**Narrative for 3 year budget forecast report**

**Feb 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 Feb 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

**Income**

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

* 2022-23 funding statements have been received and are with £7k of the estimate used for the last report.
* 16-19 funding for next year based on new funding criteria is significantly higher than the last forecast.
* Recovery Grant has been forecast the same as the cost of the NI costs as we have assurances these will be covered. The grant is likely to be higher and with the latest information released, can be calculated more accurately for the next report.

**Expenditure**

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

* Latest staff calculators including required staffing for September have been used.
* All NI cost increases are now included within the staffing costs on the calculators.
* Teachers pay award for Sept 22 has now been calculated at 3% not 2% as this is more likely to be representative of the agreement being discussed
* Support staff pay award for April 2021 has only just been agreed and applied to the staff calculators. An award of 2% for April 2022 has been used for forecasting as this is the figure being discussed although may not be confirmed for some time.
* Energy costs for 2022-23 have been forecast higher than previous expectations as it is now unlikely they will drop to previous levels by September

**Comparison to previous forecast**

The biggest income variations are from the increased actual and expected funding for 6th form in years 2 and 3.

Expenditure variation are almost all down to staffing as these now include the NI increase, Support Staff Pay award for 2021, and the higher than expected likely pay awards for teachers in years 2 and 3.

The Rates income and expenditure (which cancel each other out), have been removed as these will now be paid directly by the ESFA, not us and then reclaimed.

**Summary**

The in-year position is significantly improved this year and is showing a surplus in year 2 and 3 as well.

**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.
* Pupil premium funding is likely to be significantly higher next year.
* The Recovery Grant is likely to be significantly more than just covering the NI increase. This should benefit next year and the year after but is not guaranteed beyond that.

**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