

**Decision of South Bank Academies Board
by email on Wednesday, 19 July 2017**

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
	Items to approve		
1.	Revised 2017/2018 Budget and Five Year Forecasts	(Pages 3 - 22)	Dan Smith
2.	Draft Resolution to approve 2017/2018 Budget and Five Year Forecasts	(Pages 23 - 24)	

Members: David Phoenix (Chair), Rao Bhamidimarri, Adam Crossley, Douglas Denham St Pinnock, Richard Flatman, Tony Giddings, Steve McGuire, Richard Parrish and James Stevenson

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	CONFIDENTIAL
Paper title:	Revised South Bank Academies Budget 2017/18
Board/Committee:	South Bank Academies Board
Date of meeting:	19 July 2017 (by email)
Sponsor:	CEO
Author:	Dan Smith
Purpose:	Approve
Recommendation:	To approve the revised budget for 2017/18

Executive Summary

The purpose of this report is to make the required alterations to the budget that was discussed at the Board meeting on the 11 July.

The Board requested that the overall surplus percentage should be a minimum of 2.5% in 2017/18 rising to 5% in 2021/22 when both schools should be fully operational.

The purpose of the request is to hold sufficient funds centrally to be able to assist schools with capital projects or short term financial concerns.

BUDGET REPORT 2017/18

Revision Report

Introduction

The budget was submitted to South Bank Academies Board meeting on the 11 July 2017. During the meeting it was requested that the budget be revised to show a surplus of at least 2.5% of income rising to 5% in 2021/22 when both schools would be fully operational. The surplus will be held centrally to be used for capital projects or to cover short term financial concerns.

Revisions for 2017/18

The 2.5% is achieved by making two changes shown below:

- a) Academy Capital expenditure reduced by £60k – Original budget showed £100k but the decision to hold funds for capital projects centrally means this can be greatly reduced. £40k has been left for replacement furniture and ICT costs which should be adequate considering the furniture and equipment is less than three years old.
- b) Academy ICT Managed Service reduced by £40k – At the time of preparation the managed service quotes had not been received and had been estimated at £100k based on previous years costs, this was a conservative estimate and was to be reviewed. The quotes have now been received and a more accurate cost of £60k has been used.

	£
Original Surplus	74,430
Changes	
Furniture for Academy reduced to £25,000 - Capital spend to be monitored by Trust - Reduction of £75k	60,000
Revised ICT Managed Service - Quotes now received - Academy - Reduction of £40k	40,000
Revised Surplus	174,430

These revisions mean that the surplus has moved to £174k and 2.5% of income (see below).

Future periods

Future periods have been revised to fall in line with the amendments made above. Capital costs do increase incrementally for equipment and furniture to take into account the ageing of the current stock and need for replacement.

In 2019/20 the transitional allowance and start up grants for the UTC cease and minor amendments to expenditure have been made to compensate for this but maintain the required surplus percentage.

Revised Consolidated Budget

The revised budget showing the alterations is shown below;

Income	2017/18	2018/19	2019/20	2020/21	2021/22
GAG Income	5,746,588	7,580,976	9,004,072	10,012,621	11,055,349
Start Up Grants	323,500	92,000	-	-	-
Other Government Income	697,700	787,074	675,750	718,632	749,515
Other Income	226,425	265,449	316,875	353,374	384,647
Prospective Clawback	-	-	-	-	-
Capital Grant	-	-	-	-	-
Income Total	6,994,213	8,725,498	9,996,697	11,084,627	12,189,510
Expenditure	2017/18	2018/19	2019/20	2020/21	2021/22
Teaching Salaries	3,105,438	4,165,173	4,978,737	5,440,172	5,853,899
Other Salaries	1,693,957	1,886,094	2,035,177	2,170,380	2,541,731
Other Staff Costs	148,612	158,893	169,187	174,497	189,821
Building Maintenance & Occupancy Costs	481,901	541,192	587,409	656,650	691,037
Curriculum Budgets	200,000	177,406	196,658	216,979	242,647
Consultancy/Professional Services	149,000	142,250	152,513	207,788	223,078
Catering Costs	323,585	422,250	505,713	565,516	626,862
Exams	90,750	160,000	160,000	245,000	255,000
IT Costs	185,540	216,305	230,743	255,984	275,235
Central Services	-	-	-	-	-
Capital Costs	42,000	35,000	40,000	75,000	100,000
Other Costs	399,000	523,199	558,769	567,565	586,381
Expenditure Total	6,819,783	8,427,761	9,614,906	10,575,529	11,585,691
Surplus/(Deficit)	174,430	297,737	381,791	509,098	603,819
Surplus/Income	2.5%	3.4%	3.8%	4.6%	5.0%

