

<b>Committee(s):</b>	<b>Date(s):</b>
Board of Governors City of London School	17 October 2016
<b>Subject:</b> Revenue Outturn 2015/16	<b>Public</b>
<b>Report of:</b> The Chamberlain The Head	<b>For Information</b>
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### Summary .

The net income for 2015/16, before transfers to reserves, was £1,450,000 compared to a budgeted position of £1,530,000 - representing a reduction in net income of £80,000 (5%) as shown in the table below.

	Budget 2015/16  £'000	Actual 2015/16  £'000	Variation Better/ (Worse) 2015/16  £'000	Variance explana- tion at report paragraph
Income	16,097	16,229	132	3iv) - 3v)
Expenditure	(14,567)	(14,779)	(212)	3i) -3iii)
<b>Total net income BEFORE transfers</b>	<b>1,530</b>	<b>1,450</b>	<b>(80)</b>	
<b>Transfers to reserves</b>				
Boys Own Scholarships	(200)	(200)	-	
Repairs & Maintenance	(879)	(879)	-	
Information Technology	(225)	(225)	-	
Retirement	(75)	(75)	-	
Organ Replacement	(10)	(10)	-	
Capital Reserve	(51)	(51)	-	
<b>Total transfers</b>	<b>(1,440)</b>	<b>(1,440)</b>	<b>-</b>	
<b>Total net income/expenditure AFTER transfers</b>	<b>90</b>	<b>10</b>	<b>(80)</b>	
General Fund Bal. b/fwd 1 April	589	589	-	
<b>General Fund Bal. c/fwd 31 March</b>	<b>679</b>	<b>599</b>	<b>(80)</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 £679,000 for 2015/16, with any excess transferred to the Capital Reserve Fund. In accordance with these guidelines, the transfer to the Capital Reserve Fund of £51,000 was maintained at the budgeted level.

Following this transfer, and after taking account of the planned expenditure funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2016 was £925,851 (2014/15: £1,011,596).

Total School funds, including the Capital Reserve Fund, as at 31 March 2016 amounted to £3,512,540 as detailed in Annex B (£3,202,127 as at 31 March 2015), which represents an increase of £310,413 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 Revenue Budget Position compared to Outturn**

1. Overall, net income before transfers for 2015/16 was £1,450,000 compared to an agreed net income budget of £1,530,000, representing a reduction in net income of £80,000. Table 1 provides a comparison between the budget and outturn. Figures in brackets represent expenditure, increases in expenditure, or reductions in income.

**TABLE 1**  
**CITY OF LONDON SCHOOL**

Analysis of Service Expenditure	Budget	Actual	Variation Better/ (Worse)
	2015/16 £'000	2015/16 £'000	2015/16 £'000
<b>INCOME</b>			
School tuition fees	13,492	13,512	20
School Meals	370	381	11
Bookshop	133	145	12
Music tuition fees	191	212	21
Registration fees	150	164	14
Examination fees	136	129	(7)
Other (note i)	63	147	84
City Support (Annex A)	1,562	1,539	(23)
<b>Total Income</b>	<b>16,097</b>	<b>16,229</b>	132
<b>EXPENDITURE</b>			
Employees	(9,283)	(9,619)	(336)
Premises Related Expenses (note ii)	(982)	(937)	45
Transport Related Expenses	(220)	(221)	(1)
Supplies & Services (note iii)	(2,225)	(2,166)	59
Staff and Sibling Subsidy	(32)	(32)	-
Scholarship Subvention Awards	(705)	(705)	-
Match Funding Awards	(339)	(338)	1
Support Services (Annex A)	(635)	(615)	20
Capital Charges - Depreciation (Annex A)	(146)	(146)	-
<b>Total Expenditure before transfers</b>	<b>(14,567)</b>	<b>(14,779)</b>	(212)
<b>TOTAL NET INCOME BEFORE TRANSFERS</b>	1,530	1,450	(80)
<b>TRANSFERS TO RESERVES</b>			
Boys Own Scholarships	(200)	(200)	-
Repairs & Maintenance	(879)	(879)	-
Information Technology	(225)	(225)	-
Retirement	(75)	(75)	-
Organ Replacement	(10)	(10)	-
Capital Reserve Fund	(51)	(51)	-
<b>Total Transfers</b>	<b>(1,440)</b>	<b>(1,440)</b>	-
<b>TOTAL NET INCOME AFTER TRANSFERS</b>	<b>90</b>	<b>10</b>	(80)
<b>General Fund Bal. b/fwd 1 April</b>	<b>589</b>	<b>589</b>	-
<b>General Fund Bal. c/fwd 31 March</b>	<b>679</b>	<b>599</b>	(80)

Notes

- (i) Other income – includes income from retained deposits; facilities hire and interest earned.
- (ii) Premises Related Expenses - includes energy costs, rates, water services, cleaning and domestic supplies.
- (iii) 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 £679,000 for 2015/16, with any excess transferred to the Capital Reserve Fund. Due to the School's anticipated future capital requirements, £51,000 was set aside in 2015/16 and transferred to the Capital Reserve Fund. After this transfer, the School's General Reserve balance was £599,000 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 2016 was £925,851 (31 March 2015: £1,011,596).
3. The main reasons for the variations summarised in Table 1, resulting in a reduction in net income of £80,000, were:-

