



Department  
for Education

# Schools' costs

2022 to 2024

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# Summary

## About this technical note

This note is intended to help school leaders, governors, academy trustees, researchers and others understand the drivers of cost increases in mainstream schools in England at the national level.

The analysis is split into two parts: the current financial year 2022-23; and a look ahead to 2023-24.

Our analysis looks at schools' costs and the growth in funding in a traditional financial year (April-March). In the case of academies, we recognise that their financial year follows an academic year cycle and therefore, over the short term, the implications will be somewhat different.

## Expiry or review date

Annual updates are planned.

## Main points

We compare increases in schools' costs against growth in their funding in the same year. This allows us to assess how much flexibility there is in schools' budgets which would allow spending beyond that needed to maintain the current level of provision.

**2022-23.** For the current financial year, we estimate that the funding that goes to mainstream schools has risen by 6.8 per cent. On average, at the national level, costs are increasing by 6.1 per cent. Taking these two figures together would imply that schools could, on average, raise spending by a further 0.7 per cent in 2022-23, or by around £300 million at the national level.

We assess the increases in spending on teaching staff, non-teaching staff and non-staff related expenditure. Increases in staff-related costs, accounting for over 80 per cent of schools' spending, are driven mainly by pay awards.

For non-staff spending, we use the GDP deflator, the standard measure of price inflation in the public sector. In the current energy price environment, however, energy costs are far more uncertain than in previous years and are particularly difficult to assess or forecast with confidence, even at a national level. Energy price rises in 2022-23 have

been mitigated by the Energy Bill Relief Scheme.<sup>1</sup> To illustrate the potential impact of energy price rises, we examined what would happen if schools' energy costs rose by 100 percentage points in 2022-23 compared to total energy costs in 2021-22.<sup>2</sup> We estimate that this would raise schools' costs by a further 1.4 percentage points, adding an additional pressure (to be set against the £300 million headroom mentioned above) of around £600 million at the national level.

**2023-24.** Core funding to mainstream schools is set to increase by 6.7 per cent, while their known costs (excepting pay awards, which we do not yet know for 2023-24, and energy price rises beyond GDP deflator inflation) are expected to increase by 2.1 per cent. **This indicates that schools would be able to raise expenditure by a further 4.6 per cent on average, or by £2.1 billion at the national level in 2023-24.** However, this budgetary headroom would have to cover pay awards and any further inflationary increases, in particular energy costs, as well as investment in improvement priorities.

Given the uncertainty in energy prices, and difficulties in estimating when energy price rises will have had an impact on schools' budgets, there is advantage in looking across the two years, 2022-23 and 2023-24, together. The growth in mainstream schools' funding over the two-year period is 13.9 per cent while known costs grow by 8.3 per cent. The difference between the two indicates that, **over 2022-23 and 2023-24 together, there would be scope for further spending of 5.6 per cent or £2.4 billion at the national level.** Again, this budgetary headroom would have to cover future pay awards and other inflationary increases including energy costs, as well as investment in improvement priorities over the two years.

**Every 1.0 percentage point increase in pay in 2023 (April for non-teaching staff and September for teachers) would reduce the scope for new spending in 2023-24 by 0.6 percentage points or around £270 million (£140 million for teachers and £130 million for non-teaching staff).**<sup>3</sup>

Energy prices remain uncertain into 2023. Energy cost rises will be mitigated by the Energy Bills Discount Scheme in 2023-24,<sup>4</sup> following the end of the original Energy Bill Relief Scheme after 31 March 2023. The new scheme provides a unit discount but is subject to a wholesale price threshold; those experiencing energy costs below this level will not receive support. It is not possible to reliably forecast the impact energy price

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<sup>1</sup> Department for Business, Energy & Industrial Strategy (2022), *Energy Bill Relief Scheme: help for businesses and other non-domestic customers*, <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>.

<sup>2</sup> A 100 percentage point increase is selected only for illustrative purposes and does not constitute an assessment of energy price inflation.

<sup>3</sup> And by a further 0.2 percentage points or £110m in 2024-25 because the full 12-month cost of a teachers' pay award (from September) is not seen until the financial year following the pay award.

