**Narrative for 5 year budget forecast report**

**June 2020**

The 2020-21 forecast Revenue deficit of (£7,958) that was reported in Jan is now revised to a surplus of £9,747. This does mean that a balanced budget can be set for 2020-21 but it is incredibly tight.

In year surpluses from 2021-22 are still forecast and no long term issues have been identified.

**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 expenditure
* 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 £67,970
* 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 taken from published funding data
* Pupil numbers funded for 2020-21 taken from published data
* 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 latest published funding data
* Teachers pay and pension grants have been calculated based on the updated published information.
* £10,400 grant towards Music teaching apprenticeship added to 2020-21
* £20,000 SEN grant added to 2019-20
* Added £4,600 to 2019-20 income based on predicted Post Lac funding following census

**Expenditure**

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

* Most up to date predicted staffing model for 2019-20 and 2020-21 onwards has been used to calculate staffing costs
* April 2020 onwards, support staff pay rises forecast at 2.75% as per the latest indications
* April 2020 onwards, support staff pension costs increased by 0.7% to reflect the published changes
* 2019-20 onwards, Teachers pay rises forecast at 2.75%
* Expected additional staff needs for 2020-21 and 2021-22 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

**Comparison to previous forecast (January 2020) – Main Variations**

**Income**

2019-20

* SEN income received an additional £6,649 in summer allocation
* Lettings\Astro\Sports centre income reduced by £59,500 due to impact of Covid-19 shutdown

2020-21 onwards

* Separated Post-Lac funding from GAG so it can be more easily identified and monitored
* GAG and 6th Form expected allocations revised based on latest funding statements increasing by around £30k from 2021-22

**Expenditure**

2019-20

* Costs adjustments to staffing from latest calculators reflecting current position
* £12,000 overspend on supply costs and reduction of expected expenditure in “other staff costs” (£7,000)
* Reduction of expenditure in “maintenance of premises” category (£5,800)
* Reduction of expenditure in “other occupancy costs” category (£13,300)
* Reduction of expenditure in “educational support, supplies, and services” category (£26,299)
* Catering budget is expected to overspend by £19,000 mainly due to costs linked to covid-19 shutdown.
* Professional fees cost centre has seen a reduction in expected expenditure of approx. £15,000 mainly down to a significant contract no longer being used this year (or future years)
* Increased capital expenditure of £14,800

2020-21 onwards

* 2020-21 Teaching staff costs increased by £40k, and 2021-22 onwards £80k to reflect expected costs
* 2020-21 Support staff costs increased by £6k, and 2021-22 onwards £50k + mainly due to increased expected pay rises and pension costs
* Supply costs increased moving forward based on this years expenditure
* Exam costs increased by £7,500 + based on expected expenditure and pupil numbers

**Risks & Opportunities**

* Final approval of the last falling rolls payment is still outstanding
* 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 but is likely to now be 2.75%
* Pension and Pay Grants have been calculated for September 2020 based on current info, if they cover teachers pay beyond 2% as they did this year, we would save the extra 0.75% that has been budgeted (approx. £35k)
* 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 forecast 2.75% and are unlikely to be funded by ESFA
* We may be able to reclaim approx. £20k for covid-19 extra expenditure in 2019-20
* Unknown long term impact of covid-19 on suppliers, school running costs, and lettings income.