

Notes of a review of the School Financial Review for the year-end 31st March 2025

Background

The Supply Chain Sustainability School (School) is a membership body that relies upon Action Sustainability (Trading) Limited (ASTL) as its delivery partner to fulfil the aims of the School. The School is not a separate legal entity but is bound together by a legally binding partnership in which partners sign up to the constitution setting out the rights and obligations of their membership.

Given the above, the School does not have a set of accounting records, a profit and loss or balance sheet, but ASTL does keep a memorandum set of records showing the revenues and costs attributable to the School.

Purpose of the Review

The focus of the review was to:

1. Ensure that the basis of allocation of income and costs appear reasonable given the activities delivered by ASTL on behalf of the School.
2. Review the reasonableness of the “value for money” of the services delivered by ASTL.
3. Review the financial position of ASTL to assure the School of the longer-term viability of their delivery partner.

Review

Ian Heptonstall and Hilary Hurrey provided the Income and Expenses for the School in the form of a spreadsheet, together with income and expenditure analysis and a signed set of financial statements for ASTL.

By way of a quick overview of school activity in 2024/25 v’s 2023/24:

	2024/25	23/24	% change
Active organisations	7,677	7,347	Up 4.49%
Active users	50,885	43,247	up 17.5%
Partners	223	219	up 1.8%
Bronze, Silver, Gold level members	1,406	1,089	up 29%

All the financial numbers should be viewed in reflection of the positive direction of growth through the school and its partners.

[Income](#)

The Income for 2024/25 was £3,742,434 up 10.08% on the income for 2023/24 (£3,399,633)

Income budget of £3,627,461 – variance increase of 3.17% to £3,742,434

Income was comprised of:

- £ 2,685.240 from partner membership fees.
- Core FIR funding of £527,737
 - FIR Contract of £402,072
 - FIR Client sponsorship and other £125,665
- LSIP College Funding of £138,562
- Income from Project Sponsorship, including National Highways (RDP, SDF, SMA, PDF) of £186,236
- Income from NatWest of £50,000 (plus partner fees £26.7k)
- License fees, other income, and commissions for use of the platform of £154,659

[Review of income](#)

FIR contract income budget of £325,000 vs actual of £402,072 – increase of 23.7%

- FIR contract income increased – budget was set before finalisation of incentive targets.

Licence income made up of Summit revenue £21,500K; SBCC £24,732 and other various income: NH Assessment and resources hosting, Colleges specific workshops, Contra deal, NH Site visit 's, Natwest Retrofit webinars

Client sponsorship – Evidence seen

Partner income – The list of partner income was compared to the website as a check and was found to be correct

Expenses

Total expenses for the year amount to £3,323,524 excluding the management fee charged by ASTL amounting to £418,910. The main elements reviewed were as follows:

- Employee Costs, £1,757,772, is 52.89% of total expenditure (compared to £1,647k, 54% of total costs in the previous year). Whilst this was a higher salary cost, it was a decrease of 7.46% on forecast budget. The numbers of FTEs increased from 28.7 to 32.2. The FTE numbers increased slightly, but at less % v's income.
- Couple of leavers in leadership SM, head of FIR, a few new recruits inc. marketing, apprentice, eLearning developer.
- The salaries paid to the individuals were not excessive given their level of seniority and experience. The salary bands for role titles seem sensible comparable to what would be expected in today's market. The people cost also included inflation increases of 5%.
- Employee costs have now been apportioned to each area of the school (as per last year's recommendations). The amount of employee costs per area of each element of the school seems a good utilisation of employee cost v's activities undertaken.
- Category Collaboration Groups, £315,323, which is 9.49% of total costs. This is comparable with the previous year of £306,311, 10% of total cost (last year 9.5%). This number is in line with budget and consistent.
- Online Platform Development Costs, £233,705 which is 7.03% of total costs. This is comparable to the previous year, £288,578 is 9% of total costs. The expenditure on this area looks reasonable and with the significance of this area to the school its costs seem proportionate. Maintenance and development to Titus and the learning management system are the bulk of this costs
- Training Delivery costs relating to workshops, business bytes, "lunch and learn" sessions as well as Face to Face training amounted to £287,195, which is 8.64% of total costs. Last year was comparable of £254,603, 8% of total costs - This was slightly below the budgeted amount level for this activity. Should be noted again over 400 separate events were delivered, with great coverage in terms of content and participant reach. The numbers included 147 workshops, 201 lunch and learns, 20 business bytes, plus the National Highways and HS2 programmes.
- Ring Fenced core Delivery £124,568, 3.75% of total costs – This is related to the delivery of FIR inc. the Diversity tool. The costs incurred were in line with the budget.
- Knowledge Management £92,074 which is 2.77% of total cost, which is comparable to the previous year. This represents the management of the library of learning materials and the regular and systematic update of the knowledge base. This was 27.26% under budget the budget levels set for the year, mainly – This was mainly because of the lower costs associated with an inhouse learning developer.
- Marketing £29,444 which is 0.89% reduction on budgeted costs – costs saved were allocated towards a new employee

