



25 Oct 2022

Festival of social
science

@TheIFS

Luke Sibieta, Research Fellow at IFS & EPI

Schools: pay levels and cost pressures



Overview of key conclusions

- Large increases in teacher and support staff pay in 2022, though still below inflation
- Return to growth in spending per pupil, but still won't get back to 2010 levels due to rising costs
- Declining pupil numbers could lead to falling total budgets after 2024
- Getting teachers into the right places continues to be a major challenge

Cost Pressures on School Budgets



Existing school spending plans

- Increase of £4bn in 2022-23 (inc. HSC levy)
- £3bn further rise between 2022-23 and 2024-25

Cost Pressures

- **Energy**
- **Teacher Pay**
- **Support Staff Pay**

Cost Pressures on School Budgets



Existing school spending plans

- Increase of £4bn in 2022-23 (inc. HSC levy)
- £3bn further rise between 2022-23 and 2024-25

Cost Pressures

- **Energy**
 - 50% rise would increase costs by about £400m, with huge uncertainty
 - Energy price caps to contain costs for next 6 months
- **Teacher Pay**
- **Support Staff Pay**

Cost Pressures on School Budgets



Existing school spending plans

- Increase of £4bn in 2022-23 (inc. HSC levy)
- £3bn further rise between 2022-23 and 2024-25

Cost Pressures

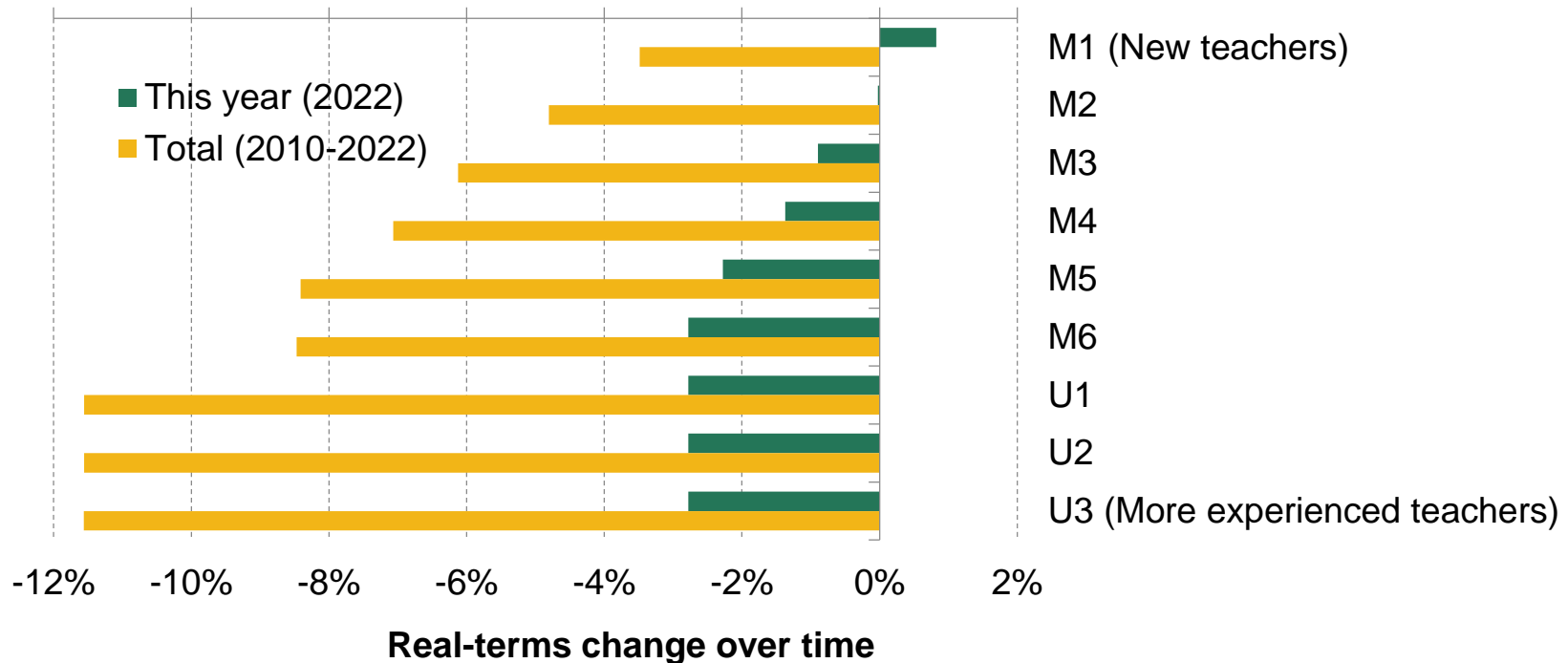
- **Energy**
- **Teacher Pay**
 - September 2022: 9% rise in starting salaries, 5% rise for more experienced teachers, average rise of 5-6% across teachers
- **Support Staff Pay**

