**Narrative for 3 year budget forecast report**

**Feb 2018**

**General Comments**

I have forecast income based on the latest figures from the schools forum which included AWPU for KS3 £4,018 and KS4 £4,893.83. I have updated the IDACI values in line with the new published figures and calculated MFG at -0% as per the school forum decision for this year.

The revised forecast is showing a possible deficit of (£84,953) in 2019-20. This has increased from the previous report mainly due to increased staff costs in 17-18 which have a cumulative effect on the following years by reducing carry forward and increasing costs each year.

It is worth noting that this is largely balanced out by increased expected income based on the revised figures from the schools forum.

I have also run calculations for the expected MFG for 18-19 and 19-20 based on the revised expected ESFA funding which has lowered the MFG expectations but raised overall income each year when compared to previous reports.

I have worked with Essex Finance and MWS Accountants to verify the workings and expected figures.

The funding statement is due to be released by 31st March but is more likely to be available in Feb which will give us a clear picture of our actual funding for 2018-19.

The following general conditions and assumptions have been used for this forecast:

* Pupil numbers in Year 7 will be 240 each year from 2018/19 onwards
* 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.

* Year 7 intake increased to 240 from 2018-19 (funding increase from 2019-20)
* ESG funding removed completely from 2018 onwards
* MFG calculated for 2018-19 and 2019-20 using predicted AWPU figures and IDACI values at a rate of -0%
* Income for 17-18 has been reduced by £2,805 to reflect the lower than budgeted Pupil Premium income

**Expenditure**

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

* Latest predicted staffing model for 2018-19 has been used to calculate staffing costs
* LGPS contributions increased by 1% April 2019 (recorded in the “LGPS deficit” row on the spreadsheet) (the April 2018 increase is now built into the staff calculators)
* April ’19 onwards TPS pension increased by 2%
* 2017/18 onwards 1% manually added to all salaries
* Latest virements and 17-18 cost increases included

**Other Factors**

* Support Staff could get 2% increase April 18 and 2% April 19 which would increase costs. This is being considered at the moment and will be monitored.
* NFF in 2019-20 promises a min per pupil figure of £4,800 which would increase income
* NFF may reduce the lump sum paid to schools by (£40k) in 2020-21 ( this should be protected in the same way as other funding reductions but we won’t know for a while)
* Carry forwards may increase if we are able to continue to identify cost saving throughout the year