- Overheads, net of the contribution to the Community Interest Company, amounted to £341,726 which is 10.28% of total cost. The previous year was 11% of total costs. This was based on an allocation of ASTL overhead costs using the FTE headcount of the people working on School business. This is considered a reasonable basis for allocation. Total overheads expressed as £/head amounted to £10.5k per head per annum, which is very similar to the prior year. This includes all accommodation, accounting and finance, computer, training, travel, and office expenses and is considered good value for money (VFM) for the outputs delivered.
- The Action Sustainability Community Interest Company (ASCIC) donation allocated to the School amounted to £81,127. This is calculated by reference to a commitment to donate 2.5% of turnover of the Action Sustainability Trading Limited turnover to this community interest enterprise.
- Contingency spent is £60,950 which is 1.83% of total cost. £60,950 is 34.83% of budgeted forecast of £175,500. This is mainly due to a reduced number of partner cancellations budgeted for. This should also be seen as a positive that the school is working well and retaining partners, but also that financially the content is largely being unspent and remaining as a contingency.
- In 2024, ASTL made a margin of £418,910k from School activities, equivalent to 11.19% of School Income.

Previous year recommendations:

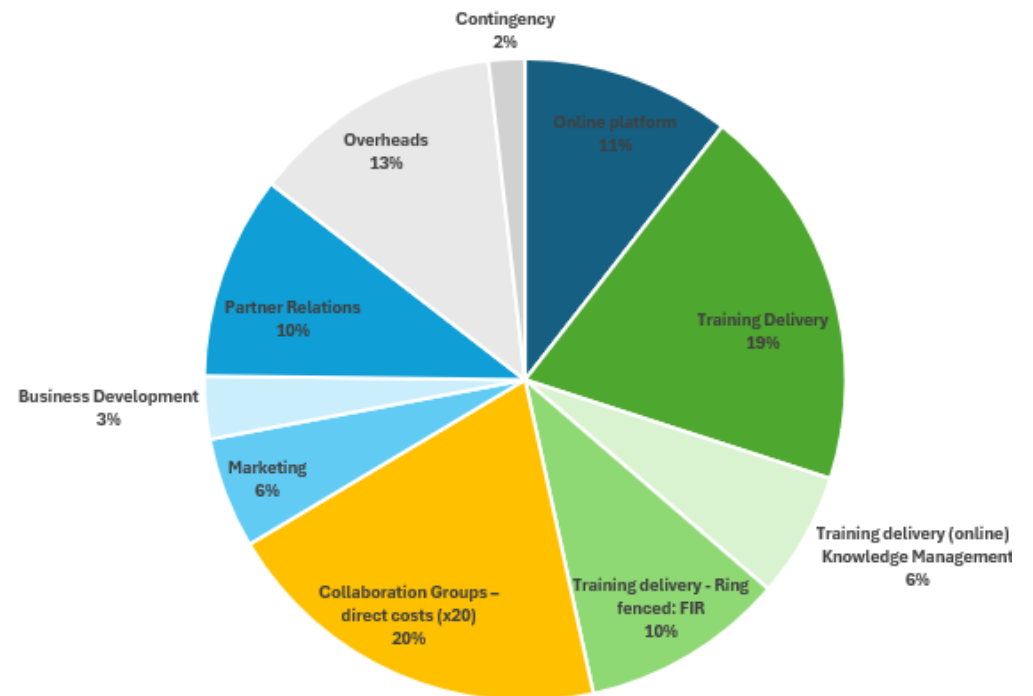
1. Collaboration groups – Review: Costings, level of consultants, cost and time allocated to each – ensure that they are resourced and costed in a comparable manner, which is fit for purpose and value adding to each group.

Completed – Collaboration groups and support have been reviewed and will continue to be reviewed as an on-going basis.

2. Allocation of costs on % of expenditure – Review: People cost allocation, and ability to cost them to activities. Currently people cost shows at 54% of total expenditure, however, the individuals activities could be allocatable against categories of spend (e.g. marketing). Aim to show a greater level and better transparency of costs, at present shows unbalanced view of people costs.

Completed – See below. Costs of people now allocated against each area of activity. Generating a better representation of where expenditure occurs. All areas of activity are in line with the school main objectives.

