



Department  
for Education

# **School savings in non-staff expenditure**

**March 2022**

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# The School Resource Management Portfolio and savings ambitions

In 2018, the Department published the [“Supporting excellent school resource management: strategy”](#). This set out the Department’s commitment to helping schools improve outcomes for pupils by making every pound count and getting the best value from all of their resources. This strategy underpins the now well-established School Resource Management (SRM) Portfolio of support provided by the department. When we published this strategy we also committed to helping schools save £1bn in their non-staff spending (i.e. spending not related to staff engaged in teaching and support) than otherwise would have been the case by 2019-20. In this publication we report on progress made towards this ambition.

## Why the savings ambition was set at £1bn

The National Audit Office (NAO) report [“Financial sustainability of schools”](#) published in 2016 identified that schools would incur cost pressures of £3bn between then and 2019-20. The Department then produced analysis which compared schools with different levels of spending but similar pupil characteristics and levels of attainment. It estimated the impact of bringing the spending of the top 25% highest per-pupil non-staff spending schools down to the level of those at the 75th percentile. This analysis indicated that, schools could plausibly save around £1 bn on their non-staff spending and so this became the ambition of the SRM portfolio.

## How we measured the £1bn savings ambition

Step 1: Establishing where school spending would be in 2019-20 without behaviour change – the counterfactual.

We calculated what total school spending on non-staff categories was in 2015-16 (at the time of the NAO report, this was the latest spending data available). We then divided this by total pupils in the system in 2015-16 to get non-staff spending per pupil. We then applied the cost pressures that were relevant to non-staff spending between 2015-16 and 2019-20 which we identified as inflation and demographic change (i.e. growth in pupil numbers).

We used pupil number forecasts to estimate the cost pressure from demographic change and multiplied per pupil non-staff spending in 2015-16 by total expected pupil numbers in each year up to 2019-20. This gave us our counterfactual position – that is what schools would have been spending on non-staff items in 2019-20 if their spending behaviour had not changed. This is presented as the dashed line in the charts below.

Step 2: Measure the counterfactual and expenditure in real terms.

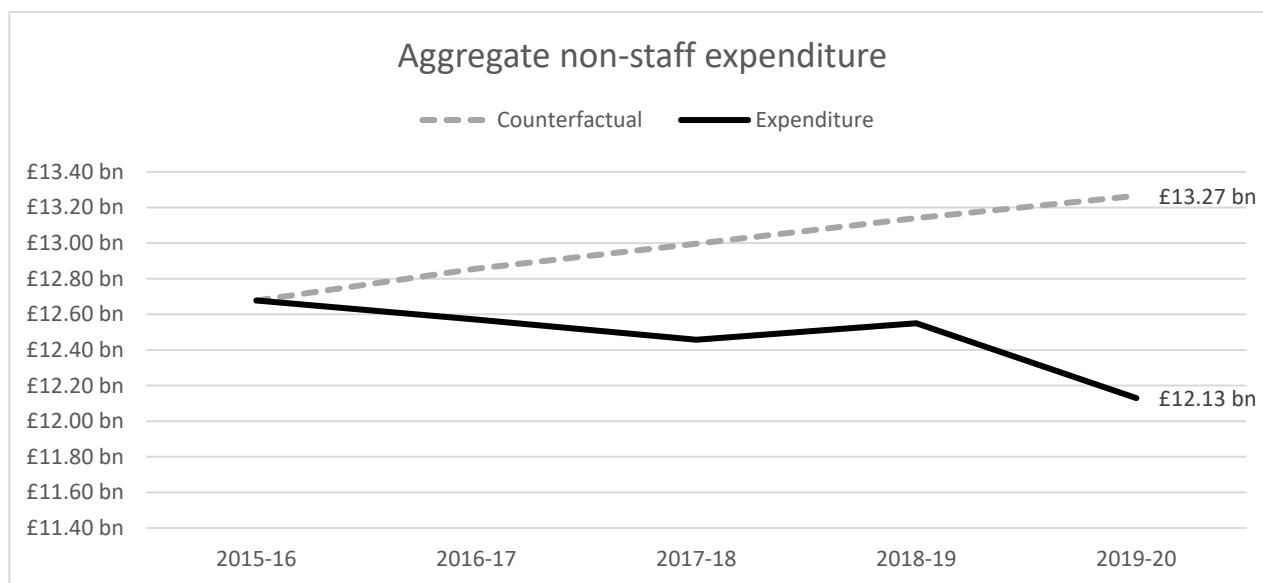
Since we know inflation is a cost pressure that affects non-staff spending for the purpose of measuring progress against a savings ambition over time, we remove inflation to see real changes in spending patterns rather than those caused by inflation. For this reason we present all our data in 2015-16 terms. This means that, on a per pupil level, the counterfactual spending on non-staff is constant (as in Figure 2).

