

2016-17 Mid-Year Forecast - Results

A forecasting process was initiated in January 2017, based on five months actual financial results for August to December 2016, and projecting the remaining seven months. The purpose of the exercise was to identify any material risks or opportunities to the budget for those remaining seven months, and it was explicitly not an attempt at re-budgeting. Therefore the original budget remains as it is, with specific risks and opportunities identified, which are summarised below.

The process was carried out by each individual budget holder, with the results reviewed and approved by the appropriate senior line managers before being reviewed and collated by the Finance manager. The collated results were presented to the SMG on 16 February, and to all budget holders on 22 February.

Key budgetary risks and opportunities identified:

- Strong trading performance in Catering has produced an additional £57,678 in income, which is expected to increase by a further £29,168.
- Strong trading performance in the Beit bars has produced an additional £32,711 in income, which is expected to increase by a further £10,000.
- Marketing income is (£24,029) behind budget and this is not expected to improve. There is further risk attaching to much of the remaining £23,000 Marketing income budget.
- Minibus income is (£25,229) behind budget, but this is not expected to get any worse, and may improve slightly.
- Reynolds Bar is not expected to achieve its budget targets for May, June, and July, which is expected to put it a further (£9,815) behind budget on top of the current (£5,721) variance.
- Vacancies and delays in planned hiring have given rise to significant savings in permanent staff costs. These more than offset increased spending on temporary and agency staff costs across the Licenced Trade area, and are expected to continue for another few months at least.
- In large part as a result of the vacancies and delayed hiring identified above, a number of planned activities have not taken place this year, giving rise to other cost savings across a range of areas, particularly Student Activities, Education and Welfare, and Student Development.
- The delayed implementation of EPOS (originally planned in Retail as early as August), has also given rise to some cost savings.

Summary

- Income – total net opportunity of £35,500.
- Gross Profit – total net opportunity of £11,342.
- Staff Costs – total net opportunity of £42,573 (savings).
- Other Costs – total net opportunity of £21,936 (savings).
- Contingency – opportunity of £75,000 (to be released).

Total opportunity to achieve an overall Net Surplus of £54,851 compared to a budget Deficit of (£96,000).

Conclusion

The Union is on course to exceed its budget for the year and make a surplus of approximately £50,000 after the budget contingency is released. In order to achieve this and its other budgetary commitments, the Union has identified the following areas for careful ongoing monitoring:

- Marketing advertising revenues
- Minibus Union and College Hires
- Licenced Trade temporary and agency staff costs
- Underspending in key Union services, including Education & Welfare and Student Activities.