

**Imperial College Union  
Board of Trustees / 23 July 2025**

**Budget 2025/26**

Author(s): Peter Greaney (External Finance Director)

Purpose: To present a draft 2025/26 budget for approval

Action(s): To **approve**

### **1. Introduction**

A budget has been prepared for 2025/26. This includes some updates from the draft reviewed in June by FAR, which recommended approval to this Board, subject to completion of some work in progress relating to trading subsidiary detail.

### **2. Strategic Context**

This budget covers Year 2 of an existing two-year funding agreement with College.

A trading subsidiary is being set up with the intention of operating from 1 August (or as soon as practicable following this date). This will involve separation of Charity budgets from the commercial services which are planned to be routed through the subsidiary.

A collated budget is presented which includes a “Union” and “Trading Subsidiary” component. Surpluses from the latter are planned to be gifted to the former, so therefore the collated budget is being presented for approval. The trading subsidiary budget will also require separate approval by the (new) Trading Subsidiary Board.

In line with the financial model and funding agreement, the budget is planned to cover recurring core activity (intended to break even) and a commercial contribution. From FY25/26, commercial components include retail (within the Union) and the remainder of commercial services which will operate through the subsidiary.

The budget does not include budgets for larger one-off projects which are intended to be funded by the Strategic Investment Fund.

The budget was collated with detailed budget holder input, based on the detailed planning assumptions and approach which were previously agreed with FAR.

### **3. Summary**

The proposed budget – summarised below and set out in the detailed appendices - ensures grant-funded activities **break even** on a cash basis (before £25k of depreciation), consistent with the budget approach from recent years.

The commercial budget includes a **£50k** overall contribution (2023/24: £50k planned): £13k from Retail and £37k from other commercial services including venues which will be routed through the trading subsidiary. The intention is for the overall commercial surplus to contribute

to the Strategic Investment Fund, the additional reserves available or future investment, if achieved.

A budget summary is provided below, with detailed narrative following. A summary of key changes is provided at Appendix A (from prior year) and Appendix B (from version reviewed by FAR). Detailed appendices showing full budget detail are also available separately.

### Imperial College Union

#### Budget 2025/26

#### Union

	UNION		TRADING SUBSIDIARY	
	Core, Grant- Funded	Retail	Commercial Services	Total
<b>Income</b>				
Block Grant	3,176,000	-	-	3,176,000
Commercial Management Fee	170,000	-	-	170,000
Other Income	228,020	-	-	228,020
Partnerships	-	-	160,000	160,000
Venues	-	-	1,794,106	1,794,106
Retail	-	1,278,671	-	1,278,671
<b>Income Total</b>	<b>3,574,020</b>	<b>1,278,671</b>	<b>1,954,106</b>	<b>6,806,797</b>
<b>Cost of Sales</b>				
Venues	-	-	(474,158)	(474,158)
Retail	-	(674,242)	-	(674,242)
<b>Gross Profit</b>	<b>3,574,020</b>	<b>604,429</b>	<b>1,479,948</b>	<b>5,658,398</b>
<b>Expenditure</b>				
Core Expenditure Total	(3,633,512)	-	-	(3,633,512)
Vacancy savings assumption	60,000	-	-	60,000
Commercial Overheads	-	(217,678)	(169,625)	(387,303)
Partnerships	-	-	(86,228)	(86,228)
Venues	-	-	(1,186,958)	(1,186,958)
Retail	-	(373,792)	-	(373,792)
<b>Total Expenditure</b>	<b>(3,573,512)</b>	<b>(591,469)</b>	<b>(1,442,810)</b>	<b>(5,607,791)</b>
<b>Operating Surplus/(Deficit)</b>	<b>508</b>	<b>12,960</b>	<b>37,138</b>	<b>50,606</b>
Depreciation of Core Assets	(25,425)	-	-	(25,425)
<b>Total Surplus/(Deficit)</b>	<b>(24,917)</b>	<b>12,960</b>	<b>37,138</b>	<b>25,181</b>

NB: Trading Subsidiary surpluses are planned to be gifted to the Charity, which must be done within 9 months of year-end.

#### 4. Capital

The core depreciation budget includes £25k for existing assets as presented in the budget.

There is a separate budget request for new capital expenditure which is not part of this paper (ref separate paper TB/24-25/69).

The trading subsidiary budget includes £29k of new additions (see next section).

