**Imperial College Union**
**Board of Trustees / 25 February 2026**

# Commercial Update

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Purpose: To provide an update on Commercial
Action(s): To note

## 1. Purpose of Paper

To provide the Board with an update on Commercial performance for Term 1 and year-to-date, including progress against budget, delivery of the Commercial Plan (2024–2027), key operational developments, forecast risks and opportunities, and priorities for the remainder of the financial year.

## 2. Executive Summary

Commercial performance has been strong year-to-date, with revenues up 15% year-on-year across core trading activity and net profitability increasing significantly. Term 1 results show a clear improvement across Venues, Retail and Partnerships, alongside effective cost control.
Year-to-date net profit is £133.5k, compared to a budget of £80k and last year's position of £14.5k at this stage, demonstrating a significant improvement in financial sustainability and operational performance.

While the year-end forecast currently indicates a £23k negative variance on the commercial bottom line, this is primarily driven by deliberate strategic investment and a conservative approach to forecasting revenues during May and June (the highest volume trading period). There remains significant upside potential during peak trading months, with modelling suggesting the opportunity to generate an additional £100k surplus across May and June if expected footfall and spend-per-head assumptions are delivered.

## 3. YOY Area Performance Summary

<u>Venues and Events</u>
Venues have performed strongly, driven by wet sales and improved operations.

- Wet Sales: £720,982 vs £669,848 (+8%)
- Events: £136,107 vs £120,403 (+13%)
- External Bookings: £100,100 vs £109,958 (-9%)

Margin improvement has been a key success with reduced student pricing

- Venues margin increased from 65% to 67%

<u>Retail</u>
Retail continues to deliver strong growth and improved margins.

- Retail Revenue: £82k ahead of budget
- Retail Net Profit: £17.3k ahead of budget

<u>Union Shop</u>
Union Shop sales remain relatively flat; however, growth has been driven by Shop Extra and bespoke department orders:

- Shop Extra: +14% vs budget and +23% YOY
- Bespoke department orders: additional £75k sales year-on-year

While margins are intentionally lower to reduce internal departmental costs, the growth demonstrates strong future potential.

- Retail margin increased from 37% to 44%

Partnerships:
Revenue delivery in Partnerships remains strong.

Revenue Performance (YTD):
- Actual: £122.9k
- Budget: £95.5k
- Variance: +£27.4k (+28.7% vs budget)
- Last Year: £96.8k
- YOY Growth: +£26.1k (+27.0% YOY)

External activations and customer sales have delivered £86.6k year-to-date. Net profit is currently slightly behind expectation due to annual contract payments and commission income being weighted toward the final quarter. Commission income is expected to be approximately £20k.

*Sector Risk*
Securing new partnerships has become more challenging due to sector mistrust and hesitancy around exclusivity models, influenced by wider market conditions. A revised partnership model for 2026/27 is being developed to reduce exclusivity requirements and strengthen pipeline growth.

**4. Retrospective Discounts / Purchasing Gains**

Retrospective discounts have delivered significant value through improved purchasing arrangements developed over the last 18 months.
- Actual: £30.7k
- Budget: £18.5k
- Variance: +£12.2k (+65.9% vs budget)
- Last Year: £8.8k
- YOY Growth: +£21.9k (+248.9% YOY)

**5. Inflation and Pay Pressures (Affordability and Fair Pay)**

Between 2024 and 2026, our cost of goods has increased by approximately 17% across key commercial supply lines. Despite this, the Union has been able to hold student price points across several key product lines through improved purchasing arrangements, operational efficiencies, and the introduction of tiered pricing.

In addition, we have prioritised fair pay for casual student workers. Casual workers' pay will increase by 10% in April 2026, with a target to reach the London Living Wage (exclusive of holiday pay) by April 2027. If delivered, this will represent a 26% uplift in casual worker pay over three years, demonstrating continued commitment to student employment and wellbeing alongside commercial sustainability.

