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

**end January 2017 – Scenario B**

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

Taking into account the possible factors described below, the deficit could show as high as £131,265 as in this scenario, which could not be covered by carry forward at this point.

Having received the revised AWPU and IDACI figures from the schools forum on 18th Jan, I decided to put all our known numbers through the calculations on the GAG statement to try to get a more accurate estimate of the likely budget share for 2017/18.

While the expected budget share did increase, the calculations for defining the minimum funding guarantee then showed us below the threshold which would effectively mean we do not receive the £71,477 that we got this year.

There has also been a lot of debate on the Business Managers forum about the ESG grant which has been discontinued. While I was advised that reducing by £10 per pupil should be sufficient as there was protection in place, this doesn’t seem to tally with research I’ve done or discussions on the forum. It looks far more likely that we will lose an additional £25,000 over the reduction of £9,500 that was budgeted for.

I have also factored in a reduction of 0.5% of the budget share for 2018/19 onwards to allow for the expected impact of the new funding formula.

In order to balance the extra costs a little, I have rolled back budget growth for 2017/18 where possible and re-profiled growth the following year.

All other factors are all as per scenario A unless stated above.

We won’t know for sure until the GAG statement is received (hopefully at the end of Feb) but we have started planning for options should the worst case funding scenario happen to ensure we can set a balanced budget for next year.