

Committee(s):	Date(s):	Item no.
Board of Governors City of London School	Thursday, 3 October 2013	
Subject: Revenue Outturn 2012/13		Public
Report of: The Chamberlain The Headmaster		For Information
<u>Summary</u>		
<p>This report compares the 2012/13 revenue outturn for the City of London School with the budget for the year. Before any transfer to the Capital Reserve Fund, total net income during the year was £60,000 compared to a net income budget of £50,000, representing an increase in net income of £10,000 (20%). Overall, this better than budget position is mainly due to a small increase in tuition fee income.</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 £598,000 for 2012/13, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines the transfer to the Capital Reserve was £60,000. Following this transfer, and after taking account of expenditure funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2013 was £1,361,022 (31 March 2012: £1,381,492).</p> <p>Recommendations</p> <p>It is recommended that this revenue outturn report for 2012/13 is noted.</p>		

Main Report

2012/13 Budget Position compared to Revenue Outturn

- Overall, net revenue income for 2012/13 was £60,000 compared to an agreed net income budget of £50,000, representing an increase in net income of £10,000 *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 SCHOOL

Analysis of Service Expenditure	Budget	Actual	Variation Increase/ (Decrease)
	2012/13 £'000	2012/13 £'000	2012/13 £'000
EXPENDITURE			
Employees	8,596	8,731	135
Premises Related Expenses (see note i)	1,575	1,542	(33)
Transport Related Expenses	299	249	(50)
Supplies & Services (see note ii)	2,422	2,384	(38)
Staff Subsidy	35	35	-
Sibling Subsidy	11	11	-
Scholarship Subvention Awards	638	638	-
Match Funding Awards	303	305	2
Support Services (Annex C)	668	676	8
Total Expenditure	14,547	14,571	24
INCOME			
School Meals	(313)	(326)	(13)
Bookshop	(137)	(139)	(2)
School tuition fees	(12,206)	(12,216)	(10)
Other tuition fees	(207)	(215)	(8)
Registration and Examination fees	(260)	(249)	11
Other	(22)	(20)	2
Interest	(40)	(45)	(5)
City Support (Annex C)	(1,412)	(1,421)	(9)
Total Income	(14,597)	(14,631)	(34)
TOTAL NET INCOME BEFORE TRANSFER TO CAPITAL RESERVE	(50)	(60)	(10)
Transfer to Capital Reserve	50	60	10
TOTAL NET EXPENDITURE/ (INCOME) AFTER TRANSFER TO CAPITAL RESERVE	-	-	-
BALANCE B/FWD 1 APRIL	(598)	(598)	-
BALANCE C/FWD 31 MARCH	(598)	(598)	-

Notes - Examples of types of service expenditure:-

- (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 – includes equipment, furniture, materials, books, uniforms, printing, stationary, professional fees, grants & subscriptions, advertising and the contributions to the Self-Funded Scholarship Fund, IT Replacement Fund and Organ Repair Fund.

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 £598,000 for 2012/13, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines the budget included a transfer to the Capital Reserve Fund of £50,000. However, due to the school benefiting from additional net income of £10,000 during the year, the transfer to the Capital Reserve was increased to £60,000. Following this transfer, and after taking account of expenditure funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2013 was £1,361,022 (31 March 2012: £1,381,492).
3. The main reasons for the variations summarised in Table 1, resulting in additional net income of £10,000, were:-

An increase in expenditure of £24,000 mainly due to:-

- i) higher than anticipated employee expenses of £135,000 predominantly due to:
 - a) the PAYE Settlement Agreement (PSA) following a review of the taxable benefit of staff provided accommodation paid for two years (i.e. 2011/12 and 2012/13) but only budgeted for one year - £45,000;
 - b) maternity cover for two members of staff - £40,000;
 - c) costs of covering long-term and short-term sickness - £27,000;
 - d) short-term administrative support to the learning support and admissions departments to cope with increased workloads - £10,000; and
 - e) an increase in peripatetic music teacher expenses of £8,000 as a consequence of a greater number of pupils taking individual music lessons – this overspend is offset by increased music lesson charges as detailed at paragraph v); partly offset by
- ii) lower than anticipated transport expenses of £50,000 arising from the on-going review of the ‘Schools Pupil Visits Programme’, which aims to provide the same educational experience in a more economical way, for example through the use of new venues for the Junior School residential trip and some Geography field trips;

- iii) an underspend on supplies and services expenditure of £38,000, which was largely as a result of an underspend of £39,000 on books as a consequence of greater use of Information Technology (IT) as teaching methodologies adapt; and
- iv) lower than anticipated premises related expenses of £33,000 largely due to an underspend of £30,000 on energy and water costs following the continued efforts to reduce consumption and corporate contracts being renewed at lower than budgeted rates.
- v) Additional income of £34,000 principally due to £13,000 from increased take-up of school meals; a small increase in tuition fees of £10,000; and additional income of £8,000 from an increase in pupils taking individual music lessons. This additional income is offset by increased employee costs as noted at paragraph i).

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 £186,002 to £4,466,644 at 31 March 2013. The main movements are:-
- i) a reduction in the Retirement Fund of £89,871 in accordance with the planned programme of expenditure;
 - ii) a reduction in the Information Technology (IT) Fund of £68,672 due to the planned replacement of IT and Audio Visual equipment at a cost of £194,791, partly offset by the agreed annual contribution from revenue of £125,000; and
 - iii) expenditure from the Boys' Own Scholarships Fund exceeding income by £24,787 as part of a planned utilisation of part of this reserve to provide additional means tested scholarships.

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**SUPPORT SERVICES AND
CITY SUPPORT**

	Budget	Actual	Variation Increase/ (Decrease)
	2012/13 £'000	2012/13 £'000	2012/13 £'000
Support Services			
Information Systems (IS)	74	102	28
Staff Insurance	55	58	3
Other Insurance	80	74	(6)
Chamberlain	97	98	1
Comptroller & City Solicitor	10	6	(4)
Town Clerk	113	119	6
City Surveyor	55	36	(19)
Corporate - see note i	18	15	(3)
Corporate & Democratic Core (CDC)	71	66	(5)
City Surveyor's Employee Recharge	95	102	7
TOTAL SUPPORT SERVICES	668	676	8

City Support			
Scholarships			
General - see note ii	(638)	(638)	-
2.5% Match Funding - see note iii	(303)	(305)	(2)
Total Scholarships	(941)	(943)	(2)
Support Services			
Information Systems	(74)	(102)	(28)
Staff Insurance	(55)	(58)	(3)
Support Services	(365)	(341)	24
PP2P savings - see note iv	23	23	-
Total Support Services	(471)	(478)	(7)
TOTAL CITY SUPPORT	(1,412)	(1,421)	(9)

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 48 full fee scholarships per annum.
- 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.

SUPPORT SERVICES AND
CITY SUPPORT

Notes continued

- 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.