

Meeting of the South Bank Academies Board

4.00 - 6.00 pm on Tuesday, 25 June 2019

in South Bank Engineering UTC - South Bank Engineering UTC, 56 Brixton Hill SW2 1QS

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
11.	Budget 2019/20 <ul style="list-style-type: none">• 3 year financial forecast• Reserves spending plan	3 - 22	CC

Date of next meeting

4.00 pm on Tuesday, 17 September 2019

Members: Hitesh Tailor (Chair), Richard Flatman (Vice-Chair), Douglas Denham St Pinnock, Tony Giddings, Nicole Louis, Fiona Morey, Lesley Morrison and David Phoenix

Apologies: Chris Mallaband

In attendance: Michael Broadway, Dan Cundy, Clym Cunnington and Alexander Enibe

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	CONFIDENTIAL
Paper title:	Budget 19/20: Three Year Financial Forecast
Board/Committee:	SBA Board
Date of meeting:	25 June 2019
Author(s):	Clym Cunnington Trust Business Manager
Sponsor(s):	Nicole Louis Chief Executive Officer
Purpose:	To Review/Discuss/Approve
Recommendation:	To review, discuss and provide preliminary approval for the indicative financial forecasts

Executive Summary

To provide information to the SBA Board and allow them to discuss the indicative draft budget for the Academic/Financial Year 2019/20.

In line with ESFA requirements, balanced budgets for the UAE, UTC and MAT have been achieved.

The main points to consider are; the pay award, the budgeted surplus, any deficit in subsequent years beyond 2019/20, in addition to challenges from the UAE sixth form funding and funding for the UTC middle leaders structure.

Budget forecast parameters are included based on sector specific criteria and industry advice.

There is still some work to achieve balanced budgets post 2019/20 Academic Year and this is in progress.

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South Bank Academies Trust

Budget Report 2019/20

3 - 5 Year Financial Forecasts

Compiled by: Clym Cunnington, Trust Business Manager
FAO: South Bank Academies Board
6-25-2019

INTRODUCTION

The purpose of this report is to provide information to the South Bank Academies Board and allow them to ratify the indicative draft budget. The LSBU Executive Committee will also need to approve the draft budget as part of the internal two step approval process.

The information within the report should provide reassurance of the Trust financial position as well as highlight any issues the Trust is likely to face in regards to its education funding.

Budgets were set in collaboration with the Principals at each school; staffing levels have been set to address the developing needs of each school in order to provide quality Teaching and Learning.

In line with the ESFA requirements, the SBA Trust has set a balanced budget. This year's budget for the Trust as a whole and for each individual school has been computerized to model the 3-5 year budget more accurately.

Consolidated Budget 19-20

	Indicative Budget 2019-20			
	UAE	UTC	MAT	Consolidated
INCOME				
A0 - GAG funding	5,124,016	1,858,082	452,471	6,529,627
A2 - Other Govt Grants	1,518,423	350,331		1,868,754
A3 - Private Sector Funding	114,834	45,000		159,834
A4 - Other Income	54,000	3,600		57,600
TOTAL INCOME	6,811,273	2,257,013	452,471	8,615,815
EXPENDITURE				
Staffing Expenditure				
B0 - Teaching Staff (plus 2% cost of living)	3,033,675	1,198,251	160,437	4,071,489
B1 - Educational Support Staff (plus 2% cost of living)	857,000	213,219	160,470	909,749
B2 - Premises Staffing (plus 2% cost of living)	87,952	14,450		102,402
B3 - Admin Staffing (plus 2% cost of living)	434,811	157,246		592,057
B4 - Other Staff (plus 2% cost of living)	44,238	3,600		47,838
B5 - Agency Staff	103,916	10,000		113,916
Total Salaries Expenditure	4,561,592	1,596,767	320,907	5,837,452
Non-Staffing Expenditure				
C0 - Maintenance of Premises	330,028	46,265	-	376,293
C1 - Other Occupational Costs	80,937	92,000	-	172,937
D0 - Educational Supplies and Services	632,781	162,035	1,200	793,616
E0 - Other Supplies and Services	386,138	126,834	105,664	407,308
F0 - ICT Costs (Non Capital)	151,960	34,005		185,965
G0 - Staff Development	64,300	18,546	24,700	58,146
J0 - Management Charge 5%	339,620	112,851		452,471
K0 - Budgeted Surplus	102,120	67,710		169,830
I0 - Depreciation	161,797	-		161,797
L0 - Other Non Staffing Cost - Contingency	-	-		-
Total Other Expenditure	2,249,681	660,246	131,564	2,778,363
TOTAL EXPENDITURE	6,811,273	2,257,012	452,471	8,615,814
Surplus / (Deficit) excl. Capital	0.00	0	0	0
Central Management Charge 5%	339,620.00	112,851.00		
		452,471.00		

Whilst the budget is indicative, it has been based on actual information where provide. It is also based on historical data and online Department of Education calculators and ESFA Guidelines