### Step 3: Savings

We measure savings as the difference between actual non-staff expenditure in 2019-20 and what we estimated non-staff expenditure would have been in 2019-20 if schools had not changed their spending behaviour. This is expressed as the difference between the expenditure line and the counterfactual line in the charts below.

## The ambition to save £1bn in non-staff spending has been achieved

Expenditure data for 2019-20 shows that schools had by then reduced their non-staff spend by £1.1bn relative to the counterfactual. Non-staff expenditure within schools has decreased from £12.7bn to £12.1bn over the five year period, and without a change in spending behaviour it would have steadily risen to £13.3bn.

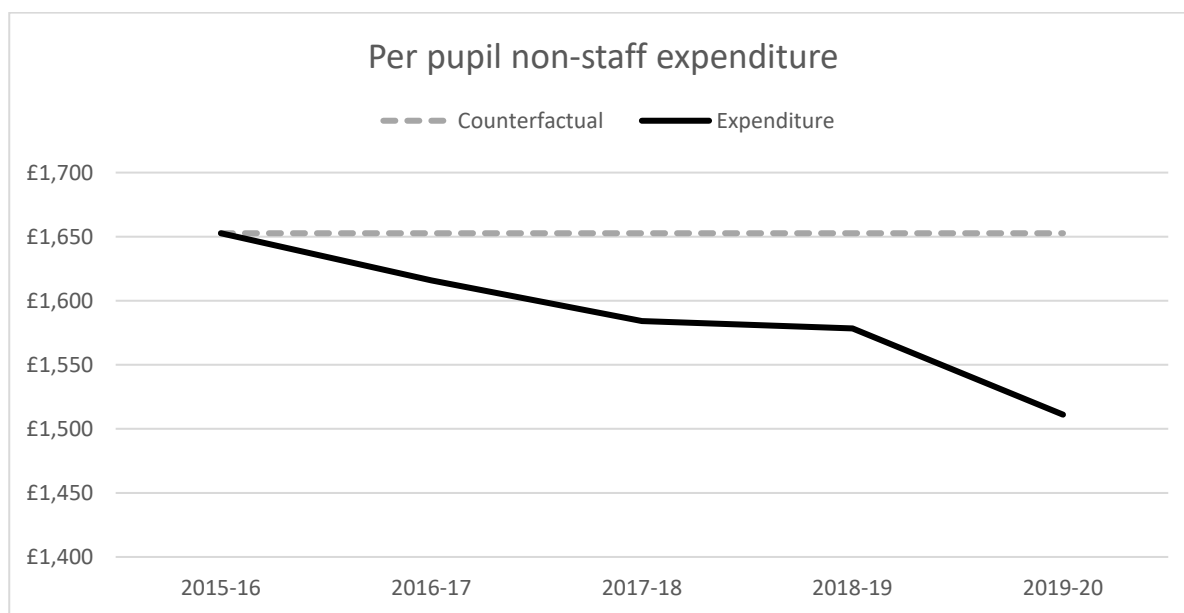


**Figure 1: Aggregate non-staff Expenditure**

Source: AAR/CFR

Per pupil expenditure data for 2019-20 shows that schools had by then reduced their non-staff per pupil spend by £150 relative to the counterfactual. Non-staff per pupil expenditure within schools steadily decreased from £1,650 to £1,510 over the five year

period, and without a change in spending behaviour it would have stayed at the 2015-16 level despite rising numbers of pupils.



**Figure 2: Per pupil non-staff expenditure**

Source: AAR/CFR

## Definitions

“Saving” in this context does not mean a cash saving. We measure savings by comparing actual non-staff spend to where we expected non-staff spending to be had schools not changed spending behaviour – the counterfactual. We would calculate cash savings by taking away actual non-staff spend in 2019-20 from actual non-staff spending in 2015-16.

