**Narrative for 5 year budget forecast report**

**Sept 2020**

The 2020-21 forecast Revenue surplus of £9,747 as per the budget in June, is now revised to a revenue surplus of £84,020 (in line with the outturn report).

The expected in-year deficit for 2020-21 is also reduced from (£42k) to (£19k).

There is a small in year surplus for 2021-22 and significantly larger in-year surpluses moving forward.

**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
* 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
* £10,400 grant towards Music teaching apprenticeship added to 2020-21
* £20,000 income from ASHE added 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

**Expenditure**

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

* Revised staff calculators for Sept 2020, including all changes since June 2020 have been used
* April 2021 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 forecast at 2.75% as per latest info. These will not be funded at all by ESFA this year
* Teachers pay rises for 2021-22 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
* Initial forecasts for expected additional staff needs for 2022-22 have been included
* Astro sinking fund contributions re-distributed to allow total to be reached in an affordable way
* 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

**Risks & Opportunities**

* Traded income for 2020-21 is £160k, any lockdown that impacts lettings could affect this years funds
* Pupil Premium numbers for future years could vary
* Exclusions\referrals could add costs for 2020-21 (and beyond)
* Pension and Pay Grants will end this year and be rolled into GAG funding which will need to be calculated as soon as the figures are available
* Teachers pay rises are not funded at all this year on the basis that more money was made available to schools. If future rises are not funded at all, that could impact significantly
* 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 but no guidance has been issued yet
* Unknown long term impact of covid-19 on suppliers, school running costs, and lettings income.