

## Meeting of the South Bank Academies Board

4.00 - 6.00 pm on Tuesday, 15 December 2020  
in MS Teams

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
7.	Financial reports <ul style="list-style-type: none"> <li>• October 2020 Management accounts</li> <li>• 2020-21 budget review, revised 3 Year budget</li> <li>• Capital and revenue spending program</li> </ul>	247 - 268	HA

**Date of next meeting**  
**4.00 pm on Thursday, 18 March 2021**

**Members:** Hitesh Tailor (Chair), Richard Flatman (Vice-Chair), Tony Giddings, Nicole Louis, Hilary McCallion, Chris Mallaband, Fiona Morey, Lesley Morrison and David Phoenix

**Apologies:**

**In attendance:** Michael Broadway, Ciara Carroll, Dan Cundy and Helena Abrahams

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# Agenda Item 7

	CONFIDENTIAL
Paper title:	South Bank Academies Management Accounts October 2020
Board/Committee:	South Bank Academies Board
Date of meeting:	15 December 2020
Author(s):	Om Parkash – Schools Finance Manager Helena Abrahams – Trust Business Manager
Sponsor(s):	Fiona Morey - CEO
Purpose:	For review
Recommendation:	The Board is requested to: - review the October 2020 Management Accounts

## **Executive summary**

The October 2020 Management Accounts are being presented.

The executive summary contains a summary of the current position, but as we are also submitting a revised budget for 2020-21 the majority of the variances will be removed when the revised budget is agreed and uploaded to the finance system.

There are comments added for each line of expenditure for the Trust, UAE and UTC and consolidated report for all entities.

The Board is requested to review the October 2020 Management Accounts.

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## **October 2020 Management Accounts**

### **15<sup>th</sup> December 2020**

#### **Executive Summary**

This overview of income and expenditure to 31<sup>st</sup> October 2020 also provides a revised budget to be agreed by the Board for submission to our accounting software. This will reduce the majority of variances that are currently being reported.

The forecast position is derived from revisions to our staffing costs and operating expenditure following reviews with Principals and expenditure to date.

The end of year surplus position is expected to be £396k. This is an improvement of £77k from when the initial budget was agreed in July 2020. However, we have not included the exceptional expenditure expected around the impact of COVID-19 particularly on the agency budgets at both schools. Up to 31<sup>st</sup> August 2020, the majority of our COVID-19 related expenditure, which were free school meals vouchers and deep cleaning costs, has been fully reimbursed by ESFA.

Despite the Pupil Number Adjustment (PNA) of £67k for UTC relating to 19-20 but impacting in 20-21, we are still forecast to have additional income of £105k due to additional grants and revised grant allocations. We will be working with the ESFA to ensure that the estimated PNA of £350k for the additional UTC students for September 2020, will be received in this financial year.

Due to the growth in student numbers in the 6<sup>th</sup> form at UAE, we are putting forward as business case to be funded in year for these students as funding is currently lagged for any in year increases.

Depreciation costs for both UAE and UTC will be revised during the next budget revision in January/February 2021. Additional capital claims funding of £300k has been uncovered in November 2020 which requires us to review the whole process of capital funding across both schools.

The variances on other expenditure look high now, but this is because we have raised purchase orders for the whole year for our larger SLA's including catering, cleaning, ICT and energy. Actuals plus commitments looks higher than budget, but this is currently being investigated as a system issue.

Future reports will see these commitments and variances reducing.

## Summary of Income and Expenditure to 31<sup>st</sup> October 2020:

	CURRENT PERIOD				YTD TOTALS				FULL YEAR		
	Actual	Commitments	Budget 2020-21	Variance	Actual	Commitments	Budget 2020-21	Variance	Budget 2020-21	Revised Budget	Variance
<b>Income</b>											
Total Income	932,050.29	-	819,184.00	112,866.29	1,683,344.94	-	1,638,367.00	44,977.94	9,830,209.00	9,935,528.00	105,319.00
<b>Expenditure</b>											
Total Staffing Expenditure	552,216.98	45,657.92	567,240.00	(30,634.90)	1,060,790.62	62,887.92	1,131,720.00	8,041.46	6,885,694.00	6,936,898.00	51,204.00
Total Other Expenditure	277,631.72	394,350.95	233,809.00	(438,173.67)	318,114.47	794,121.25	467,612.00	(644,623.72)	2,805,632.00	2,782,232.00	(23,400.00)
Total Expenditure	829,848.70	440,008.87	801,049.00	(468,808.57)	1,378,905.09	857,009.17	1,599,332.00	(636,582.26)	9,691,326.00	9,719,130.00	27,804.00

