**Narrative for Cashflow Report for**

**End of October 2016**

**General comments**

The initial cashflow forecast was done for 2016-17 in October where income and expenditure patterns were estimated based on previous years, and information known, or expectations for the coming year.

The cashflow report will be saved at the end of each month to build up a picture of how the actual income and expenditure compared across the year.

It is recommended by Essex Finance Support that a forecast be re-done three times per year to ensure the expected figures are as accurate as possible. If an income or expenditure group has a large initial spend which evens out over the year (ie. September annual orders), then it will show a skewed picture for the rest of the year if a new forecast is not done. By forecasting again in January for updated expected spending from January onwards, a better picture of our likely position will be possible.

Income and expenditure expectations were calculated by profiling across the year ie. total divided by 12, if it is likely to be roughly even each month. If known payment dates for large amounts are known, then these were entered manually. This doesn’t give a totally accurate picture (especially at the start of the year), but is as close as we can get and gives a good indicator. As the actual figures get entered and compared to the expected (and re-forecasts are done), then the picture gets more accurate month by month as the year progresses.

The report will be updated weekly with income and expenditure from the bank statements that have been received.

The income and expenditure groups listed on the report relate to cost centres (groups of) that are on our finance system. Making sure the income and expenditure is assigned the correct group is currently quite challenging as the groups are quite broad and some contain quite a few cost centres. The grouping is also different from the ones on the 3 year forecast and budgeting tools which complicates reporting. We are planning on reviewing how we can create more standardisation of these groups across the reports for ease of use and reporting purposes.

**Cashflow report for End of October 2016 comments**

We are currently showing a cashflow deficit prediction for March and April 2017. This could well be down to the profiling predictions for the year not fully taking into account the level of early spending in the school year which should drop off after the initial months. Patterns like this will be identified and taken into account for future forecasts.

Large initial spends on Premises Maintenance, Other occupancy costs, and Other supplies could be contributing to March and April deficit predictions.

Re-forecasting may well change this picture significantly. If not, then a plan is in place to get us through to May when falling rolls income is due.

In light of the possible issues currently predicted for March and April, the re- forecast that was scheduled for Jan will now be in December after November actuals are on. The updated re-forecast will be used for the end of January report that will be presented at our next meeting in February.