**Narrative for 3 year budget forecast report**

**June 2023**

The 2022-23 Budget column shows figures as per the original budget.

The 2022-23 Updated column includes virements and variations that are included in the Budget position report for May 2023

The 2023-24 column is as per the draft budget.

**General Comments**

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

* Teacher pay rises forecast at 3% for Sept 2023
* Support Staff pay rises forecast at 3% for April 2023 and 3% for April 2024
* Forecast based on admitting 180 into Year 12 in Sept 2023
* Assumed a loss of 5% of students between Yr12 and Yr13 each year to reflect the larger % of internal students admitted which will hopefully minimise movement

**Income**

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

* General Annual Grant forecast for 2024-25 - rates increased by 4% estimate based on increase in Pupil funding rate increase between 2022-23 and 2023-24.
* Mainstream schools additional shown in 2024-25 as it is planned to be rolled into General Annual Grant funding
* Other ESFA Grants - 6th form funding drops by (£170k) between 23-24 and 24-25 to reflect the reduction in pupil numbers funded based on forecast for numbers in 2023-24
  + This can be mitigated to some extent if we admit more into year 12 in Sept 2023
* Other ESFA grants – drops by (£50k) between 23-24 and 24-25 to reflect the removal of the recovery grant which ends in 2023-24. Expenditure for pupil premium/recovery grant has been reduced to reflect this.

**Expenditure**

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

* Energy expenditure between 2022-23 and 2023-24 shows a huge reduction to reflect the updated contracts that have been signed at much lower rates.
* Teachers pay award for Sept 2023 and Sept 2024 forecast at 3%.
* Support staff pay award for April 2023 and April 2024 both forecast at 3%
* Other staff costs reduced in 2024-25 compared to 2023-24 as fewer buyouts have been forecast.
* Education Support Supplies and services – Pupil premium/recovery grant reduced expenditure shown. (this can also be seen in the pupil premium transfers to other cost centres figure).

**Summary**

The balanced in year budget for 2023-24 is very good news and provides us with a decent reserves position to mitigate possible risks that may impact next year.

The 2023-24 forecast in-year deficit of (£200k) needs to be noted but could be mitigated with higher 6th form numbers in 2023-24. Funding could also increase more than the 4% forecast and staffing opportunities may well present themselves throughout the year.

**Risks & Opportunities**

* Teachers and Support Staff pay awards are a risk depending on final agreement and if they are funded or not
* Impact of the holiday working pay ruling (Harper/Brazel) is being calculated but is not known yet.
* If we were to admit 200 into year 12 instead of 180, there is a possible additional £100k income in 2024-25 (this does come with some operational issues).

**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