

Meeting of the University Academy of Engineering School Advisory Board

4.00 pm on Thursday, 7 November 2019
in Trafalgar Street, London SE17 2TP

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
11b	SBA 2019/20 Budget & Financial Forecast 2019/20 to 2022/23	3 - 10	OP

Date of next meeting
4.00 pm on Thursday, 30 January 2020

Members: Chris Mallaband (Chair), Veronica Allen, Elizabeth Adeyemi, Safia Barikzai, Alex Drake (Vice-Chair), Karen Fowler, Philipp Herzberg, Zakir Matin, Tony Roberts and John Taylor

In attendance: Alexander Enibe

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South Bank Academies Trust

SBA 2019/20 Budget & Financial Forecast 2019/20 to 2022/23

Compiled by: Clym Cunnington, Trust Business Manager

1st Submission 2019-06-25

Revised Submission 2019-10-12

Executive Summary

- In line with ESFA requirements South Bank Academies is setting a balanced budget for 2019/20 and for the subsequent three financial years. Over the period of 2019/20 to 2022/23, student enrolments are expected to increase from 1,009 to 1,238 (+22%) and total income is expected to increase from £9.1m to 10.4m (+14%).
- The central management charge is planned to remain flat throughout at 5% and a budgeted surplus is embedded for both schools in each year of the plan, ranging from 1.5% to 3%.
- A Trust wide approach has been taken to staff planning and priority staffing increases are achievable for both schools including volume related posts at the UAE and the introduction of a phased subject focussed Middle Leaders tier at the UTC. A staffing re-structure will take place in-year (2019/20) at the UAE to improve the efficiency of support staff
- Staffing cost of living pay awards are planned at 2% each year and additional employer pension contributions are built in to the budget
- Capex expenditure priorities have been identified in a separate Asset Management Plan and the forecast required investment is manageable across the period of the of the plan*.
- Inflation for opex is built in at 0.5% per annum

*Capex assumptions are based on updated information provided on the Asset Management Plans for each area in the schools.

2019/20 Budget Proposal

Comments

- Income generated across the schools increases from £7,998,240 to £9,064,282 driven by student number growth (13%)
- Income representing last year of UTC transitional funding grant inc.
- MAT income increases to £453k up from £354k (28%)
- SEND Top Up funding has been calculated and adjusted for the next financial year following a review of all SEND Students in the schools
- Budgeted Surplus reduced from 3.57% to 1.5 % for for UAE and removed for the subsequent year as a result of the funding lag
- Teachers Pay Award final payments for the 18-19 financial year are due in 19-20 to fit in with the ESFA Tax year
- 2% Cost of Living (COL) increase applied across the Trust on both Teaching and Support Staff salaries (teachers funded for 18-19 financial year unfunded for 19-20 and subsequent years)
- Teachers' pension costs (TPS Scheme) up from 16.48% to 23.68% (funded according to formulas and guidelines)
- Support Staff pension costs (LGPS Scheme) up from 14.48% to 20% (unfunded)
- Salary step increases included although dependent on Staff Appraisal; some savings possible.
- Depreciation has been removed from the UTC recommended by the SRMA in email correspondence. This is because the capex equipment is funded by the ESFA Capital Grant and remains the property of the ESFA

Indicative Budget 2019-20

	UAE	UTC	MAT	Consolidated
INCOME				
A0 - GAG funding	5,167,642	1,858,082	453,214	7,025,724
A2 - Other Govt Grants	1,457,793	350,331		1,808,124
A3 - Private Sector Funding	116,834	45,000		161,834
A4 - Other Income	65,000	3,600		68,600
TOTAL INCOME	6,807,269	2,257,013	453,214	9,064,282
EXPENDITURE				
Staffing Expenditure				
B0 - Teaching Staff (plus 2% cost of living)	2,959,425	1,260,270	160,437	4,219,695
B1 - Educational Support Staff (plus 2% cost of living)	818,251	172,248	160,470	990,499
B2 - Premises Staffing (plus 2% cost of living)	84,788	14,450		99,238
B3 - Admin Staffing (plus 2% cost of living)	441,305	206,350		647,655
B4 - Other Staff (plus 2% cost of living)	42,623	3,600		46,223
B5 - Agency Staff	103,916	-		103,916
Total Salaries Expenditure	4,450,308	1,656,918	320,907	6,107,226
Non-Staffing Expenditure				
C0 - Maintenance of Premises	331,524	46,265	-	377,789
C1 - Other Occupational Costs	107,285	92,000	-	199,285
D0 - Educational Supplies and Services	618,391	155,520	1,200	773,911
E0 - Other Supplies and Services	352,594	126,834	106,407	479,428
F0 - ICT Costs (Non Capital)	151,960	34,005		185,965
G0 - Staff Development	40,000	18,546	24,700	58,546
J0 - Management Charge 5%	340,363	112,851		453,214
K0 - Budgeted Surplus	102,120	67,710		169,830
I0 - Depreciation	161,797	-		161,797
L0 - Other Non Staffing Cost - Contingency	97,291	-		97,291
Total Other Expenditure	2,303,325	653,731	132,307	2,957,056
TOTAL EXPENDITURE	6,753,633	2,310,649	453,214	9,064,282
Surplus / (Deficit) excl. Capital	53,636	- 53,636	0	(1)
Central Management Charge 5%	340,363.00	112,851.00		
		453,214.00		