Budget Forecast 19-20 Parameters

MAT Funding

- MAT Management Charge is 5%
- MAT Budgeted Surplus reduced from 3.57% to 1.5 % for next year for UAE and removed for the subsequent year as a result of the potential deficit.
- UTC Budget Surplus is included in 19-20 forecast and 21-22 subsequent years and is at 5%. The Budget Surplus is removed for the 20-21 financial year as a result of a potential deficit budget.
- Subsequent financial years there is no Budgeted Surplus as a result of deficit budgets.
- Where there is a surplus indicated for subsequent years, the Budgeted Surplus could be reinstated for these amounts.
- ESFA School Resource Management Adviser asked for the depreciation and budgeted surplus to be removed from the Budget Forecast for the UTC
- 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
- Depreciation has not been removed from the UAE as the capex equipment is funded by the delegated funds to the Trust

Income

- Income matches the Allocation Funding letters from the ESFA
- There has been an increase in annual funding as a result of an increase in pupil numbers, mainly at the UAE
- Income to fund the Pension increases are due in 19-20 for both schools. Total due: £214k (UAE £162, UTC £52 calculated according to ESFA guidance on file)
- Teachers Pay Award final payments for the 18-19 financial year are due in 19-20 to fit in with the ESFA Tax year. This amounts to £43,500 (UAE 38k, UTC £5,5k)
- Capital Income such as the Devolved Formula Capital (DFC) Income that was received in 18-19 yet wasn't budgeted for has been split out for subsequent years. For 18-19 this amounted to £50k (UAE £35k UTC 15k)
- GAG Funding is set up on the software as notified by the ESFA Allocation Funding letter.
- The Pupil Number Adjustment (PNA) is the difference in the Allocation Funding Letter pupil, which are based on the prior year October Census numbers, and the projected actual numbers starting in October 2019
- PNA adjustments are calculated using the Department for Education (DfE) online calculators in conjunction with the Principals

Salaries

- 2 % Cost of Living (COL) increase applied across the Trust on both Teaching and Support Staff salaries (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)
- See appendix for salary implications
- Salary step increases included although dependent on Staff Appraisal; some savings possible.
- Salary costs more or less remaining within the Trust Strategy KPIs
- UAE Leadership Team as a proportion of total staffing costs for 19-20 are 13.31% compared to 13.18% for 18-19. This is kept low as there have been an increase in head count and FTE (See individual School Budgets)
- UTC Leadership Team as a proportion of total staffing costs for 19-20 are 25.51% compared to 22.18% in 18-19. This reflects the investment put into the development of the UTC Leadership Structure during the current academic/financial year.
- While the UAE staffing structure is within the SBA KPI targets, benchmarking shows that normal Teacher to Support Staff ratio 60%, while the UAE ration is 77.5%.

Expenditure

- 0.5% Inflation added to expenditure lines.
- 19-20 expenditure has been harmonised with standard best practice in schools with the introduction and improvement of the Chart of Accounts. Prior year inconsistencies have been addressed.

- Marketing charge back added to UTC, UAE and MAT in the ratio of 3:1:1; the UTC is the highest risk in terms of student numbers, and this reflected in the proportion of the marketing service dedicated to the UTC.
- Energy costs have been increased in line with actual spending; there is still an accrual for UAE electricity which is still to be charged. This goes back for the last 5 years and is still in progress.

UAE 3-5 Year Budget Forecast

University Academy of Engineering					
Income Description	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Basic Entitlement Age Weighted Pupil Unit (AWPU)	3,794,682	3,871,761	4,156,362	4,221,584	4,274,946
Deprivation	867,041	876,993	941,458	956,231	968,319
Prior Attainment	175,165	178,723	191,860	194,871	197,334
English as an Additional Language (EAL)	57,962	59,140	63,487	64,483	65,298
Lump Sum	137,400	137,400	137,400	137,400	137,400
Total School Allocation	5,032,250	5,124,016	5,490,567	5,574,569	5,643,297
Start Up Grants	82,500	0	0	0	0
Total Post Opening Grant (Start Up Grant)	82,500	0	0	0	0
Total Programme Funding Formula	358,188	301,632	446,164	785,500	942,600
Student financial support funding	6,115	5,042	5,042	5,042	5,042
Total 16-19 Allocation	364,303	306,674	451,206	790,542	947,642
Rates Rebate	54,000	65,000	65,000	65,000	65,000
Total 20% Rates Relief	54,000	65,000	65,000	65,000	65,000
PPG	297,798	323,594	323,594	323,594	323,594
Total Pupil Premium	297,798	323,594	323,594	323,594	323,594
PNA 53 students	42,639	408,273	65,222	53,363	43,660
Total Pupil Number Adjustment	42,639	408,273	65,222	53,363	43,660
Teachers Pay Award	21,800	38,407	0	0	0
FSM Supplementary Grant	16,060	16,060	0	0	0
Year 7 Catch Up Grant	7,463	7,463	7,463	7,463	7,463
Jack Petchey	0	750	750	750	750
TSP Funding (Ring Fenced)	0	101,350	29,871	0	0
Funded TPS Increase	0	162,852	0	0	0
Total (2016) Other non-GAG grants	45,323	326,882	38,084	8,213	8,213
SEN Top Up Funding	118,035	140,000	140,000	140,000	140,000
Total Local authority: Revenue income	118,035	140,000	140,000	140,000	140,000
Lettings	0	1,600	1,600	1,600	1,600
Trips	0	200	200	200	200
Catering	114,834	114,834	114,834	114,834	114,834
Charities Income	0	200	200	200	200
Total (2016) Voluntary Income Other	114,834	116,834	116,834	116,834	116,834
	6,151,682	6,811,273	6,690,507	7,072,115	7,288,240