BUDGET REPORT 2017/18

(Inc. 5 Year Financial Forecast)

For the attention: South Bank Academies Board

**Compiled by: Dan Smith
Business Manager**

Date: July 2017

Introduction

The purpose of this report is to provide information to the South Bank Academies Board and allow them to approve the proposed budget for the 2017/18 financial and academic year.

In addition to the 2017/18 proposed budget are forecasted budgets for the following four years.

The information within the report should give assurance of the Trust's financial position and help assist any strategic decision making over the period covered.

The report will cover the Trust as a whole followed by budgets and analysis for each school and the central services.

Budgets were set in collaboration with the Principals' at each school, staffing levels which represent a majority of the expenditure have been set to meet curriculum and safeguarding needs.

Summary

Income	2017/18	2018/19	2019/20	2020/21	2021/22
GAG Income	5,746,588	7,580,976	9,004,072	10,012,621	11,055,349
Start Up Grants	323,500	92,000	-	-	-
Other Government Income	697,700	787,074	675,750	718,632	749,515
Other Income	226,425	265,449	316,875	353,374	384,647
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Capital Grant	-	-	-	-	-
Income Total	6,994,213	8,725,498	9,996,697	11,084,627	12,189,510
Expenditure	2017/18	2018/19	2019/20	2020/21	2021/22
Teaching Salaries	3,105,438	4,165,173	4,978,737	5,440,172	5,853,899
Other Salaries	1,693,957	1,886,094	2,035,177	2,170,380	2,541,731
Other Staff Costs	148,612	158,893	169,187	174,497	189,821
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Exams	90,750	160,000	160,000	245,000	255,000
IT Costs	185,540	216,305	230,743	255,984	275,235
Central Services	-	-	-	-	-
Capital Costs	42,000	35,000	40,000	75,000	100,000
Other Costs	399,000	523,199	558,769	567,565	586,381
Expenditure Total	6,819,783	8,427,761	9,614,906	10,575,529	11,585,691
Surplus/(Deficit)	174,430	297,737	381,791	509,098	603,819
Surplus/Income	2.5%	3.4%	3.8%	4.6%	5.0%

Income

The income is as per the statements from the Education Funding Agency (EFA) for each school, this has been checked and agreed.

The GAG pupil led income is £5.7m. This breaks down to £4.8m for Pre 16 students and £0.9m for Post 16 students.

Additionally, other income is derived from other sources such as Pupil Premium, Council Rates re-imburement Catering income and any self-generated income via lettings, sponsorship or the provision of services.

As the staffing capacity increases and the Trust develops history and data it may be possible to attract more self-generated income via sponsorship, trusts or grants. At present the Trust is heavily reliant on GAG income, 87% of all income is GAG related against a local secondary school average of 83%.

With pressure on school budgets it may be advantageous to explore ways to supplement the regular funding streams.

Staff Costs

Staff costs to total expenditure are budgeted to be 70%, against a local sponsored secondary academy average of 69%.

The staff costs include the following;

- All current staff with salary increases where applicable
- Newly appointed teaching staff starting in September
- Support staff roles currently being recruited (the top of each range advertised has been used)

There is a provision for supply staff to cover absences.

Premises Costs

The average local sponsored secondary academy will spend 7.7% of its total expenditure on premises or occupancy costs, the Trust is forecast to spend 8.3%.

Included within the premises costs will be a number of fixed or non-pupil led costs such as rates, utilities and alarm systems servicing and maintenance.

Economies of Scale

As the multi-academy trust grows and develops there will be opportunities to take advantage of its increased size by contracting services and supplies across the Trust rather than schools doing so individually.

The following services have been procured using this bargaining power creating savings for each school:

- Catering – A one-year contract has been agreed for both sites with JPL Catering. They have been the catering supplier for the UTC since inception and had a year left on their existing contract. They were the preferred choice of both Principals and the Chief Executive.