Capital proposals not currently include larger commercial investments relating to Metric bar (e.g. furniture and house lighting) which will be sought through the President's Fund, or other building related investments (e.g. security/ CCTV and Access Control), which would be sought through College.

#### 5. Trading Subsidiary Update

The Trading Subsidiary surplus of **£37k** is £13k lower than presented to FAR, following the finalisation of some items set out at Appendix B, including some incidental costs such as loan interest, audit and licence fees, and depreciation.

The loan interest relates to a £50k loan facility from the Charity to the subsidiary, which has been reviewed by FAR.

The £6k in depreciation costs relate to £29k planned capital additions (568 Bar Flooring, Service Area redesign and Projectors). This can be covered from within planned cashflow, including the loan referred to above.

A working for proposed management recharges (relating to charity overheads recharged to the subsidiary) of £153,600 (which forms part of the £170,000 overall figure presented) is provided at Appendix C for information.

#### 6. Key Assumptions

These are set out below and have been reviewed by FAR:

##### *Income:*

- Same College Grant figure (of £3,176k) used from FY24/25, with costs of pay uplifts to be invoiced separately as in prior years.
- College support for National Insurance cost increase assumed, also to be invoiced separately (c£50k impact, previously estimated in FY25/26).
- No College support for insurance costs assumed, as per FY24/25 reforecasting assumption (was assumed in prior year budget).
- Full year's worth of interest income included, based on a consistent 3% of £2.5m assumption (ref section 4 for sensitivity analysis on this).

##### *Commercial:*

- £234k contribution from retail assumed (2024/25 budget: £280k) – 16% down on prior year budget, in line with reduced performance noted in recent months.
- £126k contribution from Beit (2024/25 budget: £104k) – 24% up on prior year, following improved recent performance and inclusion of event and hires.
- Break-even from other venues (and Summer Bal) assumed. A separate paper is provided in Reynolds Bar.
- £49k Partnership income assumed, developing idea from Commercial Strategy (ref. November 2024 Trustee Board paper).

*Staffing:*

- Current staff structure maintained. The £114k assumed cost increase on prior year is represented by expected uplifts and increments only - which will be invoiced to the College once confirmed.
- A 2.34% vacancy assumption has been used for the proposed FY25/26 budget, equating to £60k (FY24/25: 2.5% planned, equating to £62k). This is lower than the actual amount in FY24/25 (6.3% to May), due to progress on filling roles (NB: much of this was due to recruitment of new posts at the start of the year).
- There is also an intention to fill vacant roles where possible. One budgeted role (in Facilities, Health & Safety) is currently vacant which management is in the process of looking at (potential repurposing, which may result in budget reallocation).
- Full year impact of employer's National Insurance increase included (assumed funded as in FY24/25).

*Non-Staff Expenditure:*

- Non-staff expenditure is based on budget holder requirements, following instruction issued to work within FY24/25 reforecast figures overall, where possible.
- £15k contingency (reduced from £31k in FY24/25 but £11k of this was nominally earmarked for Y2 cost increases, and was £10k in previous years).
- Increased investment in Marketing and Systems, offset by reductions in Leadership & Governance (mainly contingency) and Student Activities (temp costs), as set out at Appendix A.

*Capital Expenditure:*

- No capital requests were submitted as part of the budget and at this stage we are not aware of any material assets approaching the end of their useful life. The intention is that capital funding for larger works would be sought separately for work on shared College spaces (dependant on outcome from larger capital review).

**Update since FAR: the £29k capital budget for the trading subsidiary and separate request (from reserves) are new.**

**Budget Risks/ Opportunities**

	<b>Risk</b>	<b>Planned mitigations</b>
1	Commercial loss incurred	<p>Planned surplus provides an in-year contingency.</p> <p>Look to manage any losses through commercial operations in the first instance – e.g. review savings/ planned investments, income options, review appropriateness of continuation of activity where appropriate.</p> <p>Insurance option for any unforeseen external issues (e.g. stock damage).</p> <p>Review through Management Accounts/ Reforecast – e.g. support from Core underspend areas (on one-off basis), including unutilised element of contingency budget.</p> <p>Use of reserves to handle unplanned losses which cannot be managed in year, on one-off basis (NB: £200k of the</p>