<sup>4</sup> Department for Business, Energy & Industrial Strategy (2023), *Energy Bills Discount Scheme*, <https://www.gov.uk/guidance/energy-bills-discount-scheme>.

inflation may have on mainstream schools' finances. We can say, however, that **every 100 percentage point increase in energy costs, in 2023-24, compared to total energy costs in 2021-22, would increase costs by around £600 million.**<sup>5</sup>

Final pay awards are subject to STRB recommendations and the government's response. The implications for individual schools will depend on wider factors and they will need to understand and plan for their own situations.

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<sup>5</sup> A 100 percentage point increase is selected only for illustrative purposes and does not constitute an assessment of energy price inflation.

## Introduction

1. This technical note provides school leaders and others with analysis of cost increases that mainstream schools are expected to face over the financial years 2022-23 and 2023-24. This will help them understand broadly how and why costs change in each year compared with the previous year. The costs covered relate mainly to schools' expenditure on the activities supported by core funding allocations.
2. Costs should be seen in the wider context of funding for schools. Multi-year settlements for schools' funding were announced at the 2019 Spending Review (covering the financial years 2020-21 to 2022-23) and at the 2021 Spending Review (for 2022-23 to 2024-25), with further funding announced in 2022 at the Autumn Statement (for 2023-24 and 2024-25). In total, schools received £49.8 billion in 2021-22, £53.8 billion in 2022-23, and are due to receive £57.3 billion in 2023-24 and £58.8 billion in 2024-25, compared with £44.4 billion in 2019-20.<sup>6</sup> <sup>7</sup> The government also provided additional funding, on top of existing budgets, to cover unavoidable costs relating to the COVID-19 outbreak and recovery plans that could not be met from schools' budgets.<sup>8</sup>
3. Our estimates of costs cover mainstream English primary and secondary schools (maintained schools, academies, and free schools, with pupils in reception to year 11) and exclude special schools and other high needs providers. The analysis is done at the national level by examining the average cost increases that schools are forecast to face.
4. Specific costs will vary from school to school and depend on various factors, including the characteristics and number of staff and pupils, approaches to procurement and the conditions and types of buildings – as well as, more recently, energy contracts and usage. Teacher pay awards will vary at school level, depending on workforce composition, but school leaders may wish to refer to the government's Written Evidence to the School Teachers' Review Body to inform their planning assumptions. All schools need to understand and plan for their own situation and will want to consider how budgets could accommodate different scenarios. As set out in the Annex, the department

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<sup>6</sup> HM Treasury (2021), *Autumn Budget and Spending Review 2021*, Table 4.2, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1043689/Budget\\_AB2021\\_Web\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1043689/Budget_AB2021_Web_Accessible.pdf).

<sup>7</sup> HM Treasury (2022), *Autumn Statement*, Paragraph 5.63, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1118417/CCS1022065440-001\\_SECURE\\_HMT\\_Autumn\\_Statement\\_November\\_2022\\_Web\\_accessible\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1118417/CCS1022065440-001_SECURE_HMT_Autumn_Statement_November_2022_Web_accessible_1_.pdf)

<sup>8</sup> Department for Education (2023), *School funding: between financial years 2010 to 2011 and 2023 to 2024*, <https://explore-education-statistics.service.gov.uk/find-statistics/school-funding-statistics>.

offers a number of tools and resources to help schools and trusts improve outcomes for pupils by getting the best value from all resources.<sup>9</sup>

5. The first section of this note deals with cost and funding increases in the current year 2022-23, for which, with the exception of energy, we are able to estimate most of the major cost drivers and assess their impact on schools' finances this year.

6. The second section examines cost and funding increases in 2023-24, where we do not yet know the additional costs due to staff pay awards, and where there remains significant uncertainty on forecast energy price inflation. We estimate the impacts of pay awards on further expenditure by assessing the costs of each 1.0 percentage point increase in pay. We also consider what would be the impact of an illustrative 100 percentage point increase in energy costs compared to total energy costs in 2021-22.

