

GUILDHALL SCHOOL OF MUSIC AND DRAMA

MARCH 2021 FINANCE REVIEW

&

MANAGEMENT INFORMATION

GUILDHALL SCHOOL OF MUSIC AND DRAMA

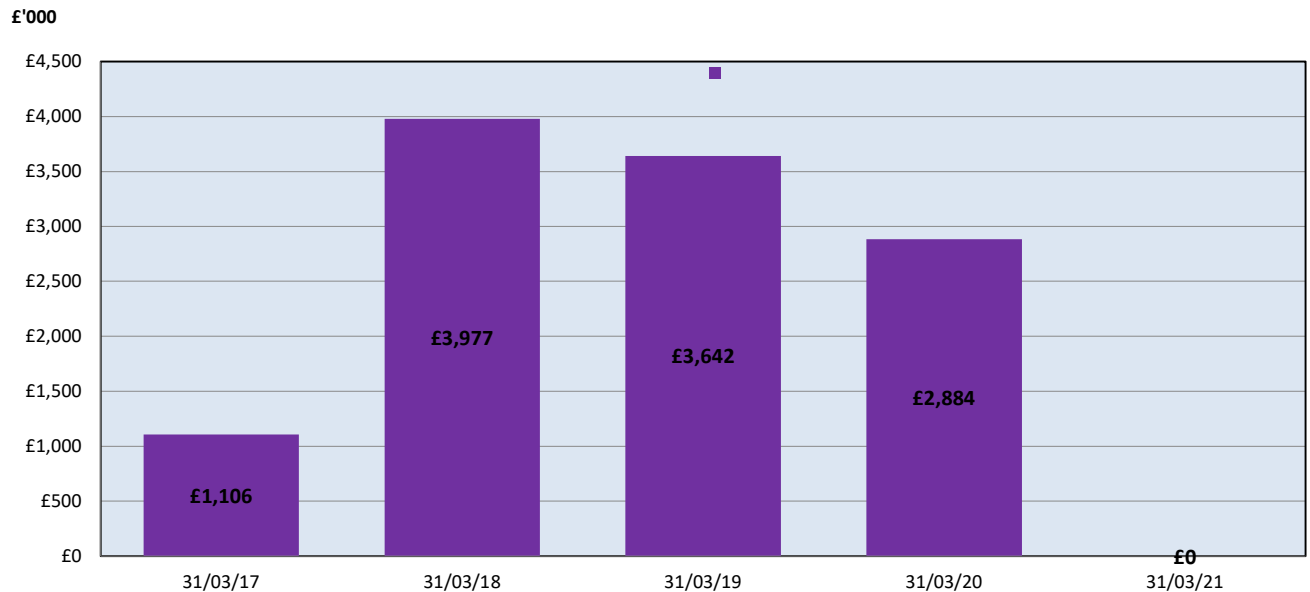
Management Information - March 2021

EXECUTIVE SUMMARY - DRAFT

1. FINANCE	Budget 2020/21	Forecast Outturn 2020/21	Better / (Worse)
1.1 Paying for the School's day-to-day activities			
Income	34,421	30,886	(3,535)
Expenditure	34,871	34,388	483
REVENUE BUDGET - TOTAL NET INCOME / (EXPENDITURE) BEFORE TRANSFERS	(450)	(3,502)	(3,052)
Transfer from Reserve	450	2,884	(2,434)
REVENUE BUDGET - TOTAL NET INCOME / (EXPENDITURE) BEFORE TRANSFERS	0	(618)	(618)

