



School Finances-

the issues for school governance in Summer 2025

8th May 2025



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Aims of this session:



to outline the main financial pressures impacting schools in England in Summer Term 2025



to explore the key cost pressures and their effect on school financial sustainability;



To focus on good practice for governance in holding schools to account for effective financial control.

The headlines:



Half of England's state secondaries forced to cut staff in budget squeeze, poll finds

More schools also reducing spending on trips, IT, extracurricular activities and GCSE subject choices

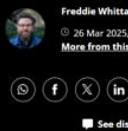
SCHOOLS WEEK

Wednesday, 07 May 2025

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Union anger as spring statement snubs schools

Reeves mentioned crumbling school roofs, but they won't get more capital cash next year



Most school budgets will fall short in 2025-26, unions find

School Cuts coalition's analysis shows 94% of secondary schools and 76% of primaries are not on course to meet rising costs

20th January 2025, 12:01am



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FEATURE

Pupil numbers: the regional forecasts schools need to know



GOVERNORS FOR SCHOOLS

The reality:



- total public spending on education has fallen by 11% (£15 billion) since 2010 -2011;
- in real terms it stands at same spending level as in 2006-7;
- education spend is now at 4% of National Income compared to 5.6% in 2010-11;
- Early Years spending is up;
- High Needs is key driver in schools.

...and in a school near you?

From 1st April:

- Staff costs:
 - National minimum/living wage increases;
 - Employers' Nat. Insurance.
- SEND – is additional high needs spend meeting demand?
- Capital costs – pressures meeting estate maintenance costs;
- Early Years provision – big spend of funded places within pre-school settings;
- Inflationary pressures- utilities, food, curriculum supplies, IT support, cpd.

Staff costs – a little more detail

- proportion of expenditure on staffing is edging up over 80% in many schools;
- employers NI cost increases were not universally fully funded;
- mandatory performance related pay removal could have inflationary impact;
- supply costs are increasing;
- recruitment and retention are key factors in many schools.

SEND – a little more detail

- Schools have a notional budget to meet SEND;
- Statutory duty to deliver ‘best endeavours’
- Schools have to ‘top up’ SEND funding to meet pupil needs;
- LA are increasingly spending ‘High Needs’ funding on out of area private provision at far higher costs than in LA and MAT Special Schools;
- SEND pupil numbers continue to increase.

Inflation:

Are cost increases out-pacing funding?

- NFER research (June 2024) found 93% of school leaders had made budget cuts in response to cost pressures;
- cost of living crisis is having an ongoing impact on pupil need for food and clothing, with more schools spending more;
- IT services, curriculum supplies, insurance, supply, service contracts, utilities, repairs.....

The road ahead:

- pupil numbers are falling and will continue to fall in many areas;
- consumer price index (March 2025) is currently 5.1%;
- wage costs are running on average at +5.7% in public sector (5.9% private)
- energy price cap(excludes schools) has increased by 6%;
- Private sector responses are typically higher than inflation.

A scenario: 160 pupil school (PAN 180)

Aspect	Cost Increase
Teaching Staff	£36,000
Other Staff	£25,200
Utilities (Gas, Electricity and Water)	£3,700
Supply Insurance	£750
Supply Cover	£2000
Service contracts (Copier, Telephony, alarms, IT etc)	£5,600
Reduced funding (minus 20 pupils on roll)	£124, 000
Reduced Pupil Premium Funding	£9,000
Curriculum supplies (inc. Paper)	£1,000
Total	£203,500

What should we (as governors) do?

- understand budget assumptions (projected admissions, staff changes, inflation etc,)
- know if the school/trust is reliant on reserves to balance its budget;
- be aware of how long reserves will last on current spending patterns;
- Know that staffing is largest cost element;
- ask what plans are in place, and when, to either cut costs or increase revenue/income.

What *could* we (as governors) do?

- suggest modelling cost-cutting – what would it look like;
- ask school to explore alternative staffing models;
- ask school to explore cost reduction on non-staffing (energy, consumables, etc)
- explore income generation.

Financial sustainability - good practice:

- **Challenge to understand** – ratios, decisions etc.
- **Ensure data informs decision making** – school staffing/HR data effective use can save;
- **Actively seek new income** – most schools have vast unused resources that could generate income;
- **Focus on good governance** – ensure governors/trustees train, analyse, scrutinise, challenge, succession plan and lead;
- **Research** – learn what's out there!

Some of the services available:

- school budgeting software;
- DfE – ‘Buying for Schools’ procurement frameworks;
- HR & Payroll software solutions
- school fundraising ideas;
- databases of grant making bodies.

Prudence in financial management:

- consider your school's risk appetite and use it to inform spending decisions;
- avoid using variable income to fund staffing;
- use contracts to secure income (let for 12 months);
- explore fixed-term contracts for staff;
- review communications strategy (paper free);
- explore charging for pupil clubs and activities.