Description	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Teaching staff - Pay	1,862,752	2,260,875	2,380,265	2,496,949	2,609,800
Teaching staff - Employers NI	202,134	241,984	258,799	274,901	290,475
Teaching staff - Pension	306,158	530,817	559,088	586,719	613,442
Total Teaching staff	2,371,044	3,033,675	3,198,152	3,358,570	3,513,717
Supply/Agency Teaching staff - Pay	0	0	0	0	0
Supply/Agency Teaching staff - Employers NI	0	0	0	0	0
Supply/Agency Teaching staff - Pension	0	0	0	0	0
Supply/Agency Teaching staff - Teaching Staff Cover C	170,000	103,916	103,916	103,916	103,916
Total Supply/Agency Teaching staff	170,000	103,916	103,916	103,916	103,916
Educational support - Pay	555,954	688,551	726,469	759,195	786,988
Educational support - Employers NI	46,010	57,900	63,331	67,847	71,683
Educational support - Pension	111,191	137,710	145,294	151,839	157,398
Total Educational support	713,154	884,162	935,094	978,881	1,016,069
Premises Staff - Pay	63,872	67,515	71,009	72,429	74,992
Premises Staff - Employers NI	6,465	6,935	7,417	7,613	7,967
Premises Staff - Pension	12,774	13,503	14,202	14,486	14,998
Total Premises Staff	83,112	87,952	92,627	94,527	97,958
Administrative Staff - Pay	310,463	341,155	378,616	394,661	410,117
Administrative Staff - Employers NI	26,045	29,853	34,381	36,595	38,728
Administrative Staff - Pension	62,093	68,231	75,723	78,932	82,023
Total Administrative Staff	398,600	439,239	488,719	510,188	530,869
Other Staff - Pay	9,206	36,085	37,451	39,154	39,787
Other Staff - Employers NI	0	936	936	936	936
Other Staff - Pension	1,841	7,217	7,490	7,831	7,957
Total Other Staff	11,047	44,238	45,877	47,920	48,680
Total Staffing	3,746,958	4,593,182	4,864,385	5,094,003	5,311,208

DBS Checks	1,300	3,233	3,249	3,265	3,282
Recruitment Fees	20,000	20,100	20,201	20,302	20,403
Staff Travel	3,000	3,015	3,030	3,045	3,060
Total Indirect employee expenses	24,300	26,348	26,480	26,612	26,745
CPD	50,000	40,000	40,200	40,401	40,603
Total Staff development	50,000	40,000	40,200	40,401	40,603
Rates	65,000	65,325	65,652	65,980	66,310
Total Premises - Rates	65,000	65,325	65,652	65,980	66,310
Heating	0	36,000	36,180	36,361	36,543
Gas	600	603	606	609	612
Electricity	53,731	76,000	76,380	76,762	77,146
Fire Alarm and Extinguishers	4,340	4,362	4,384	4,405	4,427
Refuse	3,380	11,000	11,055	11,110	11,166
PAT Testing	945	1,000	1,005	1,010	1,015
Water & Sewerage	11,254	11,310	11,367	11,424	11,481
CCTV and Monitoring	1,355	1,409	1,416	1,423	1,430
Total Premises - Maintenance and services	75,605	141,684	142,392	143,104	143,820
Catering Equipment	2,500	3,000	3,015	3,030	3,045
Catering and Repairs	1,000	500	503	505	508
Security Alarm	3,963	7,151	7,187	7,223	7,259
Minibus Costs	4,500	5,189	5,215	5,241	5,267
Cleaning Materials	5,500	1,765	1,774	1,783	1,792
Furniture and Equipment	16,761	12,980	13,045	13,110	13,176
Cleaning Contract	79,342	83,000	83,415	83,832	84,251
Health and Safety	250	1,571	1,579	1,587	1,595
Building Maintenance	100,500	74,684	75,057	75,433	75,810
Total Other Premises	214,316	189,840	190,789	191,743	192,702

