

**Imperial College Union
Board of Trustees / 14 July 2021**

2021/22 Stage 1 Budget

Author(s): Rob Scully (Director of Finance & Resources)
Dr Tom Flynn (Managing Director)

Purpose: To propose the final Stage 1 'Back to Basics' Budget

Decisions(s): To approve the Stage 1 Budget.
To approve the casual staff pay rates, effective from 1 August 2021.

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. A previous iteration of this paper was considered by the Board of Trustees in June, however this was prior to formal confirmation of the grant from the College.

A proposal was submitted to the College for a new financial model underpinned by an increase in block grant of c£742k. The College have now formally responded and agreed a grant level of £2,527k, which is an increase of £642k from 2020/21.

2. Stage 1 Budget

The budget (included in detail in Appendix One) incorporates the new financial model which is supported by the College in their decision to increase our grant allocation. This new financial model, and therefore the Stage 1 Budget:

- i. Incorporates a significant number of new roles within the organisation, supporting our the 2021-23 Strategic Plan (Back to Basics)
- ii. Establishes venues and events as a part of the 'core' organisation on a self-funded basis whereby they focus on delivering the best student experience and no longer have to achieve a profit
- iii. Establishes our external bookings and retail offer as 'Enterprise' – where surpluses generated are not required to support the running costs of the core organisation, but will be allocated to a 'strategic investment fund' to support projects and initiative to deliver key improvements to the student experience and advance our strategic aims

The budget has been built top down, in consultation with senior managers and officer trustees, both to support the consolidated timeframe, but also to reflect the current organisational context (the level of uncertainty with regards to COVID-19 and the stage of transformation). Future budget exercises will be more bottom-up and include much more involvement from managers across the organisation. As a result of this, specific non-staff expenditure lines aren't necessarily total accurate, but the overall envelope for each budget is the primary item.

The budget summary below shows a small operating surplus (£2.6k) for the core, grant-funded part of the organisation, a breakeven position for our venues and events, and a surplus of c£114k from Enterprise.

The overall position after depreciation is incorporated is a deficit of c£110k, however this is not a concern as the depreciation is fully funded by either capital grants or a designated reserve, so the impact on free reserves will be positive.

Imperial College Union
Stage 1 Budget 2021/22
Summary

| | Core | | Enterprise | Total |
|------------------------------------|--------------------|--------------------|------------------|--------------------|
| | Grant Funded | Venues & Events | | |
| Income | | | | |
| Block Grant | 2,527,213 | - | - | 2,527,213 |
| Other Income | 33,168 | - | - | 33,168 |
| Advertising & Media Sales | 90,000 | - | - | 90,000 |
| Venues | - | 1,845,000 | - | 1,845,000 |
| Retail | - | - | 1,055,000 | 1,055,000 |
| External Bookings | - | - | 75,000 | 75,000 |
| Income Total | 2,690,381 | 1,845,000 | 1,130,000 | 5,665,381 |
| Cost of Sales | | | | |
| Venues | - | (615,000) | - | (615,000) |
| Retail | - | - | (509,800) | (509,800) |
| External Bookings | - | - | - | - |
| Gross Profit | 2,690,381 | 1,230,000 | 620,200 | 4,540,581 |
| Expenditure | | | | |
| Core Expenditure Total | (2,687,791) | - | - | (2,687,791) |
| Venues | - | (1,229,789) | - | (1,229,789) |
| Retail | - | - | (491,337) | (491,337) |
| External Bookings | - | - | (15,000) | (15,000) |
| Total Expenditure | (2,687,791) | (1,229,789) | (506,337) | (4,423,918) |
| Operating Surplus/(Deficit) | 2,590 | 211 | 113,863 | 116,663 |
| Depreciation | (226,000) | - | - | (226,000) |
| Total Surplus/(Deficit) | (226,000) | 211 | 113,863 | (109,337) |

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. There is flexibility in the budget to appoint some of these roles at the mid-point of the scales, but we intend to appoint at the lower end of the respective grade to allow for annual spine point increments as well as cost of living increases.

3.1 Staff Vacancy Savings

Due to the high number of new roles in the structure, we will take a phased approach to recruitment. This means that posts will be filled between September 2021 and January 2022, resulting in a vacancy saving. Based on expected start dates, this is likely to be a minimum of £125k (for core, grant-funded staff).

The budget for individual cost centres reflects the full year cost of the staffing structure and does not take account of the vacancy saving. We will take a coordinated approach to utilisation of the vacancy saving:

- i. £60k has been allocated (reflected under 'payroll contingency' in Leadership) in the Stage 1 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. For teams wishing to backfill these roles in term 1, short term resourcing will be considered – this will not apply to all roles as there is limited value to this in some areas

- 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. Casual Staff Pay

In March 2021, the Board approved pay rates from 1 April 2021 in order to reflect the College cost of living increase and meet the increase to national minimum/living wage requirements. Trustees noted an ambition to increase our casual staff pay rates to be in line with the College and the London Living Wage.