		<p>current reserves policy target is set aside to cover one-off business continuity shocks in Commercial).</p> <p>College support as a final response – e.g. where cannot reasonably be managed or anything significant, subject to agreement.</p>
2	<p>£60k vacancy savings target not achieved – noting plan is not to rely on this and Union’s intention is to try to fill roles (note: 1% variance on 2.34% assumption would = +/- £26k).</p>	<p>Some protection from planned (commercially driven) surplus and contingency.</p> <p>Review through Management Accounts/ Reforecast as set out above.</p>
3	<p>Interest income assumption could vary due to: changes in rates; fluctuations in cash available (e.g. due to spending of restricted funds) and plans to open new accounts in future may involve reduced income.</p>	<p>Interest assumption (3%) is prudent compared with the current Bank of England base rate (4.25%) due to expected reductions over time. A 1% variance in rate could have a +/- c£25k annualised impact.</p> <p>Assumed £2.5m available for interest earning in higher interest accounts (mainly via current sweep arrangements). This is fairly prudent in the context of cash balances (e.g. £3.5m was the figure at bank at the end of July '24), though much of this is restricted CSP funds which could in theory be spent down.</p> <p>Review variances through Management Accounts/ Reforecast as set out above.</p>
4	<p>Inflation variance (1% on non-staff costs excluding CSP grants would = +/- £5k).</p>	<p>The expectation is that budget holders would need to work to their budgets.</p> <p>Where this cannot be managed, review through Management Accounts/ Reforecast as set out above.</p> <p>Risk considered low in the context of current inflation levels.</p>
5	<p>Unanticipated costs, e.g. impact of pay review (potentially in the region of £5k, if successful), a legal claim, compliance costs, debt write-off.</p>	<p>Contingency of £15k.</p> <p>Review through Management Accounts/ Reforecast as set out above.</p> <p>Free reserves (£620k target as per November '24 Board paper + any additional) also available on one-off basis.</p> <p>College support as a final response – e.g. where cannot reasonably be managed or anything significant, subject to agreement.</p>
6	<p>Unexpected positive variances (e.g. from additional vacancies commercial contribution) resulting</p>	<p>Pick up through main reforecasting process (January) as in prior year.</p> <p>Continue to apply learning from recent forecasting exercises. Forecasting accuracy is expected to improve</p>

	in additional funds being available for repurposing.	through fulfilment of vacancies and knowledge, from team stability and information from post-covid trading.  Continue to monitor variances through management accounts.
7	Potential variances in relation to trading may impact on the surplus (£37k budgeted).  <b>[New since FAR]</b>	Budgeting approach considered fairly prudent.  Trading Subsidiary Board to monitor commercial performance.  Management will review opportunities for commercial growth and efficiency during the year.  Cashflow forecasting indicates minimal cash risk.
8	Delay in setting up trading subsidiary e.g. due to bank delays  <b>[New since FAR]</b>	A short delay (e.g. 1-2 months) will not present a financial risk to the Charity, as the budgeted trading subsidiary activity would likely be routed directly through the Charity instead.  Other solutions (e.g. temporary pooling of bank accounts) may also be considered.  The level of trading activity (which is non-primary purpose) going through the Charity will be monitored to ensure that it remains below £80k, to ensure that the Union remains exempt from corporation tax. This would be low risk for the potential time-limited period which is likely.

## 7. Recommendation

The Board is asked to approve the proposed budgets for the Union and Trading Subsidiary, subject to any comments or queries.

## Appendix A: Key Changes from Prior Year Budget

	2025/26	2024/25	Permanent Staff				
	Budget	Budget	Change	Budget 25-26	Budget 24-25	Perm Staff Increases	Other Increases
<b>Core Activity Income</b>							
Block Grant	3,176,000	3,176,000	-				
Commercial Overheads	170,000	170,000	-				
Other	228,020	92,667	135,353				
	<b>3,574,020</b>	<b>3,438,667</b>	<b>135,353</b>				
<b>Core Activity Expenditure</b>							
Advice & Support	(192,932)	(187,134)	(5,798)	(184,813)	(175,485)	(9,328)	3,530
Facilities, Health & Safety	(181,293)	(175,426)	(5,867)	(124,213)	(119,066)	(5,147)	(720)
Finance	(377,503)	(362,181)	(15,322)	(312,728)	(304,817)	(7,911)	(7,411)
Leadership & Governance	(824,205)	(808,277)	(15,928)	(661,329)	(628,533)	(32,796)	16,869
Marketing	(353,058)	(327,609)	(25,449)	(278,128)	(271,139)	(6,989)	(18,460)
Minibus Service	-	-	-	-	-	-	-
People & Culture	(145,886)	(142,057)	(3,830)	(81,186)	(77,409)	(3,777)	(52)
Representation	(252,933)	(244,367)	(8,566)	(212,221)	(202,616)	(9,605)	1,039
Student Activities	(1,110,273)	(1,092,613)	(17,660)	(574,951)	(550,243)	(24,708)	7,048
Systems	(220,854)	(192,647)	(28,207)	(163,412)	(149,677)	(13,735)	(14,472)
Vacancy Savings	60,000	62,000	(2,000)	62,000	62,000	-	(2,000)
	<b>(3,598,937)</b>	<b>(3,470,311)</b>	<b>(128,626)</b>	<b>(2,530,981)</b>	<b>(2,416,985)</b>	<b>(113,996)</b>	<b>(14,630)</b>