RPA Insurance	13,940	15,612	15,690	15,769	15,847
Total Risk Protection Arrangement (RPA)	13,940	15,612	15,690	15,769	15,847
IT Support Services	70,216	84,018	84,438	84,860	85,285
IT Equipment - Educational	20,000	11,416	11,473	11,530	11,588
IT Consumables - Non Educational	2,500	2,500	2,513	2,525	2,538
IT Equipment - Non Educational	10,000	10,000	10,050	10,100	10,151
IT Licensing	26,000	32,610	32,773	32,937	33,102
IT Consumables - Educational	4,500	11,416	11,473	11,530	11,588
Total Supplies and Services - Educational IT	133,216	151,960	152,720	153,483	154,251
DBS Checks	1,300	3,233	3,249	3,265	3,282
Recruitment Fees	20,000	20,100	20,201	20,302	20,403
Staff Travel	3,000	3,015	3,030	3,045	3,060
Total Indirect employee expenses	24,300	26,348	26,480	26,612	26,745
CPD	50,000	40,000	40,200	40,401	40,603
Total Staff development	50,000	40,000	40,200	40,401	40,603
Rates	65,000	65,325	65,652	65,980	66,310
Total Premises - Rates	65,000	65,325	65,652	65,980	66,310
Heating	0	36,000	36,180	36,361	36,543
Gas	600	603	606	609	612
Electricity	53,731	76,000	76,380	76,762	77,146
Fire Alarm and Extinguishers	4,340	4,362	4,384	4,405	4,427
Refuse	3,380	11,000	11,055	11,110	11,166
PAT Testing	945	1,000	1,005	1,010	1,015
Water & Sewerage	11,254	11,310	11,367	11,424	11,481
CCTV and Monitoring	1,355	1,409	1,416	1,423	1,430
Total Premises - Maintenance and services	75,605	141,684	142,392	143,104	143,820
Catering Equipment	2,500	3,000	3,015	3,030	3,045
Catering and Repairs	1,000	500	503	505	508
Security Alarm	3,963	7,151	7,187	7,223	7,259
Minibus Costs	4,500	5,189	5,215	5,241	5,267
Cleaning Materials	5,500	1,765	1,774	1,783	1,792
Furniture and Equipment	16,761	12,980	13,045	13,110	13,176
Cleaning Contract	79,342	83,000	83,415	83,832	84,251
Health and Safety	250	1,571	1,579	1,587	1,595
Building Maintenance	100,500	74,684	75,057	75,433	75,810
Total Other Premises	214,316	189,840	190,789	191,743	192,702

Charities Donations	0	2,000	2,010	2,020	2,030
Day 10 Activities	0	52,000	52,260	52,521	52,784
Community Events	0	4,000	4,020	4,040	4,060
Trips	64,000	5,000	5,025	5,050	5,075
16-19 Bursary Payment	1,000	5,042	5,067	5,093	5,118
Uniforms	2,000	2,010	2,020	2,030	2,040
Duke of Edinburgh & External Education	0	44,881	9,286	9,286	9,332
Student Rewards	5,000	5,025	5,050	5,075	5,101
Public Examinations	65,000	65,325	65,652	65,980	66,310
Business & Economics	0	2,389	2,401	2,413	2,425
Interventions	0	50,000	50,250	50,501	50,754
Careers	0	7,000	7,000	7,035	7,070
More Able	0	1,000	1,005	1,010	1,015
Jack Petchey	0	750	754	758	761
SEND	0	10,000	10,050	10,100	10,151
LRC	0	10,000	6,250	6,281	6,313
Science	0	16,883	16,967	17,052	17,138
Maths	0	8,875	8,919	8,964	9,009
PSHE	0	1,970	1,980	1,990	2,000
PE	0	4,131	4,152	4,172	4,193
Dance	0	1,400	1,407	1,414	1,421
Drama	0	1,831	1,831	1,840	1,849
Curriculum Development	0	15,558	15,636	15,714	15,793
Art	0	2,240	2,251	2,262	2,274
MFL	0	4,200	4,221	4,242	4,263
Humanities	0	4,929	4,954	4,978	5,003
Computer Science	5,200	3,582	3,600	3,618	3,636
English	0	11,504	11,562	11,619	11,677
Design and Engineering	0	11,620	11,678	11,736	11,795
Music	0	2,273	2,273	2,273	2,273
Post 16	1,000	3,500	3,518	3,535	3,553
Books	15,000	0	0	0	0
Professional Services - Educational	202,000	219,000	220,095	221,196	222,302
Alternative Provision (IEC)	0	20,000	20,100	20,201	20,302
Counselling Service	0	17,000	17,085	17,170	17,256
Enrichment	0	6,300	6,332	6,363	6,395
Student Services	0	2,100	2,111	2,121	2,132
Yr7 Catch Up Exp	7,500	7,463	7,500	7,538	7,576
Major Equipment - Capitation	197,200	0	0	0	0
Total Supplies and Services - Educational Other (exclude IT)	564,900	632,781	596,270	599,193	602,178

Catering	240,782	60,977	61,282	61,588	61,896
Hospitality	6,000	500	502	505	507
Reprographics	35,345	35,522	35,699	35,878	36,057
Stationery - Admin	5,000	0	0	0	0
Telephone Costs	6,200	6,231	6,262	6,293	6,325
Postage	4,000	4,020	4,040	4,060	4,081
Subscriptions	5,000	5,025	5,050	5,075	5,101
Advertising and Marketing	20,000	22,020	22,201	22,312	22,423
Professional Services - Non Educational	28,085	0	0	0	0
Central Admin Office Costs	35,226	28,992	29,137	29,283	29,429
Mobile Phones	100	101	101	102	102
Bank Charges	400	402	404	406	408
FSM	0	179,805	180,704	181,608	182,516
LSBU Marketing Cross Charge `	0	9,000	9,000	9,000	9,000
Total Supplies and Services - Non Educational	386,138	352,594	354,382	356,109	357,845
Budgeted Surplus 19-20 1.5%	217,217	102,120	0	0	0
SBA Management Charge 5%	276,966	339,620	330,335	351,335	362,452
Depreciation	149,000	161,797	161,797	161,797	161,797
Total Other Support costs	643,183	603,537	492,132	513,132	524,249
Total Expenditure	5,917,556	6,811,273	6,940,807	7,199,244	7,435,471
Surplus/(Deficit)	234,126	0	(250,300)	(127,129)	(147,231)