The Stage 1 Budget reflects this ambition and incorporates casual staff costs in line with the below pay rates (shown as inclusive of holiday pay). The rates are aligned with particular spine points on the pay scale, and it would be our ambition to continue to match these by incorporating the College's annual cost of living increase for our casual staff, subject to annual approval by the Board of Trustees.

| | | | Proposed Rates | | Increase |
|------------|-----------------|-------------------|----------------|----------|----------|
| | To 1 April 2021 | From 1 April 2021 | College SP | £ / hour | |
| Category 1 | 9.80 | 9.99 | 1a - 1 | 11.35 | 114% |
| Category 2 | 10.90 | 11.08 | 1b - 5 | 12.05 | 109% |
| Category 3 | 12.28 | 12.47 | 1b - 11 | 13.56 | 109% |
| Category 4 | 13.95 | 14.18 | 2a - 14 | 15.24 | 107% |

Trustees are asked to approve these new rates of pay, effective from 1 August 2021.

5. Timeline

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

| Budget Iteration | Date | Description |
|--|----------------|---|
| 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. |

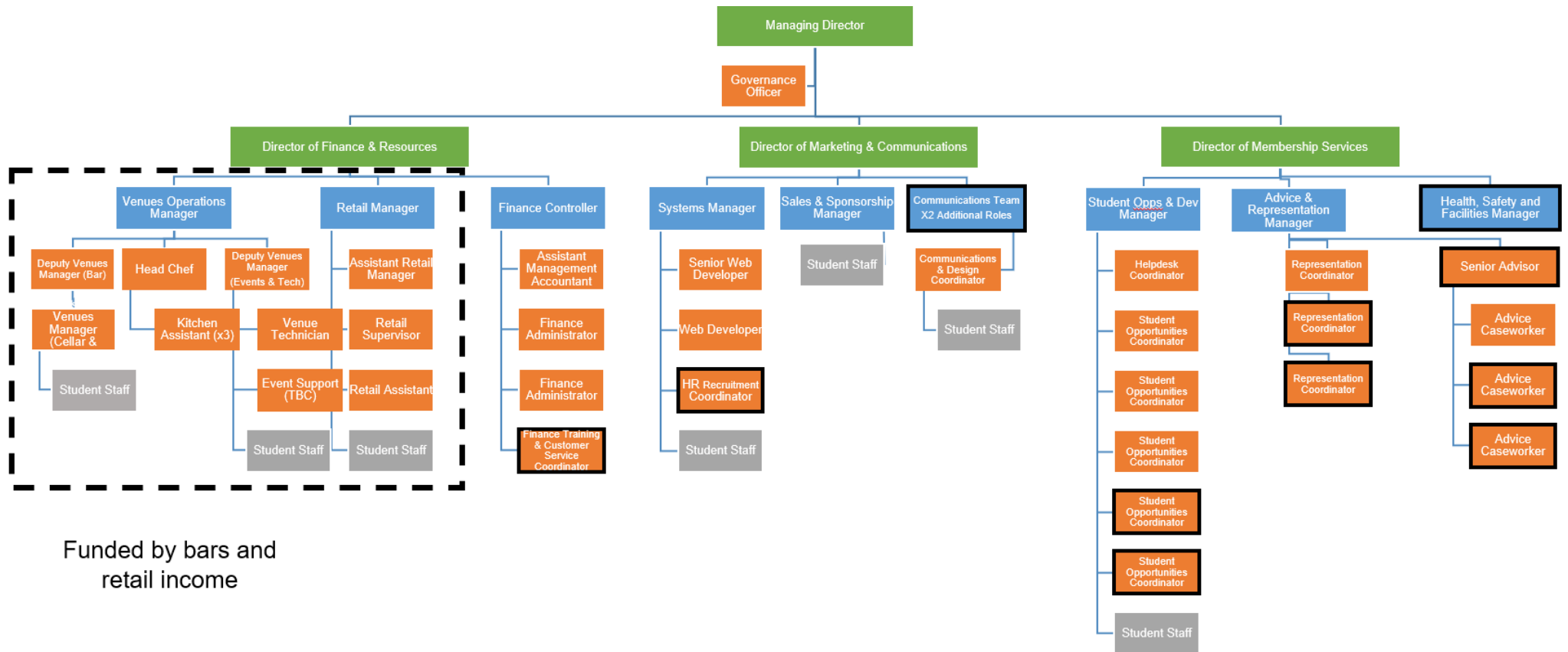
6. Recommendation

The Board of Trustees are invited to approve the Stage 1 Budget and the new pay rates for casual staff to take effect from 1 August 2021.

Appendix One – Budget Detail

Included in a separate pdf file.

Appendix Two – Staffing Structure



Funded by bars and retail income