**Narrative for 5 year budget forecast report**

 **JAN 2019**

**General Comments**

The report includes all pages of the working document:

* Summary – Headline figures \* Teacher numbers and KPI’s are now shown on this page
* Income – Breakdown of all actual and forecast income
* Expenditure - Breakdown of all actual and forecast income
* Pupil Numbers – covers expected pupil numbers for the next 5 years

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

* Includes the expected 19-20 Falling Rolls income of £75,970
* Best estimate of cost increases across the years based on current information
* Teachers pension increase costs (7% - £280k) are fully funded on an ongoing basis

**Income**

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

* Year 7 intake 248 for 2019/20 then 240 each year
* Year 12 intake 190 for 2019/20 and 2020/21, then 160 each year
* 2019-20 GAG income is based on the likely AWPU agreed by schools forum and revised information from ECC. Based on actual October 18 census numbers
* 2019/20 MFG calculated using ECC examples and advice
* 2020/21 MFG based on +0% per pupil assuming all AWPU and weightings remain the same
* 18-19 PP reduced in line with funding and future estimates reduced as a pre-caution
* Teachers pay grant is included
* Additional DFC is included at £60k (previously £45k)
* Expected apprenticeship levy and MEITT training grant (minus fee) are included in income

**Expenditure**

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

* Latest predicted staffing model for 2018-19 and 2019-20 has been used to calculate staffing costs
* 2019-20 onwards, support staff pay rises forecast at 2%
* 2019-20 onwards, Teachers pay rises forecast at 2%
* Astro sinking fund contributions re-distributed to allow total to be reached in an affordable way

**Comparison to previous forecast**

The tables below show the main forecast changes to income and expenditure between this report and the previously presented one in Nov 2018.

Income

|  |  |  |
| --- | --- | --- |
| Year | Variance | Main changes contributing |
| 2018/19 | +£32,000 | +£15k additional CIF, +£15k Havering SEN  |
| 2019/20 | +£1,000 | -£22k GAG, +£15k forecast 6th form funding |
| 2020/21 | (£33,000) | -£38k GAG (reduced yr 7 intake and ECC funding formula) |
| 2021/22 | (£172,851) | Reduced year 7-13 numbers as per strategy forecast |
| 2022/23 | (£209,950) | Reduced year 7-13 numbers as per strategy forecast |

Expenditure

|  |  |  |
| --- | --- | --- |
| Year | Variance | Main changes contributing |
| 2018/19 | +£32,000 | +£5k salaries, +£7.5k supply, +£35k exclusions |
| 2019/20 | +£25,000 | +£27k salaries (1 new teacher due to numbers) |
| 2020/21 | +£21,000 | +£20k salaries |
| 2021/22 | +£30,000 | +£24k salaries |
| 2022/23 | +£34,000 | +£28k salaries |

Carryforward

|  |  |  |
| --- | --- | --- |
| Year | Variance | Main changes contributing |
| 2018/19 | +£21k | Expected in year changes |
| 2019/20 | -£3k | Expected in year changes |
| 2020/21 | -£58k | Reduced pupil numbers and increased expenditure |
| 2021/22 | -£261k | Reduced pupil numbers and increased expenditure |
| 2022/23 | -£506k | Reduced pupil numbers and increased expenditure |

\* pupil numbers for 2020 onwards have been adjusted in line with the growth and capacity management strategy now it has been agreed. They were elevated beyond our capacity and are now realistic future estimates.

**Other Factors**

* 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.
* Teachers pension costs are supposed to be fully funded for 2019-20 but no guarantees beyond that
* ECC & Schools Forum could agree +0.5% MFG of minimum £4,800 per pupil funding for 2020-21
* Staffing may need to increase again in 2020 or 2021
* Teachers pay grant could be extended beyond March 2020
* Comprehensive spending review in 2020