

Committee(s):	Date(s):	Item no.
Board of Governors City of London Freemen's School	27 September 2018	
Subject: Revenue Outturn 2017/18		Public
Report of: The Chamberlain The Headmaster		For Information

Summary

The net income for 2017/18, before transfers to reserves, was £2,584,000 compared to a budgeted position of £2,616,000, representing a reduction in net income of £32,000 (1.2%) as shown in the table below.

	Budget	Actual	Variation Better/ (Worse)	Para Reference
	2017/18 £000	2017/18 £000	2017/18 £000	
Income	17,966	17,912	(54)	4.i to 4.iii
Expenditure	(15,350)	(15,328)	22	4.iv to 4.viii
Total net income before transfers	2,616	2,584	(32)	
<u>Transfers to reserves</u>				
- Vehicle Replacement Fund	(25)	(25)	-	
- Repairs & Maintenance	(522)	(522)	-	
- Capital Reserve Fund	(2,001)	(2,001)	-	
Total transfers	(2,548)	(2,548)	-	
Total net income after transfers	68	36	(32)	
General Reserve Fund balance brought forward 1 April	679	679	0	
General Reserve Fund balance carried forward 31 March	747	715	(32)	

In line with the budget, the transfer to the Capital Reserve was £2,001,000 and, after taking account of the planned expenditure funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2018 was £750,000 (2016/17: £3,457,807).

Total School funds, including the Capital Reserve Fund, as at 31 March 2018 amounted to £3,865,985 as detailed in Annex B (£6,600,028 as at 31 March 2017), which represents a reduction of £2,734,043 as detailed at paragraph 5 to this report.

Recommendations

It is recommended that this revenue outturn report for 2017/18 is noted.

Main Report

2017/18 Budget Position compared to Revenue Outturn

1. Overall, net income before transfers for 2017/18 was £2,584,000 compared to an agreed net income budget of £2,616,000, representing a reduction in net income of £32,000 (1.2%). Table 1 provides a comparison between the budget and outturn. Figures in brackets represent expenditure, increases in expenditure, or reductions in income.

TABLE 1
CITY OF LONDON FREEMEN'S SCHOOL

Analysis of Service Expenditure	Budget	Actual	Variation Better/ (Worse)
	2017/18 £000	2017/18 £000	2017/18 £000
INCOME			
School & Staff Meals	527	480	(47)
School Tuition Fees	14,321	14,310	(11)
Other Tuition Fees	231	234	3
Boarding Fees	636	626	(10)
Registration & Exam Fees	153	149	(4)
Other	328	332	4
City Support (Annex A)	1,770	1,781	11
Total Income	17,966	17,912	(54)
EXPENDITURE			
Employees	(9,053)	(9,245)	(192)
Premises Related Expenses (note i)	(1,205)	(1,173)	32
Transport Related Expenses	(191)	(168)	23
Supplies & Services (note ii)	(2,336)	(2,141)	195
Staff Subsidy & Prizes	(203)	(207)	(4)
Scholarship Subvention Awards	(558)	(554)	4
Match Funding Awards	(41)	(49)	(8)
Support Services (Annex A)	(664)	(692)	(28)
Capital Charges (Annex A)	(1,099)	(1,099)	-
Total expenditure before transfers	(15,350)	(15,328)	22
TOTAL NET INCOME BEFORE TRANSFERS	2,616	2,584	(32)
TRANSFERS TO RESERVES			
Vehicle Replacement Fund	(25)	(25)	-
Repairs, Maintenance & Improvements Fund	(522)	(522)	-
Capital Reserve Fund	(2,001)	(2,001)	-
Total transfers	(2,548)	(2,548)	0
TOTAL NET EXPENDITURE AFTER TRANSFERS	68	36	(32)
General Fund balance brought forward 1 April	679	679	-
General Fund balance carried forward 31 March	747	715	(32)

Notes

- (i) Premises Related Expenses – includes energy costs, rates, water services, cleaning and domestic supplies.
- (ii) Supplies & Services – includes equipment, furniture, materials, books, uniforms, printing, stationary, professional fees, grants & subscriptions, and advertising.

2. The 2002 funding guidelines report recommended that the General Reserve balance should not exceed 5% of the original estimate of fee income, equating to £747,000 for the 2017/18 budget, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines, and the planned contribution required for the future funding of the Masterplan, there was a transfer to the Capital Reserve Fund of £2,001,000.
3. Following this transfer, and after taking account of the planned expenditure funded from the reserve during the year and a loan drawdown from the City of £841,772, the balance in the Capital Reserve Fund as at 31 March 2018 was £750,000 (2016/17: £3,457,808).
4. The budgeted transfer of the net expenditure to the General Reserve Fund after the other budgeted transfers was £68,000. The actual transfer was lower at £36,000 (£32,000 less than budgeted). The main reasons for this variation, as summarised in Table 1, were:

A reduction in income of £54,000, principally as a result of:

- i) School and staff meals income £47,000 less than budget due to a reduction in demand and a delay in the availability of the new tuck shop van.
- ii) A marginal reduction in school tuition and boarding fees of £21,000 as pupil numbers were a lower than anticipated.