**6. Tiered Pricing and App Rollout (MCR EPOS [Electronic Point of Sale])**

A tiered pricing model has been introduced through the app-based purchasing system linked to the MCR EPOS contract agreed in 2022. The app generates a QR code linked to an Imperial domain login, enabling identification of students and staff for discounted pricing, while maintaining higher margins for external customers.

This has enabled reduced prices for students whilst maintaining overall venue profitability. Despite operational limitations and some negative student feedback around usability, uptake has been strong:
- 71% of bar transactions processed through the app
- 54,000 transactions processed via the app in Term 1
- Average Drink price approximately £3.50, aligned to 2022 pricing levels

Even with an average student price reduction of 25%, venues margins remain stable:

- target: 69%
- current: 67%

A key benefit is the improved data insight, enabling verified reporting of student, staff and external usage for the first time. The app is not currently delivering full functionality as originally expected. There is no break clause in the MCR contract, meaning ICU is tied into the provider until December 2026 / January 2027. Current buyout costs are estimated at £40k, reducing significantly nearer the contract end. By the summer a buyout may be reduced to £10k–£12k, subject to negotiation.

A tender process will be initiated for a new EPOS provider and app solution, with future requirements including:

- loyalty programmes
- table ordering and delivery
- improved user experience
- integrated food and drink ordering
- reduced friction for student purchasing
- improved data and insight

**7. In-House Catering (Launch March 2026)**

The transition to in-house catering will address student concerns raised through the Plant-Based University proposal and create a commercial opportunity to grow revenues. Fusion has estimated annual turnover of approximately £350k–£400k. Bringing this service in-house provides the opportunity to protect and grow this income stream. The new catering offer will launch in March 2026, with menu development currently in progress.

To support mobilisation, ICU has recruited:

- Catering Development Manager
- Sous Chef

A phased rollout approach will be used:

- March–June: trial products and service types
- Summer: operational adjustments and overhaul
- September 2026: full launch following lessons learned

This will align with wider operational improvements including a new EPOS provider, improved app functionality and exploration of self-service till solutions to reduce queues and improve service efficiency. We will also reach our commitment to ensure 50% of our menu is vegetarian or vegan, full rollout of Klimato, and removing Beef entirely.

**8. Temp Agency Launch**

The Union is currently launching its Temp Agency as a major new student employment and commercial initiative. A Temp Agency Manager started on 19 January, so we are in its first month of development.

Workstreams include:

- confirming the operating model between Imperial, casual workers and ICU
- developing a tender process for systems supporting onboarding, shift management, invoicing and payment runs
- progressing business development across internal Imperial departments

The likely short-term operating model is continuation of the existing University casual worker arrangement supported through a University Letter of Intent. This provides a low-risk route to launch, with longer-term employment model decisions to follow once the Workers' Rights Bill has been finalised.

Imperial's casual workforce spend is estimated at £4m annually. With margins set at approximately 20%, this initiative represents a significant commercial growth opportunity.

Recruitment targets include:

- 100–200 student staff in Term 3
- scaling to 500 staff by the start of next academic year

A soft launch is planned in Term 3 to test systems and processes ahead of full rollout in September 2026.

**9. Partnerships Growth and Shared Services (Imprinted)**

The partnerships programme continues to perform strongly. While the wider sector remains challenging for securing new SU partners due to reduced trust and hesitancy around exclusivity, delivery against existing partnerships has been positive.

Partner SUs currently include:

- King's (Exclusive)
- Edge Hill (non-exclusive)
- Bournemouth (non-exclusive)
- Bristol (non-exclusive)

The last 12 months has focused on building awareness and credibility of the Imprinted offer. This is now beginning to deliver results, with a shift toward inbound engagement. Multiple SUs have approached ICU. In addition, shared services and benchmarking activity is developing well, supporting collaboration on pricing, sponsorship procurement and joint event opportunities. Work is underway to revise the partnership model for 2026/27 to support growth while reducing reliance on exclusivity.

