

Committee(s):	Date(s):	Item no.
Board of Governors City of London School	Friday, 16 October 2015	
Subject: Revenue Outturn 2014/15		Public
Report of: The Chamberlain The Head		For Information
<u>Summary</u>		
<p>Total net expenditure for 2014/15 was £7,000 compared to a budgeted net expenditure position of £71,000 - representing a reduction in net expenditure of £64,000. This better than budget position was due several variations in expenditure and income which are set out in section 3 of this report.</p> <p>Total School Funds as at 31 March 2015 amounted to £3,202,127 as detailed at Annex B (£3,562,329 as at 31 March 2014), which represents a reduction of £360,202 which is due to several factors explained in paragraph 4 of this report.</p>		
Recommendations		
It is recommended that this revenue outturn report for 2014/15 is noted.		

Main Report

2014/15 Revenue Budget Position compared to Outturn

- Overall, net expenditure for 2014/15 was £7,000 compared to an agreed net expenditure budget of £71,000, representing a reduction in net expenditure of £64,000. Table 1 provides a comparison between the budget and outturn. Figures in brackets represent income, increases in income or reductions in expenditure.

TABLE 1 CITY OF LONDON SCHOOL			
Analysis of Service Expenditure	Budget	Actual	Variation (Better)/ Worse
	2014/15 £'000	2014/15 £'000	2014/15 £'000
EXPENDITURE			
Employees	9,302	9,337	35
Premises Related Expenses (see note i)	915	905	(10)
Transport Related Expenses	247	217	(30)
Supplies & Services (see note ii)	2,000	1,964	(36)
Staff and Sibling Subsidy	42	42	-
Scholarship Subvention Awards	679	679	-
Match Funding Awards	331	328	(3)
Support Services (Annex A)	793	723	(70)
Capital Charges -Depreciation (Annex A)	146	146	-
Total Expenditure	14,455	14,341	(114)
INCOME			
School Meals	(343)	(357)	(14)
Bookshop	(141)	(133)	8
School tuition fees	(13,116)	(13,129)	(13)
Music tuition fees	(205)	(213)	(8)
Registration fees	(150)	(150)	-
Examination fees	(140)	(136)	4
Other	(65)	(69)	(4)
City Support (Annex A)	(1,732)	(1,655)	77
Total Income	(15,892)	(15,842)	50
TOTAL NET INCOME BEFORE TRANSFERS	(1,437)	(1,501)	(64)
TRANSFERS			
Capital Reserve	100	100	-
Boys Own Scholarships	350	350	-
Repairs & Maintenance	798	798	-
Information Technology	225	225	-
Retirement	25	25	-
Organ Replacement	10	10	-
Total Transfers	1,508	1,508	-
TOTAL NET EXPENDITURE/ (INCOME) AFTER TRANSFERS	71	7	(64)
BALANCE B/FWD 1 APRIL	(596)	(596)	-
BALANCE C/FWD 31 MARCH	(525)	(589)	(64)

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 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 £646,000 for 2014/15, with any excess transferred to the Capital Reserve Fund. Due to the School's anticipated future capital requirements, £100,000 was set aside in 2014/15 and transferred to the Capital Reserve Fund. After this transfer, the School's General Reserve balance was £589,000 at the year end, which was below the 5% threshold and, therefore, a further transfer to the Capital Reserve Fund was not required. The closing balance in the Capital Reserve Fund as at 31 March 2015 was £1,011,596 (31 March 2014: £922,347).
3. The main reasons for the variations summarised in Table 1, resulting in additional net income of £64,000, were:-
 - i) a reduction in support services of £70,000 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 £77,000 as detailed at 3 v) below.
 - ii) an underspend on supplies and services expenditure of £36,000, including:-
 - a) a reduction in expenditure on books of £38,000 due to discounts from suppliers following re-negotiations and (ii) a continuing review of teaching methods and materials; and
 - b) a reduction in communications and computing expenditure of £40,000 due to (i) the use of more cost effective suppliers and (ii) some planned expenditure on hardware purchases being postponed pending the review of IT expenditure being undertaken as part of the School's Strategic Plan; partly offset by
 - c) an increase in fees and services of £48,000 mainly due to (i) a comprehensive market research project which was undertaken to inform the Head and Senior Management Team of a number of areas including school fees and (ii) an extensive exam value added analysis. Both reviews were undertaken by independent experts and will, inter alia, inform the School's Strategic Plan.
 - iii) lower than anticipated transport expenses of £30,000 arising from the ongoing review of the 'Schools Pupil Visits Programme', which aims to provide the same educational experience in a more economical way, for example, some overseas visits have been organised directly by the School rather than using a tour operator; and
 - iv) a reduction in premises related expenses of £10,000 principally due to a reduction in energy costs of £9,000 as a result of continued efforts to improve energy efficiency within the School including the installation of more LED lights.

