

Committee(s):	Date(s):	Item no.
Board of Governors City of London Freemen's School	Tuesday, 1 October 2013	
Subject: Revenue Outturn 2012/13		Public
Report of: The Chamberlain The Headmaster		For Information
<p style="text-align: center;"><u>Summary</u></p> <p>This report compares the 2012/13 revenue outturn with the budget for the year. Before any transfer to the Capital Reserve Fund, total net income during the year was £1,575,000 compared to a net income budget of £1,443,000, representing an increase in net income of £132,000 (9.1%). This better than budget position was mainly due to a reduction across various supplies and services expenditure headings, coupled with increases in income largely in relation to the sale of school lunches following increased take-up.</p> <p>The 2002 funding guidelines report recommended that the General Reserve balance should not exceed 5% of the original estimate of fee income, equating to £592,000 for 2012/13, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines the transfer to the Capital Reserve was £1,561,000. Following this transfer, and after taking account of expenditure on the Masterplan works funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2013 was £4,467,478 (31 March 2012: £5,180,917). This balance will also be used to part fund the school's 'Masterplan'.</p> <p>The total of all the School's funds (unrestricted, designated and restricted) was £8,027,445 at 31 March 2013 as set out in Annex B, a reduction of £689,500 compared with a year earlier; this reduction is largely attributable to the funding of the Masterplan referred to above.</p> <p>Recommendations</p> <p>It is recommended that this revenue outturn report for 2012/13 is noted.</p>		

Main Report

2012/13 Revenue Budget Position compared to Outturn

1. Overall, net revenue income for 2012/13 was £1,575,000 compared to an agreed net income budget of £1,443,000, representing an increase in net income of £132,000 *before* allowing for any transfer to the Capital Reserve Fund. The table below provides a detailed comparison between the budget and outturn.

TABLE 1			
CITY OF LONDON FREEMEN'S SCHOOL			
Analysis of Service Expenditure	Budget	Actual	Variation
	2012/13 £'000	2012/13 £'000	Increase/ (Decrease) 2012/13 £'000
EXPENDITURE			
Employees	7,589	7,565	(24)
Premises Related Expenses (see note i)	1,544	1,546	2
Transport Related Expenses	79	78	(1)
Supplies & Services (see note ii)	1,925	1,837	(88)
Staff Subsidy	271	272	1
Headmaster's Scholarship Awards	3	0	(3)
Scholarship Subvention Awards	472	472	-
Match Funding Awards	29	21	(8)
Support Services (Annex A)	626	638	12
Capital Charges (Annex A)	1,412	1,412	-
Total Expenditure	13,950	13,841	(109)
INCOME			
School Meals and Tuck Shop	(386)	(402)	(16)
School tuition fees	(11,678)	(11,676)	2
Other tuition fees	(228)	(220)	8
Boarding fees	(451)	(443)	8
Registration and Examination fees	(137)	(136)	1
Other (see note iii)	(171)	(191)	(20)
Interest	(50)	(54)	(4)
City Support (Annex A)	(2,292)	(2,294)	(2)
Total Income	(15,393)	(15,416)	(23)
TOTAL NET INCOME BEFORE TRANSFER TO CAPITAL RESERVE	(1,443)	(1,575)	(132)
Transfer To Capital Reserve	1,429	1,561	(132)
TOTAL NET EXPENDITURE/ (INCOME) AFTER TRANSFER TO CAPITAL RESERVE	(14)	(14)	-
BALANCE B/FWD 1 APRIL	(578)	(578)	-
BALANCE C/FWD 31 MARCH	(592)	(592)	-

- (i) Premises Related Expenses – includes energy costs, rates, water services, cleaning and domestic supplies and the contribution to the Repairs, Maintenance and Improvements Fund.

- (ii) Supplies and Services – equipment, furniture, materials, books, uniforms, printing, stationary, professional fees, grants & subscriptions, advertising and the contribution to the Foundation Scholarship Fund
 - (iii) Other income – hire of facilities, administration charges, freedom fees, and rent.
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 £592,000 for 2012/13, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines the budget assumed a transfer to the Capital Reserve Fund of £1,429,000. However, due to the school benefiting from additional net income of £132,000 during the year, the transfer to the Capital Reserve was increased to £1,561,000. Following this transfer, and after taking account of expenditure on the Masterplan works funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2013 was £4,467,478 (31 March 2012: £5,180,917).
3. The main reasons for the variations summarised in Table 1, resulting in additional net income of £132,000, were:-

