

<b>Committee(s):</b>	<b>Date(s):</b>
Board of Governors City of London School for Girls	10 October 2016
<b>Subject:</b> Revenue Outturn 2015/16	<b>Public</b>
<b>Report of:</b> The Chamberlain The Headmistress	<b>For Information</b>
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### Summary

The net income for 2015/16, before transfers to reserves, was £803,000 compared to a budgeted position of £881,000 - representing a reduction in net income of £78,000 (9%) as shown in the table below.

	Budget 2015/16  £'000	Actual 2015/16  £'000	Variation Better/ (Worse) 2015/16  £'000	Variance explanation at report paragraph
Income	12,433	12,409	(24)	3i) - 3iv)
Expenditure	(11,552)	(11,606)	(54)	3v) -3viii)
<b>Total net income BEFORE transfers</b>	<b>881</b>	<b>803</b>	<b>(78)</b>	
<u>Transfers to reserves</u>				
Self-Funded scholarship	(324)	(324)	-	
Repairs & Maintenance	(520)	(520)	-	
<b>Total transfers</b>	<b>(844)</b>	<b>(844)</b>	<b>-</b>	
<b>Total net income/expenditure AFTER transfers</b>	<b>37</b>	<b>(41)</b>	<b>(78)</b>	
General Fund Bal. b/fwd 1 April	490	490	-	
<b>General Fund Bal. c/fwd 31 March</b>	<b>527</b>	<b>449</b>	<b>(78)</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 £527,000 for 2015/16, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines, the transfer to the Capital Reserve Fund was maintained at nil.

The balance in the Capital Reserve Fund as at 31 March 2016 was £1,360,315 (2014/15: £1,410,939).

Total School funds, including the Capital Reserve Fund, as at 31 March 2016 amounted to £4,142,238 as detailed in Annex B (£4,031,135 as at 31 March 2015), which represents an increase of £111,103 as detailed at paragraph 4 to this report.

### **Recommendations**

It is recommended that this revenue outturn report for 2015/16 is noted.

## **Main Report**

### **2015/16 Budget Position compared to Revenue Outturn**

1. Overall, net income before transfers for 2015/16 was £803,000 compared to an agreed net income budget of £881,000, representing a reduction in net income of £78,000. 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</b>			
<b>CITY OF LONDON SCHOOL FOR GIRLS</b>			
	Budget	Actual	Variation (Better)/ Worse
Analysis of Service Expenditure	2015/16 £'000	2015/16 £'000	2015/16 £'000
<b>INCOME</b>			
School & Staff Meals	148	155	7
Tuck Shop and Vending Machine	143	146	3
School tuition fees	10,810	10,852	42
Other tuition fees	297	280	(17)
Registration and Examination fees	104	139	35
Facilities Hire & Admin Charges	88	75	(13)
Interest	17	9	(8)
City Support (Annex A)	826	753	(73)
<b>Total Income</b>	<b>12,433</b>	<b>12,409</b>	<b>(24)</b>
<b>EXPENDITURE</b>			
Employees	(7,668)	(7,729)	(61)
Premises Related Expenses (note i)	(689)	(667)	22
Transport Related Expenses	(11)	(31)	(20)
Supplies & Services (note ii)	(1,702)	(1,760)	(58)
Purchase of Steinway Piano	(72)	(72)	0
Staff Subsidy & Prizes	(1)	(7)	(6)
Scholarship Subvention Awards	(483)	(483)	0
Match Funding Awards	(270)	(228)	42
Support Services (Annex A)	(477)	(450)	27
Capital Charges (Annex A)	(179)	(179)	0
<b>Total expenditure before transfers</b>	<b>(11,552)</b>	<b>(11,606)</b>	<b>(54)</b>
<b>TOTAL NET INCOME BEFORE TRANSFERS</b>	<b>881</b>	<b>803</b>	<b>(78)</b>
<b>Transfers to Reserves</b>			
Self-Funded Scholarships	(324)	(324)	0
Repairs & Maintenance	(520)	(520)	0
<b>Total Transfers</b>	<b>(844)</b>	<b>(844)</b>	<b>0</b>
<b>TOTAL NET INCOME / (EXPENDITURE) AFTER TRANSFERS</b>	<b>37</b>	<b>(41)</b>	<b>(78)</b>
<b>General Fund Bal. b/fwd 1 April</b>	<b>490</b>	<b>490</b>	<b>0</b>
<b>General Fund Bal. c/fwd 31 March</b>	<b>527</b>	<b>449</b>	<b>(78)</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 £527,000 for 2015/16, with any excess transferred to the Capital Reserve Fund. Due to the School's net expenditure position, no funds were transferred to the Capital Reserve Fund in 2015/16 and the School's General Reserve balance was £421,000 at 31 March 2016 (31 March 2015: £490,000). The balance in the Capital Reserve Fund as at 31 March 2016 was £1,360,315 (31 March 2015: £1,410,939).
3. The main reasons for the variations summarised in Table 1, resulting in an decrease in net income of £78,000 were:-

A reduction in income of £24,000 mainly due to:-

- i) a reduction in City Support of £73,000 largely as a result of the school not achieving the budgeted level of external donations which are subsequently match funded (i.e. the City Match funds external donations raised up to a cap of 2.5% of tuition fee income) of £42,000 – this is offset by a corresponding reduction in expenditure on match funded awards detailed at vii); coupled with a reduction in the cost of support services of £22,000 and a reduction in staff insurance of £9,000 – both of which are offset within the fall in support services expenditure as detailed at viii);
- ii) a reduction in other tuition fees of £17,000 as a result of a reduction in the number of pupils taking individual music lessons. This reduction in income is offset by a reduction in employee costs as detailed at v) below; partly offset by
- iii) an increase in tuition fee income of £42,000 due to settlement of arrears during this period; and
- iv) an increase in registration and examination fees of £35,000 due to the continued popularity of the school leading to a rise in the number of pupils taking entrance exams.

