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

**mid January 2017 – Scenario A**

**General Comments**

The deficit for 2017/18 was reported as £116,924 at the last meeting. Through cost savings, mainly from natural staff adjustments, the deficit is now showing at £15,711 which is covered by carry forward in this scenario.

Having been involved in analysing and reporting on the falling rolls funding, I noticed that the budget schedule in our previous 3-5 year plans (from May 2016), didn’t seem to quite make sense. Investigating further I found that the following (revised from original) budget schedule had been used:

2016/17 £714,162

2017/18 £576,321

2018/19 £427,952

2019/20 £0

Although the total does equal £1,718,435 which is the amount of funding we are anticipating, this schedule would not be possible because of when the money is actually paid to us. We receive payments in May each year (based on financial year at ECC), some of which is for the current year and some is taken forward as it is allocated to the following academic years budget. Because of this we would not have had access to £427,952 in 2018/19 as we would not have received the money from ECC.

 This year we sought permission to allocate the money that had been paid to us across the academic years differently from what was on the original plan. This was not a problem for ECC as the payments and dates remained the same. I anticipate we will need to do this again next year and the year after.

I have re-profiled the falling rolls budget accounting for actual funds that will be available to us as follows:

2016/17 £714,162

2017/18 £591,321

2018/19 £336,982

2019/20 £75,970

The following assumptions have been made in putting together this 3 year forecast:

* Pupil numbers in Year 7 will be 225 each year
* Pupil numbers in Year 12 will be 195
* The sixth form numbers have been reduced in Year 12 2018/19 to reflect the small Year 11 entering sixth form. This will effect funding for 2019/20 and 2020/21
* All current and planned staffing adjustments have been calculated
* Pupil premium will remain at a constant level

The GAG statement is usually released at the end of Feb but must be with us by the end of March at the latest. Once we have that we will know exact figures for next year.

**Income**

* The budget share for each year was calculated using Essex Finance’s model
* The ESG was reduced by £10 per pupil each year as advised by Essex Finance
* The minimum funding guarantee was left at a constant level as advised by Essex Finance

**Expenditure**

* LGPS deficit costs have been increased 1.5% each year
* Astro pitch budget increased to allow for sinking fund to be grown to £150,000 in the next 5 years as required by the Football Foundation
* Professional Fees increased by £10,000 to cover the apprenticeship levy from 2017/18. (it was hoped this cost would be absorbed but unfortunately it can’t be)
* Increases to any budget that can reasonably be expected to need it each year