

<b>Committee(s)</b>	<b>Dated:</b>
Board of Governors City of London School for Girls	8 October 2018
<b>Subject:</b> Revenue Outturn 2017/18	<b>Public</b>
<b>Report of:</b> The Chamberlain The Headmistress	<b>For Information</b>

### Summary

The net income for 2017/18, before transfers to reserves, was £962,000 compared to a budgeted position of £991,000. This represents a reduction in net income of £29,000 (2.9%) as shown in the table below.

	<b>Budget</b>	<b>Actual</b>	<b>Variation Better/ (Worse)</b>	<b>Para ref</b>
	<b>2017/18 £000</b>	<b>2017/18 £000</b>	<b>2017/18 £000</b>	
Income	14,041	13,956	(85)	
Expenditure	(13,050)	(12,994)	56	
<b>Total Net Income Before Transfers</b>	<b>991</b>	<b>962</b>	<b>(29)</b>	
<b>Transfers to Reserves</b>				
Self Funded Bursaries	(370)	(370)	0	
Repairs & Maintenance	(570)	(570)	0	
<b>Total Transfers</b>	<b>(940)</b>	<b>(940)</b>	<b>0</b>	
<b>Total Net Income After Transfers</b>	<b>51</b>	<b>22</b>	<b>(29)</b>	
General Reserve Balance Brought Forward 1 April	360	360	0	
<b>General Reserve Balance Carried Forward 31 March</b>	<b>411</b>	<b>382</b>	<b>(29)</b>	

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 £641,000 for 2017/18, with any excess transferred to the Capital Reserve Fund. The General Reserve Fund balance at 31 March 2018 was below this level at £381,971 and therefore a transfer to the Capital Reserve Fund was not made.

The balance in the Capital Reserve Fund as at 31 March 2018 was £635,062 (2016/17: £1,361,251).

Total School funds, including the Capital Reserve Fund, as at 31 March 2018 amounted to £2,347,786 as detailed in Annex B (£3,416,716 as at 31 March 2017), which represents a decrease of £1,068,930 mainly due to costs of the school refurbishment project. This is detailed further at paragraph 4 to this report.

### **Recommendation**

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 £962,000 compared to an agreed net income budget of £991,000, representing a reduction in net income of £29,000. Table 1 provides a comparison between the budget and outturn. Figures in brackets represent expenditure, increases in expenditure, or reductions in income.

<b>TABLE 1 CITY OF LONDON SCHOOL FOR GIRLS</b>			
<b>Analysis of Service Expenditure</b>	<b>Budget 2017/18 £000</b>	<b>Actual 2017/18 £000</b>	<b>Variation Better/ (Worse) 2017/18 £000</b>
<b>INCOME</b>			
School & Staff Meals	148	143	(5)
Tuck Shop and Vending Machine	143	126	(17)
School Tuition Fees	12,324	12,299	(25)
Other Tuition Fees	304	294	(10)
Registration & Examination fees	200	219	19
Facilities Hire & Admin Charges	90	92	2
Interest	8	6	(2)
City Support (Annex A)	824	777	(47)
<b>Total Income</b>	<b>14,041</b>	<b>13,956</b>	<b>(85)</b>
<b>EXPENDITURE</b>			
Employees	(8,735)	(8,718)	17
Premises Related Expenses (note i)	(775)	(747)	28
Transport Related Expenses	(30)	(21)	9
Supplies & Services (note ii)	(1,973)	(1,983)	(10)
Staff Subsidy & Prizes	(9)	(14)	(5)
Scholarship Subvention Awards	(549)	(549)	0
Match Funding Awards	(308)	(238)	70
Support Services (Annex A)	(482)	(535)	(53)
Capital Charges (Annex A)	(189)	(189)	0
<b>Total Expenditure Before Transfers</b>	<b>(13,050)</b>	<b>(12,994)</b>	<b>56</b>
<b>TOTAL NET INCOME BEFORE TRANSFERS</b>	<b>991</b>	<b>962</b>	<b>(29)</b>
<b>Transfers to Reserves</b>			
Self-Funded Bursaries	(370)	(370)	0
Repairs & Maintenance	(570)	(570)	0
<b>Total Transfers</b>	<b>(940)</b>	<b>(940)</b>	<b>0</b>
<b>TOTAL NET INCOME / (EXPENDITURE) AFTER TRANSFERS</b>	<b>51</b>	<b>22</b>	<b>(29)</b>
<b>General Reserve Balance b/forward 1 April</b>	<b>360</b>	<b>360</b>	<b>0</b>
<b>General Reserve Balance c/forward 31 March</b>	<b>411</b>	<b>382</b>	<b>(29)</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 £641,000 for 2017/18, with any excess transferred to the Capital Reserve Fund. The General Reserve Fund balance at 31 March 2018 was below this level at £381,971 and therefore a transfer to the Capital Reserve Fund was not made. The balance in the Capital Reserve Fund as at 31 March 2018 was £635,062 (2016/17: £1,361,251).
3. The main reasons for the variations summarised in Table 1, resulting in a decrease in net income of £29,000 were:

A reduction in income of £85,000 mainly due to:

- i) £47,000 less received in City Support largely due to reduced match funding income (£70,000), partly offset by additional City Support of £23,000 towards the increase in support service costs as noted in vi) below.
- ii) A marginal reduction in School tuition fees of £25,000 due to write offs agreed by the Reference Sub-Committee.
- iii) A reduction in income from the tuck shop and vending machines of £17,000 due to lower sales as a result of declining quality as the contract was retendered as well as lower usage of the vending machines by pupils and staff.