High Level Financials 2019/20 to 2022/23

	18-19 Budget				19-20 Budget				20-21 Budget				21-22 Budget				22-23 Budget			
	UAE	UTC	MAT	Consolidated	UAE	UTC	MAT	Consolidated	UAE	UTC	MAT	Consolidated	UAE	UTC	MAT	Consolidated	UAE	UTC	MAT	Consolidated
Total Income	6,085,526	1,912,714	354,349	7,998,240	6,807,269	2,257,013	453,214	9,064,282	6,752,215	2,508,493	463,036	9,260,708	7,134,558	3,023,364	507,896	10,157,922	7,351,284	3,090,369	522,082	10,441,653
Staffing Cost	4,035,942	1,350,246	244,300	5,386,188	4,450,308	1,656,918	320,907	6,107,226	4,681,980	1,955,597	335,497	6,637,577	4,899,138	2,280,160	351,482	7,179,298	5,100,058	2,378,872	367,185	7,478,930
Non Staffing Costs	1,832,366	468,433	109,300	2,300,799	1,860,842	473,170	132,307	2,334,012	1,689,866	455,265	127,539	2,145,131	1,837,809	484,102	156,414	2,321,911	1,705,025	446,653	154,897	2,151,678
Budgeted Surplus	217,218	94,036	-	311,254	102,120	67,710	-	169,830	14,964	-	-	14,964	40,883	107,934	-	148,817	178,637	110,326	-	288,963
Management Charge	276,966	77,383	-	354,349	340,363	112,851	-	453,214	337,611	125,425	-	463,036	356,728	151,168	-	507,896	367,564	154,518	-	522,082
Total Expenditure	6,085,526	1,724,643	353,600	7,998,241	6,753,633	2,310,649	453,214	9,064,282	6,724,421	2,536,287	463,036	9,260,708	7,134,558	3,023,364	507,896	10,157,922	7,351,284	3,090,369	522,082	10,441,653
Surplus / (Deficit) excl. Capital	0	-1	749	-1	53,636	53,636	0	-1	27,794	-27,794	0	0	0	0	0	0	0	0	0	0
Surplus as % of Income	3.57%	5%			1.50%	3%			0.22%	0%			0.57%	4%			2.43%	4%		
Management Charge as % of income	5%	5%			5%	5%			5%	5%			5%	5%			5%	5%		
Expend as % of Income	30%	24%			27%	21%			25%	18%			26%	16%			23%	14%		
Staffing as % of income	66%	71%			65%	73%			69%	78%			69%	75%			69%	77%		

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Comments

- Income is projected to increase from £9,064,282 in 2019/20 to £10,441,653 in the 20-23 academic year (+15%)
- MAT incomes increased from 453k in 2019/20 to £522k by 20-23 (+15%)
- Teachers Pay Award Grants, funded TPS Pension increases and DfE development in income have only been applied for the 2019/20 financial year

Enrolment Projections 2019/20 to 2022/23

UAE

Age	Year	Key Stage	Oct 2017	Oct 2018	Oct 2019	Oct 2020	Oct 2021	Oct-22
12	Year 7	KS3	130	145	145	150	150	150
13	Year 8	KS3	145	129	143	145	150	150
14	Year 9	KS3	133	139	133	143	145	150
15	Year 10	KS4	99	139	141	133	143	145
16	Year 11	KS4	133	101	139	141	133	143
Post 16	Year 12	KS5	23	18	50	75	75	75
Post 16	Year 13	KS5	34	30	21	50	75	75
Total			697	701	772	837	871	888

