**Narrative for 3 year budget forecast report**

**as at end March 2017**

**General Comments**

The forecast is currently showing an in-year deficit of £55,000 for 2017/18. This will be covered by the expected carry forward from 2016/17 so I am confident at this stage that we will be able to set a balanced budget.

Having received the GAG statement at the end of February we were able to forecast for next year with far more accuracy and we are better off than in the previously reported worst case (Scenario B).

I will provide some further information on the GAG statement breakdown under the General Finance updates agenda item, but the main difference was that the IDACI (deprivation), weightings changed from the previous year which pushed us back into qualifying for the Minimum Funding Guarantee.

The following general conditions and assumptions have been used for this 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 staffing adjustments have been calculated
* Pupil premium income will remain at a constant level

**Income**

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

* ESG funding removed completely from 2018 onwards
* MFG removed from 2018 as current calculations indicate that we will not receive any. (If the AWPU and IDACI weightings and values change again then this will be re-calculated).
* 2018/19 onwards, budget reduced by 0.5% to reflect expected impact from NFF if it goes ahead.
* 2018/19 budget share estimate based on ECC finance model with a £50,000 reduction to reflect how far out the initial estimate was for 2017/18 using that model. (I will re-calculate this figure from latest GAG calculations once final numbers for 2017/18 including 6th form are confirmed)

**Expenditure**

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

* April ’19 onwards TPS pension increased by 2%
* April ’17 onwards LGPS deficit payments increased by 1.5%
* 2017/18 onwards 1% manually added to all salaries
* Cost centre expenditure increased as appropriate
* 2017/18 BWD delivery group cost centre reduced by £9,000 to reflect cost of buying in counselling services only
* 2018/19 onwards staffing costs increased by £100,000 to reflect the need for teacher recruitment due to increasing numbers
* 2016-17 £13,500 CIF expenditure added to cover the un-budgeted costs as reported in the Outturn report.