

<b>Committee:</b> Board of Governors City of London School for Girls	<b>Date:</b> 22 October 2015
<b>Subject:</b> Revenue Outturn 2014/15	<b>Public</b>
<b>Report of:</b> Joint report of The Chamberlain and the Headmistress	<b>For Information</b>

### Summary

The School's revenue outturn for 2014/15, after transfers to reserves, was £1,000 net income, which was in-line with its budget of £1,000 net income as shown in the table below.

However, before transfers to reserves, the School achieved net income of £1,309,000 which is £60,000 higher than its budget of £1,249,000. This additional net income was transferred to the School's Capital Reserve Fund, in accordance with the 2002 funding guidelines report, and this is the reason transfers to reserves are shown as £60,000 higher than budgeted.

The 2002 funding guidelines report recommended that the School's General Reserve balance should not exceed 5% of the original estimate of fee income, equating to £490,000 for 2014/15, 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 £545,000. However, due to the School benefiting from £60,000 additional net income, the transfer to the Capital Reserve was increased to £605,000.

	Budget 2014/15	Actual 2014/15	Variation (Better)/ Worse 2014/15	Variance explanation at report paragraph
	£'000	£'000	£'000	
Expenditure	10,979	10,876	(103)	3 i) - 3 iii)
Income	12,228	12,185	43	3 iv) - 3 vi)
<b>Total net (income) BEFORE transfers</b>	<b>(1,249)</b>	<b>(1,309)</b>	<b>(60)</b>	
Transfers to reserves	1,248	1,308	60	2
<b>Total net (income) AFTER transfers</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	

Total School funds as at 31 March 2015 amounted to £4,031,135 as detailed in Annex B (£3,962,708 as at 31 March 2014), which represents an increase of £68,427 as detailed at paragraph 4 to this report.

### **Recommendations**

It is recommended that this revenue outturn report for 2014/15 is noted.

## Main Report

### 2014/15 Budget Position compared to Revenue Outturn

1. Overall, net income before transfers for 2014/15 was £1,000 compared to an agreed net income budget of £1,000. Table 1 provides a comparison between the budget and outturn. Figures in brackets represent income, increases in income or reductions in expenditure.

<b>TABLE 1 CITY OF LONDON SCHOOL FOR GIRLS</b>			
Analysis of Service Expenditure	Budget	Actual	Variation (Better)/ Worse
	2014-15 £'000	2014-15 £'000	2014-15 £'000
<b>EXPENDITURE</b>			
Employees	7,387	7,328	(59)
Premises Related Expenses (note i)	653	617	(36)
Transport Related Expenses	14	6	(8)
Supplies & Services (note ii)	1,590	1,611	21
Staff Subsidy & Prizes	10	8	(2)
Scholarship Subvention Awards	465	465	-
Match Funding Awards	257	258	1
Support Services (Annex A)	603	583	(20)
Capital Charges	-	-	-
<b>Total Expenditure</b>	<b>10,979</b>	<b>10,876</b>	<b>(103)</b>
<b>INCOME</b>			
School & Staff Meals	141	138	3
Tuck Shop and Vending Machine	137	123	14
School tuition fees	10,286	10,305	(19)
Other tuition fees	285	292	(7)
Registration and Examination fees	174	171	3
Facilities Hire & Admin Charges	8	(3)	11
Interest	40	17	23
City Support (Annex A)	1,157	1,142	15
<b>Total Income</b>	<b>12,228</b>	<b>12,185</b>	<b>43</b>
<b>TOTAL NET INCOME BEFORE TRANSFERS</b>	<b>(1,249)</b>	<b>(1,309)</b>	<b>(60)</b>
<b>TRANSFERS</b>			
Capital Reserve	545	605	60
Self-Funded Scholarships	309	309	-
Repairs & Maintenance	394	394	-
<b>Total Transfers</b>	<b>1,248</b>	<b>1,308</b>	<b>60</b>
<b>TOTAL NET (INCOME) AFTER TRANSFERS</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>
<b>BALANCE B/FWD 1 APRIL</b>	<b>(489)</b>	<b>(489)</b>	<b>-</b>
<b>BALANCE C/FWD 31 MARCH</b>	<b>(490)</b>	<b>(490)</b>	<b>-</b>

