**Narrative for 5 year budget forecast report**

**APR 2021**

The 2020-21 forecast Revenue surplus £22,561 as of the last report (JAN 2021. Since that time an Outturn and Narrative have been produced and shared with Governors that included the Astro sinking fund which had previously been excluded. This was done following review and advice as part of another process and moving forward, will be included in all Outturn and 5 Year Forecast Reports.

With that in mind, the last 5 year forecast would actually have shown a 2020-21 revenue surplus of £127,561.

The Revenue surplus forecast figure for 2020-21 on the current report is now **£140,416**.

**General Comments**

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

* Best estimate of cost increases across the years based on current information
* Teachers pension grant will end this year but will be rolled into GAG funding from 2021-22 (except 6th form which will continue)
* Teacher Pay Grant will end this year but will be rolled into GAG funding from 2021-22 (except 6th form which will continue)
* KS3, KS4, and KS5 GAG funding taken from published funding data
* Pupil numbers funded for 2021-22 taken from published data
* Assumed a loss of 15% of students between Yr12 and Yr13 each year
* Pupil numbers for 2021-22 onwards as per “Pupil numbers” tab

**Income**

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

* Year 7 intake 248 for 2021-22 then 240 each year from 2022-23
* Year 12 intake 165 for 2021-22 onwards
* Loss of 15% of students between year 12 and year 13
* 6th form income calculated using latest published funding data
* All other variances from Virements 1-10 included for 2020-21
* 2020-21 additional income included as per Outturn report and will be included in future virements as needed.

**Expenditure**

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

* Revised staff calculators for APR 21 have been used. These take into account confirmed and likely recruitment for 2020-21 and 2021-22
* April 2022 onwards, support staff pay rises forecast at 2.75%. As no funding is likely to be offered, the full cost will fall on the school
* Teachers pay rises for 2022-23 (after current pay freeze), onwards have been calculated at 2%. If the award goes beyond 2%, there should be some part funding of the rises in future years through the GAG funding
* All variances from Virements 1-10 included for 2020-21 as well as known expenditure as per the Outturn report have been included
* Years 4&5 expenditure (non-staff) levelled off to give a truer reflection of likely position (given that income is not increased at the same rates for the forecast)
* Cleaning costs increased by 5% each year. This is normally driven by contractual increases in the minimum wage
* Energy costs increasing by 7.5% each year although this may reduce when the benefits of the PSDS project (LED lights, solar panels, and ASHP) are realised
* Curriculum and education support budgets growing by around 10% each year
* IT Maintenance costs have been increased 2021-22 onwards to reflect the catch up needed in refresh of old kit that is being run beyond end of life currently.

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

**Income**

2020-21

* Covid cost reclaim £23.5k added
* Additional AWPU income increased from £3.5k to £7.5k to reflect what was actually received
* Reduction of expected letting income by £80k
* Increased Covid catchup funding, FSM grant, tuition and Covid testing grants income totalling £26k

2021-22 onwards

* Updated GAG forecast income based on NFF figures contained in the 2021-22 funding statement
* Updated 6th form funding forecasts based on figures in the 2021-22 funding statement
* Updated apprenticeship income info for 2021-22

**Expenditure**

2020-21

* Staffing costs updated to reflect support staff pay freeze from April 2021 and new appointments from April 2021
* Reduction in forecast Supply cost by £15k

2021-22 onwards

* Staffing costs updated to reflect teaching staff pay freeze from Sept 2021 and new appointments from Sept 2021
* IT Maintenance costs have been increased to reflect the catch up needed in refresh of old kit that is being run beyond end of life currently.

**Risks & Opportunities**

* Traded income for 2020-21 has been halved to £80k due to lock downs to date
* Pupil Premium numbers for future years could vary
* Unknown long term impact of covid-19 on suppliers, school running costs, and lettings income.
* Future funding for schools (and public sector), may be impacted as the Government tries to recover from Covid expenditure
* Some cost savings on Exam fees and associated costs may be realised this year as we have credit notes from last year and there is a chance fees will lower this year too
* We are likely to receive a summer school grant of around £75k this year
* We may incur capital costs of around £30k on the PSDS project
* Insurance claims have gone in for the trip cancellations but no indication of acceptance has been received yet

**Report Guide**

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 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
* Notes – for reference