**Narrative for 3 year budget forecast report**

 **September 2017**

**General Comments**

I have included two possible forecasts, scenario A has been calculated using figures from this year’s GAG statement (AWPU, IDACI, MFG). This scenario shows a possible deficit position of (£185,914) in 2019-20.

Scenario B has been calculated using updated figures for AWPU and MFG that are likely to be approved by the schools forum. The MFG in this case has been calculated at -0.5%, in previous years it has been set at -1.5%. This scenario shows a much smaller possible deficit position of (£58,486) in 2019-20.

At this stage it looks more likely that scenario B will be what actually happens but we will be monitoring all factors carefully.

The last 3 year forecast done in 2016-17 showed a possible deficit of (£112,720) in 2018-19. We are now predicting a surplus of £65,126 in 2018-19 which is helped by the higher predicted income, but is also reflecting significant savings made on staffing options and in other areas last year and this.

The following general conditions and assumptions have been used for this forecast (both scenarios).

* 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
* Best estimate of cost increases across the years based on current information

**Income**

The following key conditions and assumptions have been used for forecasting income (scenario B).

* ESG funding removed completely from 2018 onwards
* MFG calculated for 2018-19 and 2019-20 using predicted AWPU figures and current IDACI values and weightings

**Expenditure**

The following key conditions and assumptions have been used for forecasting expenditure (both scenarios).

* April ’19 onwards TPS pension increased by 2%
* 2017/18 onwards 1% manually added to all salaries and 2% to teachers mainscale
* 2018/19 onwards staffing costs increased by £130,000 to reflect the need for recruitment due to increasing numbers

**Other Factors**

* Forum may vote to set the MFG at -0% which will improve our position
* NFF and DFE promises of funding at £4800 per pupil by 2019-20 are being monitored
* LGPS pension contributions may increase again this year and next which would have a negative impact on our position. Situation is being monitored