

**Imperial College Union
Board of Trustees / 13 July 2022**

May 2022 Management Accounts & Draft 2021/22 Outturn

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Purpose: To present the Management Accounts to May 2022, and a outturn (stage 5 budget) for the end of the year.

1. Summary

The May management accounts are circulated with the Board pack as the June month end process is ongoing. A verbal update on the financial performance in June (including Summer Ball) will be presented at the meeting.

Overall, financial performance in May was broadly on budget (an operating surplus of £60k, compared to a budget for £67k). There are some additional vacancy savings in Marketing and Student Activities due to roles that have recently been recruited and start in June/July.

The stage 5 budget, which presents the final outturn forecast for 2021/22, is slightly better than the draft position presented to Trustees in May, as a result of assumptions for the venues holding and some additional vacancy savings resulting from later than anticipated start dates.

2. Key Variance Analysis

The key variances are shown below:

| | Variance P10 | | Variance YTD | |
|------------------------------|--------------|--|--------------|---|
| Income | (£20k) | Adverse: - (£10k) Retail - (£7k) Venues Contribution - (£2k) Marketing Income | (£235k) | Adverse: - (£204k) Venues Contribution - (£24k) Retail - (£7k) Marketing Income |
| Staff Expenditure | £11k | Favourable: - £4k Student Activities - £7k Marketing & Communications | £16k | Adverse: - (£9k) Student Activities - (£8k) Advice & Representation Favourable: - £25k Marketing & communications - £7k Central Services |
| Non-Staff Expenditure | £2k | Favourable: - £5k Student Activities Adverse: - (£7k) Systems | £47k | Adverse: - (£5k) Minibus Favourable: - £11k Leadership - £17k Marketing - £10k Education & Welfare - £7k Student Activities |

3. Stage 5 Budget / Outturn

The Stage 5 Budget has been presented alongside the May management accounts, and shows a total operating surplus of £108k (compared to £99k in the draft presented to Trustees in May). This is made up of a significant deficit in our venues offset by savings in core, grant-funded areas (mainly driven by staff vacancies) and enterprise performance.

The process for developing the Stage 5 Budget has been based on the following principles:

- i. The default assumption has been that performance for the final two periods will be as profiled in the Stage 4 Budget, unless there are known reasons to expect a variance
- ii. Staffing levels have been adjusted based on expected start dates for current vacancies
- iii. Non-staff expenditure has been adjusted based on known savings
- iv. £10k of general contingency has been released to fund Trustee recruitment costs (with £10k remaining)
- v. Retail sinking fund has been released to fund venues deficit

Imperial College Union
Outturn (Stage 5 Budget) 2021/22
Union

| | Core | | | Total |
|------------------------------------|--------------------|--------------------|------------------|--------------------|
| | Grant Funded | Venues & Events | Enterprise | |
| Income | | | | |
| Block Grant | 2,527,125 | | | 2,527,125 |
| Other Income | 66,863 | | | 66,863 |
| Advertising & Media Sales | 97,072 | | | 97,072 |
| Welcome | 29,830 | | | 29,830 |
| Venues | | 1,713,709 | | 1,713,709 |
| Retail | | | 806,241 | 806,241 |
| External Bookings | | | 75,000 | 75,000 |
| Income Total | 2,720,890 | 1,713,709 | 881,241 | 5,315,840 |
| Cost of Sales | | | | |
| Venues | | (627,154) | | (627,154) |
| Retail | | | (374,050) | (374,050) |
| External Bookings | | | | - |
| Gross Profit | 2,720,890 | 1,086,556 | 507,191 | 4,314,636 |
| | 100% | 69% | 55% | |
| Expenditure | | | | |
| Core Expenditure Total | (2,634,793) | | | (2,634,793) |
| Venues | | (1,283,706) | | (1,283,706) |
| Retail | | | (273,321) | (273,321) |
| External Bookings | | | (15,000) | (15,000) |
| Total Expenditure | (2,634,793) | (1,283,706) | (288,321) | (4,206,820) |
| Operating Surplus/(Deficit) | 86,098 | (197,151) | 218,870 | 107,816 |
| | | -12% | 11% | |
| Depreciation | (73,292) | | | (73,292) |
| Total Surplus/(Deficit) | 12,806 | (197,151) | 218,870 | 34,524 |

The new financial model was designed to reduce the financial interdependency of different activities, and ensure that volatile income in our commercial areas does not create risk within core, grant-funded areas. Whilst the performance in Venues needs to be improved, it is reassuring that the financial model is working effectively. We are also building a dataset to inform future budgets, which is a much stronger position than the budget setting for 2021/22 which was in a very uncertain context and with little reliable data to support forecasting.

We will finish the year with a general reserve beyond the level required by our reserves policy, plus the creation of a strategic investment fund of c£110-120k.

4. Commercial Performance

The Venues have posted a result for May which is just short of the stage 4 budget for the period (a £31k surplus compared to a budget of £37k). This reflects a number of positive impacts of work already progressing (including labour cost controls, general cost controls,

sales driving initiatives) as well as gross margins that are on budget following price increases at the start of May to reflect cost increases.

As previously reported, there are still significant improvements necessary in our Venues, however it is encouraging that new systems such as EPOS and RotaCloud are supporting an improvement in performance.

Retail financial performance is also slightly behind budget, driven by the top line. This is disappointing given very strong sales around graduations in May, but reflects that the footfall on campus has still not returned to pre-pandemic levels. Campus Services have reported sales volumes at c35-45% below pre-pandemic levels in recent months.

5. Core, Grant-Funded Performance

Core budgets are broadly on track, with some permanent staffing vacancy offset by additional temporary staff costs, and some non-staff cost savings related to both timing differences and activity-related savings. Overall, these budgets are as expected, and will continue to track to the end of the year.

The minibus service is currently running at a deficit (YTD £26k), however as previously reported, it is expected that this will be more than offset by the sale of some of our older buses at the end of the year. These assets have been fully depreciated, so any proceeds will cover in-year deficits.

6. Balance Sheet

The balance sheet (Appendix 2) continues to be very healthy, with a net asset position of £2.86M.

The creditors balance includes a significant level settled in early June, and outstanding salary recharges from the College.

As part of the year end processes, all aged debt will be reviewed for provision / write-off, the current level of non-CSP debt over 121 days old is £12k. Aged creditors will also be reviewed as there are some old balances which may be the result of historical errors or mis-postings, the current level of non-CSP creditor balances over 121 days old is £23k.

7. Cashflow

The cashflow statement (Appendix 3) shows a healthy cash position, with a cash balance of £3.66M.