as a result of the pandemic. The Government had previously announced that they would impose additional restrictions on 'nightclubs' and venues with large crowds, which would likely have impacted us. In the Government's *COVID-19 Response: Autumn and Winter Plan 2021*¹ they have reserved this as an option for 'Plan B' but are not introducing it at this stage.

This gives something to be cautiously optimistic amount, however there is still the risk of another lockdown or other restrictions being imposed over the winter when cases of COVID-19 are expected to increase.

3. Stage 2 Budget

As a result of this, the Stage 2 budget is very similar to the Stage 1 budget. Whilst we have more certainty over our ability to operate as planned during Welcome, there is still uncertainty throughout the rest of the year as well as the business of campus. Therefore assumptions around trading activity have not changed materially, but will be reassessed against at the Stage 3 Budget.

The Stage 2 Budget shows the 'core' part of the organisation at breakeven, and an enterprise surplus of £122k. This includes a specific contingency of £20k, in addition to the expected additional vacancy savings as described below.

Depreciation is shown 'below the line' as it is fully funded by designated and restricted funds and does not have a cash impact. The budget is significantly lower than in the Stage 1 Budget, reflecting impact of the fixed asset policy change as explained in the 2020/21 outturn paper.

The full budget is included in Appenix One, a summary is shown below:

¹ <https://www.gov.uk/government/publications/covid-19-response-autumn-and-winter-plan-2021>

Imperial College Union
Stage 2 Budget 2021/22
Union

	Core			Total
	Grant Funded	Venues & Events	Enterprise	
Income				
Block Grant	2,527,213			2,527,213
Other Income	33,168			33,168
Advertising & Media Sales	90,000			90,000
Welcome	40,000			40,000
Venues		1,924,990		1,924,990
Retail			1,018,500	1,018,500
External Bookings			75,000	75,000
Income Total	2,690,381	1,924,990	1,093,500	5,708,871
Cost of Sales				
Venues		(587,497)		(587,497)
Retail			(490,920)	(490,920)
External Bookings			-	-
Gross Profit	2,690,381	1,337,492	602,580	4,630,453
	100%	69%	55%	
Expenditure				
Core Expenditure Total	(2,687,791)	-	-	(2,687,791)
Venues		(1,336,035)		(1,336,035)
Retail			(465,692)	(465,692)
External Bookings			(15,000)	(15,000)
Total Expenditure	(2,687,791)	(1,336,035)	(480,692)	(4,504,518)
Operating Surplus/(Deficit)	2,590	1,458	121,888	125,935
		0%	11%	
Depreciation	(80,000)			(80,000)
Total Surplus/(Deficit)	(77,410)	1,458	121,888	45,935

As discussed as part of the Stage 1 Budget, there are a significant number of new roles created which will take time to fill. The current estimate of this saving, based on planned recruitment timelines is £170k. The allocation of this saving remains in line with the Stage 1 Budget:

- i. £60k has been allocated (reflected under 'payroll contingency' in Leadership) in the budget to one-off costs largely related to developing and embedding the new staff structure: £20k for technology to support hybrid working; £15k for enhanced staff development opportunities; £10k for recruitment costs; £10k for EDI support and development
- ii. A number of roles are being back-filled by temporary agency staff, to ensure that we can continue to provide a good level of service to our members in term one. This is currently estimated at c£80k.
- iii. The unallocated vacancy saving will act as a further risk management tool to respond to volatility and shocks in term 1. Should there be no need to utilise this, the Stage 3 budget will consider how best to allocate the remaining saving.

4. Capital Investment

In addition to the operating budget presented above, there are two small capital projects that are proposed:

- i. Helpdesk
 One of the new services identified as part of the strategy is the development of a new helpdesk – a single point of engagement for all ICU services and activities. The intention is to replace

the previous 'reception' – which dealt largely with basic administrative tasks – with a full range of support and engagement services.

An investment to deliver a purpose-build reception desk at the ground floor main entrance is vital to the success of this new service. The helpdesk will be completely securable, but open and approachable during operating hours.

The estimated cost is c£35k including appropriate signage and branding (currently TBC) to ensure this primary contact point is a key resource in communicating to our members

ii. Office meeting pods

The pandemic has resulted in a new model for a significant majority of our staff, who are now working in a hybrid model – with most doing three days in the office and two at home. This means a significant number of meetings will continue to be held via video software for the foreseeable future. In turn, this creates issues related to noise and privacy within the open plan office.

Options considered include converting existing meeting spaces (which is very expensive and a loss of key space), and mandating online meetings to be taken from home (impractical), but by far the most effective solution is to install a number of meeting 'pods' in the level 2 office space. This will create space for 3 single- and 1 double-occupancy spaces for private phone/Teams/Zoom meetings to be taken, or 1-2-1 meetings. The solution will be flexible and not integrated into the building, so they can be relocated or sold if working practices change in the future

The estimated cost, including delivery and install, is c£31.5k.

Trustees are asked to approve capital expenditure of upto £70k in order to deliver these two projects, including a small contingency for unforeseen costs. As this is a capital investment, it would be depreciated over 5 years (in line with our new policy). In line with our practice of designating funds to offset future depreciation charges, this would be funded from the general reserve. It is possible to do this now and remain comfortably within our reserves policy, due to the fact that the 20/21 year end position is significantly better than budget, however it is also possible that additional vacancy savings or over-performance at the Stage 3 Budget could be allocated to this.

5. Timeline

As a reminder, the table below indicates the timeline for future budget considerations.

Budget Iteration	Date	Description
Q1 performance review (stage 3 budget)	Nov/Dec 2021	This review will consider the actual performance of Q1, including the first few weeks of term. It will help validate (or otherwise) the assumptions reviewed at stage 2 and give and inform plans for term 2. The final audited position for 20/21 will also be known at this point.
Q2 performance review (stage 4 budget)	Feb/Mar 2022	This review will consider the actual performance of the whole of term 1 and start of term 2. By this time, there should be more certainty around the numbers of students on campus and what they are able to do for the rest of the year.
Year end outturn (stage 5 budget)	May 2022	This review will hopefully be light touch, taking in to account the performance in terms 1 and 2 and forecasting the year end outturn position.

6. Recommendation

The Board of Trustees are asked to approve the Stage 2 Budget and £70k of capital investment.

Appendix One – Budget Detail

Included in a separate pdf file.

Appendix Two – Staffing Structure

