**Narrative for 5 year budget forecast report**

**Nov 2021**

The 2021-22 Budget column shows figures as per the original budget.

The 2021-22 Updated column includes virements and variations that are included in the Budget position report for Nov 21.

This forecast is directly comparable to the “Model 2” version which was presented at the last meeting and agreed to be the most reasonable representation of likely positions.

**General Comments**

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

* Teachers pension and pay grants will be paid this year for the 6th form numbers only.
* Pupil numbers have been updated to reflect current on roll as at Sept 2021 and intakes of 240 in year 7 and 180 in year 12 each year.
* Assumed a loss of 15% of students between Yr12 and Yr13 each year
* Total pupil numbers should track as close to our Net Capacity of 1499 as possible

**Income**

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

* 2021-22 Year 12 larger intake of 215 results in inflated funding for 2022-23 and 2023-24 with a steep drop off in 2024-25 as numbers settle to our target
* 2022-23 onwards AWPU rate increased by 2.5% above baseline 2021-22 rates calculation.
  + Previous increases have been 2019-20 +0.5%, 2020-21 +5.5%, and 2021-22 +4.5%. An average of 2.5% has been used for modelling based on these recent increases.

**Expenditure**

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

* Revised staff calculators for Nov 21 have been used.
* Teachers pay freeze for Sept 2021, then 2% in year 2-3 and 1% in years 4-5
* Support staff 2.75% in April 2022, 2023, and 2024
* Energy costs for 2022-23 forecast at 10% increase over original budget and then 10% to year 3. The energy market will hopefully have stabilised by next year but a higher increase than previously forecast has been included as a precaution.

**Comparison to previous forecast**

The (£30k) to (£15k) for each year from 2022-23 onwards compared to the previous report is almost all linked to staffing positions.

The Teachers pay review costs that were listed separately are now built in and there is a saving from a teacher who has resigned and is not being replaced.

Support staff costs have been increased to reflect changes including a new CCF Staff instructor, a new LSA, and some higher costs relating to replacing staff who are leaving.

**Summary**

The in-year position looks good for Years 1 to 3 which is the focus, and is what we must report on the ESFA. Years 4-5 always get a bit speculative but no year forecasts an overall deficit.

**Risks & Opportunities**

* Possible Support staff pay rise backdated to April 2021 if it gets agreed
* NI increase from April 2022
* Energy crisis – huge impact on 2021-22. Funding announced for businesses but not public sector at this stage. Market uncertainty beyond 2021-22
* Current recruitment issues to catering and cleaning positions
* Pupil Premium numbers for future years could vary (although likely to go up rather than down)

**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 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