

Committee(s): Board of Governors of the Guildhall School of Music and Drama	Date(s): 24 th May 2018	Item no.
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Subject:
Guildhall School Finance Review 2017/18 – Draft Period 12

Report of: Guildhall School Principal	For information Non-Public
Report author: Sarah Wall, Group Accountant	

NOT FOR PUBLICATION

By virtue of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.

EXECUTIVE SUMMARY

The financial year 17/18 has been a successful year for the School but also one of change as the Strategic Plan has been developed. The year end financial results reflect this. The School ended the financial year with a surplus of £2,867k of which £1,343k is attributable to a trading surplus and £1,524k is the result of delaying a number of strategic projects and investment in staff positions until the Strategic Plan was finalised in February 18.

The surplus will transfer to reserves to be used to invest in strategic projects and underpin the financial model through a period of change.

This means that the current reserves position is:

Opening balance as per 1 st April 17	£1,106k
In year transfer (17/18)	<u>£2,867k</u>
Forecast closing balance 31 st March 18	£3,973k

In order to balance 18/19 £1m of these reserves will be called upon. This will include investment in areas of the Strategic Plan in order to deliver a sustainable institution which has craft, creativity and learning at its heart.

Recommendation

Members are asked to note this report.

Main Report

The surplus trading position of £1,343k has been driven by a number of factors:

Senior recruitment was up in most departments particularly in Keyboard and Jazz. Overall 48 more FTE enrolled than plan. There was also an increase of overseas students paying higher fees.	£667k
Summer lettings in Sundial and conference sales in Milton Court performed well. This resulted in conferencing events contributing around £245k to the School's business model.	£100k
The number of grants the School received has increased this year; we received increased amounts from sources we already are in receipt of such as the teaching grant, HEIF and Quality Research grants. Increased amounts were given throughout the year and timing meant that not all of these were reflected in the budget.	£511k
Other non-material variances	£65k
Total trading surplus	£1,343k

The carry forward position increases to £2,869k when the following factors are taken into account with several one-off adjustments:

After a successful arbitration between the City and Heron the Milton Court Service charge was reduced and back-dated to 2013.	£303k
Estimates have been used on the Citigen account for the past four years. These were finalised in January and over-accruals were able to be released.	£201k
A number of provisions were released. The most substantial being a provision for CYM national insurance which dates back to when the City took over CYM in 2010.	£235k
As the final Strategic Plan was not agreed until late in the financial year, many projects didn't get fully underway in 17/18.	£271k
A number of posts were held vacant this year. These were in registry, development, engineering and facilities. Development was due to the turnover in staffing and the arrival of the VP of Advancement and engineering and facilities were affected by the review being undertaken by the Buildings Director.	£514k
Total one-off adjustments and timing differences	£1,524k

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A detailed end of year Income and Expenditure Account can be seen in Appendix 1.

Conclusion

The School had a successful year, enabling the much-needed transfer to reserves to build resilience in order to help manage the possible future risks due to the changes to the Higher Education funding arrangements and the general economic risks.

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Appendix 1: Guildhall School Summary Income and Expenditure Account

Guildhall School Summary 2017/18

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	Budget	Full Year	
	£000's	Actual	Variance
		£000's	£000's
<u>Income</u>			
Funding Council	4,930	5,097	167
Tuition Fee and Education Contracts	13,059	13,803	744
Other Earned Income	2,806	3,127	321
Research Grants and Other Contracts	1,074	1,368	294
City of London Grant	6,044	6,044	0
Total Income	27,913	29,439	1,526
<u>Expenditure</u>			
Staff Costs	(19,714)	(19,389)	325
Student Support	(1,076)	(983)	93
Staff Support	(693)	(639)	54
Equipment and Printing	(1,139)	(1,163)	(24)
Premises	(3,490)	(2,868)	622
Miscellaneous Expenditure	(511)	(235)	276
Productions	(674)	(728)	(54)
Research and Other Contracts Expenditure	(616)	(567)	49
Total Expenditure	(27,913)	(26,572)	1,341
Net Position Surplus / (Deficit)	0	2,867	2,867

Appendix 2: Debt Position

The current debt level for 17/18 can be seen below

	Debt	Total Income	% of Total Income
Category	£k	£k	
Senior School Self Payers- Tuition Fee Terms 1 & 2	0	2,849	0.00%
Sundial Court - Accomodation Terms 1 & 2	1	813	0.00%
Junior School Self Payers - Tuition Fee Terms 1 & 2	37	919	4.07%
Centre for Young Musicians - Saturday Centre - Carers Term 1 & 2	55	304	17.96%
Centre for Young Musicians - Saturday Centre - Non Carers Term 1 & 2	16	207	7.71%
Centre for Young Musicians - Hestercombe Hub - Carers Term 1 & 2	4	36	11.91%
Centre for Young Musicians - Saffron Walden Hub - Carers Term 1 & 2	2	59	2.88%
London Schools Symphony Orchestra - Tuition Fee Terms 1 & 2	2	57	3.88%
Total 17/18 Student Debt Overdue	117	5,245	2.23%

Debt outstanding from previous academic years stands at £48k. We are actively chasing these debts. If there has been no movement on these accounts at the end of the academic year we will write these off, which is covered by the debt provision.

Student debt which is raised on CBIS is currently as below:

Category	Total	Number of Debts
	£k	#
One year - two years	5	19
Six months - one year	1	7
31 days - six months	65	14
Under 30 days	20	43
Total	91	83

The current debt provision covers the totals that are six months and over.