**Narrative for 3 year budget forecast report**

**April 2018**

**General Comments**

The funding statement was released in March and did not contain and surprises, negative or positive. I have updated the forecast for 2018-19 with the confirmed information. I have also updated the likely income for 2019-20 based on the calculations in the latest funding statement.

The revised forecast is showing a possible deficit of (£45,812) in 2019-20. This has reduced from the last forecast, mainly due to some higher paid staff leaving and being replaced with lower paid staff, which has a cumulative saving effect across the forecast. It also reflects the higher expected carry forward from 2017-18.

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 for 2018-19 is taken form the funding statement.

**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
* Support staff pay increases beyond the 1% (as per the Local Government agreed proposal), have been listed separately

**Other Factors**

* Teaching staff may be recommended a larger that 1% pay rise from Sept which would increase expenditure
* NFF in 2019-20 promises a min per pupil figure of £4,800 which would increase income
* We may get some MFG funding in 2019-20 depending on conditions set by ESFA and/or local Schools Forum
* 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