UAE 3-5 Year Forecast – KPIs

Key Performance Indicators	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Total Staff Costs (£)	3,721,213	4,561,593	4,830,380	5,058,934	5,273,949
Total Staff Costs to EFA Revenue Income(%)	63%	70%	75%	74%	75%
Total Staff Costs to Total Income (%)	60%	67%	72%	72%	72%
Total Staff Costs as Proportion of Total Expense (%)	63%	67%	69%	69%	70%
SBA KPIs Staff Costs Related to GAG Income	75%	75%	75%	75%	75%
FTE Teaching Staff	44.2	53	53	52	52
FTE Support Staff	37.1	41	42.3	42.3	42.3
Total FTE	81.3	94	95.3	94.3	94.3
Total Pupil Numbers by Lagged Pupil Numbers	697	701	772	837	871
Pupil Teacher Ratio as per Lagged Pupil Numbers	15.77	13.23	14.57	16.1	16.75
Average Teacher Cost (£)	53,644	57,239	60,342	64,588	67,571
Proportion of budget spent on the Leadership team (%)	13.2%	13.1%	12.9%	12.85%	12.8%
Spend per pupil for non-pay expenditure lines (£)	3114.2	3209.24	2857.26	2677.27	2598.49

UTC 3-5 Year Budget Forecast

Income Description	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Basic Entitlement Age Weighted Pupil Unit (AWPU)	542,251	609,661	526,233	622,496	705,923
Deprivation	33,277	41,576	35,886	42,451	48,140
Prior Attainment	36,196	31,099	26,843	31,754	36,009
English as an Additional Language (EAL)	30,365	11,791	10,178	12,039	13,653
Lump Sum	170,000	170,000	170,000	170,000	170,000
Total School Allocation	812,090	864,127	769,141	878,740	973,725
Minimum Funding Guarantee	0	4,519	4,519	4,519	4,519
Total Minimum Funding Guarantee	0	4,519	4,519	4,519	4,519
Start Up Grants	100,000	29,000	0	0	0
Total Post Opening Grant (Start Up Grant)	100,000	29,000	0	0	0
Total Programme Funding Formula	509,445	863,694	1,045,880	1,282,046	1,484,474
Student financial support funding	10,513	13,732	13,732	13,732	13,732
Total 16-19 Allocation	519,958	877,426	1,059,612	1,295,778	1,498,206
Rates Rebate	3,600	3,600	3,600	3,600	3,600
Total 20% Rates Relief	3,600	3,600	3,600	3,600	3,600
PPG	39,270	40,000	40,000	40,000	40,000
Total Pupil Premium	39,270	40,000	40,000	40,000	40,000
PNA x 14 Students	82,543	83,010	296,465	254,959	254,959
Clawback	(19,687)	0	0	0	0
Total Pupil Number Adjustment	62,856	83,010	296,465	254,959	254,959
Teachers' Pay Award	5,466	5,466	0	0	0
Funded TPS Increase	0	51,880	0	0	0
Total (2016) Other non-GAG grants	5,466	57,346	0	0	0
SEN Top Up Funding	40,000	47,185	47,185	47,185	47,185
Total Local authority: Revenue income	40,000	47,185	47,185	47,185	47,185
Charities Income	0	200	200	200	200
Catering Income	35,000	40,000	40,000	40,000	40,000
Trips Income	0	100	100	100	100
Lettings	0	500	500	500	500
Other Income	10,000	10,000	10,000	10,000	10,000
Total (2016) Voluntary Income Other	45,000	50,800	50,800	50,800	50,800
Transition Funding	200,000	200,000	0	0	0
Total Other Government Grant revenue income	200,000	200,000	0	0	0
Total Income	1,828,239	2,257,013	2,271,322	2,575,581	2,872,995