A tendering process will be put in place for a longer term contract starting in September 2018.

- Cleaning – The UTC required a cleaning service for their new building and the Academy were experiencing operational problems with their existing supplier. A tendering process took place and the contract was given to AIM Cleaning Services.
- Employment Law, Education Law, Payroll and Health and Safety Advice – All provided by Judicium Education.

Other costs

Other costs such as regular office supplies and photocopying have been based on historic costs and then extrapolated by their leading factor such as student or staffing numbers.

Ratios

Ratios						Southwark Secondary Average
Surplus to GAG	2.9%	3.9%	4.2%	5.1%	5.5%	Between 0% - 5%
Staff Costs to Total Expenditure	70%	72%	73%	72%	72%	69%
Occupancy Costs to GAG (Inc. Start Up Gr	8.3%	7.3%	6.7%	6.9%	6.7%	7.7%
GAG Income as % of Total Income	87%	88%	90%	90%	91%	83%
No of Students	741	979	1,174	1,309	1,444	
Teaching Staff FTE	56.1	78.6	85.9	94.4	102.0	
All Staff FTE	111.2	142.9	155.7	169.4	188.5	
Teaching Staff %	50%	55%	55%	56%	54%	52%

Some of the ratios and percentages have already been stated within the report but it is interesting to benchmark the Trust and the Trust's schools budget and forecast against the Local Secondary Average which has been collected via the DfE benchmarking data. This will show any strange discrepancies and also allow some contextual analysis on the figures.

Surplus to GAG – All years are within the average. Whilst it is good practice to carry forward reserves it should be remembered the revenue income received should be spent on the current cohort and not stockpiled.

Occupancy Costs – At present our students numbers are below the fully occupied level. This will mean that a larger than normal proportion of the costs over the first few years have gone towards the maintenance of the site, these costs will be items such as utility bills and statutory maintenance of equipment are fixed costs and cannot be avoided.

Pupil Numbers

The budget is based on the following 2017/18 pupil numbers, these numbers were submitted to the DfE and approved for funding;

	Academy	UTC	Total
Pre 16	510	86	596
Post 16	44	101	145
Total	554	187	741

At present the pupil numbers look achievable.

There are still marketing opportunities to increase the Pre 16 cohort at the UTC as this is a difficult year group to attract as it is not a natural entry level. Post 16 admissions for the UTC are higher than expected.

The Academy should reach its targets at both entry levels and has also received several in-year applications into its current year groups from other schools.

Forecast 2018/19 to 2021/22

All future years show a surplus and are based on current funding. If a new funding formula is introduced by the government then this will need to be reviewed.

It is important to remember that future year's forecasts are indicative and can alter as they are affected by student numbers and emergent strategies. They do however show that the Trust is planning well for the future, is financially secure and able to anticipate and solve any future problems.

Shown below are the budgets and forecasts for the individual schools and central services, these are to be presented to the Local Governing Body of each school so there may be some duplication of narrative.

University Academy of Engineering South Bank

Introduction

The purpose of this report is to provide information to the University Academy of Engineering South Bank Local Governing Body and allow them to ratify the proposed budget for the 2017/18 financial and academic year.

In addition to the 2017/18 proposed budget are forecasted budgets for the following four years.

The information within the report should give assurance of the Academy's financial position and help assist any strategic decision making over the period covered.

The Budget was set in collaboration with the Principal. Staffing levels which represent a majority of the expenditure have been set to meet curriculum and safeguarding needs.

