**Narrative for 5 year budget forecast report**

**November**

**2019**

**General Comments**

The Summary page includes the in-year surplus\deficit position for Revenue, Capital, and overall total. The reserves brought forward from previous year for Revenue, Capital, and overall total, and the expected carry forward for each, and overall total.

The Summary page also includes the key indicators that we review each meeting.

The report includes all pages of the working document:

* Summary – Headline figures \* Teacher numbers and KPI’s are now shown on this page
* Income – Breakdown of all actual and forecast income
* Expenditure - Breakdown of all actual and forecast income
* Pupil Numbers – covers expected pupil numbers for the next 5 years

The following general conditions and assumptions have been used for this forecast:

* 6th Form per pupil funding calculated using the toolkit from this year and the assumed base rate of £4,118 as announced by the Government.
* Includes the expected 19-20 Falling Rolls income of £75,970
* Best estimate of cost increases across the years based on current information
* Teachers pension grant to continue each year (or equivalent funding)
* Teacher Pay Grant to continue each year (or equivalent funding)
* KS3 & KS4 GAG funding calculated based on the likely rates from Essex CC favoured funding model (with -£20k variance in-case rates\weightings change).
* Pupil numbers funded for 2020-21 are now based on actual census figures from Oct 2019

**Income**

The following key conditions and assumptions have been used for forecasting income.

* Year 7 intake 240 each year from 2020-21
* Year 12 intake 170 for 2020-21 and 160 from 2021-22 onwards
* 6th form income calculated using this years toolkit and a base rate of £4,118
* Assumed a loss of 15% of students between Yr12 and Yr13 each year
* 2019-20 GAG income is taken directly form the funding statement
* 2019/20 MFG taken from the funding statement
* Teachers pay and pension grants have been re-calculated based on the updated published information.

**Expenditure**

The following key conditions and assumptions have been used for forecasting expenditure.

* Latest predicted staffing model for 2019-20 onwards has been used to calculate staffing costs
* 2019-20 onwards, support staff pay rises forecast at 2%
* 2019-20 onwards, Teachers pay rises forecast at 2.75%
* Expected additional staff needs for 2019-20 have been included
* 2021-22 Deputy Head JCO resigns and replaced with a full time teacher for classroom commitments. (2nd Deputy will already be in post by then)
* Astro sinking fund contributions re-distributed to allow total to be reached in an affordable way

**Comparison to previous forecast (October 2019) – Main Variations**

**Income**

* 19-20 £16k income from revised pension and pay grant calculations
* 19-20 £6k additional carry forward from 2018-19
* 20-21 £75k additional income from budget share calculated on Essex favoured funding model
* 20-21 (£13k) reduction in income from 6th form based on actual census numbers
* 20-21 £14k income from revised pension and pay grant calculations

**Expenditure**

* 2019-20 £14k additional expenditure Teachers (adoption leave costs and cover, additional threshold progressions)
* 2019-20 £12k additional costs Support staff (site team overtime to cover vacant keyholder position, new member of Oasis team)
* 2020-21 £89k additional expenditure Teachers (2x NQT, additional 0.2fte in Drama, cumulative costs from 2019-20 staffing increases)
* 2020-21 £8k additional Support staff costs (cumulative costs from 2019-20 staffing increases)

**Risks & Opportunities**

* We must report to the schools forum each year to receive the falling rolls allocation so the £75,000 for 2019-20 will need to be evidenced and agreed.
* Pupil Premium numbers in 2020-21 are estimated so could vary
* Possible saving on staff pension calculations 2019-20
* Possible additional income is being identified for 2019-20
* Possible exclusions\referrals could add costs over the next couple of years
* Support staff pay deal has not been agreed and could vary from the 2% budgeted
* GAG funding could come in higher if rates and weightings remain as 2019-20 figures.
* 6th form funding rates are set to increase but actual allocation could be affected by other factors – retention, area weighting, courses etc.)
* Pension and Pay Grants have been calculated using advice and tool on ESFA website but actual figures have not been released