Health Care Scheme	873	1,632	1,640	1,648	1,657
Staff Travel	803	500	503	505	508
Recruitment Fees	8,335	8,377	8,419	8,461	8,503
DBS Checks	0	500	503	505	508
Total Indirect employee expenses	10,011	11,009	11,064	11,119	11,175
CPD	7,500	7,538	7,575	7,613	7,651
Total Staff development	7,500	7,538	7,575	7,613	7,651
Rates	4,000	0	0	0	0
Total Premises - Rates	4,000	0	0	0	0
Fire Alarm and Extinguishers	0	1,000	1,005	1,010	1,015
Refuse	0	3,000	3,015	3,030	3,045
Electricity	32,000	54,000	42,933	43,148	43,363
Water and Sewerage	0	6,000	6,030	6,060	6,090
Gas	7,500	24,000	24,120	24,241	24,362
Total Premises - Maintenance and services	39,500	88,000	77,103	77,489	77,876
Health and Safety	0	1,500	1,508	1,515	1,523
Building Maintenance	3,000	2,000	2,010	2,020	2,030
Cleaning Contract	30,000	35,000	35,175	35,351	35,528
Cleaning Materials	3,000	3,015	3,030	3,045	3,060
Security Alarm	0	1,500	1,508	1,515	1,523
Furniture and Equipment	10,000	1,000	1,005	1,010	1,015
Catering Equipment	0	750	754	758	761
Catering and Repairs	0	500	503	505	508
PAT Testing	0	1,000	1,000	1,000	1,000
Total Other Premises	46,000	46,265	46,491	46,719	46,947
RPA Insurance	3,680	4,000	4,020	4,040	4,060
Total Insurance	3,680	4,000	4,020	4,040	4,060
IT Equipment - Educational	1,000	1,005	1,010	1,015	1,020
IT Licensing	0	3,000	3,000	3,000	3,000
IT Support Services	27,500	30,000	30,150	30,301	30,452
Total Supplies and Services - Educational IT	28,500	34,005	34,160	34,316	34,472
Professional Services - Educational	28,271	50,000	40,725	40,929	41,133
Curriculum Development	7,045	16,951	17,036	17,121	17,207
Physical Education	15,000	9,000	9,045	9,090	9,136
Maths	4,000	4,020	4,040	4,060	4,081
Science	4,000	4,020	4,040	4,060	4,081
LRC	0	3,000	3,015	3,030	3,045
Inclusion (SEND)	0	7,000	7,000	7,000	7,000
More Able	0	500	503	505	508
Career	0	2,237	2,248	2,259	2,271
Business Studies	0	2,500	2,513	2,525	2,538
Public Examinations	35,000	35,175	35,351	35,528	3,535
School Voice	0	200	201	202	203
Student Rewards	2,500	4,000	4,020	4,040	4,060
Trips	2,000	500	503	505	508
16-19 Bursary Payment	8,000	13,732	13,801	13,870	13,939
Charities Donations	0	200	201	202	203
Computer Science	0	2,000	2,010	2,020	2,030
Engineering	0	4,000	4,000	4,000	4,000
Books	8,000	0	0	0	0
English	0	3,000	3,000	3,000	3,000
Total Supplies and Services - Educational Other (exclude IT)	113,816	162,035	153,250	153,946	122,476

Professional Services	9,000	9,045	9,090	9,136	9,181
Advertising and Marketing	15,000	25,000	25,125	25,251	25,377
Postage	250	251	253	254	255
Reprographics	3,000	3,015	3,030	3,045	3,060
Subscriptions	0	1,000	1,005	1,010	1,015
Stationery - Admin	0	500	503	505	508
Telephone Costs	4,500	4,523	4,545	4,568	4,591
Hospitality	0	200	201	202	203
Catering	65,000	23,424	23,541	23,659	23,777
Mobile Phones	0	300	300	300	300
Catering - FSM	0	41,576	41,576	41,576	41,576
LSBU Marketing Charge Back	0	18,000	18,000	18,000	18,000
Total Supplies and Services - Non Educational	96,750	126,834	127,169	127,505	127,843
Budgeted Surplus 3%	94,036	67,710	0	73,301	74,802
SBA Management Charge 5%	77,383	112,851	117,474	122,168	124,669
Depreciation	55,000	0	0	0	0
Total Other Support costs	226,419	180,561	117,474	195,469	199,471
Total Expenditure	1,821,315	2,257,012	2,271,322	2,431,445	2,478,777
Surplus/(Deficit)	6,925	0	0	144,136	394,218

UTC 3-5 Year Budget Forecast KPIs

Key Performance Indicators	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Total Staff Costs (£)	1,245,139	1,596,766	1,693,016	1,773,230	1,846,805
Total Staff Costs to EFA Revenue Income(%)	81%	82%	78%	72%	67%
Total Staff Costs to Total Income (%)	68%	71%	75%	69%	64%
Total Staff Costs as Proportion of Total Expense (%)	68%	71%	75%	73%	75%
SBA KPIs Staff Costs Related to GAG Income	75%	75%	75%	75%	75%
FTE Teaching Staff	17.3	18.5	18.7	18.7	18.7
FTE Support Staff	9.4	12	12	12	12
Total FTE	26.7	30.5	30.7	30.7	30.7
Total Pupil Numbers by Lagged Pupil Numbers	162	223	237	287	330
Pupil Teacher Ratio as per Lagged Pupil Numbers	9.34	12.05	12.67	15.35	17.65
Average Teacher Cost (£)	55,289	65,311	68,743	71,967	74,942
Proportion of budget spent on the Leadership team (%)	22.18%	25.51%	26.53%	26.600%	26.65%
Spend per pupil for non-pay expenditure lines (£)	3567.65	2960.74	2440.11	2293.44	1915.07