Summary

Income	2017/18	2018/19	2019/20	2020/21	2021/22
GAG Income	4,287,585	5,639,093	6,338,793	6,590,597	6,709,841
Start Up Grants	141,000	-	-	-	-
Other Government Income	423,000	494,824	549,000	557,382	565,765
Other Income	182,295	207,441	237,610	252,198	255,794
Prospective Clawback	-	-	-	-	-
Capital Grant	-	-	-	-	-
Income Total	5,033,880	6,341,357	7,125,403	7,400,178	7,531,399
Expenditure	2017/18	2018/19	2019/20	2020/21	2021/22
Teaching Salaries	2,192,178	3,137,884	3,613,549	3,565,027	3,571,924
Other Salaries	1,088,602	1,091,738	1,219,397	1,285,985	1,331,221
Other Staff Costs	108,000	118,000	123,000	123,000	123,000
Building Maintenance & Occupancy Costs	344,750	359,438	385,409	391,680	398,264
Curriculum Budgets	160,000	125,000	125,000	125,000	125,000
Consultancy/Professional Services	92,000	97,000	102,000	152,000	167,000
Catering Costs	234,325	306,236	348,184	364,164	370,156
Exams	65,000	100,000	100,000	125,000	125,000
IT Costs	112,000	127,000	127,000	127,000	127,000
Central Services	155,000	231,203	237,705	247,147	251,619
Capital Costs	40,000	25,000	25,000	50,000	50,000
Other Costs	301,000	409,824	440,000	448,382	456,765
Expenditure Total	4,892,855	6,128,321	6,846,244	7,004,385	7,096,949
Surplus/(Deficit)	141,025	213,036	279,159	395,793	434,450
Surplus/Income	2.8%	3.4%	3.9%	5.3%	5.8%

Income

The income is as per the statements from the Education Funding Agency (EFA) and has been checked and agreed.

The GAG pupil led income is £4.28m. This breaks down to £4.05m for Pre 16 students and £0.23m for Post 16 students.

In addition to this other income is derived from other sources such as Pupil Premium, Council Rates re-imbursment Catering income and any self-generated income via lettings, sponsorship or the provision of services.

As the staffing capacity increases and the Academy develops history and data it may be possible to attract more self-generated income via sponsorship, trusts or grants. At present the Academy is heavily reliant on GAG income, 88% of all income is GAG related against a local secondary school average of 83%.

With pressure on school budgets it may be advantageous to explore ways to supplement the regular funding streams.

Staff Costs

Staff costs to total expenditure are budgeted to be 69%, against a local sponsored secondary academy average of 69%.

The staff costs include the following;

- All current staff with salary increases where applicable
- Newly appointed teaching staff starting in September
- Support staff roles currently being recruited (the top of each range advertised has been used)

There is a provision for supply staff to cover absences.

Facilities Costs

The average local sponsored secondary academy will spend 7.7% of its total expenditure on premises or occupancy costs, the Academy is forecast to spend 7.8%. This has been reduced from the initial year when the percentage was 14%.

Included within the premises costs will be a number of fixed or non-pupil led costs such as rates, utilities and alarm systems servicing and maintenance, as the pupil numbers have grown the percentage of the total expenditure related to facilities costs has decreased.

Economies of Scale

The Academy is part of the South Bank Academies multi-academy trust and as the multi-academy trust grows and develops there will be opportunities to take advantage of its increased size by contracting services and supplies across the Trust rather than schools doing so individually.

The following services have been procured using this bargaining power creating savings for each school, the MAT currently consists of the Academy and the South Bank Engineering UTC:

- Catering – A one-year contract has been agreed for both sites with JPL Catering. They have been the catering supplier for the UTC since inception and had a year left on their existing contract. They were the preferred choice of both Principals and the Chief Executive.
A tendering process will be put in place for a longer term contract starting in September 2018.
- Cleaning – The UTC required a cleaning service for their new building and the Academy were experiencing operational problems with their existing supplier. A tendering process took place and the contract was given to AIM Cleaning Services.
- Employment Law, Education Law, Payroll and Health and Safety Advice – All provided by Judicium Education.

Other costs

Other costs such as regular office supplies and photocopying have been based on historic costs and then extrapolated by their leading factor such as student or staffing numbers.

Ratios

						Sponsored Secondary Average
Ratios						
Surplus to GAG	3.2%	3.8%	4.4%	6.0%	6.5%	Between 0% - 5%
Staff Costs to Total Expenditure	69%	71%	72%	71%	71%	69%
Occupancy Costs to GAG (Inc. Start Up Grants)	7.8%	6.4%	6.1%	5.9%	5.9%	7.7%
GAG Income as % of Total Income	88%	89%	89%	89%	89%	83%
Teaching Staff %	51%	58%	57%	55%	54%	52%

Some of the ratios and percentages have already been stated within the report but it is interesting to benchmark the Academy's budget and forecast against the Local Secondary Average which has been collected via the DfE benchmarking data. This will show any strange discrepancies and also allow some contextual analysis on the figures.

Surplus to GAG – All years are within the average. Whilst it is good practice to carry forward reserves it should be remembered the revenue income received should be spent on the current cohort and not stockpiled.