Higher expenditure of £212,000 mainly due to:-

- i) an increase in employee expenses of £336,000 due to a number of variations, with the main contributing factors being;
  - an increase in agency staff requirements of £95,000, this was due in the main to extra requirements in IT of £42,000 due to the changeover to the new Management Information System and £45,000 on extra administrative staff;
  - additional teacher allowances which were not planned - £47,000;
  - an early retirement payment in relation to a teacher - £35,000;
  - £23,000 on training courses mainly due to enhanced child protection training of £3,000 and £7,500 for Institute of Education (IoE) research and £8,000 on extra IT training due to the new software introduced to the School;
  - £20,000 on recruitment due to higher than expected staff turnover;
  - unbudgeted maternity costs of £23,000;
  - an increase in peripatetic music teacher costs of £20,000 as a consequence of a greater number of pupils taking individual music lessons – this overspend is offset by increased music lesson charges as detailed at v) below; and
  - £14,500 on a history teacher for one term which was unplanned.

Partly offset by:

- ii) an underspend on premises related expenses of £45,000, including a reduction in energy costs of £20,000 as a result of continued efforts to improve energy efficiency within the school, a reduction in rent costs of £12,000 due to the PE department no longer using the SCORE sports centre facility, and a reduction in the cost of water services of £8,000; and
- iii) an underspend on supplies and services expenditure of £59,000, principally due to a planned reduction in hospitality of £36,000, and a saving of £24,000 on advertising and promotion following a move to a greater use of electronic materials.

Additional income of £132,000 principally as a result of:-

- iv) higher than anticipated other income of £84,000, arising from retained deposits of £68,000 for students who did not join the school; an additional £24,000 from Enrichment Week tuition fees following increased take-up; partly offset by income from lettings being £12,000 lower than anticipated; and
- v) an increase in tuition fee income of £41,000, of which £21,000 relates to additional music tuition fees following an increase in the number of pupils taking individual music lessons - this increase in income is offset by an increase in employee costs as detailed at i) above; coupled with an increase in tuition fees of £20,000 as a result of an increase in pupils.

### **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. Total funds have increased by £310,413 from £3,202,127 to £3,512,540 (Annex B) at 31 March 2016. The main movements are as follows:-
- i) Unrestricted Fund net income, before transfers, of £1,450,017 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 £586,312 in accordance with the agreed programme of works, offset by interest of £3,998;
  - iii) planned expenditure from the Information Technology (IT) Fund of £225,852 on various replacements of IT equipment;
  - iv) expenditure from the Boys' Own Scholarships Fund of £201,096, offset by interest of £3,270; and
  - v) expenditure from the Capital Reserve Fund of £144,888 on the security Phase 1 project offset by interest of £8,143.

### **Appendices**

- Annex A – City Support
- Annex B – 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 Better/ (Worse)</b>
	<b>2015/16 £'000</b>	<b>2015/16 £'000</b>	<b>2015/16 £'000</b>
<b>Scholarships</b>			
General (note i)	705	705	0
2.5% Match Funding (note ii)	339	338	(1)
<b>Total Scholarships</b>	<b>1,044</b>	<b>1,043</b>	<b>(1)</b>
<b>Support Services</b>			
Information Systems	44	34	(10)
Chamberlain	65	68	3
Comptroller & City Solicitor	6	8	2
Town Clerk	85	101	16
City Surveyor	65	38	(27)
Corporate & Democratic Core (CDC)	31	30	(1)
Staff Insurance	54	49	(5)
<b>Total Support Services</b>	<b>350</b>	<b>328</b>	<b>(22)</b>
<b>Capital Charges – Depreciation</b>	<b>146</b>	<b>146</b>	<b>0</b>
<b>Other support and adjustments</b>			
City Procurement savings/(costs) (note iii)	16	16	0
London Living Wage - Catering (note iv)	22	22	0
London Living Wage - Cleaning (note v)	71	71	0
Service Based Review Savings (note vi)	(87)	(87)	0
<b>Total other support and adjustments</b>	<b>22</b>	<b>22</b>	<b>0</b>
<b>TOTAL CITY SUPPORT</b>	<b>1,562</b>	<b>1,539</b>	<b>(23)</b>

**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 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

**CITY SUPPORT**

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.
- 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 £109,000, excluding additional income from increases in tuition fees, for the City of London School. These proposals have been phased £87,000 in 2015/16 with an additional £22,000 in 2016/17.

**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>2015/16</b>	<b>2015/16</b>	<b>2015/16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Support Services</b>			
Information Systems (IS)	(44)	(34)	10
Chamberlain	(65)	(68)	(3)
Comptroller & City Solicitor	(6)	(8)	(2)
Town Clerk	(85)	(101)	(16)
City Surveyor	(65)	(38)	27
Corporate & Democratic Core (CDC)	(31)	(30)	1
Staff Insurance	(54)	(49)	5
Other Insurance	(79)	(76)	3
City Surveyor's Employee Recharge	(153)	(157)	(4)
CLPS Staff	(53)	(54)	(1)
<b>Support Services Sub-Total</b>	<b>(635)</b>	<b>(615)</b>	<b>20</b>
<b>Capital Charges – Depreciation</b>	<b>(146)</b>	<b>(146)</b>	<b>0</b>
<b>TOTAL SUPPORT SERVICES AND CAPITAL FINANCING CHARGES</b>	<b>(781)</b>	<b>(761)</b>	<b>20</b>