Pupil Numbers 19-20

UAE

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

UTC

Age	Year	Key Stage	Oct 2017	Oct 2018	Oct 2019	Oct 2020	Oct 2021
15	Year 10	KS4	53	42	42	55	55
16	Year 11	KS4	33	53	40	42	55
Post 16	Year 12	KS5	31.5	80	85	110	120
Post 16	Year 13	KS5	44	48	70	80	100
Total			161.5	223	237	287	330

MAT 3-5 Year Budget Forecast

South Bank Academies					
Description	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
UTC Management Charge	77,383	112,851	117,474	122,168	124,669
UAE Management Charge	276,966	339,620	330,335	351,158	362,452
Total (2016) Other Income	354,349	452,471	447,809	473,326	487,121
Total (2016) Other Income	354,349	452,471	447,809	473,326	487,121
Description	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
Teaching staff - Pay	44,472	117,565	125,223	133,139	141,322
Teaching staff - Employers NI	4,963	15,033	16,089	17,182	18,311
Teaching staff - Pension	7,329	27,839	29,653	31,527	33,465
Total Teaching staff	56,764	160,437	170,965	181,848	193,099
Administrative Staff - Pay	119,642	122,604	125,640	129,452	132,780
Administrative Staff - Employers NI	12,987	13,346	13,765	14,291	14,750
Administrative Staff - Pension	23,928	24,521	25,128	25,890	26,556
Total Administrative Staff	156,558	160,470	164,532	169,633	174,086
Total Staffing	213,321	320,908	335,497	351,482	367,185
Staff CPD	10,000	20,000	20,000	20,000	20,000
Staff Travel	2,000	2,000	2,000	2,000	2,000
DBS Checks	0	200	200	200	200
Recruitment Costs	2,500	2,500	2,500	2,500	2,500
Total Indirect employee expenses	14,500	24,700	24,700	24,700	24,700
Student Rewards	1,200	1,200	1,200	1,200	1,200
Total Supplies and Services - Educational Other (exclude IT)	1,200	1,200	1,200	1,200	1,200
Stationery	100	400	400	400	400
Advertising	15,000	7,000	7,000	7,000	7,000
Printing	3,000	3,000	3,000	3,000	3,000
Furniture	2,500	1,763	1,000	1,000	1,000
Judicium Legal and Payroll	11,000	11,000	11,000	11,000	11,000
Educational Advice Service	6,000	6,000	6,000	6,000	6,000
LSBU Clerking	15000	25000	25000	25000	25000
PSF	4,000	5,500	5,500	5,500	5,500
Judicium DPO - GDPR	7,000	7,000	7,000	7,000	7,000
LSBU Marketing Chargeback	0	9,000	9,000	9,000	9,000
Total Supplies and Services - Non Educational	63,600	75,663	74,900	74,900	74,900
Kingston Smith	30000	30000	30000	30000	30000
Total Governance costs - Auditors remuneration	30,000	30,000	30,000	30,000	30,000
Total Revenue Expenditure	322,621	452,471	466,297	482,282	497,985
Surplus / (Deficit)	31,728	0	(18,488)	(8,956)	(10,864)

- 20-21 deficit on the MAT is a result of the reduced Pupil Numbers in the UAE Sixth Form and lagged funding, reducing the MAT income.

Cost of Living Increases

UTC	19-20	Increase	Amount
19-20 Step Increase	320,044	320,044	0
UAE Step + 2%	320,044	351,628	31,584
UAE Step + 1%	320,044	335,836	15,792
UAE	19-20	Increase	Amount
19-20 Step Increase	757,138	757,138	0
UAE Step + 2%	757,138	840,385	83,247
UAE Step + 1%	757,138	800,975	43,837
MAT	19-20	Increase	Amount
19-20 Step Increase	316,994	316,994	0
UAE Step + 2%	316,994	320,908	3,914
UAE Step + 1%	316,994	318,951	1,957
SBA Consolidated	19-20	Increase	Amount
19-20 Step Increase	1,394,176	1,394,176	0
UAE Step + 2%	1,394,176	1,473,511	118,745
UAE Step + 1%	1,394,176	1,495,172	61,586

Areas of Potential Savings 19-20

- Renewal and renegotiating contracts that are due at UTC for Energy - currently underway
- Contract review to ensure that what has been agreed is being provided.
- Tendering of catering contract across the family to obtain economies of scale as recommended by ESFA
- Increased lettings opportunities in the schools, particularly at the UAE, where interest is increasing.
- Changing service providers to obtain best value in areas such as Payroll and Accounting software.
- Recharging photocopying costs back to individual budget holders as per best practice.

Trust Capital Income and Reserves

- Current balances and projections based on the SBA Consolidated forecast are provided separately and show the current and likely reserves income.
- Balanced budget for the next academic/financial year includes a budget surplus to finance capital expenditure or Trust investment requirements according to draft Reserves Policy
- As the original Budget Forecasts for each school showed a deficit, the Budgeted Surplus has been removed for the UAE from the subsequent years.
- Funding and investing in 6th Form staffing for the UAE Sixth Form while it is growing to cover the deficit caused by its lagged funding and pupil numbers. May be offset by a grant from the ESFA (currently in progress)
- Whilst it is good practice to carry reserves forward, it should be remembered the revenue income received should be spent on the current cohort and not stockpiled. This, and the Management Charge are monitored by the ESFA

Capital Expenditure from Reserves

- There is approximately £88k of Capital Works required during July 2019 to prepare the premises for the new student intake. This will need to come from reserves.