A reduction in expenditure of £56,000, principally as a result of:

- iv) Reduced match funding awards (£70,000) offset by the variance reported in i) above.
- v) A saving of £28,000 against premises related expenses, half of which is against electricity following the warmer than average Spring in early 2018 and due to energy efficiency measures implemented by the school. The other half is against the rental of car park bays at the Barbican following reduced usage.

Partly offset by:

- vi) An increase in support services costs of £53,000. £23,000 of this amount attracted additional City Support funding (see i above). The remaining £30,000 relates mostly to increased costs for the Procurement Service due to the introduction of Commercial Contract Management in 2017-18 and the increased support received from the Procurement Service during the year.

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

4. A summary of unrestricted, designated and restricted funds, showing the movements in 2017/18, is attached at Annex B. Total funds have decreased by £1,068,930 to £2,347,786 at 31 March 2018, in line with plans. The main movements are as follows:

- i) Expenditure on repairs, maintenance and improvements of £807,859 in accordance with the agreed programme of works.
- ii) School refurbishment expenditure charge to the Capital Reserve Fund of £733,262.
- iii) Net expenditure of £509,222 from the Self-Funded Bursary Fund on awards following the annual assessment of parental circumstances, student departures and the allocation of awards.

Partly offset by:

- iv) Unrestricted net income, before transfers, of £961,952 as detailed in Annex B.

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**CITY SUPPORT**

<b><u>City Support</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Variation Better/ (Worse)</b>
	<b>2017/18 £000</b>	<b>2017/18 £000</b>	<b>2017/18 £000</b>
<b>Scholarships</b>			
General (note i)	549	549	-
2.5% Match Funding (note ii)	308	238	(70)
<b>Total Scholarships</b>	<b>857</b>	<b>787</b>	<b>(70)</b>
<b>Support Services</b>			
Information Systems	40	45	5
Chamberlain	83	100	17
Comptroller & City Solicitor	13	8	(5)
Town Clerk	101	95	(6)
City Surveyor	5	21	16
Corporate & Democratic Core (CDC)	20	23	3
Staff Insurance	36	29	(7)
<b>Total Support Services</b>	<b>298</b>	<b>321</b>	<b>23</b>
<b>Capital Charges – Depreciation</b>	<b>189</b>	<b>189</b>	<b>-</b>
<b>Other support and adjustments</b>			
City Procurement savings/(costs) (note iii)	(62)	(62)	-
London Living Wage - Catering (note iv)	37	37	-
London Living Wage - Cleaning (note v)	55	55	-
Service Based Review Savings (note vi)	(598)	(598)	-
Employers' Pension Fund 3.5% Increase (note vii)	37	37	-
Apprenticeship Scheme (note viii)	11	11	-
<b>Total other support and adjustments</b>	<b>(520)</b>	<b>(520)</b>	<b>-</b>
<b>TOTAL CITY SUPPORT</b>	<b>824</b>	<b>777</b>	<b>(47)</b>

**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 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 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, £55,000 has been added to the City's Support.
- vi) 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 £598,000, excluding additional income from increases in tuition fees, for the City of London School for Girls. These proposals were phased £437,000 in 2015/16 with an additional £53,000 in 2016/17 and a further £108,000 in 2017/18.
- vii) Employer's Pension Fund contributions increased by 3.5% in 2017-18. The School has been reimbursed £37,000 for increased costs.
- viii) The School attracted City Support of £11,000 for participating in the Apprenticeship Scheme.

**SUPPORT SERVICES AND CAPITAL FINANCING CHARGES**

<b><u>Support Services and Capital Financing Charges</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Variation Better/ (Worse)</b>
	<b>2017/18 £000</b>	<b>2017/18 £000</b>	<b>2017/18 £000</b>
<b>Support Services</b>			
Information Systems (IS)	(40)	(45)	(5)
Chamberlain	(83)	(100)	(17)
Comptroller & City Solicitor	(13)	(8)	5
Town Clerk	(101)	(95)	6
City Surveyor	(5)	(21)	(16)
Corporate & Democratic Core (CDC)	(20)	(23)	(3)
Staff Insurance	(36)	(29)	7
Other Insurance	(45)	(42)	3
City Surveyor's Employee Recharge	(75)	(74)	1
CLPS Staff	(64)	(98)	(34)
<b>Support Services Sub-Total</b>	<b>(482)</b>	<b>(535)</b>	<b>(53)</b>
<b>Capital Charges – Depreciation</b>	<b>(189)</b>	<b>(189)</b>	<b>0</b>
<b>TOTAL SUPPORT SERVICES AND CAPITAL FINANCING CHARGES</b>	<b>(671)</b>	<b>(724)</b>	<b>(53)</b>