A reduction in expenditure of £109,000 mainly due to:-

- i) lower than anticipated supplies and services expenditure of £88,000 including:
 - £54,000 from equipment, furniture and materials, including lower expenditure of £20,000 on equipment maintenance and the hire of equipment due to the careful management of resources; £7,000 of the provision for the new ‘enrichment’ venture was not required – this venture is aimed at enhancing opportunities for students, particularly in terms of out-of school activity, to contribute to their cognitive development; and a number of smaller underspends totalling £27,000 across numerous departments as repairs and replacements were not required;
 - £22,000 from books as a consequence of greater use of Information Technology as teaching methodologies adapt;
 - £15,000 from advertising and promotion due to greater use of the School’s website and a reduced requirement for paper based promotion; and
- ii) a reduction in employee expenses of £24,000 largely due to the provision for maternity cover not being fully required.

Additional income of £23,000 principally due to increased take-up of school meals.

Unrestricted, Designated and Restricted Funds

4. A summary of unrestricted, designated and restricted funds showing the movements in 2012/13 is attached at Annex B. Overall, total funds have decreased by £689,500 to £8,027,445. The main movements are:-

- i) a reduction of £713,439 in the Capital Reserve Fund to £4,467,478 (31 March 2012: £5,180,917) which is being used to part fund the school's 'Masterplan'. The reduction is principally due to:-
 - the planned capital expenditure of £2,367,418 on Phase 1 of the School's 'Masterplan'; partly offset by
 - the contribution from revenue of £1,561,221 as set out above; and
 - interest earnings of £92,758.
- ii) a reduction in the Foundation Scholars Fund of £23,848. This is due to expenditure on Foundation Scholarships of £40,051 and Boarding House improvements of £33,621 exceeding the income received from Freedom Fees and interest of £49,824;
- iii) a reduction in the School Fund of £17,504 following the purchase of 3 new pianos plus small donations towards pathway lighting for St. Giles churchyard, snooker table repairs and Jubilee coins for the children.

These reductions were partly offset by;

- iv) income of £474,867 received by the General Scholarship Fund exceeding the value of Scholarships awarded by £24,071. At 31 March 2013 the fund had a positive balance of £173,305 (31 March 2012: positive balance of £149,234); and
- v) two new funds were established during the year;
 - the School Committee Fund (balance £3,570) is for use by the pupil based School Council which is chaired by the Deputy Head. The balance comprises unspent budgets provided to the School Council so that it can instigate small projects. The use of a separate fund will enable the School Council to save for larger initiatives; and
 - the Development Fund (balance £14,094) captures the net income raised by the Development officer from events such as fireworks displays, parties in the park and sales of memorabilia. The fund will be used for projects and/or to provide additional bursaries.

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SUPPORT SERVICES AND CAPITAL CHARGES
AND
CITY SUPPORT

	Budget	Actual	Variation Increase/ (Decrease)
	2012/13 £'000	2012/13 £'000	2012/13 £'000
Support Services and Capital Charges			
Information Systems (IS)	94	120	26
Staff Insurance	47	50	3
Other Insurance	60	54	(6)
Chamberlain	83	85	2
Comptroller & City Solicitor	31	14	(17)
Town Clerk	108	114	6
City Surveyor	33	35	2
Miscellaneous - see note i	17	14	(3)
Corporate & Democratic Core (CDC)	54	46	(8)
City Surveyor's Employee Recharge	99	106	7
Capital Financing Costs	1,412	1,412	-
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	2,038	2,050	12

City Support			
Scholarships			
General - see note ii	(472)	(472)	-
2.5% Match Funding - see note iii	(29)	(21)	8
Total Scholarships	(501)	(493)	8
Support Services and Capital Charges			
Information Systems	(94)	(120)	(26)
Staff Insurance	(47)	(50)	(3)
Support Services	(327)	(308)	19
PP2P savings – see note iv	111	111	-
Capital Financing Costs	(1,387)	(1,387)	-
Total Support Services and Capital Charges	(1,744)	(1,754)	(10)
Other			
Listed Building Subvention	(47)	(47)	-
Total Other	(47)	(47)	-
TOTAL CITY SUPPORT	(2,292)	(2,294)	(2)

SUPPORT SERVICES AND CAPITAL CHARGES
AND CITY SUPPORT

Notes:

- i) Various services including corporate training, corporate printing, occupational health, union costs and environmental and sustainability sections.
- ii) 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.
- iii) 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.
- iv) 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 Officer's 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.