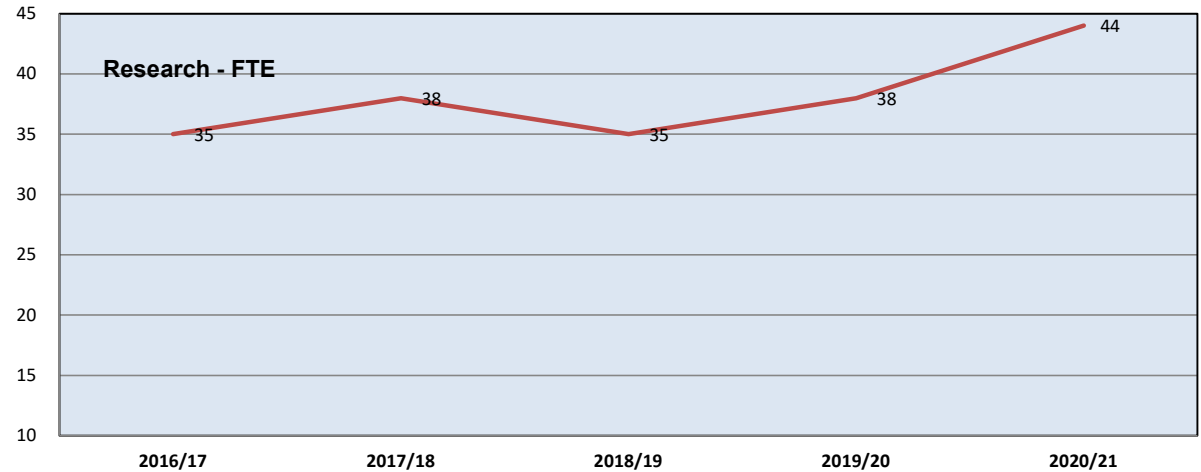
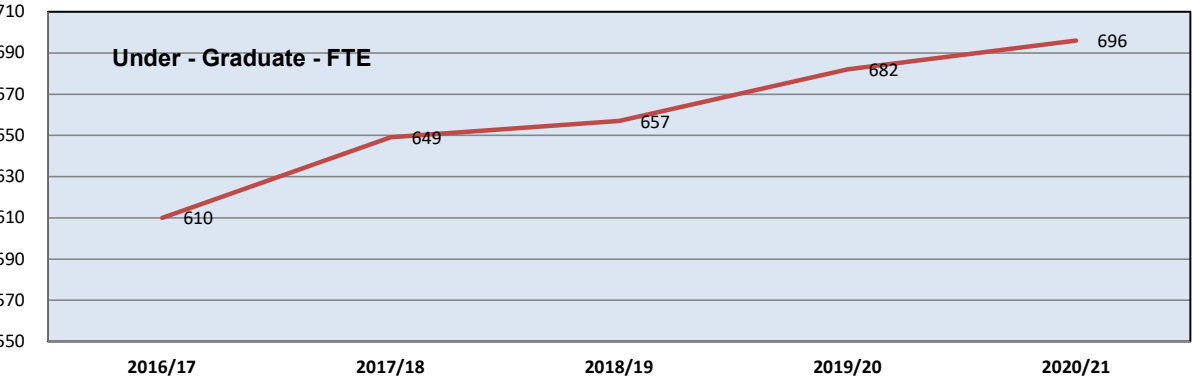
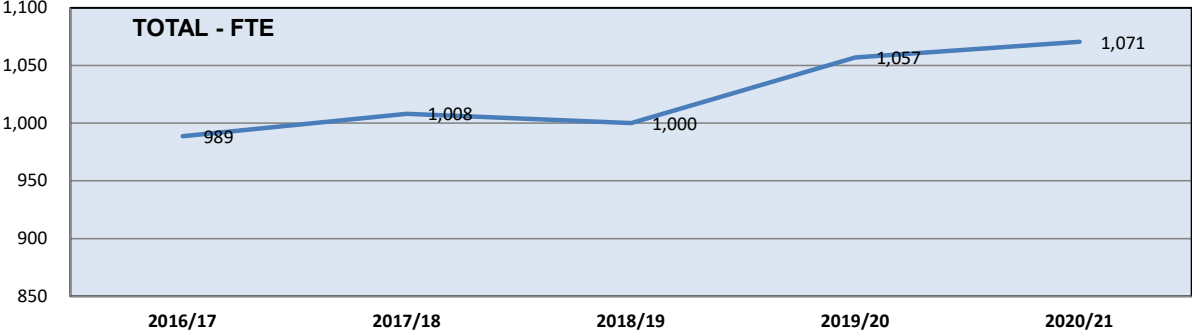
The 2020/21 financial year budget shows a net expenditure position before transfers of £0.450m, which it was agreed could be met with a transfer from reserves. As at April 2021, the School is forecasting a net expenditure outturn of £3.502m, a worse than budget position of £3.052m. At the start of 2021, the School agreed with the Chamberlain's department that it would use its reserves to the fullest extent possible to cover the anticipated shortfall arising during the year, which is largely driven by Covid-19. The City in turn agreed to provide an extraordinary cash grant of £1.335m to support what was the projected shortfall at that time. At the same time the City agreed to set aside a further sum of £500k to support potential further Covid related losses in 2020-21 or 2021-22, as we approached yet another government imposed lockdown. The final outturn means that this additional sum will be required in full this year.

1.2 School Reserve fund - actual and forecast balances at the financial year-end



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2. SENIOR STUDENT FTE NUMBER PLAN



