Imperial College Union
Board of Trustees / 29 May 2024

Budget 2024/25 Principles

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Purpose: To summarise the process and principles for setting the budget for 2024/25.

Action(s): To consider and approve the approach to budget setting for 2024/25.

1. Introduction

This paper provides a progress update on the 2024/25 budget setting process prior to finalisation at the end of July. In line with the new Scheme of Delegation approved in February, Trustees are required to approve budget assumptions and timeline.

The Board previously agreed to the strategic planning timeframes in November, which we have been working to. As noted at the last Board, a block grant submission was submitted to the College at the end of January in the context of a new funding round.

Detailed budget assumptions and a timeline were approved by Finance, Audit & Risk (FAR) on 27 March prior to commencement of budget setting exercise by Managers. This paper re-presents that detailed information for Board of Trustee approval, and includes some updated information to note in relation to the College's timeline for confirmation (Section 3). Since FAR, budget training has also been delivered and the collation process has commenced.

2. Strategic Context

A budget is a plan to use resources in pursuit of the organisation's charitable objects and strategic objectives. As such, the underlying ethos behind setting our budgets should be that they enable the best service delivery and development in line with our strategy.

The current funding model is an agreed approach with the College involving block grant funding of Core activities, with any surpluses from Union's commercial activities to be allocated to a Strategic Investment Fund. The intention of this approach has been to minimise uncertainty for the Union in relation to commercial performance and provide confidence that our 'core' activities are funded by secure income (College grant) without having to rely on volatile commercial lines.

Core activities can be defined as services which the Union is best placed to deliver, which include:

- Student representation (e.g., Officer Trustees, representatives, Union Council)
- Support for student-led activities (e.g., CSPs, liberation and community networks)
- An independent advice and advocacy service

A case for specific enhancements to Core services is made at the start of the planning cycle. Each year, the College also provides support for the cost of salary increments and uplifts, with HR being managed centrally with Union staff being College employees.

The Strategic Plan *(Strategy 2023-2028: A High Performing Students' Union)* includes budget targets of:

- Break-even on core activity, after depreciation.
- Commercial Contribution of £150k.

Surpluses generated through Union commercial/enterprise activities (retail and venues) are intended to contribute to a separate Strategic Investment Fund to support one-off or time-limited investments focused on achieving our strategy or directly on student activities and projects as determined by our members. Future options for use of funds is considered separately during the year, via agreed designation.

The Union also has a strategic objective for "coherent capital investment for great spaces", with objectives to "transform spaces by 2026 at Beit and 2028 at White City".

3. Grant Request

Following a period of Officer consultation - which included strategic priority workshops - and meetings with key College stakeholders, a grant uplift request was submitted covering Core elements, based around retention of core principles from the current model. The request was for a two-year funding agreement covering financial years 2024/2025 and 2025/2026.

Following meetings with key College stakeholders, the request was presented in three categories (representing an uplift request on the total FY23/24 grant of £2,767k):

Category	Component	£k
A	Baseline Request: FY24/25 anticipated salary and support for recent and anticipated non-staff cost increases forming part of the Union cost base and other inflation or activity-driven increases.	209
B	Support for communities & belonging and better alignment with College roles	189
C	Support for hard-to-reach groups and elected officer support	93

College is in the process of considering our request. Written confirmation, which has not yet been obtained, is being chased by Management but is expected soon. We have received a verbal steer from key College stakeholders to plan on the basis of our baseline request (A), with key College stakeholders advocating for 'B'.

Budget holders have commenced budgeting based on an inflationary uplift assumption of 4%, which we would expect to accommodate through Scenario A. The 'B' and 'C' requests relate to new standalone activity which the Union would only proceed with as part of its core budget if funding is confirmed.

The budget window includes a moderation period (by 15 June) to enable us to factor in any changes to planning assumptions. Management will provide an update to Trustees at Committee stage.

Management will present a final budget for approval in July, as in previous years.

4. Detailed Assumptions

Detailed assumptions informing our grant request to College, though subject to potential further refinement as part of the detailed budgeting process, are set out below:

- Current staff structure maintained, with additional roles to be introduced from FY24/25 if funded as part of the block grant request.
- Assumed pay award of £1k + 3.14% (as per College's full and final pay offer dated 13/3/24, which has now been accepted by the joint trade unions).
- Vacancy assumption of 2.5% in FY22/23, as per grant request (reduced from recent trends – the final rate was 4.4% in FY22/23 and has been above this in FY23/24 - the plan is to minimise reliance on vacancies going forward).
- Current non-staff cost base maintained (with reference to recent FY23/24 reforecast), with grant funding requested for recently increased costs, such as licence costs, card commission and subscriptions, which contributed to forecast shortfall. If not funded, a savings exercise (or reduction in activity volume) may be required as part of detailed budget process.
- An inflationary uplift request of equating to 4% (£37k) from FY24/25, including the ongoing cost increases. If not funded, a similar exercise will be required.
- Specific budget provision for CSP grants based at around the current level, with some potential scope to increase depending on the outcome from grant discussions with College. The intention is to review this the June Finance, Audit & Risk Committee.
- ICU Core income contribution (from advertising and non-commercial hire income and interest income) expected to be broadly similar overall (previously £170k), but will be revisited as part of the detailed budget exercise.
- Detailed commercial budgets to be developed with reference to Strategic Plan target (£150k), latest information and based on realistic commercial targets for each venue.
- Provision for replacement of existing assets within current budget (i.e. replacement of fully depreciated asset and equipment lines), with capital funding for larger works to be sought separately for work on shared College spaces dependant on outcome from larger capital review.

These assumptions have informed the initial parameters for budget setting work. Training has been delivered to budget holders by the external Finance Director.

Requests for new budget provision submitted by budget holders will be considered within the available funding envelope, with time allocated for review and moderation by Finance and SMT. Trustee input on any key/unresolved prioritisation decisions will be sought at Committee approval stage (in June/July), where required.

5. Timeline

The following timeline has been developed to ensure that budget holders are adequately engaged and supported, and a budget is delivered before the start of the new financial year:

Stage	Date	Description
Grant negotiations	May 2024	Confirmation from the College on the level of Block Grant for 2024/25 – 2025/26.
Detailed budget preparation	29 April- 20 May 2024	Budget training, templates, drafting and review, involving budget holder input. Note: an additional week for budget holder input has been provided, following Staff feedback last year.

Budget Collation and Moderation	20 May – 14 June 2024	Finance collation, with SMT input into prioritisation decision, prior to Committee presentation.
Budget Presentation	FAR – 28 June 2024 BoT – 24 July 2024	Budget for the year, in line with the principles and assumptions presented above.
Reforecast	Jan/Feb 2025	Informed by the first term performance, a comprehensive re-forecast of all budget lines.

6. Recommendation

The Board of Trustees is asked to approve this approach and agree to the below timetable for the next stages of review:

- 28 June 2024 – FAR review the Budget for recommendation to the Board of Trustees.
- 24 July 2024 – Board of Trustees approve the Budget.