All other ratios are within expected ranges. Occupancy costs are below the average and as the academy building is newer than most other schools the utility and occupancy costs may be lower as a percentage of total expenditure when full.

Pupil Numbers

The budget is based on the following 2017/18 pupil numbers, these numbers were submitted to the DfE and approved for funding;

	Pupil Nos.
Pre 16	510
Post 16	44
Total	554

At present the pupil numbers look achievable. The Academy should reach its targets at both entry levels.

In-year applications into its current year groups from other schools have been high throughout the current academic year.

Forecast 2018/19 to 2021/22

All future years show a surplus and are based on current funding. If a new funding formula is introduced by the government then this will need to be reviewed.

It is important to remember that future year's forecasts are indicative and can alter as they are affected by student numbers and emergent strategies. They do however show that the Academy is planning well for the future, is financially secure and able to anticipate and solve any future problems.

Below is shown the detail for the budget at the Academy

Pre-16 School Budget Share	4,054,278	As per Income Statement
16-19 School Budget Share	233,307	As per Income Statement
Rates Relief	54,000	90% of Cost
Pupil Premium	285,000	Based on 60% of KS3&4
Start Up Grant Part A	141,000	As per Income Statement
SEN Funding	84,000	Based on 5 students
Lettings Income	20,000	Historical Data Used
Catering Income	132,795	60% of Cost (Current 40% FSM)
Trip Income	23,000	Historical Data Used
Uniforms Income	5,000	Historical Data Used
Bank Interest	1,500	Historical Data Used
Income	5,033,880	

Teachers - Salaries/Allowances	2,114,678	As per Salary Analysis
Agency Supply Cover - Teaching	77,500	PE Coaches plus £250 per day
	2,192,178	
Teaching Assistants - Salaries	699,877	As per Salary Analysis
Premises Staff - Salaries	84,312	As per Salary Analysis
Increases 1%	32,186	1% of Total Pay
Increases PM	30,000	15 Increases
Finance & Admin - Salaries	227,227	As per Salary Analysis
Agency Supply Cover - Support	15,000	Historical Data Used
	1,088,602	
Course Fees	60,000	Increase from 2016/17
Recruitment Fees	40,000	Based on 16/17 TES subscription included
Staff Travel	3,000	Based on 16/17
Hospitality	5,000	Based on 16/17
	108,000	

Building Projects/Maintenance	80,000	Based on Previous Years (Maintenance)
Cleaning Contract	85,000	New AIM Contract - includes annual Kitchen deep clean
Cleaning Materials	6,000	Based on 16/17
Building Management System	2,750	As per maintenance quote
Water/Sewerage Charges	6,000	Based on 16/17
Gas	15,000	Based on 16/17
Electricity	90,000	Based on 16/17
Rates	60,000	Based on 16/17
	344,750	

Curriculum Budgets	160,000	Increase from 2016/17
Professional Services - Educational	40,000	Based on 16/17
Professional Services - Non Educational	40,000	Based on 16/17
Audit Costs	12,000	Based on 16/17
	92,000	
Catering Food/Drink	221,325	Based on 500 meals on 195 days at £2.27
Catering Maintenance & Repairs	8,000	JLA Contract
Catering Equipment	5,000	Breakages and increased pupil numbers
	234,325	

Examination Fees	65,000	Increase from 2016/17
IT Consumables - Educational	20,000	Based on 16/17
IT Equipment - Educational	20,000	Based on 16/17
IT Support Services	60,000	Quotes being obtained
IT Licensing	12,000	Based on 16/17
	112,000	
Central services Cost	155,000	3.5% of Income
Furniture/Equipment	40,000	Refresh and Repairs inc ICT

Stationery	50,000	Based on 16/17
Photocopying	30,000	Based on 16/17
Telephone Costs	10,000	Based on 16/17
Bank Charges	1,000	Based on 16/17
Trips Travel Costs	10,000	Based on 16/17 includes Minibus Costs
Spanish Year 9 Trip	23,000	Spanish Trip (PP)
Pupil Premium	152,000	Less TA's (£110k) and Spanish Trip (£23k)
Bursaries/Hardship	25,000	Based on 16/17
	301,000	

South Bank Engineering UTC

Introduction

The purpose of this report is to provide information to the South Bank Engineering UTC Local Governing Body and allow them to ratify the proposed budget for the 2017/18 financial and academic year.

