**Narrative for 5 year budget forecast report**

**January 2020**

The forecast Revenue deficit of (£27,731) that was reported in November is now revised to a deficit of (£7,958). This is being addressed, and we have every expectation of setting a balanced budget for 2020-21.

In year surpluses from 2021-22 onwards continue to look healthy.

**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 \* FTE 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:

* 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 latest AWPU revision from ECC (Jan 2020 - with -£20k variance in-case rates\weightings change).
* Pupil numbers funded for 2020-21 based on Oct 2019 Census
* Assumed a loss of 15% of students between Yr12 and Yr13 each year
* Pupil numbers for 2020-21 onwards as per “Pupil numbers & PP” tab

**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 newly released toolkit and a base rate of £4,118
* 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 calculated based on the updated published information.
* £10,000 grant towards Music teaching apprenticeship added to 2020-21
* £20,000 SEN grant added to 2019-20
* Increased Pupil Premium income for 2020-21 onwards based on a review of the likely leavers\starters numbers
* Added £4,600 to 2019-20 income based on predicted Post Lac funding following census
* Added £5,992 to 2019-20 brought forward as per year end adjustments from Jan 2020

**Expenditure**

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

* Most up to date 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%
* Staff adjustments for 2019-20 to Jan have been included
* Expected additional staff needs for 2020-21 have been included
* 2021-22 shows 1 Deputy Head cost removed and replaced with 1 teacher cost
* Astro sinking fund contributions re-distributed to allow total to be reached in an affordable way
* 2019-20 expenditure adjustments reflected in Virements 2-11 are included

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

**Income**

2019-20

* brought forward increased by £5,992
* PP funding increased by £4,600 post Lac
* SEN grant £20,000

2020-21 onwards

* GAG increased to reflect updated AWPU (£27,263 in 2020-21)
* PP increased by £11,725 following review of forecast numbers of leavers\starters
* 6th form funding increased by £42k for 2020-21 following a review using newly released toolkit
* 2020-21 Apprenticeship Grant £10,000 added

**Expenditure**

2019-20

* Teaching staff costs increased by £14k to reflect in year changes
* Support staff costs reduced £4k to reflect in year changes
* Expenditure for Virements 2-11 added

2020-21 onwards

* 2020-21 Teaching staff costs increased by £80k to reflect latest forecast requirements
* PP staffing costs expenditure increased £14k to reflect increased income being spent

**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 for 2020-21 are estimated so could vary
* Exclusions\referrals could add costs for 2020-21 (and beyond)
* 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. (or lower if huge variation in rates)
* Pension and Pay Grants have been calculated using advice and tools on ESFA website but actual figures have not been released yet
* 6th form funding has been forecast using the newly released toolkit, actual allocation could vary.
* Future pay rises for Teaching staff, and the funding supplied by the ESFA to cover them, could vary from the 2.75%
* Pay rises for Support staff could be higher than the 2% budgeted and are unlikely to be funded by ESFA
* LGPS pension contributions look set to increase from 24.3% to 25% from April 2020