7. Subsequent sections detail the methodology we have used to produce the estimates of cost increases and discuss uncertainties and limitations of the analysis. There are a number of factors that could lead to differences between the forecasts and eventual increases in the costs considered here, as set out at the end of this note.

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<sup>9</sup> Department of Education (2022), *School resource management*, <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>.

# Schools' costs and funding in 2022-23

## Costs in 2022-23

8. We first consider the cost increases that mainstream schools in England face this financial year.

9. Details of how we calculate cost increases are set out in the Methodology section. In summary, we combine the impacts of various price inflation factors with changes to staff and pupil numbers (demographic factors) for spending in three broad price-inflation categories (teaching staff, non-teaching staff and non-staff related costs). We begin by setting expenditure equal to funding in the latest non-pandemic year for which we have spending data, 2019-20. The expenditure is apportioned by type of spending, and we work forward by applying the price inflation and demographic factors, specific to each category, in each subsequent year, to estimate spending in 2022-23.

10. Staff-related costs include pay awards, employer pension contribution rate changes, and National Insurance rate changes. Staff-related costs are assumed to scale with forecast teacher numbers, driven by pupil numbers.

11. Non-staff related costs are assumed to scale with price inflation and pupil numbers. The GDP deflator is commonly used to indicate price changes in public sector expenditure, and we apply it to schools' non-staff related spending. This year, energy prices in particular have increased at a much higher rate than the GDP deflator would indicate and so, noting this exception, this year's note looks separately at the effects of energy price rises.

12. The price inflation for each spending category is set out in Table 1, assuming that inflation on all non-staff costs, including energy, follows the GDP deflator forecast.

**Table 1: Price inflation by expenditure category in 2022-23.**

Expenditure category	2022-23
<i>Teacher pay expenditure, per teacher</i>	3.5%
<i>Non-teaching staff expenditure, per staff member</i>	8.9%
<i>Non-staff expenditure, per pupil</i>	4.9%

Source: DfE

13. The teachers' pay inflation of 3.5 per cent is made up of the final 5 months of the September 2021 pay pause and the first 7 months of the September 2022 pay award of 5.4 per cent, together with 0.4 per cent increase from the health and social care uplift to



National Insurance rates that was in force between April and November 2022, and pay drift of -0.1 per cent.<sup>10</sup>

14. The non-teaching staff pay inflation is made up of an average award of 8.5 per cent (estimated by applying the relevant pay award to the total pay in each pay band) and 0.4 per cent increase from the aforementioned National Insurance rate uplift.

15. Non-staff related price inflation is represented by the forecast GDP deflator of 4.9 per cent.

16. We then weight the inflation factors in each expenditure category by its proportion of total school spending (teaching staff (54 per cent), non-teaching staff (28 per cent) and non-staff (18 per cent)). Before summing the factors, we also need to convert them to a common per-pupil set of units using the relative changes in teacher and pupil numbers compared to the previous year. The resulting per-pupil price inflation is set out below.

**Table 2: Weighted per-pupil price inflation in 2022-23.**

Expenditure category	2022-23
<i>Teacher pay expenditure, per pupil (weighted)</i>	1.9%
<i>Non-teaching staff expenditure, per pupil (weighted)</i>	2.4%
<i>Non-staff expenditure, per pupil (weighted)</i>	0.9%
<b>Overall per-pupil price inflation (sum of the above)</b>	<b>5.2%</b>

Source: DfE

17. By combining the per-pupil price inflation with pupil growth, averaged over the financial year, of 0.3 per cent, we estimate that the costs faced by mainstream schools will increase by 5.5 per cent in 2022-23. To this we add an additional 0.6 per cent due to rising costs of special educational needs provision in mainstream settings. **This yields an overall increase in mainstream schools' costs of 6.1 per cent in 2022-23.**

18. This analysis uses the GDP deflator, the standard measure of price inflation in the public sector, for schools' non-staff costs. In the current energy price environment, however, energy costs are far more uncertain than in previous years, although energy price rises in 2022-23 have been mitigated by the Energy Bill Relief Scheme.<sup>11</sup> Energy costs are particularly difficult to forecast with confidence, even at a national level, while at an individual school level they will vary considerably based on buildings, usage, the

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<sup>10</sup> Pay drift reflects the pay bill costs of workforce compositional changes and pay progression.