#### Notes

- (i) Premises Related Expenses – includes energy costs, rates, water services, cleaning and domestic supplies.
- (ii) Supplies and 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 £490,000 for 2014/15, 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 £545,000. However, due to the School benefiting from additional net income before transfers of £60,000 during the year, the transfer to the Capital Reserve was increased to £605,000. The balance in the Capital Reserve Fund as at 31 March 2015 was £1,410,939 (31 March 2014: £1,509,452).
3. The main reasons for the variations summarised in Table 1, resulting in an increase in net income of £60,000 before transfers were:-
  - i) lower than anticipated employee expenses of £59,000 principally due to a reduction in temporary staff costs of £48,000 as a result of a reduction in teaching staff sickness absence;
  - ii) a reduction in premises related expenses of £36,000 largely due to a reduction in energy costs of £37,000 as a result of continued efforts to improve energy efficiency within the School;
  - iii) a reduction in support services expenditure of £20,000 as a result of the latest assessment of time spent on support services by departments. This is largely offset by a corresponding reduction in City Support of £15,000 as detailed at iv) below;
  - iv) a reduction in City Support of £20,000 principally offsetting the fall in support services expenditure of £15,000 as detailed at 3 iii) above;
  - v) a reduction in interest on average cash balances of £23,000 coupled with a reduction in tuck shop income of £14,000 due to a fall in demand; partly offset by
  - vi) an increase in tuition fee income of £19,000 as a result of the continued popularity of the School.

#### **Unrestricted, Designated and Restricted Funds**

4. A summary of unrestricted, designated and restricted funds, showing the movements in 2014/15, is attached at Annex B. As planned, total funds have increased by £68,427 from £3,962,708 to £4,031,135 at 31 March 2015. The main movements are as follows:-
  - i) Unrestricted Fund net income, before transfers, of £1,309,188 as detailed in Table 1, which was used to partly offset the net expenditure, excluding transfers, charged to the designated funds, principally as follows:
  - ii) planned expenditure from the Capital Reserve Fund of £747,141 in relation to the Gymnasium Accommodation (£638,985) and the Main Hall extension (£108,156) projects, offset by the contribution of £30,000 from the Arabella Jones estate and interest of £13,440;
  - iii) planned expenditure from the Repairs & Maintenance Fund of £419,441 in accordance with the agreed programme of works, offset by interest of £5,994; and

- iv) net expenditure, before transfers, of £110,737 from the Self-Funded Scholarships Fund on awards following the annual assessment of parental circumstances and student departures.

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**SUPPORT SERVICES AND CITY SUPPORT**

<b><u>Support Services</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Variation (Better)/ Worse</b>
	<b>2014/15 £'000</b>	<b>2014/15 £'000</b>	<b>2014/15 £'000</b>
<b>Support Services</b>			
Information Systems (IS)	83	130	47
Chamberlain	101	75	(26)
Comptroller & City Solicitor	8	17	9
Town Clerk	110	73	(37)
City Surveyor	35	25	(10)
Corporate & Democratic Core (CDC)	38	38	-
<b>Support Services Sub-Total</b>	<b>375</b>	<b>358</b>	<b>(17)</b>
<b>Other Charges</b>			
Staff Insurance	50	51	1
Other Insurance	48	47	(1)
City Surveyor's Employee Recharge	88	84	(4)
CLPS Staff	42	43	1
<b>Other Charges Sub-Total</b>	<b>228</b>	<b>225</b>	<b>(3)</b>
<b>TOTAL SUPPORT SERVICES</b>	<b>603</b>	<b>583</b>	<b>(20)</b>

<b><u>City Support</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Variation (Better)/ Worse</b>
	<b>2014/15 £'000</b>	<b>2014/15 £'000</b>	<b>2014/15 £'000</b>
<b>Scholarships</b>			
General - see note i	(465)	(465)	-
2.5% Match Funding - see note ii	(257)	(258)	(1)
<b>Total Scholarships</b>	<b>(722)</b>	<b>(723)</b>	<b>(1)</b>
<b>Support Services</b>	<b>(375)</b>	<b>(358)</b>	<b>17</b>
<b>Other Charges</b>			
Staff Insurance	(50)	(51)	(1)
PP2P savings - see note iii	62	62	-
London Living Wage - Catering - note iv)	(37)	(37)	-
London Living Wage - Cleaning - note v)	(35)	(35)	-
<b>Total Other Support</b>	<b>(60)</b>	<b>(61)</b>	<b>(1)</b>
<b>TOTAL CITY SUPPORT</b>	<b>(1,157)</b>	<b>(1,142)</b>	<b>(15)</b>

## **SUPPORT SERVICES AND CITY SUPPORT**

### **Notes:**

- i) City's Cash finances the equivalent of 32.66 full fee scholarships per annum.
- 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 City of London School for Girls catering contract was awarded to The Brookwood Partnership for three years from 1 September 2013. Excluding the London Living Wage (LLW) costs would have remained broadly in line with the previous contract. However, in accordance with the City of London Corporation's policy on the LLW, all tenderers also quoted prices inclusive of LLW, and this added £37,000 to the annual cost. To ensure that the School is not financially disadvantaged, £37,000 has been added to the City's Support.
- v) The Corporate Cleaning Contract was awarded to MITIE from 1 September 2011, and further to iv) above, in accordance with the City of London Corporation's policy on the LLW, to ensure that the School is not financially disadvantaged, £35,000 has been added to the City's Support.