UTC

Age	Year	Key Stage	Oct 2017	Oct 2018	Oct 2019	Oct 2020	Oct 2021	Oct-22
15	Year 10	KS4	53	42	42	55	55	55
16	Year 11	KS4	33	53	40	42	55	55
Post 16	Year 12	KS5	32	80	85	110	120	120
Post 16	Year 13	KS5	44	48	70	80	100	120
Total			162	223	237	287	330	350

Staffing Projections 2019/20 to 2022/23

UAE and UTC

Key Performance Indicators	UAE					UTC				
	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Total Staff Costs (£)	3,750,211	4,450,308	4,681,980	4,899,138	5,100,058	1,241,548	1,656,918	1,955,597	2,283,159	2,382,230
Total Staff Costs to EFA Revenue Income(%)	63%	68%	72%	71%	72%	80%	85%	81%	78%	80%
Total Staff Costs to Total Income (%)	61%	65%	69%	69%	69%	68%	73%	78%	76%	77%
Total Staff Costs as Proportion of Total Expense (%)	63%	67%	69%	69%	69%	68%	72%	77%	76%	77%
FTE Teaching Staff	43.9	50	51	51	51	17.3	19.1	22.9	26.7	26.7
FTE Support Staff	37	38.7	38.2	38.2	38.2	9.3	12.1	12.1	13.6	13.6
Total FTE	80.9	88.7	89.2	89.2	89.2	26.6	31.2	35	40.3	40.3
Total Pupil Numbers by Lagged Pupil Numbers	697	691	772	837	871	162	223	237	327	400
Pupil Teacher Ratio as per Lagged Pupil Numbers	15.88	13.82	15.14	16.41	17.08	9.34	11.68	10.35	12.25	14.98
Average Teacher Cost (£)	53,992	59,189	61,797	64,796	67,708	55,289	65,983	67,411	67,499	70,374
Proportion of budget spent on the Leadership team	13.2%	13.1%	12.9%	12.9%	12.8%	22.2%	23.5%	24.0%	22.0%	22.0%

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Comments

- Increase in MAT staffing costs in 2019/20 is primarily as a result of Executive Principal moving to a full time post. Posts where funding is shared across the two schools include School Finance Manager, Trust HR Manager and School Marketing Officer (from 2019/20)
- UAE Staffing structure is will be reviewed in Term 1 2019/20 which is expected to identify efficiencies in support staff which are build in to the 2019/20 budget.
- FTE increases at UAE in 2019/20 include 4 trainee teachers already on the staff roll converting to permanent FTEs in addition to 4 new teaching staff members in line with the increase in student numbers
- UTC Staffing structure includes staffing for the introduction of second specialism from 2020 as well as the introduction of a subject specialist Middle Leader structure from January 2019.

Capital Expenditure Budget 2019/20 to 2022/23

<i>Capex Summary Forecast</i>	<i>18-19</i>	<i>19-20</i>	<i>20-21</i>	<i>21-22</i>	<i>22-23</i>
TOTAL CAPEX INCOME	582,622	288,299	36,333	269,708	499,259
TOTAL CAPEX EXPENDITURE	0	253,988	258,800	236,600	62,000
Surplus/(Deficit)	582,622	34,311	-222,467	33,108	437,259

<i>Available Reserves</i>	<i>18-19</i>	<i>19-20</i>	<i>20-21</i>	<i>21-22</i>	<i>22-23</i>
Current reserves minus minimum	500,000	1,082,622	1,116,933	894,466	927,574
Surplus/(Deficit) on Capex	582,622	34,311	-222,467	33,108	437,259
Surplus/(Deficit)	1,082,622	1,116,933	894,466	927,574	1,364,833

Comments

- Capex income is generated from the planned budgeted surplus within each school and by pooling the Devolved Formula Capital (DFC) from the ESFA. It may be added to with any incremental (unplanned) end of year operating surplus
- The capital spending plan sets the opening balance at £500k based on current SBA reserves which allows for c. £1m to be held in cash reserves as previously agreed with the SBA Board (June 19)
- Forecast expenditure includes minor enhancement project work at the UAE and the replacement of largely non-specialist equipment across both schools.
- No industry standard engineering kit is required to be replaced within the period of the capex plan or immediately thereafter

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