<sup>11</sup> Department for Business, Energy & Industrial Strategy (2022), *Energy Bill Relief Scheme: help for businesses and other non-domestic customers*, <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>.

particulars of previous and new energy contracts, and use of the recently announced £500 million capital to spend on energy efficiency upgrades.<sup>12</sup>

19. Given the uncertainty of energy prices and the difficulty associated with determining the impact on schools' finances, we examined the potential impact of a 100 percentage point increase in energy costs across the full 12 months of 2022-23, compared to what schools spent on energy in total in 2021-22. We estimate that such a change would lead to inflation on non-staff related costs of around 12 per cent (compared to the GDP deflator of 4.9 per cent).<sup>13</sup> An energy cost increase on this scale would raise the overall increase in mainstream schools' costs in 2022-23 to 7.4 per cent. It is important to remember that, in practice, price increases occur over time and on an individual school-by-school basis, rather than as a result of a single uniform uplift across a year, especially in the case of energy price increases where some schools will have benefited, during the year, from existing, fixed price contracts. In considering the impact of energy price rises during 2022-23, it is therefore important to take account of how schools' prices may have changed during the year, rather than simply focusing on energy prices at the end of the year.

## Funding and school finances in 2022-23

20. To assess the impact of the cost increases on mainstream schools' finances in 2022-23, we compare them against the growth in funding to support provision for education of pupils from reception to year 11.

21. We have published a time series of total schools' core funding, which shows an increase of 8.0 per cent in 2022-23 compared to 2021-22.<sup>14</sup> However, for our purposes, we need the subset of that funding which goes to mainstream schools, including:

- Schools block funding;
- Pupil premium grant (deprivation and service elements only);
- High needs funding (we include only funding that goes to mainstream schools);
- Schools supplementary grant. This grant, paid separately in 2022-23, has been incorporated into the schools block of funding from 2023-24.

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<sup>12</sup> Department for Education (2022), *Investment to shield schools from high energy bills and boost to budgets*, <https://www.gov.uk/government/news/investment-to-shield-schools-from-high-energy-bills-and-boost-to-budgets>.

<sup>13</sup> The use here of a 100 percentage point increase is for illustration only and is not an assessment of energy price inflation.

<sup>14</sup> Department for Education (2023), *School funding: between financial years 2010 to 2011 and 2023 to 2024*, <https://explore-education-statistics.service.gov.uk/find-statistics/school-funding-statistics>.

22. On that basis, **the funding to mainstream schools in 2022-23 was 6.8 per cent higher than funding in 2021-22.** (The main difference between this and the increase in total core funding in the published time series is the higher rate of funding increase to high needs providers included in the latter.)

23. If energy price inflation were at the GDP deflator level, then the 6.1 per cent increase in mainstream schools' costs and the 6.8 per cent increase in their funding would imply that **those schools could, on average, raise their spending by a further 0.7 per cent in 2022-23, or by around £300 million at the national level.**

24. We also estimate that, in general, **every 100 percentage point increase in energy costs across 2022-23, compared to total energy costs in 2021-22, would increase schools' costs by a further 1.4 percentage points, adding additional costs (to be set against the £300 million headroom mentioned above) of around £600 million at the national level.**

# Schools' costs and funding – look ahead to 2023-24

## Costs in 2023-24

25. We cannot yet provide a complete analysis of cost increases in 2023-24, as future staff pay awards are yet to be agreed, and forecasts for energy prices are highly uncertain (although some increase is already anticipated in the current GDP deflator forecast).

26. We have estimated the following:

- 1) The known teachers' pay award in September 2022, which affects the first 5 months of 2023-24;
- 2) Teachers' pay drift;
- 3) National Living Wage (NLW) increase;
- 4) Reversal (negative pressure) of the National Insurance (NI) uplift for health and social care;
- 5) Local Government Pension Scheme employer contribution rate changes; and
- 6) Non-staff related price inflation.