## Revised end of year forecast:

	UAE	UTC	Trust	Consolidated
In Year Surplus / (Deficit) inc depreciation	109,528	70,855	36,015	216,398
Depreciation (non-cash)	180,000	0	0	180,000
In Year Surplus / (Deficit) exc depreciation	289,528	70,855	36,015	396,398
Surplus / (Deficit) Brought Fwd	0	0	0	0
Cumulative Surplus / (Deficit) C/Fwd exc depreciation	289,528	70,855	36,015	396,398

## Notes for Board members:

1. More detailed explanations of variances can be found on Pages 3-7 in the reports produced by Finance Manager.

Helena Abrahams  
Trust Business Manager



- Surplus / (Deficit) After Depreciation for Accounting purposes as above where the Outturn Position for full 12 months is projected at £241,874 Deficit,
- Surplus / (Deficit) After Depreciation for UAE but excluding UTC depreciation as in the table below which shows a Consolidated Deficit of £44,292 for the full 12 months.

Original Budget £		Oct20 Actual ytd £	All Commitments £	Nov20 -Aug21	12m Outturn Forecast	Change from Budget £
318,883.00	Surplus / (Deficit) Before Dep	369,719.69	(857,009.17)	637,085.72	149,796.24	(169,086.76)
180,000.00	Depreciation UAE	32,348.38	-	161,740.00	194,088.38	(14,088.38)
138,883.00	Surplus / (Deficit) After UAE Depreciation	337,371.31	(857,009.17)	475,345.72	(44,292.14)	(183,175.14)

The Consolidated Surplus/(Deficit) After UAE Depreciation BUT Before UTC Depreciation is made up as follows;

	20/21 Budgeted Surplus/(Deficit) £K	20/21 October 12m Outturn Forecast £K	Change from Budget £K
MAT	24.0	51.5	27.5
UTC	39.8	(123.7)	(163.5)
UAE	75.0	27.9	(47.1)
<b>Total</b>	<b>138.8</b>	<b>(44.3)</b>	<b>(183.1)</b>

The main movements between the Oct20 Outturn Forecast and Budget 20/21 are explained below by each of entity.

#### MAT – Financial Summary

The MAT outturn position is £51.5k surplus representing a £27.5k favourable movement against £24.0k budget. In the main this is a result of a decrease in staff expenditure due to savings arising brought about by the delay in recruitment of Marketing Officer.

#### UTC - Financial Summary

The UTC outturn position before depreciation is £-123.7k Deficit compared to £39.8k Budgeted surplus representing an adverse movement of £163.5k. The reasons are;

#### **£39k Net reduction in Income**

- £15.9k unspent bursary b/f from 19/20 to be utilised in this current year.
- £-67.2k clawback of ESFA income relating to pupil numbers from 19/20 (adj. not budgeted for in 19/20). *Note I have assumed the £350k 20/21 Budgeted Pupil No Adjustment as being received from ESFA in this current year, however there is a high risk that this income will not materialise until 21/22. If this is the case then this will significantly impact UTC current year deficit forecast even more.*
- £-17.7k reduction in Teachers Pay & Pension Grant.
- £1.1K Covid-19 Catchup premium.
- £10.9k Tuition Fund which was not known at budget setting.
- £14.9k Capital Claims income. most of the associated spend is capitalised and does not affect revenue expenditure (other than depreciation).
- £2.5k allowance made for FSM claim for Oct20 half term with Lambeth BC.

#### **£124k Net increase in Expenditure**

- £-9.7k increase in staff related expenditure largely due to Agency staff. It is too early in the year to substantiate savings in substantive staff against budget.