Costs by activity	Total
Online platform	350298
Training Delivery	645939
Training delivery (online) - Knowledge Management	209837
Training delivery - Ring fenced: FIR	341997
Collaboration Groups – direct costs (x20)	660272
Marketing	185761
Business Development	104826
Partner Relations	341151
Overheads	422853
Contingency	60590



ASTL Financial Status

The financial Statements for ASTL for the year ended 31 March 2024 were examined. The directors, who signed the financial statements of ASTL in December 2024, stated:

“The year to 31st March 2024 saw significant growth for Action Sustainability with sales increasing by 26% to £5.2m because of increased demand for sustainability services, a trend that the director believe will continue, indeed grow, in the coming years as sustainability reporting and procurement practices of major clients drive demand for improved sustainability performance from their supply chains”.

“Action Sustainability is well positioned to take advantage of these market drivers with an expert team of sustainability consultants providing the in-depth knowledge needed by clients grappling with emerging sustainability issues”.

“Underpinning the business is our deep knowledge off sustainability issues and our investment in our two technology platforms. During the year we retained all our key talent and recruited additional team members to help power our growth both during the year and into 2024. We have also continued to invest in R&D for our on online platforms, the practice of the business is to recognise all this investment within the year. We have developed our business processes to support our growth, and the directors are pleased to report that we are independently accredited to ISO9001 and ISO14001 and our IT systems are accredited to the Cyber Essentials Plus standard. The directors believe that the business is well positioned to take advantage of a buoyant market for corporate sustainability services and see significant growth opportunities”.

Adler Shine, Chartered Accountants, gave an unqualified opinion in their audit report and concluded that ASTL’s use of the going concern basis was appropriate and that adequate accounting records had been kept.

Note change of directors – S P McCarthy resigning, J Jarman appointed. During the year Shaun sold his shares to Scale Up Capital, shareholding is now 50% Ian, 50% Scale Up. J Jarmin is the investor board director. Shaun will remain within ASTL for 3 years acting as an ambassador and supporting the team. This was all communicated to the advisory board who agreed with the approach bring taken, and the decisions made with the best interest of ASTL and the supply chain sustainability school purpose.

In summary, the financial statements for the period ended March 2024 show that ASTL makes a 6% profit after tax, and has £3,003k as cash on the balance sheet, and positive reserves.

Taken together, this evidence confirms that ASTL have a stable and viable financial position and are resourced to continue as the delivery partner for the School.

Recommendations for review:

- 1 Advisory Board to review ASTL fee over the past few years and future projections
- 2 Advisory Board to continue to monitor partner numbers, cancellations and projections with a view on current market conditions
- 3 Continue to monitor:
 - a. Collaboration groups and cost allocation of employees
 - b. People costs
 - c. Competitiveness of the SCCC within the market

[Summary](#)

The focus of the review was to:

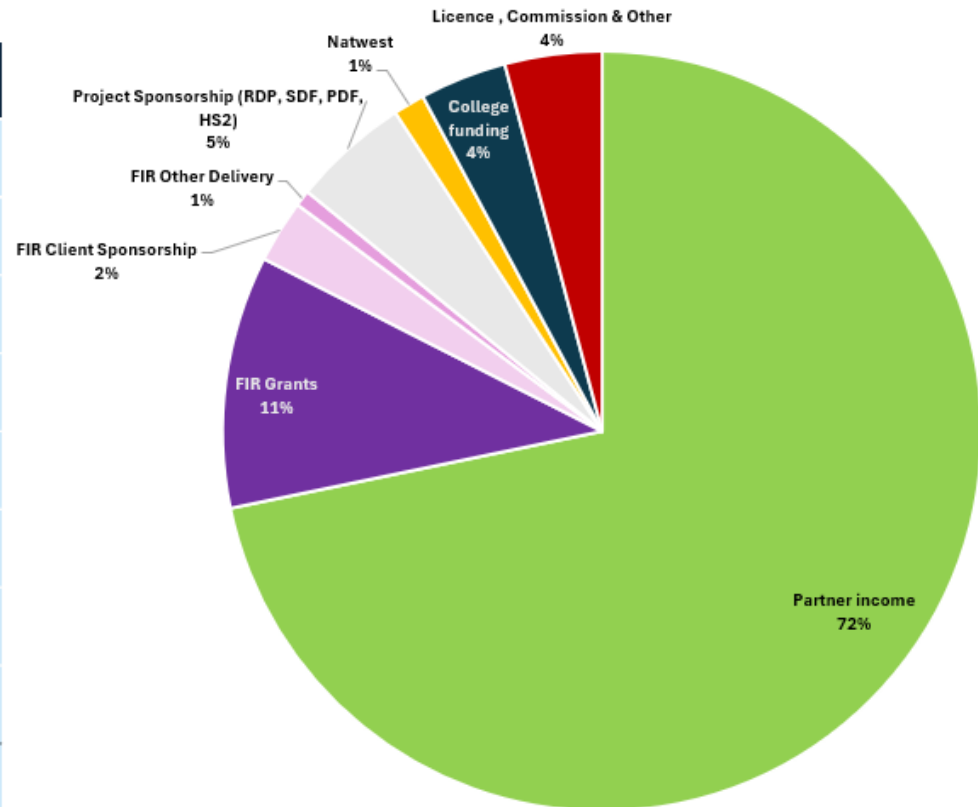
1. Ensure that the basis of allocation of income and costs appeared reasonable given the activities delivered by ASTL on behalf of the School.
 - ✓ I conclude this is the case
2. Review the reasonableness of the “value for money” of the services delivered by ASTL.
 - ✓ After my review, and against the deliveries made against School targets, I conclude that, at least at a summary level, ASTL deliver VFM
3. Review the financial position of ASTL to assure the School of the longer-term viability of their delivery partner.
 - ✓ ASTL appears financially stable and viable to continue as delivery partner for the near future.

