**Narrative for 3 year budget forecast report**

 **JUNE 2018**

**General Comments**

This forecast is actually a 4 year forecast as we are so close to the end of this year. It includes the forecast figures for 2020-21, which is the year the new ESFA return is requesting we forecast to.

The forecast for 2020-21, which is the year following the end of the falling rolls funding, is a possible surplus of £61,946.

The revised forecast is showing a possible surplus of £12,773 in 2019-20, which was a deficit of (£45,812) on the last forecast. The larger carryforward in 2017-18 has contributed to this as has the revised staffing calculations for 2018-19 which have now been run on confirmed figures for September 2018 onwards.

The revised forecast is showing a much smaller in year deficit for 2018-19 creating a larger predicted carryforward. 2019-10 is now showing a much larger in year deficit which is mainly down to staffing costs. Currently the in year deficit is being covered and we are predicting a balanced budget.

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

* Pupil numbers in Year 7 will be 248 each year from 2018/19 onwards
* 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 248 from 2018-19 (funding increase from 2019-20)
* MFG for 2018-19 is taken form the funding statement.
* No MFG is included 2019-20 onwards as it is possible it will be set at -1.5% again which would mean we receive nothing.

**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
* The agreed support staff pay increases and LGPS contributions are now built into the latest staff calculators.
* April ’19 onwards TPS pension increased by 2%
* 2017/18 onwards 1% manually added to all teaching salaries

**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
* We must report to the schools forum each year to receive the falling rolls allocation. 2018-19 allocation evidence has been submitted but the £75,000 for 2019-20 will need to be evidenced and agreed.
* 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)
* TPS increase may be announced lower than the 2% budgeted which would increase predicted income
* Carry forwards may increase if we are able to continue to identify cost saving throughout the year