27. In summary, those pressures lead to price inflation of:

**Table 3: Annual price inflation by expenditure category in 2023-24 (excluding pay awards in 2023 and energy price inflation beyond GDP deflator levels).**

Expenditure category	2023-24
<i>Teacher pay expenditure, per teacher</i>	1.7%
<i>Non-teaching staff expenditure, per staff member</i>	0.0%
<i>Non-staff expenditure, per pupil</i>	3.2%

Source: DfE

28. The main staff-related inflation in 2023-24 is the remaining 5 months of the known September 2022 teachers' pay award, set against the reversal of the April 2022 National Insurance contribution rate increase of -0.4 per cent.

29. In the case of non-teaching staff, the increases in the local government pension scheme rate and the NLW pay award are compensated for by the NI rate reduction.

30. The Office for Budget Responsibility expects inflationary pressures to ease in 2023-24 compared to 2022-23. This is reflected in the lower forecast GDP deflator of 3.2 per cent for non-staff related price inflation compared to 4.9 per cent in 2022-23.

31. We convert the price inflation above to a per-pupil basis and combine it with the forecast change in pupil numbers to estimate that costs faced by mainstream schools will

increase by 1.5 per cent in 2023-24. To this we add an additional 0.5 per cent due to increases in expenditure on special educational needs provision in mainstream schools.

**32. In total, excepting pay awards other than the NLW and the 5 months of the 2022 teachers' pay award, and energy price inflation beyond that implicit in the forecast GDP deflator, known costs are expected to increase by 2.1 per cent in 2023-24.**

## Funding and scope for pay awards in 2023-24

### Funding increase in 2023-24

33. The core funding going to mainstream schools in 2023-24 for reception to year 11 is again a subset of schools' funding included in the published time series of total core funding, which shows an increase of 7.0 per cent in 2023-24 compared to 2022-23.<sup>15</sup> The funding to mainstream schools includes:

- Schools block funding (incorporating the rolled-in Schools Supplementary Grant);
- Pupil premium grant (deprivation and service elements only);
- High needs funding (we include only funding that goes to mainstream schools);
- 2023-24 Mainstream Schools' Additional Grant.

**34. The core funding going to mainstream schools is expected to increase by 6.7 per cent in 2023-24.** (Again, the main difference between this and the increase in total core funding in the published time series is the higher rate of funding increase to high needs providers included in the latter.)

### Scope for pay awards in 2023-24

35. Looking at 2023-24 in isolation, the difference between the increase in funding and the increase in costs (excepting pay awards, which we do not yet know for 2023-24, and energy price rises beyond GDP deflator inflation) in that year indicates that **schools would be able to raise expenditure by a further 4.6 per cent on average, or £2.1 billion at the national level.** This budgetary headroom would have to cover pay awards and any further inflationary increases, in particular energy costs, as well as investment in improvement priorities.

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<sup>15</sup> Department for Education (2023), *School funding: between financial years 2010 to 2011 and 2023 to 2024*, <https://explore-education-statistics.service.gov.uk/find-statistics/school-funding-statistics>.

36. Given the uncertainty in energy prices, and difficulties in estimating when energy price rises will have had an impact on schools' budgets, there is advantage in looking across the two years, 2022-23 and 2023-24, together. The growth in schools' funding over the two-year period is 13.9 per cent while their costs grow by 8.3 per cent (excepting pay awards and energy price rises beyond GDP deflator inflation). The difference between the two indicates that, **over 2022-23 and 2023-24 together, there would be scope for further spending of 5.6 per cent or £2.4 billion at the national level.** Again, this budgetary headroom would have to cover pay awards and further inflationary increases, in particular energy costs, and investment in improvement priorities over the two years.