- £-23.8k increase in Other Occupational Costs made up of £4k increase in Cleaning, £15k increase in Electricity (budget seems low compared to 19/20), £3k increase for Fire Alarm, and £2k increase for CCTV/security.
- £-34.6 increase on Educational Supplies & Services combination of; £2.8k on Books, £15.9k bursary payments (this is offset by b/f income from 19/20), £12k increase on Prof Services (Baker Dearing, Lambeth Ed Psychologist, Dulwich Tutors, Victor R Counselling, Lambeth subscription, Capita Bus training, Guys & St Thomas), £2k Subscriptions, and £1k on Uniforms.
- £-5K increase on Other Supplies and Services; £2.5k forecast on FSM (offset by income claim with Lambeth BC) for Oct 20 half term vouchers that have actually not been purchased yet, and £2k POO commitment for Advertising that was not budgeted.
- £-33k increase on IT Licensing for e.g. Pallant, Right Click, Spinblocks. 20/21 budget of £3k seems low compared to 19/20 where actual was around £23k.
- £-18k increase in Recruitment Fees a result of; finders fees for £5279 Laura Parsons, £4008 Jennifer A (possibly relates to UAE), £5714 Kwaku B, and £5k contingency forecast (for further finders fees).

### UAE – Financial Summary

**The UAE Outturn position is a surplus of £27.9k after Depreciation compared to Budgeted £75k Surplus, an adverse movement of £-47.1k. In the main this is an increase of £27.4k in income, £60.4k increase in spend, and £14k increase in depreciation.**

#### **£27.4k Increase in Income**

- -£4k decrease Rates income (19/20 invoice was spread over 10m rather than 12m),
- £22.2k increase in Teachers Pay and Pension compared to budget,
- £13.7k for Covid-19 catch up grant that was not known at budget setting,
- -£6k decrease for FSM grant that was assumed to be received from ESFA but has not,
- £2.5k receipt for Academy Tuition (opt in),
- £4.2k FSM claim from Southwark for Oct 20 half term (claim needs to be made),
- -£7k reduction on SEN income
- £18k B/F Music grant from 19/20 (£15k will be utilised in 19/20 on Music Instruments which will be capitalise, and £2.7k used for tuition).
- £-18k reduction on catering income assumed due to combination of covid-19 school closures and reduced income.

#### **£-60.5k Increase in Expenses**

- £10k underspend on staffing (substantive and agency)
- £20k underspend on Other Occupancy Costs:
  - £11k underspend on cleaning contract (assumed AIM will reduce monthly contract cost if deep cleaning carried out and paid).
  - £-3k overspend on cleaning materials.
  - £8.5k underspend in Electricity (based on £99k spend for 19/20)
  - £4k rates underspend (19/20 was spread over 10m rather than 12)
- £-60.5k overspend on Educational Supplies and Services
  - £-40.5k overspend on Student Rewards due mainly to 3 payments for Visionaries (£12,500\*3) for services deferred from 19/20 to Spring/summer of 2021 (due to covid-19). These appear to have been omitted from budget.
  - £40k underspend on Equipment (not IT) to cover overspend on IT Consumables.
  - £-44k overspend on IT Consumables Educational – POs already raised.

- -2k overspend on Stationery
- £-£2k overspend on Student Bursary payment
- £-10k overspend on Subscriptions. Need to allow for Hegarty, Citizen, Debate, Aim HAigher, Softlink, Renaissance, PIXL, The Key.
- £-28.6k overspend on Other Supplies and Services
  - £-7k on FSM of which £4.2k will be claimed from Southwark.
  - £-22k overspend on Prof Services – non educational for compliance/h&s/legal/payroll. Seems no budget was set to cover this expenditure (19/20 actual was £19k).
- £-14.8k overspend on Depreciation (budget set too low). This is likely to increase as items are capitalised e.g. £72k for 320 Asus Chromebooks, £45k for Lockers conversion /charging as project is still in construction, £15k Music instruments associated with Restore the Music grant.
- .

### **Risks and Concerns**

In making this forecast the following need to be taken into consideration.