Further Reading:



Contents

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1. Primary school crowdfunding
2. Community grants for primary schools
3. Make use of free information that's out there on primary budgets
4. 'Grants 4 School'
5. In-kind donations for your KS1 & KS2 pupils
6. Primary school 'Amazon Affiliates'
7. Click and fundraise
8. Primary school lottery
9. Teacher baby photo competition
10. Book fundraising in your school
11. Franchise your primary school
12. Key Stage 1 & Key Stage 2 Cake bake sales
13. Primary school bingo night
14. Primary quiz night
15. Bollywood ball for primary pupils/parents
16. Don't neglect to recycle primary school supplies
17. Buy a primary school brick
18. Local scarecrow trail
19. Online auction
20. Primary school car wash
21. Key Stage 2 sleep...



Any Questions?



Messages from Governors for Schools



Spot the Red Flags

Understand how loan sharks operate and the subtle warning signs that someone in your school community may be affected. Learn to recognise the tactics used to exploit financial vulnerability.

Safeguarding the School Community

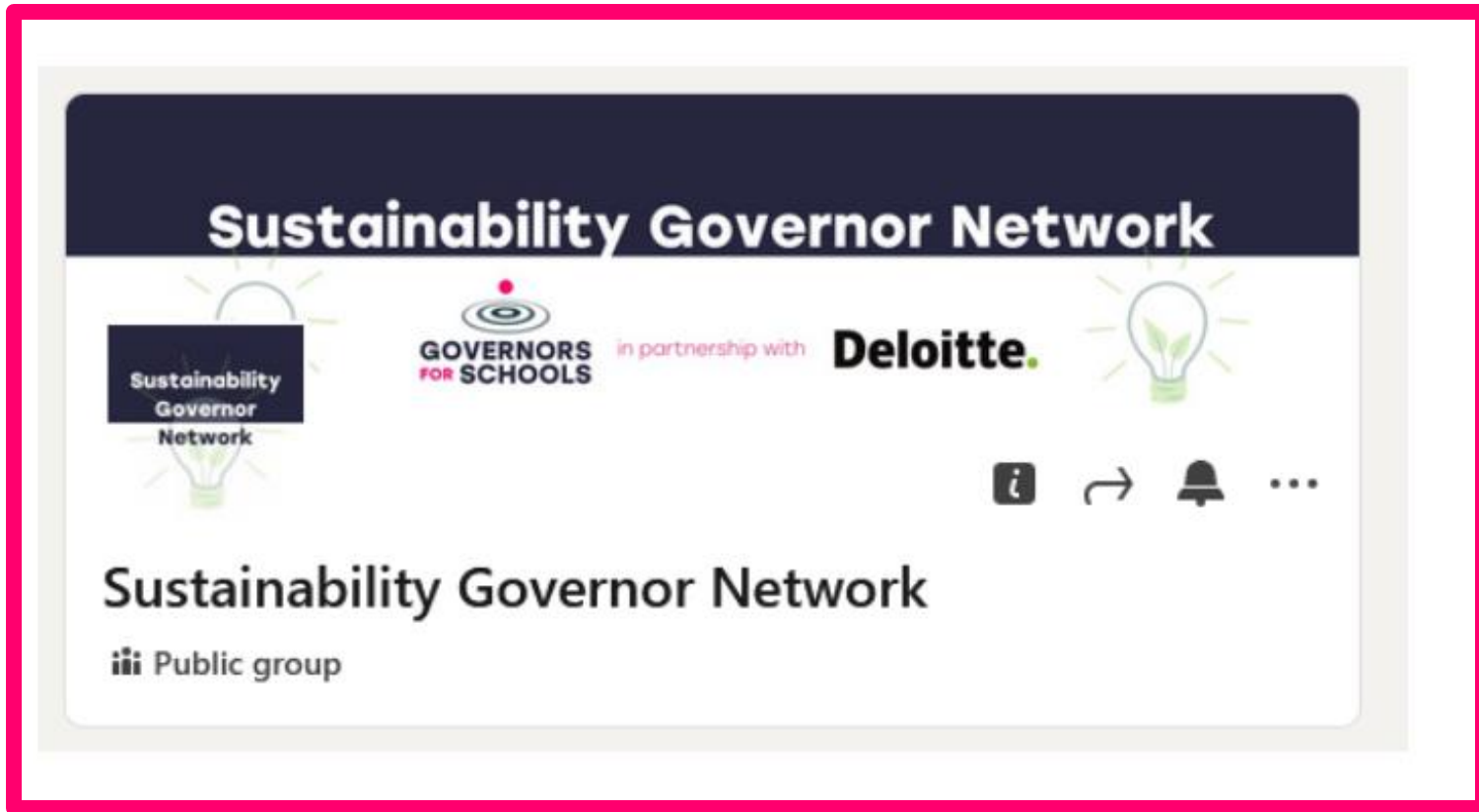
Explore the serious impact of illegal lending on children's home lives, attendance, behaviour, and well-being. Gain insight into how this issue links to your wider safeguarding responsibilities as a governor.

Take Action, Make a Difference

Be confident in what to do if you suspect a problem, whether that's supporting school staff, guiding parents, or connecting families

with the right support services. Learn how to refer concerns and champion preventative education in your school.





- Thank you
- Please come back next time
- Enjoy the remainder of your day.