**Narrative for 5 year budget forecast report**

**June 2021**

There have been some changes made to the format of this report since the last issue.

* Income – Pupil Premium, Pension and Pay grants, and Post LAC funding, have been moved from “General Annual Grant” to “Other ESFA Grants” as this a more appropriate categorisation.
* Expenditure – Transfer between funds line has been added to show the revenue to capital transfer in 2020-21
* Expenditure – Transfer of funds between cost centres has been added to “Maintenance of Premises” category to reflect the Astro sinking fund contributions for 2021-22 onwards, being added to the reserves.
* Expenditure – Categories for Revenue and Capital brought forward funds have been added to reflect the allocation or use of these funds each year.
* Expenditure – Category for “Pupil Premium (and catch up) transfers to other cost centres” has been added. This used to all be reflected under staffing but has now been stripped out so full cost of staffing is clearer as well as use of Pupil Premium funds being reviewed.

The Revenue surplus forecast figure for 2020-21 on the current report is now **£212,915**.

The Revenue in year deficit for 2020-21 is now (£38,299).

These figures are as per the Outturn report.

**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
* 6th form income calculated using latest published funding data
* All other variances from Virements 1-13 included for 2020-21
* 2021-22 Pupil Premium funding as per published allocations
* Pupil numbers for 2022-23 funding reduced to reflect reduction across some year groups since the Oct 2020 census. (\*there is recruitment to some year groups going on currently which mitigate this on future reports).
* Expected lettings income for 2021-22 has been reduced to reflect uncertainty in this area.

**Expenditure**

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

* Revised staff calculators for June 21 have been used. These take into account confirmed and likely recruitment 2021-22. September 2021 staff calculator has been used for 2021 onwards.
* April 2022 and 2023, support staff pay rises forecast at 2.75%. April 0224 and 2025 have been forecast at 1%. The reduction in forecast for years 4 and 5 is to give a more accurate overall picture of the school finances in those years rather than a complete worst case scenario. As no funding is likely to be offered, the full cost will fall on the school
* Teachers pay rises for September 2022 (after current pay freeze), have been calculated at 2% and for September 2023 and 2024 at 1%. The reduction in forecast for years 4 and 5 is to give a more accurate overall picture of the school finances in those years rather than a complete worst case scenario.
* All variances from Virements 1-13 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 better 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. The forecast for 2021-22 has been reduced to reflect the impact of the PSDS project completed in 2021.
* Curriculum and education support budgets growing by around 10% each year and 2021-22 is as per the budget plan.
* IT Maintenance costs have been increased 2021-22 to reflect the agreed infrastructure projects (to be completed in 2021) ongoing costs.

**Risks & Opportunities**

* Traded income for 2020-21 has been halved to £80k due to lock downs to date. It has also been reduced for 2021-22. There is a chance we may generate more income than forecast across these years.
* Pupil Premium numbers for future years could vary (although likely to go up rather than down)
* 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 £45k this year which will cover associated costs.

**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
* 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