Most teachers will see real-terms pay cuts in 2022 and 12% total fall since 2010



Pay rises for new teachers just about match inflation for 2022

**Real-terms changes over time in teacher salary points:
actual and government proposals, actual and forecast CPI inflation**



Sources and notes: Sibieta (2022), <https://ifs.org.uk/publications/school-spending-and-costs-coming-crunch>

Cost Pressures on School Budgets



Existing school spending plans

- Increase of £4bn in 2022-23 (inc. HSC levy)
- £3bn further rise between 2022-23 and 2024-25

Cost Pressures

- **Energy**
- **Teacher Pay**
- **Support Staff Pay**
 - Local govt employers have proposed £1,925 pay rise for 2022-23
 - Likely to equate to average salary rise of 8-9%
 - Not confirmed yet, but large amount will have to be paid as back-pay since April 2022

Spending per pupil won't return to 2010 levels after accounting for growth in costs

School spending per pupil in England (2009-10 = 100%)



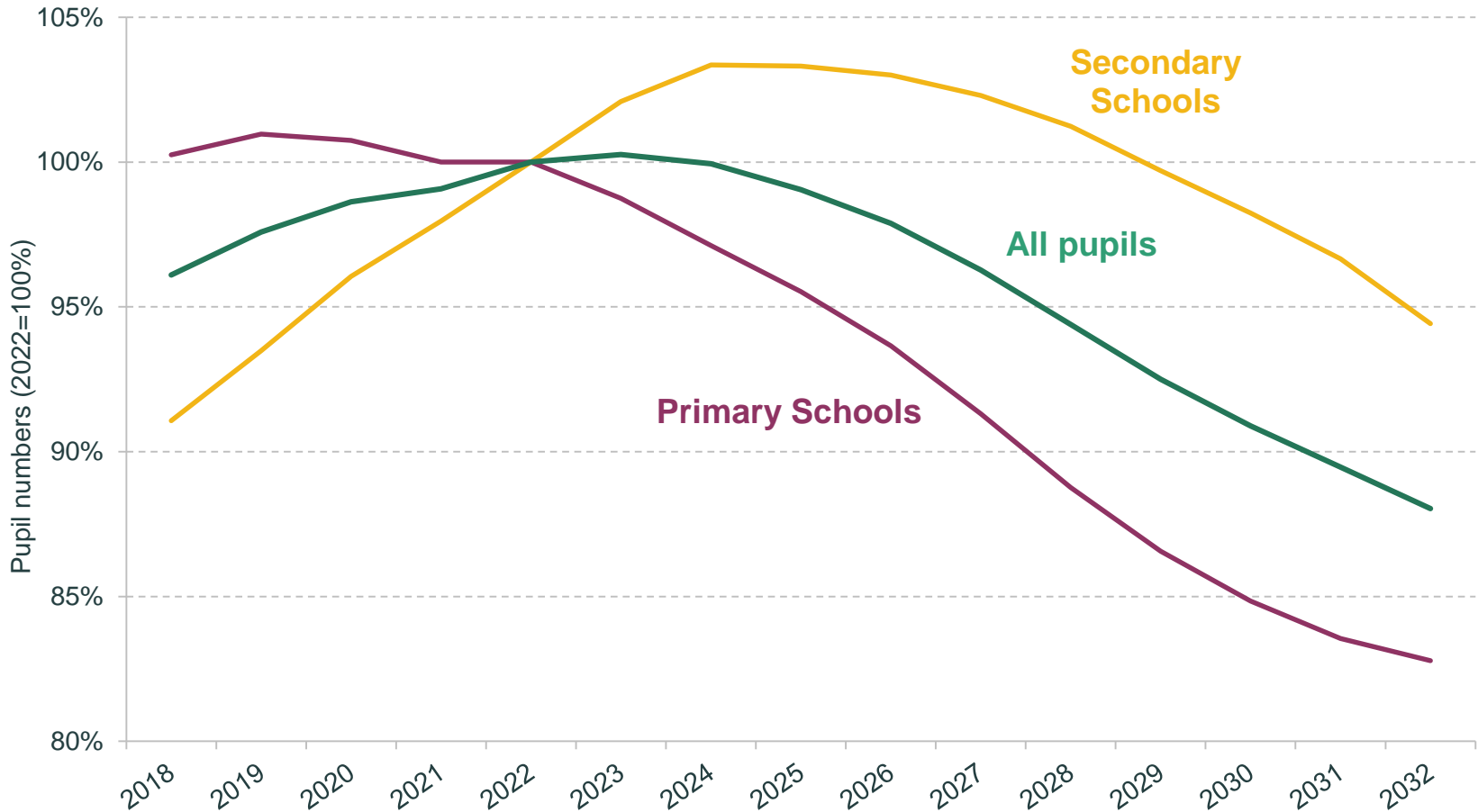
Sources and notes: Sibietta (2022), <https://ifs.org.uk/publications/school-spending-and-costs-coming-crunch>