In addition to the 2017/18 proposed budget are forecasted budgets for the following four years.

The information within the report should give assurance of the UTC's financial position and help assist any strategic decision making over the period covered.

The Budget was set in collaboration with the Principal. Staffing levels which represent a majority of the expenditure have been set to meet curriculum and safeguarding needs.

Income	2017/18	2018/19	2019/20	2020/21	2021/22
GAG Income	1,459,003	1,941,883	2,665,279	3,422,024	4,345,508
Start Up Grants	182,500	92,000	-	-	-
Other Government Income	274,700	292,250	126,750	161,250	183,750
Other Income	44,130	58,007	79,265	101,176	128,853
Prospective Clawback	-	-	-	-	-
Capital Grant	-	-	-	-	-
Income Total	1,960,333	2,384,140	2,871,294	3,684,450	4,658,111
Expenditure	2017/18	2018/19	2019/20	2020/21	2020/21
Teaching Salaries	913,260	1,027,290	1,365,188	1,875,145	2,281,975
Other Salaries	446,666	542,818	553,826	590,115	909,720
Other Staff Costs	40,612	40,893	46,187	51,497	66,821
Building Maintenance & Occupancy Costs	137,151	181,754	202,000	264,970	292,773
Curriculum Budgets	40,000	52,406	71,658	91,979	117,647
Consultancy/Professional Services	37,000	25,250	30,513	35,788	36,078
Catering Costs	86,260	113,014	154,530	198,352	253,706
Exams	25,750	60,000	60,000	120,000	130,000
IT Costs	73,540	89,305	103,743	128,984	148,235
Central Services	57,453	71,186	93,285	119,771	152,093
Capital Costs	2,000	10,000	15,000	25,000	50,000
Other Costs	73,000	88,375	93,769	94,182	104,616
Expenditure Total	1,932,692	2,302,291	2,789,698	3,595,782	4,543,664
Surplus/(Deficit)	27,641	81,850	81,597	88,667	114,447
Surplus/Income	1.4%	3.4%	2.8%	2.4%	2.5%

Income

The income is as per the statements from the Education Funding Agency (EFA) and has been checked and agreed.

The GAG pupil led income is £1.46m. This breaks down to £0.79m for Pre 16 students and £0.67m for Post 16 students.

In addition to this other income is derived from other sources such as Pupil Premium, Council Rates re-imbursment Catering income and any self-generated income via lettings, sponsorship or the provision of services.

As the staffing capacity increases and the Academy develops history and data it may be possible to attract more self-generated income via sponsorship, trusts or grants. At present the Academy is heavily reliant on GAG income, 94% of all income is GAG related against a local secondary school average of 83%. With pressure on school budgets it may be advantageous to explore ways to supplement the regular funding streams.

Staff Costs

Staff costs to total expenditure are budgeted to be 72%, against a local sponsored secondary academy average of 69%. This comparison can be misleading as UTC's may have smaller class sizes than average secondary schools therefore having a higher teacher/pupil ratio.

The staff costs include the following;

- All current staff with salary increases where applicable
- Newly appointed teaching staff starting in September
- Support staff roles currently being recruited (the top of each range advertised has been used)

There is a provision for supply staff to cover absences.

Facilities Costs

The average local sponsored secondary academy will spend 7.7% of its total expenditure on premises or occupancy costs, the UTC is forecast to spend 8.4%. Included within the premises costs will be a number of fixed or non-pupil led costs such as rates, utilities and alarm systems servicing and maintenance, as the pupil numbers grow the income and expenditure will increase and the cost of these items as a percentage of the whole expenditure will decrease, in 2020/21 the forecast percentage is 7.7%.

Economies of Scale

The UTC is part of the South Bank Academies multi-academy trust and as the multi-academy trust grows and develops there will be opportunities to take advantage of its increased size by contracting services and supplies across the Trust rather than schools doing so individually.

