

Imperial College Union  
Beit Redevelopment, Phase 3  
*A paper by the President*

### **Background**

In 2006 Imperial College Union embarked on a three-phase "Masterplan" to redevelop the Union building. The two phases already completed have seen a huge step forward in the building, including:

- Improved disabled access (a new lift and toilet facilities)
- A new student activities centre on a new mezzanine floor
- New meeting rooms
- A new gym with under-floor heating, sprung floor and a mirrored wall
- New offices for full-time staff and student officers
- A large, general purpose, dividable activity space

The first two phases were mostly funded by applications to the College, IC Trust and Harlington Trust, with ICU putting some of its own money in. The third phase is predominantly commercial, replacing or refreshing the bars on the ground floor and installing associated plant. As a result, funding from the two major trusts is not available. Funding the project therefore falls mainly to Imperial College Union.

The necessity of the final phase should not be underestimated. Our bars not only provide commercial revenue, but a safe space where our students can socialise. Phase 3 includes:

#### *Ground Floor*

- Refurbished and expanded nightclub, with improved cooling and layout.
- Refurbished café bar with grill kitchen for serving a bar menu.
- Light refresh and re-wiring of the Union Bar.

#### *First Floor*

- Refurbished kitchen suitable for functions.
- New fire exit opening on to the street.

#### *Second Floor*

- Light refresh of the concert hall.

#### *Roof*

- New plant for nightclub cooling.

This phase also continues the upgrade and replacement of the mechanical and electrical services in the building.

### **Cost**

The projected cost of Phase 3 is £2.44m, which includes the cost of energy efficiency measures required by the building regulations. These have been deferred so far, as the project was split into three phases, but must be completed.

Our available cash fluctuates between £2.1m and £2.5m over the course of a year, so we can clearly not fund the whole project ourselves. Our original proposal was to commit £600,000 of Union funds, ask for £1m from the College and cover the rest with a College loan. The

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12<sup>th</sup> January 2009

College was only willing to match-fund our up-front cash, however we have negotiated an agreement which is, in the long-term, better for us.

This arrangement is:

1. £840,000 from Imperial College Union's cash reserves.
2. A further £800,000 from our cash reserves, backed by a £800,000 overdraft facility from Imperial College (duration and exact terms to be agreed).
3. £800,000 from Imperial College as a capital grant.

The overdraft facility replaces the loan, but requires us to join the College cash-pooling system. It is anticipated that this would be available for 10 years, possibly decreasing each year as ICU makes additional profit on the new facilities.

### **Cash Pooling**

The College cash-pooling system has been discussed previously at the Trustee Board, but deemed to be of no substantial benefit at the time. The College operates all of its accounts as a single pool, with money removed at the start of the day, invested, then restored at the end of the day.

Under this system we would join the pool and receive interest at a rate of **base + 1%** on positive balances, while paying interest at the same rate on negative balances. As we would still have cash reserves at the end of the project, there is a substantial benefit over a loan: we would continue to *receive* interest on our remaining cash, rather than *paying* interest on a loan.

We would also save money on transaction charges between ICU and College, as we would all be part of the same cash pool.

### **Decisions Required:**

1. To enter into the cash-pooling arrangement with Imperial College, as described.
2. To authorise expenditure of £2.44m:
  - a. £840,000 from Imperial College Union's cash reserves.
  - b. £800,000 from cash reserves, backed by a £800,000 overdraft facility from Imperial College, as described.
  - c. £800,000 from Imperial College as a capital grant.