**Narrative for 3 year budget forecast report for**

**end of October 2016**

**General Comments**

The 3 year plan was put together in November 2016 and is accurate at the time it was completed. Many factors affecting the plan change regularly (ie. staffing commitments), so it will be updated and saved each month to build a picture of the changes across the year.

By the end of December 2016 the GAG statement should be released so we will have a much more accurate idea of income for 2017-18 at that point. The new information will be used to put together the 3 year forecast report in January 2017 which will be reported at our next meeting in February 2017.

The forecast is currently showing a predicted deficit of £116,924 for 2017-18. We will be putting together a plan with a view to make savings and raise income to cover this and to start building a surplus.

**Income**

The GAG share and ESG income were calculated using the pupil numbers on the October 2015 census for 2016-17 funding, the October 2016 census for 2017-18 funding, and expected 2017 intake numbers for 2018-19 funding. The 6th form numbers are based on previous and expected application levels.

The Education services grant has been reduced by £10 per pupil for 2017-18 as per Essex finance supports advice, as it is in the process of being phased out.

Pupil premium has been assumed at the same level as this year as any increase can’t be guaranteed until the GAG statement for 2017-18 is released.

**Expenditure**

All staff costs have been generated by the salary calculators for the next 3 years and are reviewed regularly. The calculators are updated every time there is a staffing change and a list of any adjustments made throughout the year are recorded for review. The calculators are also saved and stored at the end of each month so they can be reviewed at any time.

Other costs that can reasonably be expected to rise (ie. energy and water), have been increased each year.

It is expected that the Apprenticeship Levy costs for 2017-18 and 18-19 will be covered by the Professional Fees budget where savings on other services will have been realised.