Pupil numbers falling over the decade

Faster falls in primary schools

5% overall between 2025 and 2028

Forecast pupil numbers in state-funded schools (2022 = 100%)



Sources and notes: National Pupil Projections, July 2022 (<https://explore-education-statistics.service.gov.uk/find-statistics/national-pupil-projections#explore-data-and-files>)

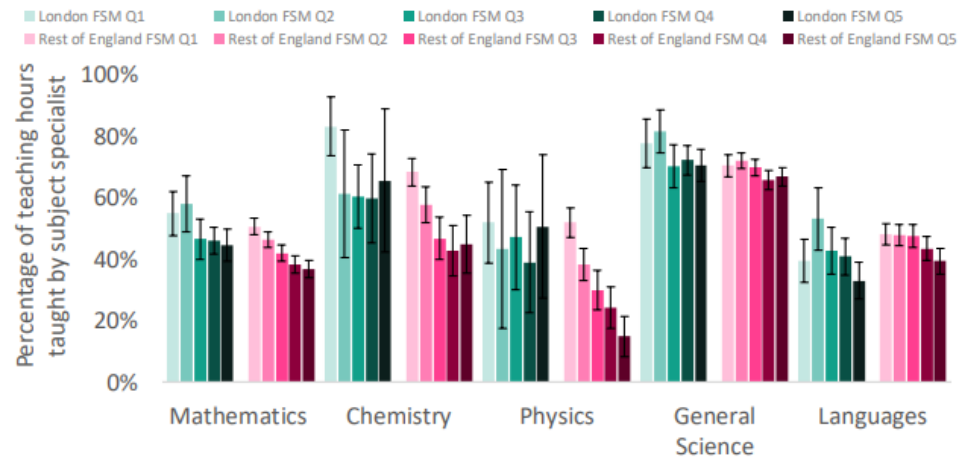
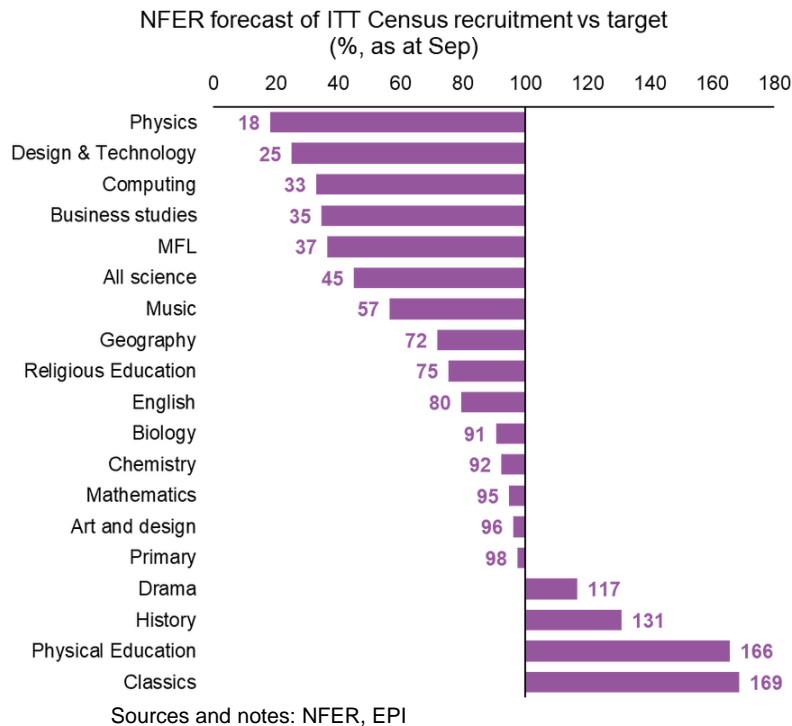
Implications for future budgets

- **Government could commit to real-terms freeze in school spending per pupil and reduce schools budget by 5% in real-terms between 2024-25 and 2027-28**

- **Schools finances at a time of falling pupil numbers**
 - Falling total budgets and pupil numbers
 - Will costs fall with pupil numbers?
 - Only really possible with falling staff numbers

Getting the right teachers to the right places

- Government is missing recruitment targets in many science, technology and language subjects
- Persistent problems of recruiting teachers in maths and science subjects to most deprived schools outside of London



Summary & conclusions

- **School budgets under significant pressure due to rising costs**
 - Energy, teacher pay, support staff pay
- **Further financial challenges from declining pupil numbers**
 - Most acute in London, South-East and North-East
- **Getting the right teachers to the right places remains a challenge**
 - Maths, sciences and languages
 - More deprived schools outside London

The Institute for Fiscal Studies
7 Ridgmount Street
London
WC1E 7AE

www.ifs.org.uk



Regional differences in falling population

Fastest falls in the North East, South East and London
Slower falls in the Midlands

Forecast population aged 5-14 across regions (2022 = 100%)