37. We set out earlier that **every 100 percentage point increase in energy costs, compared to total energy costs in 2021-22, would increase schools' costs by around £600 million.**<sup>16</sup> Note that energy cost rises will be mitigated in 2023-24 by the Energy Bills Discount Scheme,<sup>17</sup> following the end of the Energy Bill Relief Scheme after 31 March 2023. The new scheme provides a unit discount but is subject to a wholesale price threshold; those experiencing energy costs below this level will not receive support.<sup>18</sup>

38. **Every 1.0 percentage point increase in pay in 2023 (April for non-teaching staff and September for teachers) would reduce the scope for new spending in 2023-24 by 0.6 percentage points or around £270 million.**<sup>19</sup> Note that every 1.0 percentage point increase in teachers' pay in September 2023 would also reduce the scope for new spending in the following year, 2024-25, by a further 0.2 percentage points or £110 million.

39. Final pay awards are subject to STRB recommendations and the government's response. The implications for individual schools will depend on wider factors and they will need to understand and plan for their own situations.

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<sup>16</sup> The 100 percentage point increase is selected only for illustrative purposes and does not constitute an assessment of energy price inflation.

<sup>17</sup> Department for Business, Energy & Industrial Strategy (2023), *Energy Bills Discount Scheme*, <https://www.gov.uk/guidance/energy-bills-discount-scheme>.

<sup>18</sup> Department for Business, Energy & Industrial Strategy (2022), *Energy Bill Relief Scheme: help for businesses and other non-domestic customers*, <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>.

<sup>19</sup> 0.3 percentage points (£140 million) for teachers and 0.3 percentage points (£130 million) for non-teaching staff.

## Methodology

40. The approach taken to determine cost increases due to price inflation and staff and pupil number changes (demographic factors) in 2022-23 and 2023-24 is as follows:

- a) We use published schools' expenditure for 2019-20, the latest non-pandemic year of data, to assign spending to three broad price-inflation categories:
  - Teaching staff related spending (54 per cent);
  - Non-teaching staff related spending (28 per cent); and
  - Non-staff related spending (18 per cent).
- b) We estimate the growth in each category of spending in future years by applying annual price inflation and staff and pupil number changes.
- c) Some of these pressures are applied on a financial year (FY) basis and others applied by academic year (AY), as noted below.
- d) We report cost increases on a financial year basis. Individual academic year pressures overlap and act on two financial years.
- e) Teaching staff related spending pressures include:
  - Pay awards and drift (workforce compositional changes and pay progression) (AY)
  - Employer pension contribution changes (AY)
  - Health and Social Care Levy, collected through National Insurance in 2022-23, which applied only from April to November 2022 (FY)
  - Changes in the number of teachers, driven by pupil number changes (AY).
- f) For non-teaching staff related costs, we include:
  - NLW awards and general pay awards (FY)
  - Employer pension contribution changes (FY)
  - Health and Social Care Levy, collected through National Insurance in 2022-23, which applied only from April to November 2022 (FY)
  - Changes in the number of staff, proxied by the change in teacher numbers (AY).
- g) Non-staff related costs are assumed to change in line with:
  - Forecast inflation, as measured by the GDP deflator, except where adjusted for energy-specific price rises (FY)
  - Changes in pupil numbers (AY).
- h) Inflation factors for each staff category are converted to a per-pupil basis using the relative changes in teacher and pupil numbers.
- i) We sum these inflation factors, weighted by the proportion of spending in each category, to obtain total per-pupil price inflation averaged across all schools.
- j) By combining both price inflation and demographic factors, we obtain the overall increase in costs in each year, to which we add additional costs of

providing educational services to pupils with special educational needs (see below).

41. Teacher number projections are based on unpublished internal modelling of teacher numbers driven by pupil numbers, i.e. driven by need, based on published national pupil projections (NPP).<sup>20</sup>

42. The Health and Social Care Levy imposed costs on employers from 6 April 2022, to be collected via raised National Insurance rates in that year, and ended on 5 November 2022. Internal analysis of teachers' pay bill data has estimated a 12-month impact of the increased contributions as 0.7 per cent of the pay bill. Seven months of the levy correspond to a pressure of 0.4 per cent for 2022-23 and its reversal leads to a -0.4 per cent pressure (a saving) for 2023-24.