- It is too early to identify under/overspend in substantive staffing roles and forecast is broadly in line with budgets set across both UTC and UAE. Additionally, it is often difficult to predict Agency Staffing with any degree of certainty as bookings are made in accordance with Staff who are on leave or in self isolation in this present COVID-19 environment.
- UTC – Assumption has been made that the £350k Pupil Number Adj (PNA) income budget will be received in 20/21. However, it is highly probable that this will not materialise until 21/22 financial year. The fact that ESFA have clawed back £67k income in 20/21 relating to 19/20 pupil numbers is a justification that £350k PNA will be recovered in 21/22. If this is the case that UTC surplus/(Deficit) forecast and Consolidated surplus/(Deficit) forecast will be severely impacted adversely.
- UTC – SEN £27k income has been forecast at the same level as Budget for now. There is work outstanding to substantiate invoice values and to actually raise invoices to third parties. We already made a provision of £24k SEN income in 19/20 with Lambeth BC, and are already finding it a challenge to recover monies for invoices already raised in 20/21.
- UTC- Capital Claims are made for capital related expenditure (IT and equipment) which is largely capitalised and subject to depreciation. However, certain items below £2000 limit are classed as revenue expenditure and charged to revenue budgets. Additionally it is difficult to forecast for this expenditure during the year. Also the fact that Capital Claims income is recognised in the year of the claim causes a distortion against capitalised items as these are depreciated over 3-5 years i.e. different accounting years.
- UTC – a provision of around £3k will be made for Water/Sewerage relating to supply from Trinity (previous years provision was around £7k). Again some dialogue has been made but we are still awaiting invoices based on meter readings).
- UTC - A provision of £7,711 remains in Balance Sheet for salary overpayment in 18/19 which at some point will need clearing.
- UAE depreciation forecast can only increase as costs are capitalised.
- UAE - have submitted a working paper relating to around £200k covid-19 related spend. Although this has not been approved some costs may inevitably creep through as a necessity. This will only lead to an increase in revenue expenditure and or capital commitments impacting surplus/(deficit).
- UAE – To be prudent a provision for Hot water of around £36k will be made in 20/21 similar to previous years relating to supply from Southwark. At some point a decision will need to be made to pursue with

Southwark for a realistic invoice. At the end of 19/20 the overall provision stood at; £36k 19/20, £35k 18/19, £110.1k (uae inception to 17/18)= £181.1k

- UAE – HMRC have written to the Trust (1st Oct20) asking for £16,985.33 underpayment relating to Dec2018. This is being challenged but is proving difficult (payroll providers changed). However, there is possibility that UAE will have to pay for this which will impact the potential surplus/(deficit).
- UAE – a contingency provision of £67,451 remains in balance sheet (ACA9600) relating to 16/17. This will at some point need to be reversed and recognised within revenue accounts impacting the Surplus/(deficit).

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	CONFIDENTIAL
Paper title:	Revised 2020-21 Budget
Board/Committee:	South Bank Academies Board
Date of meeting:	15 December 2020
Author(s):	Helena Abrahams – Trust Business Manager
Sponsor(s):	Fiona Morey - CEO
Purpose:	For review
Recommendation:	The Board is requested to: - review and approve the revised 2020-21 Budget

### **Executive summary**

The 2020-21 budget has been reviewed and revised to reflect the pupil numbers as submitted for the October 2020 census.

Additional funding has been received in form of grants for 16-19 tuition fund and COVID-19 catch up funding.

The attached papers show the variances from the original budget to the revised budget.

The Board are asked to review and approve the revised 2020-21 and note the revisions to the 5 year forecast.

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# Revised SBA Budget 2020-21 including 5 year forecast

Helena Abrahams  
Trust Business Manager



# Summary of changes

- **Negative impact on budget:**
  - Slight reduction in pupil numbers at October 2020 census against estimated numbers. This will affect funding from 2021-22 onwards (no impact on 2020-21)
  - Increase to COVID-19 related expenditure
    - Agency staff budget revision at both schools
  - Increase to staff expenditure
    - Due to challenges around recruitment of Engineering teachers at both schools
  - Impact of Pupil Number Adjustment at UTC
    - £67k reduction in income for UTC for 19-20 effect in 20-21
- **Positive impact on budget:**
  - New grants announced that were not part of agreed budget in July 2020
    - Catch up premium (ringfenced)
    - 16-19 Tuition Fund (ringfenced)
  - Pupil Premium allocations were updated resulting in increases at both schools
  - Teachers' Pay Grant and Teachers' Pensions Grant allocations were updated resulting in increases at both schools
  - Following Government Spending Review on 25<sup>th</sup> November:
    - The assumption for a 2% increase to GAG funding from 2021-22 remains
    - 2.75% pay increase for both teaching and support staff removed for 2021-22 only



