**Narrative for 3 year budget forecast report**

**June 2022**

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 Mar 22.

**General Comments**

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

* Teachers pension grant for 6th form will continue to be paid separately but the pay grant has now been rolled into basic funding
* 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

The 2021-22 updated figures are as per the latest budget position report. 2022-23 has been set as the 2022-23 budget figures, and 2023-24 is forecast based on realistic or expected variations.

**Income**

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

* Supplementary Grant has been increased for the current year and 2022-23 based on published allocations. 2023-24 has been assumed as per 2022-23.
* Lettings income has been reduced this year to reflect the expected position and in 2022-23 to reflect the sports hall being out of use for exam periods. SR will be reviewing traded income generation to see how to mitigate these losses.
* ESFA GAG funding for 2023-24 – a 2% increase over 2022-23 rates has been forecast (this has been between 2% - 4% in recent years)

**Expenditure**

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

* Teachers pay award for Sept 2022 has now been calculated at 3% and 3% for Sept 2023.
* Support staff pay award for April 2022 has been calculated at 2% and April 2023 at 3%.
* Additional expenditure as per the budget forecast and narrative have been added.
* 2023-24 Curriculum Department budgets assumes a 10% increase.
* 2023-24 Energy costs assume a 20% reduction for the 2022-23 costs. This still reflects over a 100% increase on 2020-21 rates.

**Summary**

The significant improvement in the expected year end budget position this year means we are no longer showing an in-year deficit. The in-year surplus for 2022-23 is significantly less than last forecast which is mainly down to staffing variations and energy cost expectations.

**Risks & Opportunities**

* Energy and water costs remain high on the risk list for next year onwards
* The exact breakdown of Teachers and Support Staff pay awards must be monitored and forecast as accurately as possible as information is made available.

**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