2. Current Financial Year (2020/21) - GSMD DRAFT Income and Expenditure Account

12 months to March 2021 NB: DRAFT subject to further change

2019/20 Actual £'000	GSMD Revenue Budget					Notes
		Full Year Budget £'000	Forecast Outturn £'000	B/(W) £'000	B/(W) %	
	INCOME					
4,792	Funding Council Grants (OfS / RE)	4,720	4,673	(47)	(0.99%)	
15,705	Tuition Fee and Education Contracts	17,512	13,712	(3,800)	(21.70%)	1
4,703	Other Earned Income	5,390	4,228	(1,162)	(21.56%)	2
6,548	City of London Grant (Resources)	6,799	6,938	139	2.04%	3
	City of London Extraordinary Grant	-	1,335	1,335	-	3
31,748	Total Income	34,421	30,886	(3,535)	(10.27%)	
	EXPENDITURE					
	Staff Costs					
14,944	- Established Staff	15,699	16,411	(712)	(4.54%)	4
6,167	- Professors	5,433	6,216	(783)	(14.41%)	5
1,772	Professional Fees	1,471	1,578	(107)	(7.27%)	
2,179	Other teaching costs	2,302	2,170	132	5.73%	
3,482	Premises	3,986	3,677	309	7.75%	6
4,409	Other costs	5,980	4,336	1,644	27.49%	7
32,953	Total expenditure (excluding transfers)	34,871	34,388	483	1.39%	
(1,205)	Net income/(expenditure) - before transfers	(450)	(3,502)	(3,052)	677.70%	
	TRANSFERS FROM RESERVES					
1,205	School General Reserve	450	2,884	(2,434)	(540.46%)	
1,205	Total Transfers from reserves	450	2,884	(2,434)	(540.46%)	
(0)	TOTAL NET INCOME / (EXPENDITURE)	-	(618)	-	-	

Notes

Commentary is generally provided for variances of £100k or over

1.

The impact of Covid-19 on fee income for the School has been highly significant this year. Higher Education fee income is reduced by £408k due to students electing to intermit or withdraw as a result of the move to online teaching and / or personal issues arising from the pandemic. Income from under-18 provision is reduced by £667k through a combination of reduced student numbers and discounts provided to those who have stayed to reflect a reduced offering online compared to what would have been delivered through face to face teaching. The cancellation of most of the short course offering has cost a further £1.414m in revenues including the loss of the summer school, the Preliminary Acting Course and significantly reduced output from Open Programmes, Coaching & Mentoring and Guildhall Live Events. Plans to introduce a range of income generating online courses have had to be deferred in order to prioritise the delivery of existing higher education programmes in new ways and account for the remainder of the shortfall in the year.

Notes

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2.

Other earned income is reduced by £1.162 million with the main drivers for the reduction being lost rental income of £1.05m (including student accommodation (having released students from their contract for the Summer term in 2020 and reduced rent during the first quarter of 2021 following the closure of face to face teaching and restrictions on movement) and the lack of external hire of our spaces outside of term time); A £732k shortfall in other commercial income (including catering and ticket sales and reduced philanthropic giving) all of which was partially offset by an increase in grant funding to the School

3.

The core grant from the City has been increased to reflect the cost of contribution pay awarded centrally during the year. The extraordinary grant reflects the requirement for additional financial support from the City to cover the School's losses to the extent that they exceed the brought forward reserves. The figure shown here reflect what was known at the time of the original request in Q4 of calendar year 2020. However, as has been noted in the Executive summary, the School also advised the City that there was the potential for a further shortfall of c£500k in the event of additional Covid-19 related restrictions this year or next and the City agreed to put aside a further £500k that could be called upon if needed. The deficit as shown above means that this will now need to be drawn down in full in order to reduce net expenditure to £Nil.

4.

The cost of establishment staff is £712k over budget. The targeted savings from phase four of the facilities / engineering review, expected to be in excess of £200k per annum, have been delayed due to the ban on redundancies during the pandemic. New posts in Registry (to support the School's access and participation agenda), Production Arts, Junior School, GYA Islington (c£65k, funded by the additional grant income noted above) and the Audio Visual department (to enable development on online teaching across the School) were approved after the budget was set in response to additional demands being placed on those departments. Two permanent posts approved for the Jazz department in recognition of increased student numbers in recent years were missed out of the budget in error. The £139k of contribution pay noted in the change to the core grant from the City also contributes to the increase in establishment staff costs for the year.

5.

The forecast for professors is increased by £783k, largely driven by the need to deliver additional classes in smaller socially distanced groups where face to face teaching has been possible and to cope with the move to online delivery where face to face teaching has not been possible. This was particularly evident with Drama (c£165k over budget) and Music (£389k over budget, much of which related to Jazz where room capacity is particularly relevant to socially distanced teaching). In several cases it has proven necessary to pay both those staff originally contracted to deliver training (due to contractual commitments) and alternative staff delivering training in a different form as a result of Covid. Due to the specialist nature of the majority of our hourly paid staff it is difficult if not impossible to reassign the original staff to other duties. Increases were also recorded in the GYA Islington programme (as with establishment staff funded by additional grant income) and Innovation, though this is offset by reductions in non-staff costs seen on other report lines.

6.

The savings on premises reflect reduced spend on utilities while the building was closed and reduced use of external space hire for face to face teaching while activities were moved online or paused entirely.

7.

The reduction in expenditure on other costs of £1.644m reflects the cessation of activities onsite as a result of Covid-19 including catering, short courses and public performances and serves to partially offset the considerable reduction in earned income from those activities.