

Committee(s)	Dated:
Finance & Resources committee of the guildhall School of Music & Drama	8 September 2021
Subject: Budget Planning for 2022/23	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Principal	For Information
Report author: Group Accountant	

Summary

The City of London published guidance for the annual budget setting process for 2022/23 on 3 August. On 19 August it published guidance for the series of bilateral meetings due to take place between departments and the Corporation in September 2021. As a result of the relationship with the Office for Students some elements of the guidance do not apply to the School and this paper is intended to set out the process that the School will be following this year.

Recommendation(s)

Members are asked to note the budget setting process for GSMD for the 2022/23 financial year.

Main Report

Background

1. The City of London published guidance for the annual budget setting process for 2022/23 on 3 August. On 19 August it published guidance for the series of bilateral meetings due to take place between departments and the Corporation in September 2021. As a result of the relationship with the Office for Students some elements of the guidance do not apply to the School and this paper is intended to set out the process that the School will be following this year.
2. As in previous years, the starting point is to assume a 'flat-cash' position for 2022/23, which assumes 2% inflation uplift offset by a 2% savings requirement across all services. As a result of the agreement with the Office for Students, this operates slightly differently for the School, whereby we receive a 2% inflation uplift ad, while we are expected to make a 2% savings, we are then able to retain that saving by way of a transfer to reserves.

3. All departments are expected to continue to work to bed down the 12% savings target set for 2021/22 and the School is no exception. However as above the School is able to retain the savings by way of a transfer to reserves and therefore will not see a reduction to the current level of cash support from the City. Similarly, as the City is unable to benefit from fundamental review savings (or growth) as a means to reduce City Cash support to the School, the School is exempted from the fundamental review process.
4. The 2022/23 budgets are to be constructed by departments using spreadsheets which will be populated by downloads from Oracle, with the starting position for 2022/23 estimates being the roll forward of the 2021/22 original budget book estimates as of 14 August 2021. As is always the case, this is problematic for the School given the significant impact that enrolment to Higher Education programmes, which takes place every September, has on our forecasts and projections going forwards.
5. Finance colleagues will work with budget holders across the School during September and the first part of October to review their departmental financials including an update to 2021/22 and the impact on 2022/23 as a result of actual enrolment data for the new Academic Year and enrolment targets for the next Academic Year starting in September 2022. Should it be formally agreed in time, the impact of the loan that the School has asked the City for to support new income generating activities will also be incorporated into the figures.
6. All pages for the Original Budget books must be sent to Ken Rogers in Unit 1 by no later than Friday 15 October 2021 even if the budget report has not yet been submitted to committee. As this timeline is too soon for the September meeting of the Governing Board and too late for the November meeting, the budget books will go to the City before being presented to the Governing Board in November. As in previous years, the School will then submit a further update to the Governing Board in Spring 2022 which will then be the basis of the Latest Approved Budget that the School reports against for the 2022/23 financial year. It should be noted that any changes must still remain within the same resource envelope so the City Cash contribution to the School will remain unchanged. It should also be noted that any shortfall in our efforts to deliver the 12% savings target will be rolled forward as target to find in 2022/23.

The office for Students

7. The School received its annual grant letter for the year to 31 July 2022 in July 2021. As a result of a move by government to prioritise funding for STEM subjects, the School's core grant has been reduced by £370k (56% of the core teaching grant), and this lower level is likely to carry on into future years. For this year only, the loss has been offset by an increase to our ISTA funding which means that we will be £92k better off for the Academic Year, though this will be spread across two financial years. With the review of ISTA funding finally expected to go ahead this year there is a very real possibility that this gain will only be temporary, leaving us with a reduced overall grant from the OfS going forward.

Conclusion

8. The 2022/23 budget cycle is very early for the School and is therefore necessarily completed at a very high level with a more detailed review each Spring. The School will nevertheless submit all required documents to the City in accordance with the timetable and report to the Finance & Resources Committee and the Governing Board thereafter.

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