The following services have been procured using this bargaining power creating savings for each school, the MAT currently consists of the UTC and the Academy of Engineering South Bank:

- Catering – A one-year contract has been agreed for both sites with JPL Catering. They have been the catering supplier for the UTC since inception and had a year left on their existing contract. They were the preferred choice of both Principals and the Chief Executive.
A tendering process will be put in place for a longer term contract starting in September 2018.
- Cleaning – The UTC required a cleaning service for their new building and the Academy were experiencing operational problems with their existing supplier. A tendering process took place and the contract was given to AIM Cleaning Services.
- Employment Law, Education Law, Payroll and Health and Safety Advice – All provided by Judicium Education.

Other costs

Other costs such as regular office supplies and photocopying have been based on historic costs and then extrapolated by their leading factor such as student or staffing numbers.

Ratios

Ratios						Sponsored Secondary Average
Surplus to GAG	1.7%	4.0%	3.1%	2.6%	2.6%	Between 0% - 5%
Staff Costs to Total Expenditure	72%	70%	70%	70%	72%	69%
Occupancy Costs to GAG (Inc. Start Up Grants)	8.4%	8.9%	7.6%	7.7%	7.1%	7.7%
GAG Income as % of Total Income	94%	94%	93%	93%	93%	83%
No of Students	187	245	335	430	550	
Teaching Staff FTE	16.60	19.60	21.90	30.40	39.00	
All Staff FTE	30.20	37.60	39.90	51.40	68.50	
Teaching Staff %	55%	52%	55%	59%	57%	52%

Some of the ratios and percentages have already been stated within the report but it is interesting to benchmark UTC's budget and forecast against the Local Secondary Average which has been collected via the DfE benchmarking data. This will show any strange discrepancies and also allow some contextual analysis on the figures.

Surplus to GAG – All years are within the average. Whilst it is good practice to carry forward reserves it should be remembered the revenue income received should be spent on the current cohort and not stockpiled.

Occupancy Costs – At present our students numbers are below the fully occupied level. This will mean that a larger than normal proportion of the costs over the first few years have gone towards the maintenance of the site, these costs will be items such as utility bills and statutory maintenance of equipment are fixed costs and cannot be avoided. As shown the percentage against income decreases from 8.4% to 7.1% over the five years.

As the academy building is newer than most other schools the utility and occupancy costs may be lower as a percentage of total expenditure when full.

Pupil Numbers

The budget is based on the following 2017/18 pupil numbers, these numbers were submitted to the DfE and approved for funding;

	Pupil Nos.
Pre 16	86
Post 16	101
Total	187

At present the pupil numbers look achievable and may exceed the submitted number. In September if the pupil numbers are more than is submitted/funded then the UTC will need to request additional funding from the DfE.

There are still marketing opportunities to increase the Pre 16 cohort at the UTC as this is a difficult year group to attract as it is not a natural entry level. Post 16 admissions for the UTC are higher than expected.

Forecast 2018/19 to 2021/22

All future years show a surplus and are based on current funding. If a new funding formula is introduced by the government then this will need to be reviewed.

It is important to remember that future year's forecasts are indicative and can alter as they are affected by student numbers and emergent strategies. They do however show that the Academy is planning well for the future, is financially secure and able to anticipate and solve any future problems.

Below is shown the detail for the budget at the UTC

	2017/18	
Pre-16 School Budget Share	785,373	As per Income Statement
16-19 School Budget Share	673,630	As per Income Statement
Pupil Premium	38,700	Based on 50% of KS4
Start Up Grant Part A	182,500	As per Income Statement
Sponsorship: Not for Capital Purposes	200,000	Transitional Funding
SEN Funding	36,000	Assuming 3 students
Catering Income	43,130	Based on 50% of Expenditure
Bank Interest	1,000	Historical Data Used
Income	1,960,333	

Teachers - Salaries/Allowances	888,260	As per Salary Analysis
Teachers - Bonuses	10,000	Bonuses
Agency Supply Cover - Teaching	15,000	As agreed with Principal
	913,260	

Teaching Assistants - Salaries	224,964	As per Salary Analysis
Premises Staff - Salaries	29,153	As per Salary Analysis
Increases 1%	13,267	1% Increases
Increases PM	20,000	10 Increases
Finance & Admin - Salaries	159,283	As per Salary Analysis
	446,666	

Course Fees	15,000	Staff Training
Recruitment Fees	20,000	TES plus Agency fees
Staff Benefits	5,612	Staff Travel, Health Scheme, Perkbox
	40,612	