Contingency £16k

Audience Research £10k, Welcome - Additional Costs £10k

Temp Staff, building management plan

Intelligence Analyst £9k

**Commercial Activity**

	<b>2025/26 Budget</b>	<b>2024/25 Budget</b>	<b>Change</b>	
Commercial	(217,678)	(353,880)	136,202	Prudent budgeting from FY24/25 performance
Retail	230,638	280,263	(49,626)	
Events & Partnerships	-	27,344	(27,344)	
	<b>12,960</b>	<b>(46,273)</b>	<b>59,233</b>	

**Trading Subsidiary**

Trading Subsidiary	(169,625)	-	(169,625)	New entity
Partnerships	73,773	-	73,773	
Venues				
Beit Bars	132,357	103,745	28,612	
H Bar	-	(2,262)	2,262	
Reynolds Bar	633	(4,883)	5,516	
Summer Ball	-	-	-	
	<b>37,138</b>	<b>96,600</b>	<b>(59,462)</b>	

**Total**

<b>25,181</b>	<b>18,684</b>	<b>6,497</b>
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## Appendix B

### Summary of Budget Changes from June FAR Committee

<b>Core</b>	<b>£</b>
Original budget	483
Income from interest/licence fees	6,025
Additional irrecoverable VAT	<u>(6,000)</u>
	<b>508</b>

<b>Trading Subsidiary</b>	
Original budget	50,452
Audit Fees	(10,000)
Loan Interest	(3,625)
Licence Fees	(2,400)
Management Fee Adjustment	(3,600)
Additional Depreciation	(5,889)
Business disruption compensation	<u>12,200</u>
	<b>37,138</b>

<b>Core (Retail)</b>	
Original budget	12,688
Management Fee Adjustment	<u>3,600</u>
	<b>16,288</b>

<b>Consolidated</b>	
Original budget	63,623
Updated budget	53,934

## Appendix C

### Management Charges Calculation (for information)

Charity costs to be recharged to subsidiary:

	Total Cost	Proportion %	Charge	
<b>Facilities, Health &amp; Safety</b>				
Commercial costs charged directly to relevant area	-	0.00%	-	
<b>Finance</b>				
Finance Team	(312,728)	5.31%	(16,601)	Based on proportion of transactions
<b>Leadership</b>				
Director of Commercial Services	(102,537)	40.00%	(41,015)	20% to Charity (Core), 40% Charity (Retail), 40% Subsidiary
Head of Commercial Services	(82,441)	50.00%	(41,221)	50% Charity (Retail), 50% Subsidiary
Managing Director	(123,565)	10.00%	(12,357)	
Insurance	(38,000)	10.00%	(3,800)	
<b>Marketing</b>				
Marketing Staff	(278,128)	10.00%	(27,813)	
Printing Costs	(6,650)	10.00%	(665)	
Publicity	(29,650)	10.00%	(2,965)	
<b>People</b>				
Recruitment Costs	(8,400)	10.34%	(869)	
Telephones	(3,300)	10.34%	(341)	
Training & Development	(30,000)	10.34%	(3,103)	
Wellbeing & Recognition	(14,740)	10.34%	(1,525)	
<b>Systems</b>				
Equipment Purchase	(12,900)	10.34%	(1,334)	
			<b>(153,608)</b>	
	Rounded per year		(153,600)	
	Rounded per month		(12,800)	

Finance basis: Journal lines on commercial centre out of all journal lines (23-24)

People basis: Commercial staff out of all staff (as at 14/05/25)

Managing Director: Time split between: Commercial, Strategic, Financial, Membership Services and Support Services.