Higher expenditure of £54,000 principally as a result of:-

- v) additional employee expenses of £61,000 which comprised:
  - additional full-time teacher costs of £38,000 as a result of the large number of teachers for whom cover was required for while on long term sick (including one with a broken leg, one with a heart attack, two staff with broken arms, a one awaiting a scheduled operation);
  - indirect employee expenses being £31,000 higher than expected due to additional training of £18,000 due to the new Masters degree initiative, in part supported by the Department of Community Services, and an additional £7,000 on recruitment following higher than forecast increases in recruitment costs for teaching staff; and

- a reduction in peripatetic music teacher costs of £17,000 as a consequence of a lower number of pupils taking individual music lessons – this underspend is offset by a reduction music lesson charges as detailed at ii) above.
- vi) an increase in supplies and services of £58,000 principally due to an additional £25,000 in relation to professional fees following the decision to renew all staff Disclosure and Barring Service (DBS) checks older than three years, and the associated Human Resources charge; £15,000 for preliminary asbestos investigation works prior to the asbestos removal as part of the CLSG refurbishment; and higher than anticipated IT renewal licensing costs of £13,000;
  - vii) a reduction in match funded awards of £42,000, offsetting the reduction in donations and associated city match funding received as detailed at i) above; and
  - viii) a reduction in support services costs of £27,000 largely as a result of the latest assessment of time spent on support services by departments of £22,000, and a reduction in staff insurance of £9,000 – this is offset by a reduction in City Support as detailed at i) above.

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

4. A summary of unrestricted, designated and restricted funds, showing the movements in 2015/16, is attached at Annex B. As planned, total funds have increased by £111,103 from £4,031,135 to £4,142,238 at 31 March 2016. The main movements are as follows:-
  - i) Unrestricted Fund net income, before transfers, of £803,444 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 Repairs & Maintenance Fund of £529,211 in accordance with the agreed programme of works, offset by interest of £4,452; and
  - iii) net expenditure, before transfers, of £125,162 from the Self-Funded Scholarships Fund on awards following the annual assessment of parental circumstances and student departures; and
  - iv) planned expenditure from the Capital Reserve Fund of £59,128 in relation to the City of London School for Girls Gymnasium Accommodation, offset by interest of £8,504.

#### **Appendices**

- Annex A – City Support
- Annex B – City of London School for Girls 2015/16 Movement of Funds

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**CITY SUPPORT**

<b><u>City Support</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Variation Increase/ (Decrease) 2015/16 £'000</b>
	<b>2015/16 £'000</b>	<b>2015/16 £'000</b>	
<b>Scholarships</b>			
General (note i)	483	483	0
2.5% Match Funding (note ii)	270	228	(42)
<b>Total Scholarships</b>	<b>753</b>	<b>711</b>	<b>(42)</b>
<b>Support Services</b>			
Information Systems	37	27	(10)
Chamberlain	67	73	6
Comptroller & City Solicitor	18	8	(10)
Town Clerk	76	77	1
City Surveyor	27	20	(7)
Corporate & Democratic Core (CDC)	28	26	(2)
Staff Insurance	48	39	(9)
<b>Total Support Services</b>	<b>301</b>	<b>270</b>	<b>(31)</b>
<b>Capital Charges – Depreciation</b>	<b>179</b>	<b>179</b>	<b>0</b>
<b>Other support and adjustments</b>			
City Procurement savings/(costs) (note iii)	(62)	(62)	0
London Living Wage - Catering (note iv)	37	37	0
London Living Wage - Cleaning (note v)	55	55	0
Service Based Review Savings (note vi)	(437)	(437)	0
<b>Total other support and adjustments</b>	<b>(407)</b>	<b>(407)</b>	<b>0</b>
<b>TOTAL CITY SUPPORT</b>	<b>826</b>	<b>753</b>	<b>(73)</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 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

**CITY SUPPORT**

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.
- 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 have been phased £437,000 in 2015/16 with an additional £53,000 in 2016/17 and a further £108,000 in 2017/18.



**SUPPORT SERVICES AND CAPITAL FINANCING CHARGES**

<b><u>Support Services and Capital Financing Charges</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Variation Increase/ (Decrease)</b>
	<b>2015/16 £'000</b>	<b>2015/16 £'000</b>	<b>2015/16 £'000</b>
<b>Support Services</b>			
Information Systems (IS)	(37)	(27)	10
Chamberlain	(67)	(73)	(6)
Comptroller & City Solicitor	(18)	(9)	9
Town Clerk	(76)	(77)	(1)
City Surveyor	(27)	(20)	7
Corporate & Democratic Core (CDC)	(28)	(26)	2
Staff Insurance	(48)	(39)	9
Other Insurance	(52)	(49)	3
City Surveyor's Employee Recharge	(74)	(79)	(5)
CLPS Staff	(50)	(51)	(1)
<b>Support Services Sub-Total</b>	<b>(477)</b>	<b>(450)</b>	<b>27</b>
<b>Capital Charges - Depreciation</b>	<b>(179)</b>	<b>(179)</b>	<b>0</b>
<b>TOTAL SUPPORT SERVICES AND CAPITAL FINANCING CHARGES</b>	<b>(656)</b>	<b>(629)</b>	<b>27</b>