# Pupil Numbers – UTC

- October 2020 census:

Year	Key Stage	Oct 2019	Oct 2020	Oct 2021	Oct 2022	Oct 2023
Year 10	KS4	24	22	50	55	55
Year 11	KS4	37	34	22	50	55
Year 12	KS5	93	153	150	150	150
Year 13	KS5	63	86	140	140	140
		<b>217</b>	<b>295</b>	<b>362</b>	<b>395</b>	<b>400</b>

- Estimated numbers for original budget:

Year	Key Stage	Oct 2019	Oct 2020	Oct 2021	Oct 2022	Oct 2023
Year 10	KS4	24	40	50	55	55
Year 11	KS4	37	25	40	50	55
Year 12	KS5	93	150	150	150	150
Year 13	KS5	63	85	140	140	140
		<b>217</b>	<b>300</b>	<b>380</b>	<b>395</b>	<b>400</b>

- Difference of 5 students from original budgeted numbers for October 2020 (approx. £25k)
- Financial impact from 2021-22 onwards



# Pupil Numbers – UAE

- October 2020 census:

Year	Key Stage	Oct 2019	Oct 2020	Oct 2021	Oct 2022	Oct 2023
Year 7	KS3	127	108	130	150	150
Year 8	KS3	144	123	108	130	150
Year 9	KS3	137	139	123	108	130
Year 10	KS4	143	137	139	123	108
Year 11	KS4	138	142	137	139	123
Year 12	KS5	42	65	60	75	75
Year 13	KS5	25	33	60	60	75
		<b>766</b>	<b>747</b>	<b>757</b>	<b>785</b>	<b>811</b>

- Estimated numbers for original budget:

Year	Key Stage	Oct 2019	Oct 2020	Oct 2021	Oct 2022	Oct 2023
Year 7	KS3	127	110	130	150	150
Year 8	KS3	144	128	110	130	150
Year 9	KS3	137	144	128	110	130
Year 10	KS4	143	137	144	128	110
Year 11	KS4	138	143	137	144	128
Year 12	KS5	42	60	60	75	75
Year 13	KS5	25	42	60	60	75
		<b>766</b>	<b>764</b>	<b>789</b>	<b>797</b>	<b>818</b>

- Difference of 17 students from original budgeted numbers for October 2020 (approx. £85k)
- Financial impact from 2021-22 onwards



South Bank Academies - Revised 20-21 Budget - Variances from original budget

Income	Detail	Revised Budget			
		UAE	UTC	Trust	Consolidated
		2020 - 21			
IL 108	Pupil Premium	340,935	35,000	0	375,935
IL 132	Pupil Number Adjustment	0	282,854	0	282,854
IL 134	(2016) Other non-GAG grants	300,788	83,436	0	384,224
IL 200	Local authority: Revenue income	107,000	47,000	0	154,000
<b>Income Revenue Total</b>		<b>748,723</b>	<b>448,290</b>	<b>0</b>	<b>1,197,013</b>

Expenditure	Detail	UAE	UTC	Trust	Consolidated
		2020 - 21			
EL 300	Teaching staff	3,382,877	1,443,987	168,521	4,995,385
EL 301	Supply/Agency Teaching staff	104,000	30,000	0	134,000
EL 302	Educational support	630,689	102,640	0	733,329
EL 303a	Premises Staff	80,802	36,187	0	116,989
EL 303b	Administrative Staff	318,900	182,491	340,006	841,397
EL 303e	Other Staff	32,104	0	0	32,104
EL 304	Indirect employee expenses	44,938	18,179	20,576	83,694
EL 346	Supplies and Services - Educational Other (exclud	581,566	114,291	0	695,857
EL 347	Supplies and Services - Non Educational	240,702	97,770	59,900	398,373
<b>Expenditure Revenue Total</b>		<b>5,416,578</b>	<b>2,025,545</b>	<b>589,004</b>	<b>8,031,127</b>

