**Narrative for 5 year budget forecast report**

**JAN 2021**

The 2020-21 forecast Revenue surplus of £83,318 as per the previous report, is now revised to a revenue surplus of **£22,561**.

**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 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

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
* Teacher Pay Grant will end this year but will be rolled into GAG funding from 2021-22
* 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 2021-22
* 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 1-7 included for 2020-21
* GAG income forecast as per 2020-21 figures. This will likely move to the NFF next year and will need to be re-calculated in future forecasts. GAG for 2021-22 was modelled based on estimated NFF data and was a slight increase on current data when taking into account Teacher Pension Grant and Pay Grant. AS the NFF data was far from certain and the figures outcome was not very different, I have stuck with the original data which hopefully gives a conservative forecast for 2021-22 onwards.
* Included other known income as per budget position outturn which will be processed as virements later

**Expenditure**

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

* Revised staff calculators for JAN 21 have been used which reduced expenditure across 2020-21 and 2021-22 by approx. £140k due to pay freezes
* Additional expected appointments and changes as of end Jan 21 are also included
* 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
* 2020-21 Teachers pay rises average 2.75% which were not be funded at all by ESFA this year
* 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 1-7 included for 2020-21 as well as known expenditure as per budget position outturn 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
* Curriculum and education support budgets growing by around 10% each year

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

**Income**

2020-21

* Covid cost reclaim £23.5k added
* Additional AWPU income £3.5k
* Reduction of expected letting income by £80k

2021-22 onwards

* Updated 6th form future forecast income based on latest toolkit from Jan 21
* 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
* Increased costs relating to capital spending of around £6k added

2021-22 onwards

* Staffing costs updated to reflect teaching staff pay freeze from Sept 2021 and new appointments from Sept 2021

**Risks & Opportunities**

* Traded income for 2020-21 has been halved to £80k but that is assuming we can generate £40k more income from our current position
* Pupil Premium numbers for future years could vary
* Exclusions\referrals could add costs for 2020-21 (and beyond)
* 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
* NFF formula is likely to be implemented next year which should be a positive impact for us, but actual amount won’t be known until Feb/Mar 2021 and needs to be calculated taking into account the Teachers pension and pay grants.
* 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