partly offset by:

- v) a reduction in City Support of £77,000 principally offsetting the fall in support services expenditure of £70,000 as detailed at 3 i) above.

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. Total funds have decreased by £360,202 from £3,562,329 to £3,202,127 (Annex B) at 31 March 2015. The main movements are as follows:-
 - i) Unrestricted Fund net income, before transfers, of £1,500,740 as detailed in Table 1, which was used to partly offset expenditure charged to the designated funds as follows:
 - ii) planned expenditure from the Repairs and Maintenance Fund of £1,428,483 in accordance with the agreed programme of works, including major works in the School kitchen, the fire alarm and fire panel renewal, and the refurbishment of science laboratories;
 - iii) expenditure from the Boys' Own Scholarships Fund of £252,005;
 - iv) planned expenditure from the Information Technology (IT) Fund of £144,303 on various replacements of IT equipment; and

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SUPPORT SERVICES, CAPITAL CHARGES AND CITY SUPPORT

<u>Support Services and Capital Charges</u>	Budget	Actual	Variation Increase/ (Decrease)
	2014/15 £'000	2014/15 £'000	2014/15 £'000
Support Services			
Information Systems (IS)	110	109	(1)
Chamberlain	92	73	(19)
Comptroller & City Solicitor	7	6	(1)
Town Clerk	118	82	(36)
City Surveyor	75	61	(14)
Corporate & Democratic Core (CDC)	43	43	-
Support Services Sub-Total	445	374	(71)
Other Charges			
Staff Insurance	62	59	(3)
Other Insurance	75	75	-
City Surveyor's Employee Recharge	171	174	3
CLPS Staff	40	41	1
Other Charges Sub-Total	348	349	1
Capital Charges – Depreciation	146	146	-
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	939	869	(70)

<u>City Support</u>	Budget	Actual	Variation Increase/ (Decrease)
	2014/15 £'000	2014/15 £'000	2014/15 £'000
Scholarships			
General - see note i	(679)	(679)	-
2.5% Match Funding - see note ii	(331)	(328)	3
Total Scholarships	(1,010)	(1,007)	3
Support Services	(445)	(374)	71
Capital Charges – Depreciation	(146)	(146)	-
Other Support			
Staff Insurance	(62)	(59)	3
City Procurement savings/(costs) - note iii)	(3)	(3)	-
London Living Wage - Catering - note iv)	(22)	(22)	-
London Living Wage - Cleaning - note v)	(44)	(44)	-
Total Other Support	(131)	(128)	3
TOTAL CITY SUPPORT	(1,732)	(1,655)	77

Notes:

- i) City's Cash finances the equivalent of 48 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 (now named as 'City Procurement'), expenditure by City Schools should be reduced. However, such savings are intended 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 contract savings will be offset by a reduction in income through the City's support. Should a contract procured by the City Procurement 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 catering contract was awarded to Holroyd Howe Ltd 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 £22,000 to the full annual cost. To ensure that the School is not financially disadvantaged, £22,000 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, the City's Support has been increased.