

**Imperial College Union
Board of Trustees / 23 June 2021**

Budget 2021/22 Process

Author(s): Rob Scully (Director of Finance & Resources)
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Purpose: To propose the outline Stage 1 'Back to Basics' Budget

Decisions(s): To approve the Stage 1 Budget, subject to confirmation from the College that the 2021/22 grant level will be as proposed in the new funding model proposal.

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. This paper proposes the initial 'Back to Basics' budget (Stage 1 Budget) as per that paper, but with a caveat that the block grant funding is not yet formally agreed.

A proposal has been submitted to the College for a new financial model underpinned by an increase in block grant of c£742k. There has been positive feedback and a verbal indication that this will be approved, however no formal approval has yet been received. Therefore, the Board of Trustees are asked to approve the budget on the condition that the final grant figure is to be confirmed and that the exact allocation of non-staff expenditure is subject to change. A final version of the Stage 1 Budget will be submitted to Trustees for approval in July.

2. Stage 1 Budget

The budget proposed reflects the indicative budget that formed the basis of the proposals to the College to support the new financial model. There is still the need to consider in detail the specifics around Retail, Bars & Venues and the exact allocation of non-staff expenditure in core areas, which will be undertaken in the coming weeks. This is because the grant has not yet been confirmed so detailed conversations have not commenced, and that the operating model for bars and venues remains uncertain for at least term 1.

The budget is deliverately breakeven, as this is what we presented in the new financial model. This is currently felt to be appropriate given that the reserves position at the end of 2021/22 is likely to be healthier than previously expected, and there will be a staff vacancy saving which could either bolster reserves or fall to the bottom line as surplus. This position will be reviewed at the point the new reserves policy is considered by Trustees in September 2021.

Staff costs are based on the 'Back to Basics' structure, and assumes that all of these posts are filled from 1 August. The minibus budget has been excluded, as the new operating model will be for this to operate on a self-funding, breakeven basis. The detailed budget is being developed to reflect this.

The Venues budget is based on a broadly breakeven position, with a priority of maximizing the student experience and contribution to the Strategic Plan, rather than financial contribution. Retail will balance both, but it is felt that the level of contribution in this current budget is realistic, assuming there are no prolonged periods of closure/low levels of campus activity as a result of the pandemic.

The detailed operating budgets for Retail and Venues will be refined over the summer as more clarity on the operating model for next year is developed. These will be included in the Stage 2 budget review. This will come from both the emerging COVID-19 situation as well as the Commercial Review.

3. Staff Structure

For clarity, the staffing structure reflected in the budget is detailed in Appendix Two. This is the structure that Trustees have previously approved. In reality, it will take some time to recruit for these roles and there will be a natural contingency built up as a result – this will prove useful to mitigate any impact that COVID-19 restrictions remain in place into term 1 (though it would still be expected that the venues operate at breakeven if the current restrictions remain in place).

4. Timeline

As a reminder, the table below indicates the timeline for the setting setting and revision throughout the year. It is important that we retain flexibility to respond to significant changes such as national restrictions and therefore this timetable may change throughout the year.

Budget Iteration	Date	Description
Initial 'Back to Basics' budget	May-July 2021	This budget will respond to the discussion a new financial model and funding settlement with the College: if additional funding is secured this will be incorporated with additional investment/cost as proposed; if no additional funding is secured the baseline budget will be reviewed to ensure that resources are best allocated to support the 'back to basics' strategy in this context.
Assumptions review (stage 2 budget)	September 2021	In September, we will have much more information around the potential for a third wave/restrictions, as well as what the College plans are for teaching and their expectations for halls occupancy etc. At this stage, we will need to focus on our assumptions for commercial and in-person activities prior to the start of term.
Q1 performance review (stage 3 budget)	November 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 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.

5. Recommendation

The Board of Trustees are invited to approve the budget subject to the caveats above, noting that a final version will be presented for approval in July, once the grant has been confirmed.