Partly offset by:

- iii) An increase in City Support of £11,000.

A reduction in expenditure of £22,000, mainly due to:

- iv) Reduced supplies and services expenditure of £195,000 largely due to a decision to reduce expenditure on equipment (£109,000) to help mitigate the increase in staffing costs noted below at vii. Other savings were achieved on catering (£44,000), due to a delay in the new contract start date and printing (£32,000).
- v) A reduction in premises related expenditure of £32,000 following a focus on energy efficiency measures across the school.
- vi) A reduction in transport related expenditure of £23,000 as the new swimming pool opened in January 2018 and it was no longer necessary to transport pupils to external swimming pools.

Partly offset by:

- vii) An increase in employee costs of £192,000. Additional staff were appointed to cover two disciplinary issues in year and there were increased pension costs following the introduction of auto-enrolment for new members of staff. These increases were mitigated by savings on supplies and services as noted above.

- viii) An uplift in Support Services costs of £28,000. This was partly offset by the increase in City Support of £11,000 (see iii above). The remaining £17,000 arose following the introduction of Commercial Contract Management by the City of London Procurement Service and the increase of Category Management involvement in 2017-18.

Unrestricted, Designated and Restricted Funds

5. A summary of unrestricted, designated and restricted funds, showing the movements in 2017/18, is attached at Annex B. Total funds have reduced by £2,734,043 to £3,865,985 at 31 March 2018. The main movements were as follows:

- i) Planned expenditure from the Capital Reserve Fund of £5,568,546 on the School's Masterplan, swimming pool and supplementary revenue projects, partially offset by a loan drawdown of £841,772 and interest of £17,966;
- ii) Planned expenditure from the Repairs & Maintenance Fund of £687,926 in accordance with the agreed programme of works, offset by interest of £6,764;

Partly offset by:

- iii) Unrestricted Fund net income, before transfers, of £2,583,640.

Contacts:

Chamberlain's: Steve Reynolds, Group Accountant

Tel: 020 7332 1382

steven.reynolds@cityoflondon.gov.uk

City of London Freemen's School: Sue Williams, Bursar

Tel: 020 7847 5524

BURSAR@clsq.org.uk

CITY SUPPORT

<u>City Support</u>	Budget	Actual	Variation Better/ (Worse)
	2017/18 £000	2017/18 £000	2017/18 £000
Scholarships			
General (note i)	558	558	-
2.5% Match Funding (note ii)	41	49	8
Total Scholarships	599	607	8
Support Services			
Information Systems	100	111	11
Chamberlain	92	93	1
Comptroller & City Solicitor	7	7	-
Town Clerk	117	118	1
City Surveyor	26	26	-
Corporate & Democratic Core (CDC)	15	15	-
Staff Insurance	45	36	(9)
Total Support Services	402	406	4
Capital Charges	1,086	1,086	-
Other support and adjustments			
Listed Building Subvention	51	51	-
Employer Pension Fund	54	54	-
City Procurement savings/(costs) (note iii)	(106)	(106)	-
Service Based Review Savings (note iv)	(196)	(196)	-
Freedom Fees (note v)	(120)	(121)	(1)
Total other support and adjustments	(317)	(318)	(1)
TOTAL CITY SUPPORT	1,770	1,781	11

Notes:

- i) City's Cash finances the equivalent of 34 full fee scholarships per annum – 6 full fee equivalent (FFE) in the junior school, 2 FFE in years 7 and 8 and 26 FFE in the Senior School.
- ii) The funding guidelines, as agreed by Policy & Resources Committee on 19 September 2002, provided for the City to match fund external bursary funds raised from that date onwards up to a cap of 2.5% of tuition fee income.
- iii) As a result of new contracts procured by the City's PP2P Team, expenditure by City Schools should generally be reduced. However, as agreed by the Chief Officers' Group in January 2012, such savings are to benefit the City Corporation centrally to help achieve balanced revenue budgets on City's Cash over the medium term. In order to move these savings from the Schools to the centre, an adjustment has been made to the City's support to the Schools. This will leave

the Schools in a neutral resource position as the reduction in costs from the PP2P savings will be offset by a reduction in income through the City's Support. Should a contract procured by the PP2P Team result in an increase in a School's costs then a compensatory increase will be made to the City's support to retain the neutrality principle.

- iv) The Service Based Review (SBR) aims to deliver significant and sustainable savings and/or increased income in order to balance City Fund and City's Cash over the medium term. The Policy and Resources Committee agreed savings proposals totalling £196,000, excluding additional income from increases in tuition fees, for the City of London Freeman's School. These proposals have been phased £89,000 in 2016/17 with an additional £107,000 in 2017/18.
- v) Freedom fees were increased to £100 with effect from 1 April 2015 from £25 for Court of Alderman, Patrimony and Servitude applications, and from £30 for Court of Common Council Applications. All the income from Freedom ceremonies is allocated to the School. However, the Court of Common Council agreed that a sum equivalent to the additional income generated from the increase should be transferred from the School to the corporate centre. This transfer is made through a reduction to the City Support.