43. The costs of providing educational services to pupils with special educational needs have increased in recent years. This additional pressure has been estimated for 2022-23 and 2023-24 as further 0.6 and 0.5 per cent increases, respectively, in the costs to mainstream schools.

44. We can assess the additional spending power or pressure on schools' budgets (ignoring the reserves position) by taking the difference between the percentage increase in funding and the percentage increase in costs. We convert this to cash terms by multiplying the percentage difference by the previous year's funding. This approach pre-supposes that, in the previous or base year, schools have spent all their funding, i.e. expenditure = funding, whether or not that expenditure is for short or long-term commitments. If some of that expenditure is for one-off or short-term commitments, then that money can be available for new spending in future years as well.

45. We do not take account of schools' behaviour in response to rising costs (for example, making savings or drawing from reserves) or unspent budget (for example, adding to reserves).

## Teachers' pay

46. For 2021, the government announced a temporary pause in most public sector pay in response to the impact of COVID-19 on the economy,<sup>21</sup> and there was no pay

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<sup>20</sup> Department for Education (2021), *National pupil projections*, <https://explore-education-statistics.service.gov.uk/find-statistics/national-pupil-projections>.

<sup>21</sup> HN Treasury (2020), *Spending Review 2020*, <https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020>.



award for the majority of teachers.<sup>22</sup> The effects of the pause continued into the first 5 months of 2022-23.

47. Following recommendations by the School Teachers' Review Body in July 2022,<sup>23</sup> the government raised the starting salary for new teachers by up to 8.9 per cent and increased the pay ranges for early-career teachers by 5 to 8 per cent, and for experienced teachers and leaders by 5 per cent from September 2022.<sup>24</sup> These pay rises are equivalent to a 5.4 per cent increase in the teachers' pay bill.

48. For all years, we include estimates of pay drift, i.e. changes to pay bill due to workforce compositional changes and pay progression. For academic years 2021/22 to 2023/24, the drift is estimated as 0.2, -0.2, and 0.0 per cent, respectively.

## Non-teaching staff pay

49. The 2022-23 pay award was agreed by the National Employers in November 2022, with an increase of £1,925 on all National Joint Council pay points and a 4.04 per cent increase to all allowances.<sup>25</sup> By taking account of the distribution of school workforce pay by pay band and applying the appropriate uplift to each band, we estimate that this award leads to an average pay rise of around 8.5 per cent.

50. The Local Government Pension Scheme undergoes triennial valuations and accompanying adjustments to employer contribution rates. Following on from the 2021-22 pay bill pressure,<sup>26</sup> we estimate negligible pressure in 2022-23. Extrapolating using previous years' patterns of rate changes, we estimate a pressure of 0.3 per cent in 2023-24.

## Non-staff related expenditure

51. No publicly available forecast of inflation is well matched to the patterns of schools' spending on non-staff costs. While price inflation by spending category and experienced by individual schools may be different, we use the GDP deflator which is

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<sup>22</sup> There was a pay rise of £250 for those earning less than £24,000.

<sup>23</sup> School Teachers' Review Body (2022), *School Teachers' Review Body 32nd report: 2022*, [School Teachers' Review Body 32nd report: 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107111/school-teachers-review-body-32nd-report-2022.pdf).

<sup>24</sup> Department for Education (2022), *Government delivers landmark rises to teachers' salaries*, [Government delivers landmark rises to teachers' salaries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-delivers-landmark-rises-to-teachers-salaries).

<sup>25</sup> National Joint Council for local government services (2022), *Local government services pay agreement 2022-23*, [https://www.emcouncils.gov.uk/write/LGS\\_Pay\\_01Apr22.pdf](https://www.emcouncils.gov.uk/write/LGS_Pay_01Apr22.pdf).