Andrew Spencer

Completed 1st May 2025

INCOME 2024-25

Income by source	2024/ 2025
Partner income	2,685,240
FIR Grants	402,072
FIR Client Sponsorship	100,000
FIR Other Delivery	25,665
Project Sponsorship (RDP, SDF, PDF, HS2)	186,236
Natwest	50,000
College funding	138,562
Licence , Commission & Other	154,659
Total	3,742,434



INCOME YEAR ON YEAR & VS. BUDGET

Income by source	2020/21	2021/22	2022/23	2023/24	2024/25 Budget	2024/25 Actual	Variance against budget
Partner income	1,019,292	1,491,809	2,080,479	2,472,900	2,960,965	2,685,240	
College Funding	0	0	0	0	0	138,562	
CITB Core Grant	352,436	0	0	0	0	0	
FIR Grants	94,427	149,000	94,247	206,920	200,000	402,072	
FIR Client Sponsorship	38,791	53,160	100,000	100,000	100,000	100,000	
FIR Other Delivery	0	0	55,614	22,717	25,000	25,665	
Digital Skills	65,309	102,946	59,549	39,445	0	0	
Procurement	119,615	310,874	358,206	173,079	0	0	
Project Sponsorship (RDP, SMA, SDF, PDF, HS2)	25,000	74,760	115,327	190,514	191,496	186,236	
NatWest	0	0	0	117,167	75,000	50,000	
Licence , Commission & Other	13,672	45,063	61,896	76,891	75,000	154,659	
Total Income	1,728,542	2,227,612	2,925,318	3,399,633	3,627,461	3,742,434	+3.17 %

