

**Imperial College Union
Finance and Risk Committee**

Thursday 21 March 2019

AGENDA ITEM NO.	8
TITLE	Forecast Update
AUTHOR	Malcolm Martin
EXECUTIVE SUMMARY	Since the last Board meeting in February, the Leadership team has met weekly to discuss the issue of our financial performance. The year end forecast is a moving picture with a range of potential outcomes dependant on how effective the efficiency and income generating initiatives are. Three active task and finish groups have been formed and there will be opportunity to have a verbal update on progress being made.
PURPOSE	To give a clear signal that year end predicted financial position of the Union leaves the organisation in an unsustainable medium-term position. To highlight the process being made to improve over the medium term.
DECISION/ACTION REQUIRED	For Discussion

Update on Actions Highlighted in February Board Paper

The forecast paper to February Board highlighted the steps that were being considered in response to the predicted year end financial outturn.

A review of the forecast assumptions:

The forecast assumptions have now undergone a second review by both the Leadership and Finance teams. After further Leadership discussions potential additional efficiencies have been identified some of which has been incorporated into a revised forecast projection. A review of the forecast will be incorporated into the monthly management accounts review meetings which are conducted monthly by the Finance Manager with each budget holder. Subsequent editions of the monthly Management Accounts will capture any material changes to the year end prediction. Appendix 1 lists the some of the efficiency initiatives which will have a saving in the region of £80k.

The February management accounts now show a year-end adverse projection in the region £367k which incorporates the actual results to February and 5 months of predictions (7+5). This projection captures the material initiatives even though additional smaller amounts have been identified.

Longer Term (LT) Finance Model:

A top level LT finance model has been developed however some of the assumptions have to be further tested to ensure it is robust. This process is ongoing and will be incorporated into the planning and budgeting process.

Focus on Developing New Income Initiatives:

On the 4 March the Managing Director launched three task and finished groups consisting of 3-4 members of Leadership with one group initially due to start the following week.

The first group was tasked to look at “Existing Services” with the objective of

- Identifying how additional volume can be driven into existing services
- Creating a short-term action plan
- Monitoring the progress being made against the action plan and ensuring momentum maintained

The group has identified a number of challenges including footfall in our venues, rising food costs due to Brexit and seasonal crop variances and permanent staff issues with sickness and vacant posts. The group has looked at each of our venues and considered potential ways of driving footfall. Appendix 2 captures some of the early thinking to increase income and better manage costs. The full list of items is more exhaustive, and the partial list is included here to give an indication of the work undertaken so far.

The second group objectives are to:

- Explore options for new income generation
- Make an assessment of which options to take forward
- Drive the chosen initiatives and monitor progress

The group has chosen a methodology to help identify the viability of any potential initiatives. Early discussions have centred around Alumni, external sponsorships and the potential commercialisation of system related initiatives.

The third group has the board scope to look at the Union’s relationship with College in the context of our strategy, resource requirements and core purpose.

Thursday 21st March 2019

All groups have met and agreed the scope of their work and have provided initial feedback to Leadership.

Appendix 1

Identified short-term efficiencies:

Recruitment:

Pause recruitment of the following posts allowing time for reflection and consideration of when it would be most appropriate to recommence based on the impact the post will have on service delivery and or income generation.

Systems Manager, Wellbeing Coordinator, Marketing Manager,

Decision taken to immediately recruit a Sales and Sponsorship Manager.

A pause has been placed on the recruitment of the Head of Student Experience, which in turn gives the opportunity not to hire a Training Manager in the short term.

Other Initiatives:

- April Board Away day now being held onsite
- Delay in branding of central stairwell
- Delay in setting up a Trading subsidiary
- Agreed reduction in additional training initiatives for Student Development team
- Running a breakeven summer ball
- Delay in purchase of new mini buses
- Not to extend the short-term contract Web Developer post which was an additional investment and not in the original budget

Appendix 2

Alumni

- Encourage dep socs to have their alumni events in our bars - Contact DepSoc/CSP alumni officers to inform them about our events
- Reach out to the College Alumni group who have been keen on pairing up

Reynolds

- Re-establish a good relationship with hospital staff/alumni - Could offer staff discounts/increased promotion
- Survey medics to find out what they want provided in the space to make them use it more.
- Introduce more food offering there
- Engage alumni doctors to use the space more (perhaps get rid of the room hire fee and just do minimum bar spend like students get, if they are an alumni with a life membership booking it – apparently the room hire fee is high and a deterrent at the moment).

Focus on controlling costs:

- Food stock control measures
- VFM checks
- TUCO access project
- Adjustment of rota models following day part sales analysis
- Events and commercial hires fully costed to ascertain viability