<sup>26</sup> Department for Education (2022), *Schools' costs: 2021 to 2024*, [Schools' costs: technical note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107111/schools-costs-2021-to-2024.pdf)

typically used to indicate price changes in public sector spending. For 2021-22, 2022-23 and 2023-24 the relevant figures are 2.9, 4.9 and 3.2 per cent, respectively.<sup>27 28</sup>

52. The top contributors to mainstream schools' non-staff related costs in 2019-20 (and proportions of total spending) were:

- Learning resources (not ICT equipment) (4.0 per cent);
- Catering supplies (2.8 per cent);
- Administrative supplies (non-educational) (2.0 per cent); and
- Energy costs (1.3 to 1.4 per cent).

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<sup>27</sup> HM Treasury (2023), *GDP deflators at market prices, and money GDP December 2022 (Quarterly National Accounts)*, <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>.

<sup>28</sup> Note that we have used an average of the GDP deflator over 2020-21 to 2021-22, given the atypical values in those years as a result of the COVID-19 outbreak.

## Data quality, limitations of analysis and key assumptions

53. The data used to estimate cost increases come from a variety of sources, referenced throughout the note, which have their own sets of assumptions and vary in quality.

54. There is a greater level of uncertainty for non-teaching staff expenditure, where less published information is available.

55. Estimates of the effects of teachers' pay awards also carry an inherent uncertainty given the flexibility that schools and academies have to make decisions on pay.

56. Factors which could contribute to differences between estimates and eventual outturn include changes in:

- Schools' behaviour in response to rising costs (making savings or drawing from reserves) or to unspent budgets (adding to reserves);
- Pupil numbers;
- Forecast GDP deflators;
- Inflation factors, including those that cannot yet be accounted for due to lack of information at this time;
- Government policies affecting schools;
- Additional costs, savings and funding during the COVID-19 pandemic.

57. The estimates of cost increases are intended to be updated annually. The analysis uses the latest data, and assumptions and methodology are reviewed and refined before each update.

58. The cost increases presented are averages across all schools in England and should not be read as pertaining to individual schools. All schools need to understand and plan for their own situation.

59. Note that due to rounding, the sum of individual figures quoted in the text may not always precisely equal the total shown.

## Annex – School resource management

60. The department is committed to working alongside schools and trusts to help them improve outcomes for pupils by getting the best value from all their resources.

61. The [School Resource Management](#) (SRM) collection contains links to all of the support and tools the department currently has on offer. The resources include:

- 1) Hands-on tailored support through **School Resource Management Advisors** (SRMAs) - sector experts on school resource management who provide free advice and support to academies and schools.
- 2) A series of **free SRM training webinars** covering; strategic financial planning, estate management, HR Planning, benchmarking financial metrics, budgeting and annual cycles, how to Integrate Curriculum and Financial Planning and getting the best value on procurement.
- 3) Help with understanding schools' and trusts' financial data through the department's **Schools' Financial Benchmarking** service and the **View my financial insights** tool. Along with guidance on how to use this data to achieve excellent resource management.
- 4) Tools to help schools plan and manage their workforce, including the **Integrated curriculum and financial planning** (ICFP) guidance and tool which can help align staff plans with school capacity, needs and budget. Also, support to reduce recruitment costs through our free recruitment service, **Teaching Vacancies**.
- 5) Help to get best value when purchasing goods and service via the Get help **buying for schools** service includes guidance to help plan what goods and services are needed as well as **DfE-approved Frameworks** which detail quality-checked suppliers to help achieve good value for money.
- 6) An alternative to commercial insurance, the **Risk Protection Arrangement** (RPA), which now includes Cyber cover, can save schools time and money.
- 7) Support for school business professionals (SBPs) including **guidance, training and support** to help develop their financial capability.
- 8) The **Good Estate Management for Schools** (GEMS) guidance can help schools manage buildings and land more effectively.
- 9) Guidance to support schools and trusts use of the digital technology and infrastructure via our new and growing set of **Digital and Cyber Standards**.
- 10) Tools to help governors provide effective challenge, including the **Top 10 planning checks for governors** checklist, and the **View My Financial Insights** (VMFI) tool which provides a downloadable output for governors, containing a snapshot of the key financial performance metrics for their school. The **Governance handbook and competency framework** also provides

advice on the roles of governing boards and the skills, knowledge, and behaviours they need to be effective.



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