Building Projects/Maintenance	30,000	Detail needed on equipment servicing
Grounds Maintenance	750	Small Grounds but fountain
Cleaning Contract	35,000	As per quote
Cleaning Materials	5,000	As per quote
Water/Sewerage Charges	2,060	Estimated on experience
Utilities	50,000	Estimated on experience
Rates	9,666	Estimated on experience
Insurance	4,675	Based on Pupil Numbers
	137,151	

Curriculum Budgets	40,000	As agreed with Principal
Professional Services - Non Educational	12,000	Legal, H&S, Payroll
Professional Services - Educational	20,000	SEN, Additional Learning
Audit Costs	5,000	Based on Last Year
	37,000	
Catering Food/Drink	86,260	Based on 200 meals on 190 days at £2.27
Examination Fees	25,750	As agreed with Principal
IT Consumables - Educational	30,000	As agreed with Principal
IT Support Services	43,540	Waiting on Quotes
	73,540	

Central services Cost	57,453	3.5% of Income
Furniture/Equipment	2,000	Repairs contingency
Stationery	10,000	As agreed with Principal
Advertising/Marketing	40,000	As agreed with Principal
Bank Charges	500	Historical Data Used
Trips Travel Costs	7,500	As agreed with Principal
Bursaries	15,000	As agreed with Principal
	73,000	
Expenditure	1,932,692	

South Bank Academies (Central Services)

Introduction

Each school pays 3.5% of its GAG income to the Trust. The Trust at present consists of a CEO whose salary is subsidised in whole by the Sponsor for the year 2017/18, a Trust Business manager and an Executive Administration Assistant.

The Trust provides the following to the schools:

- Financial management
- Governance
- HR, Legal, H&S and Payroll
- Procurement expertise
- Marketing and promotion
- Compliance including mandatory reporting

The table below shows the budget for 2017/18 and a forecast for the following four years. Central Service income from the schools is shown as negative expenditure. As the Trust grows there may be the need to employ additional staff from 2018/19 onwards.

Summary

Income	2017/18	2018/19	2019/20	2020/21	2021/22
GAG Income	-	-	-	-	-
Start Up Grants	-	-	-	-	-
Other Government Income	-	-	-	-	-
Other Income	-	-	-	-	-
Prospective Clawback	-	-	-	-	-
Capital Grant	-	-	-	-	-
Income Total	-	-	-	-	-
Expenditure	2017/18	2018/19	2019/20	2020/21	2021/22
Teaching Salaries	-	-	-	-	-
Other Salaries	158,690	251,538	261,954	294,280	300,790
Other Staff Costs	-	-	-	-	-
Building Maintenance & Occupancy Costs	-	-	-	-	-
Curriculum Budgets	-	-	-	-	-
Consultancy/Professional Services	20,000	20,000	20,000	20,000	20,000
Catering Costs	3,000	3,000	3,000	3,000	3,000
Exams	-	-	-	-	-
IT Costs	-	-	-	-	-
Central Services	(212,453)	(302,389)	(330,990)	(366,918)	(403,712)
Capital Costs	-	-	-	-	-
Marketing (Other Costs)	25,000	25,000	25,000	25,000	25,000
Expenditure Total	(5,763)	(2,851)	(21,035)	(24,638)	(54,922)
Surplus/(Deficit)	5,763	2,851	21,035	24,638	54,922
Surplus/Central Services	2.7%	0.9%	6.4%	6.7%	13.6%

**Written Resolution of the South Bank Academies Board
passed on _____ July 2017**

Members

- David Phoenix (Chair)
- Rao Bhamidimarri
- Adam Crossley
- Douglas Denham St Pinnock
- Richard Flatman
- Tony Giddings
- Steve McGuire
- Richard Parrish
- James Stevenson

1. South Bank Academies Budget 2017/2018

At its meeting on Tuesday, 11 July 2017, the Board discussed the proposed 2017/2018 budget and five year forecasts. The Board requested a target surplus of 2.5% of income in 2017/2018 rising to 5% in 2021/2022.

The 2017/2018 budget and five year forecasts were revised in line with these targets by the CFO and circulated by email to the Board for approval on Wednesday, 19 July 2017.

The Board approved the amended 2017/2018 budget and five year forecasts, and noted that the final version would be submitted to the Department for Education by Monday, 31 July 2017.

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Chair to sign on behalf of the Board

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Date

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