**Narrative for 3 year budget forecast report**

 **June 2017**

**General Comments**

This budget forecast has been updated to reflect income and expenditure for 16-17 that is more in line with the latest outturn and what is known to be the likely end of year position rather than the original set budget.

The income and expenditure for 17-18 have been updated to reflect the figures that are on the budget more than previous estimates.

The forecast is currently showing an in-year deficit of (£8,722) for 17-18 which will be covered by this years’ carry forward.

The in-year deficit for 18-19 jumps to £230k which is due to £100k more expenditure on staffing predicted, £105k less income predicted (MFG and ESG), and other costs increasing.

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

**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)
* Pupil premium based on correct census but final figures not confirmed until July

**Expenditure**

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

* April ’19 onwards TPS pension increased by 2%
* 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.
* Exam fees expenditure 16-17 saving £25k, remains set at £140k for 17-18 as vocational courses and A level variances could increase expenditure significantly.