- Funding investment in Middle Leaders in the UAE totalling approximately £100k.
- These are shown on the Capital Expenditure and Revenue Forecast

Discussion Points – Summary

- With the removal of the Budgeted Surplus, it is recommended the Devolved Formula Capital (DFC) payment for minor capital expenditure be pooled across the Trust and managed centrally.
- Salaries Cost of Living Increase is 2%. Should it be reduced or should it be maintained to account for last year's late notification of Teachers Pay Award in addition to bringing SBA Scales in line with the Burgundy Book to ease recruitment and retention challenges?
- Treatment of Depreciation in the individual Schools' Budget Forecasts.
- UAE has a staffing challenge while the Sixth Form numbers are growing and the funding is lagged. This is producing the deficit figure for 20-21.
- Investment of approx. £100k in the UTC to create the Middle Leaders is needed to address the Teaching and Learning needs.
- SBA Salary Scales and moving to Burgundy Book scales

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	CONFIDENTIAL
Paper title:	SBA Reserves and Capex 2019/20
Board/Committee:	SBA Board
Date of meeting:	25 June 2019
Author(s):	Clym Cunnington Trust Business Manager
Sponsor(s):	Nicole Louis Chief Executive Officer
Purpose:	To Discuss
Recommendation:	The Board is recommended to discuss. There are number of points which require discussion and agreement as to the way forward in creating and managing reserves and capital expenditure.

Executive Summary

Potential deficit positions in post 2019/20 financial years meaning there is a financial impact on the budgeted surplus, which feeds the reserves income and capital expenditure programme.

The UAE is budgeted at 1.5% surplus for 2019/20 but shows a lag in sixth form funding for 2021, which will need to be addressed.

The UTC budget assumes no additional investment in middle management subject specialists for 2019/20 or subsequent years.

Both these challenges will need to be funded from reserves for possibly 2 years, in the light of diminishing budget surpluses.

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(A) Income	18-19	19-20	20-21	21-22	22-23	Annual
Opening Balance	1,500,000	1,811,253	1,813,736	1,835,085	1,929,735	
UAE Budget Surplus 1.5% for 19-20	217,217	102,120	-	-	-	319,337
UAE Budget Savings	-	-	-	-	-	-
UTC Budget Surplus 3% for 19-20	94,036	67,710	-	73,301	74,802	309,849
UTC Budget Savings	-	-	-	-	-	-
UAE DFC - ESFA	-	13,681	13,681	13,681	13,681	27,362
UTC DFC - ESFA	-	7,668	7,668	7,668	7,668	15,336
Total Revenue to Reserves Income	311,253.00	191,179.00	21,349.00	94,650.00	96,151.00	714,582

COMMENTS

- Included in 19-20 Budget Forecast and subsequent relevant years where there is no deficit
- Included in 19-20 Budget Forecast and subsequent relevant years where there is no deficit
- Currently given to Principals for use but recommended to poll across the Trust
- Potential additions to reserves depending on Principals adhering to budgets and not spending any potential savings.

(B) Capital Expenditure & Projects	18-19	19-20	20-21	21-22	22-23	Annual
UAE						
Project 1 -	-	20,288				20,288
Project 2	-	5,588				5,588
Project 3	-	25,820				25,820
Project 4	-	32,000				32,000
Project 5	-	5,000				5,000
Project 6	-	-				-
UAE TOTAL		88,696				
UTC						
Project 1	-	100,000				100,000
Project 2	-	-				-
Project 3	-	-				-
Project 4	-	-				-
Project 5	-	-				-
Project 6	-	-				-
UTC TOTAL		100,000				
Total Payments	-	188,696	-	-	-	188,696
Total Net Revenue Capital Expenditure	-	188,696	-	-	-	525,886

Summary Key 18-19 UAE Projects

- Project 1 - Conversion of Food Tech Room to Lab for increase in student numbers
- Project 2 - Dance Studio Conversion
- Project 3 - Music Room Conversion for increase in student numbers
- Project 4 - Chromebooks and Trolleys

Summary Key 18-19 UTC Projects

- Project 1 - Middle Leader (Staffing) Investment

Summary 19-20							
(A)	Total Reserves Income	1,811,253	2,002,432	1,835,085	1,929,735	2,025,886	2,025,886.00
(B)	Total Capital & Projects Expenditure	-	188,696	-	-	-	188,696.00
(C)	Total Reserves Allocation	1,811,253.00	1,813,736.00	1,835,085.00	1,929,735.00	2,025,886.00	1,837,190.00

(C) Reserves Allocation Breakdown	18-19	19-20	20-21	21-22	22-23	Annual
Category A - Untouchable	963,000	963,000	963,000	963,000	963,000	963,000
Category B - Capital Projects	75,000	188,696				263,696
Category C - Trust Growth						-
Category D - Unplanned for events						-
Total	1,038,000	1,151,696	963,000			1,226,696

Net Reserves Position 610,494.00

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