	Original Budget			
	UAE	UTC	Trust	Consolidated
	2020 - 21			
	340,935	26,800	0	367,735
	0	350,000	0	350,000
	126,326	60,635	0	186,961
	140,000	47,000	0	187,000
	<b>607,261</b>	<b>484,435</b>	<b>0</b>	<b>1,091,696</b>

	UAE	UTC	Trust	Consolidated
	2020 - 21			
	3,343,678	1,493,105	164,861	5,001,645
	104,000	30,000	0	134,000
	616,615	123,331	0	739,946
	80,194	35,914	0	116,108
	321,479	179,908	349,639	851,026
	31,870	0	0	31,870
	44,706	18,395	20,599	83,700
	526,566	114,291	0	640,857
	240,702	97,770	65,900	404,373
	<b>5,309,811</b>	<b>2,092,714</b>	<b>600,999</b>	<b>8,003,524</b>

	Variances			
	UAE	UTC	Trust	Consolidated
	2020 - 21			
	0	8,200	0	8,200
	0	(67,146)	0	(67,146)
	174,462	22,801	0	197,263
	(33,000)	0	0	(33,000)
	<b>141,462</b>	<b>(36,145)</b>	<b>0</b>	<b>105,317</b>

Additional funding (UTC)  
PNA Adjustment (UTC)  
Additional grant funding  
Reduction to SEN income (UAE)

	UAE	UTC	Trust	Consolidated
	2020 - 21			
	39,199	(49,118)	3,660	(6,260)
	0	0	0	0
	14,074	(20,691)	0	(6,617)
	607	273	0	880
	(2,579)	2,583	(9,633)	(9,628)
	234	0	0	234
	232	(215)	(23)	(6)
	55,000	0	0	55,000
	0	0	(6,000)	(6,000)
	<b>106,767</b>	<b>(67,169)</b>	<b>(11,995)</b>	<b>27,603</b>

Starters and Leavers  
Will need to revisit agency staff costs - COVID-19  
Starters and Leavers  
Starters and Leavers  
Starters and Leavers  
Starters and Leavers  
Ringfenced funding  
Reduction in SLA



In Year Surplus / (Deficit) inc depreciation	109,528	70,855	36,015	216,398	Trust surplus of £25k for unexpected costs	74,833	39,831	24,020	138,684
Depreciation (non-cash)	180,000	0	0	180,000		180,000	0	0	180,000
In Year Surplus / (Deficit) exc depreciation	289,528	70,855	36,015	396,398		254,833	39,831	24,020	318,684
Surplus / (Deficit) Brought Fwd	0	0	0	0	All Reserves will be pooled	0	0	0	0
Cumulative Surplus / (Deficit) C/Fwd exc depreciation	289,528	70,855	36,015	396,398		254,833	39,831	24,020	318,684
Surplus as a % total income	2%	3%	6%	2%		1%	2%	4%	1%
Surplus at 1.5% of total income	103,274	36,009	9,750	149,033	Not added as an expenditure	101,152	36,551	9,750	147,453

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	CONFIDENTIAL
Paper title:	Financial report to include: clarification of depreciation issue (equipment and land), capital and significant revenue spending program, revision of 3 year budget
Board/Committee:	SBA Board
Date of meeting:	15 December 2020
Author(s):	Helena Abrahams, SBA Trust Business Manager
Sponsor(s):	Helena Abrahams, SBA Trust Business Manager
Purpose:	For Information
Recommendation:	The committee is requested to note the additional work that needs to be completed on this report

Financial report to include: clarification of depreciation issue (equipment and land), capital and significant revenue spending program:

There is no report for this meeting as there is still further work to be done on producing a report which provides a 3 year capital programme expenditure which includes revenue and depreciation costs.

In November 2020, the ESFA informed us that there is an additional £300k unspent capital allocation for FF&E and Specialist equipment for the UTC.

From both schools, we have a plan of what they would like to do in terms of improvement to the buildings and ICT hardware, but not all the projects have been costed.

In this week's ESFA bulletin, they have just announced that all trusts should have an asset management plan or be looking to create one. This is a plan setting out the building and maintenance needs across your school(s) and how they will be prioritised and managed over the next 3 to 5 years.

We are hoping that a template will follow shortly.

We will bring a fully costed 3 year rolling programme to the next Board meeting.

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