We have had to identify which items of expenditure by schools constitute non-staff spending. We agreed the definition of non-staff spending at the start of this process and it has remained constant. However, we recognise if we defined non-staff spending differently, the results may have been different but the £1bn saving against the counterfactual is still achieved if premises staff, administrative and clerical staff and catering staff are excluded. For a breakdown of how we categorise non-staff spending, see Annex 1.

## Data used and methodology

The data used to construct and monitor the saving ambition are the [Academies Account Return \(AAR\)](#) which is the annual financial return data for all academies and trusts. This is reported on an academic year basis. We combine this data with the [Consistent Financial Return \(CFR\)](#) which is the annual financial return data for all maintained schools and covers a financial year period. We transform the data in a number of ways to

produce a consistent time series data set of school spending covering the whole of the school system.

**Joining two datasets over a number a 5 year period.** The AAR and CFR both detail what schools spend money on through approximately 25 different spending categories. We match the spending categories across the two data but, over time and between the datasets, the naming conventions of the spending categories can vary. We have had to make judgements about how we match the spending categories.

**Removing schools that do not submit a 12 month return.** The financial return data for some schools covers less than a year. We do not include this data as it is an underestimate of school level spending. Schools may submit a part-year return because the school has changed status during the year, for example it has become an academy and therefore it submits a return for this new entity which will only cover part of the year. We also exclude duplicate records of any schools in the data.

**Accounting for missing schools:** We want our non-staff spending figures to represent the school system. As we have removed schools from the data due to submitting part-year returns, our estimate for total non-staff spending will now be an underestimate. For this reason schools that have missing data are given an estimate of what their spend is likely to be based on the average spend for schools of their type and phase.

**Only mainstream primary and secondary schools are used in this analysis.** At the time of establishing the savings ambition, most of the SRM portfolio's offer was aimed at mainstream schools. For this reason the data focuses on mainstream primary and secondary schools and also includes MAT central services on the academies side.

**Pupil count is taken from the school census.** We do not use the pupil count reported in the AAR and CFR. Instead, to ensure we are we are capturing the entire school system, we use pupil count from the school census. We take Full-Time Equivalent pupil numbers for primary and secondary mainstream schools.

**Presenting data in real terms.** The spending data in the charts is all presented in 2015-16 terms. We use the HM Treasury's GDP deflator to present our data in the same price level and have used the [March 2021 deflator](#) (the most recent available at the time of producing the analysis).

Due to all these transformations, the yearly expenditure totals for non-staff will not fully match the published CFR and AAR datasets on GOV.UK

## Annex 1

LA maintained school (CFR)		Academies (AAR)	Staff/Non Staff Classification
Code	Category	Category	
E01	Teaching staff	Teaching staff	Staff
E02	Supply staff	Supply teaching staff	Staff
E10	Supply Teacher Insurance	Supply Teacher Insurance	
I10	Receipts from supply teacher insurance claims	Receipts from supply teacher insurance claims	
E26	Agency supply teaching staff	Agency supply teaching staff	
E03	Education support staff	Education support staff	Staff
E04	Premises staff	Premises staff	Non-Staff
E12	Building maintenance and improvement	Maintenance of premises	
E13	Grounds maintenance and improvement		
E14	Cleaning and caretaking	Cleaning	
E15	Water and sewerage	Water and sewerage	
E18	Other occupation costs	Other occupation costs	
E05	Administrative and clerical staff	Administrative and clerical staff	
E22	Administrative supplies	Administrative supplies – non educational	
E28	Bought-in professional services – other	Legal and professional	
		Auditor costs	
I09	Catering income	Catering income	Non-Staff
E06	Catering staff	Catering staff	

E25	Catering supplies	Catering supplies	
E07	Cost of other staff	Other staff	Staff
E08	Indirect employee expenses	Indirect employee expenses	
E09	Development and training	Staff development and training	
E11	Staff-related insurance	Staff related insurance	
E16	Energy	Energy	
E19	Learning resources (not ICT equipment)	Learning resources (not ICT equipment)	Non-Staff
E20	ICT learning resources	ICT learning resource	Non-Staff
E27	Bought-in professional services – curriculum	Educational Consultancy	Non-Staff
E17	Rates	Rent and Rates	Non-Staff
E21	Exam fees	Examination Fees	
E23	Other insurance premiums	Other insurance premiums	
E24	Special facilities	Special Facilities	
E29	Loan interest	Interest charges for loan and bank	
		Other Expenditure	
E28b	PFI charges	PFI charges	





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