

paper

Subject:	Budget for year ended July 2020 - approval
Produced by:	Tim Cave, Assistant Director of Finance
To:	Board; Finance Committee
Date:	11 September 2019
Action:	For Approval
Paper:	TB 979

Overview

The Budget for the year to July 2019 has been approved by the Finance Committee and now requires formal approval by the Board.

A summary document is included in the Board papers – [Estimates v5 budget final](#) – and in addition has been included in line by line detail in the final management accounts file for July ref – [Union accounts Jul 1819](#) ; [SUS accounts Jul 1819](#) ; [WF accounts Jul 1819](#)

However these are complicated Excel files and only included for those wishing to see additional detail.

The Budget is recommended for approval.

Narrative

The narrative from the Estimates Summary is copied below for ease of reference:-

UEA(su) Budget 2019 /20 - As recommended by Finance Committee

Summary position (see worksheet 'Estimates')

The Proposed Budget shows a deficit in the year of £(20,000). *This reflects an underlying deficit of £50,000 but recognising that £30,000 of planned Waterfront Lease compliance Capex was invoiced in July 2019.*

This is **after** taking account of the following:-

- Additional £100k of UEA funding, including an additional £30,000 to deliver improved outcomes funded by other cost reductions
- £65,000 of Waterfront sponsorship (with capital expenditure including £65,000 of Lease compliance work and a further £45,000 for Waterfront venues tech. upgrades)
- Capital expenditure of £112k excluding Waterfront lease compliance. **This excludes £70k from the original budget proposal.**

The budgeted Net Income (before taking account of the £165,000 above) of £193,000 includes additional contribution* from Social Enterprise of £127,000 (+8%) with additional spend on Charitable outcomes of £93,000 and Infrastructure £97,000.

NB that the provisional forecast out-turn of £248,000 is £53000 short of the half year forecast.

The budget includes the staffing structure at mid-year plus

- additional Bar Manager
- additional Duty Manager
- Additional SMT support / Office Manager (funded from existing posts)
- Additional HR Project manager (6 months)

The budget EXCLUDES the following posts which are currently not in place

- Director of Social Enterprise
- Director of Charitable Services
- Additional external HR support / legal costs from grievances / disciplinary cases.

The Contribution from Social Enterprise includes the following assumptions:-

- Bars Income increase 5%, margin as current year, direct staff at target 17% to sales (CY 17.9%). Plus +£30k contribution impact of new Bar Manager
- Ents Overhead £24k benefit from VMS fixed fee
- Retail - Sales at 1.3% increase year on year (100% after allowing for refit closure 2018). Margin at 29.5% vs CY 28.6%. (*Sales vs 2017/18 - 90%*) which is run rate after SPAR in operation
- Unio & Catering Sales increase 6%
- Waterfront Bars and Ents revenue +3%, margins at CY %. Plus £10k additional task to turnaround declining trend

An additional risk is the impact of a hard-line Brexit, which appears more likely now than in recent months. The impact would reflect any inflationary pressures (already in the pipeline due to the weakened £ Sterling) and recessionary impact but we have no data to support what this impact might look like.

Reserves Impact

The provisional result for 2018/19 will reduce reserves by around £150k. (*This includes £30k additional WF Lease Capex planned for 2019/20 as above*).

The impact of a £(20)k deficit for 2019/20, in combination with the impact of a rising Salary cost on the reserve requirement would be **around £130k**.

Recommendation

The Finance Committee is content to approve a deficit budget for 2019/20 on the basis that:-

- It is a temporary position pending a review of the Union Finances for consideration in January 2020
- A series of meetings have been scheduled to work with the University to arrive at a sustainable funding model
- Expenditure contributing towards mental health and well-being initiatives is identified and reported in line with the UEA VC letter dated 19 July

UEA (SU) Budget Estimates

For year to July 2020

INCOME	Budget 19/20	'Estimates'	Forecast 18/19	Variance
Block Grant	1,209,627	1,209,627	1,200,156	9,471
Less Rent	(788,376)	(788,376)	(788,376)	0
Net Block Grant	421,251	421,251	411,780	9,471
Easton College Associate Mship				
INTO Grant	26,000	26,000	26,887	(887)
External Membership	26,000	26,000	26,887	(887)
Contribution from Social Enterprise	Budget 19/20	Estimates	Forecast 18/19	Variance
Retail & vending	346,428	445,338	197,311	149,118
Unio	152,195	154,032	139,197	12,998
Bar catering	90,053	82,293	60,175	29,879
Campus Bars	896,550	885,199	771,462	125,088
Live!	346,132	316,757	18,214	(72,082)
Ents OH	(166,248)	(155,233)	(171,040)	4,791
S.U.S. Admin	(166,444)	(163,169)	(95,002)	(71,442)
Waterfront	265,088	319,284	287,276	(22,188)
Non-recurring			29,557	(29,557)
	1,763,755	1,884,502	1,637,150	126,605
Total Income	2,211,006	2,331,753	2,075,817	135,189
Sus	1,207,194	1,279,668	1,137,060	0
Cost Reduction Exercise	£		26,605	
Peer Support (net Student Minds)	7,000		8%	
Media Grants	5,000			
PG Social Grant	2,500			
Campaigns	2,500			
Conference (reduced attendance)	8,000			
HR Support	11,000			
Residential	6,000			
	42,000			
Funding Additional Wellbeing	(30,000)			
	2,000			

CHARITY EXPENDITURE

	Budget 19/20	'Estimates'	Forecast 18/19	Variance
Advice and Student Rights	64,401	64,401	146,761	17,640
Education and Engagement	97,745	33,891	208,793	(11,048)
Student Leadership Unit	90,564	11,304	171,526	19,038
Student Opportunities	72,348	11,420	245,506	26,842
Advocacy Overhead	8,447	3,204	93,204	5,243
Housing	9,224	9,224	13,442	35,783
Core Charitable Purpose	72,728	1,063,444	79,232	93,497
Strategic Development Unit	47,231	17,497	164,537	(17,306)
Communications	51,446	17,455	110,684	40,762
People	70,953	94,796	262,584	45,369
Operations / Premises	12,550	19,150	219,123	(6,573)
Finance Unit	26,503	23,249	91,708	34,795
Infrastructure	1,045,684	972,148	948,636	97,048
Also supports Social Enterprise				
Net Income	192,594	296,161	247,949	(55,355)
Waterfront Sponsorship	65,000			65,000
Additional UEA Grant	100,000			100,000
Adjusted Net Income	357,594	296,161	247,949	109,645
Pension Deficit Payments	(200,502)	(210,000)	(200,000)	(502)
General Capital	(82,052)	(150,000)	(59,000)	(23,052)
Waterfront Compliance	(95,040)	(90,000)	(40,000)	(55,040)
Non-recurring Costs			(42,369)	42,369
Transferred to Reserves	(20,000)	(153,839)	(93,420)	73,419