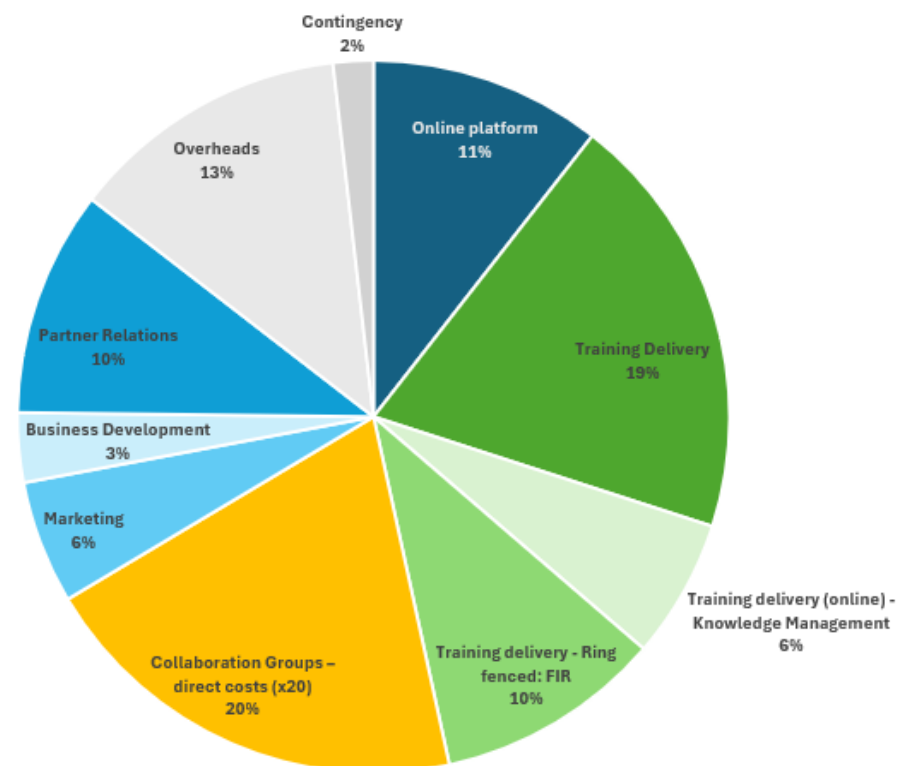
Category of spend	Detail	Amount	Number	Total	Actual	Number	Total	Variance
People costs	Direct employees	£1,875,427	30.5		£1,734,204	29.2		
	FM Sector group	£24,000	0.3	£1,899,427	£23,568	0.3	£1,757,772	£-141,655
Online platform	Learning Management System cost	£60,000	1		£60,000	1		
	Maintenance: Titus	£30,000	1		£30,708	1		
	Ongoing development: Titus	£60,000	1		£83,818	1		
	Content Management System: Strategic	£15,600	1		£13,370	1		
	Web platform Manager	£40,200	1		£28,688	1		
	Online hosting (by SBCC, Aust.) & word press	£8,968	1	£214,769	£17,111	1	£233,705	£18,936
Training delivery	Workshops x 210	£131,250	210		£131,734	194		
	Business Bytes x 20	£11,000	20		£15,960	20		
	Lunch n Learn x 120	£13,700	120		£38,261	245		
	Face to Face training 4 x conferences	£67,000	4		£55,112	3		
	National Highways training programme (inc. site visit costs)	£35,400	45		£34,542	29		
	HS2 training programme	£11,000	25		£5,113	13		
	Training delivery tools (mentL, etc)	£0	0	£269,350	£6,473	1	£287,195	£17,845
Ring fenced delivery	FIR direct costs (inc. Diversity Tool)	£114,300	1	£114,300	£124,568	1	£124,568	£10,268
Collaboration Groups	Carbon Calculator & Climate Action Group	£100,000	1		£100,000	1		
	Plant Category Group	£35,000	1		£35,000	1		
	Waste Category Group	£35,000	1		£35,000	1		
	Modern Slavery Category Group	£35,000	1		£35,000	1		
	Social Value Group	£35,000	1		£35,000	1		
	Nature Group	£35,000	1		£35,000	1		
	Procurement	£0	0		£19,796	1		
	Lean	£10,000	1		£0	1		
	Collaboration activities	£55,000		£340,000	£20,527	1	£315,323	£-24,677
Knowledge Mgt	Expert Advice (ad hoc)	£5,000	1		£2,012	1		
	Library Review & E-learning refresh x 25	£39,750	1		£44,963	1		
	E-learning contractor	£65,000	25		£37,791	25		
	Filming (update video clips & e-learning)	£10,000	1		£0	0		
	CPD accreditation	£6,840	1	£126,590	£7,308	1	£92,074	£-34,516
Marketing	Marketing, Comms & PR	£50,000	1	£50,000	£29,444	1	£29,444	£-20,556
Overheads	Office & general Overheads (Budget figure previously stated incorrectly as £234,100 due to formula error)	£291,874	1		£322,130	1		
	CIC (2.5% of turnover)	£82,500	1		£81,127	1		
	Travel & Courier	£25,000	1	£399,374	£19,596	1	£422,853	£23,479
Contingency	Contingency & Partner cancellation contingency	£175,000	1	£175,000	£60,590		£60,590	£-114,410
				Total Costs	£3,588,810		£3,573,670	£-15,140

Expenditure Actual v Budget 2024/25

Income: £3,742,434
Costs: £3,323,524
Margin: 11.19% £418,910

EXPENDITURE 2024-25

Costs by activity	2023/ 24	2024 / 25 Actual
Online platform	£432,308	£350,298
Training Delivery	£627,334	£645,939
Training delivery (online) - Knowledge Management	£157,995	£209,837
Training delivery: Ring fenced delivery – FIR	£272,591	£341,997
Ring fenced delivery - Digital	£3,740	£0
Ring fenced delivery - Procurement	£3,626	£0
Collaboration Groups	£606,732	£660,272
Marketing	£170,901	£185,761
Business Development	£113,068	£104,826
Partner Relations	£245,838	£341,151
Overheads	£346,500	£422,853
Contingency	£15,000	£60,590
Total costs	£3,100,159	£3,323,524
AS Margin	£299,477	£418,910



EXPENDITURE 2024-25 vs 2023-24