**10. Summer Events Programme and Trading Opportunity**

Following Summer Ball discussions and the operational complications identified, an alternative end-of-year programme has been proposed consisting of 12 events over a three-week period, with significant investment required.

This programme has potential to engage 10,000 unique students, compared to circa 3,000 for a traditional Summer Ball.

The forecast includes approximately £30k delivery costs, with additional funding expected via:

- University contribution
- ticket income operating at break-even

This programme is ambitious but provides a significant student engagement opportunity and potential strategic impact.

**11. Forecast Position and May/June Upside**

The year-end forecast currently indicates a £23k negative variance on the commercial bottom line. This is primarily driven by planned investment in:

- in-house catering mobilisation
- Temp Agency development
- increased partnerships investment
- Summer Series delivery costs

However, May and June are expected to be peak trading months due to graduation, the World Cup and the Summer Series programme. Modelling based on expected footfall and spend per-head indicates that wet revenue could well exceed forecasts, however the highest wet

revenue month historically achieved is approximately £177k, therefore the forecast has been deliberately cautious due to uncertainty around capacity. If demand is delivered, we believe there is a realistic opportunity to generate an additional £100k surplus across May and June.

**12. Commercial Plan 2024–2027: Progress Update**

The Commercial Plan launched in 2024 and runs through to Summer 2027. Context is required when comparing to historic results. In 2023, Commercial reported a surplus but did not carry central service costs. It is estimated that commercial operations delivered approximately £130k surplus, but carried approximately £380k unallocated costs, resulting in an estimated true operating deficit of approximately £250k per annum.

In 2024/25 we introduced a transparent cost model ensuring commercial activity is charged correctly, including:

- leadership commercial costs allocated directly to commercial services
- annual central service management charges applied

This has created a more accurate view of commercial sustainability and progress.
In 2025/26, commercial is forecast to contribute £380k in central costs and deliver a surplus of approximately £29k.

Key objectives delivered or in progress include:

- tiered pricing system launched
- Imprinted shared services launched and growing
- Temp Agency launched (full rollout planned September 2026)
- in-house catering launching March 2026

Commercial Services is now fully self-funded and delivering surplus. There is a high likelihood that the final financial sustainability objectives may be achieved one year early, including:

- full self-funded commercial operation
- contribution of £170k central service fee
- delivery of £150k annually into the Strategic Investment Fund

<u>Events Accessibility</u>

A key objective under the Commercial Plan is to increase the proportion of free and accessible events. Approximately 35% of events are now free. A block grant request has been submitted to the University to support delivery of this objective. While approval via block grant is unlikely, the request has raised awareness and strengthened future funding discussions.

<u>Key Priorities (Next 3–6 Months)</u>

Key delivery priorities include:

- full rollout development of the Temp Agency
- delivery of in-house catering launch and refinement
- continued growth of Imprinted and new SU pipeline conversion
- continued improvement across retail and venues operations
- delivery of Summer Series and graduation trading

In addition, a series of tenders will be run over the next three months, including:

- wet purchasing and alcohol supply
- retail merchandise
- retail convenience
- EPOS provider and app solution

The intention is that these tenders will be completed and implemented for September 2026, positioning commercial operations for maximum impact across 2026/27.

## 13. Summary

Commercial performance remains strong year-to-date, with revenues up 15% year-on-year and profitability significantly improved across Venues, Retail and Partnerships. Net profit is currently £133.5k, well ahead of the budgeted £80k and substantially above the same period last year (£14.5k). Despite ongoing inflationary pressures (cost of goods up 17% since 2024) and planned investment in strategic growth areas, we have successfully maintained student affordability through tiered pricing and improved purchasing arrangements, while also progressing fair pay commitments for student staff. Key strategic initiatives including in-house catering, the Temp Agency, and continued growth of Imprinted partnerships and shared services are progressing well, with further upside potential expected through peak trading in May and June. Overall, Commercial Services remains on track to deliver the objectives of the Commercial Plan (2024–2027) and continues to strengthen its long-term financial sustainability.