

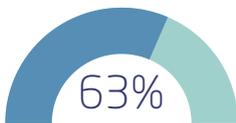
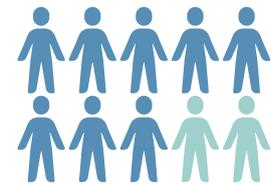
The impact of inflation on education

In October 2021, the financial settlement for schools and academies for 2022/23 appeared generous. As inflation rises, pay offers are made and the energy prices escalate unimaginably, Trusts are facing a financial crisis.

CST Members have shared the details:

GOING CONCERN?

School Trusts set their budgets before the announcement of the Teachers' pay award, an employers offer to support staff, or funding levels for 2023. There is little time to make changes to spending plans for the coming year. We estimate nearly 20% of Trusts could run out of money by August 2023, with many more in the future.



TEACHERS' PAY

Nearly two thirds of Trusts* based their budget planning on the Government's evidence to the pay review body. The real cost is around 1.4% higher.

SUPPORT STAFF PAY

National Employers, mindful of the increase in the National Living Wage, have made an offer equivalent to 8-9%, backdated to April 2022. Over 80% of Trusts* expected 2-3%.



CHALLENGES AHEAD...

ENERGY

Energy costs are soaring, with no cap or protections in place for schools. Whilst some Trusts are still within a fixed price contract, the security is short-lived.

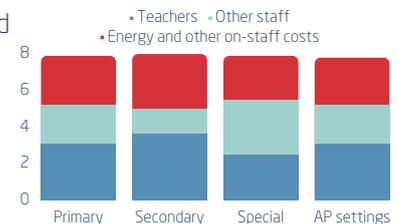
PENSIONS

Staff pension schemes are being revalued, with potential changes in contribution rates for support staff in 2023 and teachers in 2024.

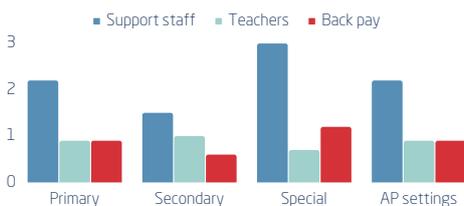
COST PRESSURES IN 2022/23 AVERAGE AT AROUND 8% REGARDLESS OF SECTOR

The average funding increase for a mainstream school is 5.8%. Special schools and AP settings have no guaranteed increase.

Some schools are facing increases of only 0.5% for 2023/24.



ALL TOO LATE



Schools spend around 80% of their budget on staff.

With details of pay increases arriving after budgets were set, most are struggling to know how to adjust plans days before pupils return for the new school year.

The percentage increase on staffing budgets is very significant and cannot be absorbed through efficiency savings.

*Budget Forecast Returns were provided by 71 trusts, representing 739 academies. A further 13 trusts provided details of budget planning assumptions. Data collected August 2022.

