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School spending in England: A guide to the debate during the 2024 general election

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Institute for Fiscal Studies

IFS Report R316

Luke Sibieta

School spending in England: a guide to the debate during the 2024 general election



Economic
and Social
Research Council



School spending in England: a guide to the debate during the 2024 general election

Luke Sibieta

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Key findings

1. Between 2010 and 2019, total school spending in England rose by 1% in real terms. But since total pupil numbers grew by 11% over this period, school spending *per pupil* fell by 9%.
2. Since the last general election in 2019, there has been a £6 billion (or 11%) real-terms increase in total spending. This has enabled spending per pupil to return to the same real-terms level as in 2010.
3. No real-terms growth in school spending per pupil over 14 years is historically unusual. The long-run average growth in school spending per pupil since the 1970s is about 2% per year in real terms. Under the 1997–2010 Labour government, school spending per pupil rose by about 5–6% per year in real terms.
4. School costs have grown rapidly in recent years and by more than overall inflation. This reflects increases in staff pay and rising food and energy costs. We estimate that schools' costs will grow by 4% in 2024 (compared with economy-wide inflation of 1%). This could leave the purchasing power of school budgets about 4% lower than in 2010.
5. Growth in pupil numbers since 2009 has now gone into reverse, with pupil numbers expected to fall by over 5% or 400,000 between 2024 and 2028. The falling pupil population creates potential opportunities for savings in total school spending in the post-election Spending Review. If spending per pupil is frozen in real terms, total spending could be cut by about £3.5 billion. If spending per pupil grew in line with likely school costs, then savings would be about £1.7 billion. But such savings may be difficult to realise in practice. Given that staffing costs represent more than 80% of school spending, savings can also only really be delivered with reductions in the workforce and/or school closures.
6. If total school spending were to be frozen in real terms between 2024 and 2028, falling pupil numbers mean that spending per pupil would grow by 1.5% per year. That is somewhat below the long-run average of 2% per year. This would, however, still see school spending significantly better protected than other areas of public services (where unprotected departments face real-terms cuts of 2–3.5% on the current plans implied by the fiscal rules that both main parties have signed up to).

7. Whatever level of spending is set by the next government, it will face a range of immediate spending pressures, including special educational needs provision, teacher pay, and repairs needed to school buildings.
8. The number of pupils assessed as having the highest levels of special educational needs (i.e. with an Education, Health and Care Plan) increased by over 60% from about 220,000 in 2015 to about 360,000 in 2022. This was mostly driven by a near-doubling in the numbers of pupils with autistic spectrum disorders, speech and language needs, and social, emotional and mental health needs. This has placed huge pressure on school spending. The £3.5 billion increase in the high-needs budget since 2015 has taken up nearly half of the £7.6 billion increase in school spending since 2015.
9. Average teacher pay across the UK in 2024 is expected to be over 6% lower in real terms than in 2010, and is at a similar level in real terms to that seen in 2001. The decline is concentrated among more experienced teachers, whose salaries have fallen 11% in real terms (new recruits have seen little real-terms change in pay). In contrast, average earnings are due to be about 6% higher in 2024 than in 2010, and about 18% higher than in 2001. These declines in teacher pay relative to average earnings may help to explain why teacher recruitment is significantly behind targets and why 1 in 10 teachers leave the state sector each year.
10. Capital spending on school buildings is low in historical terms. The three-year average up to 2023–24 is about 25% lower in real terms than the three-year average up to 2008–09. Spending on school maintenance and repairs is also low compared with need, with the government having allocated about 40% less than its own assessments of how much is needed to ensure school buildings are in a fit state of repair. Given the expected drop in the pupil population, there might therefore be some scope to redirect funding from new schools towards repairs and maintenance.

1. Introduction

During this general election campaign, the political parties are likely to set out various commitments and plans on school funding over the next parliament. This report seeks to inform this debate by providing a clear picture of past trends in school funding, the current situation and likely future pressures. It also sets out potential benchmarks for levels of school funding in the period to be covered by the next Spending Review, which will need to occur shortly after the election.

Since the last general election in 2019, school funding in England has increased by around £6 billion in 2024–25 prices. This should deliver a 10% real-terms increase in spending per pupil, reversing past cuts and taking spending per pupil back to its real-terms level in 2010, and total spending to £8 billion above its 2010 level. However, schools have also faced rapid rises in costs, from teacher pay, support staff pay, food costs, energy bills and rising costs of special educational needs provision, which have eaten into school budgets. In Section 2, we analyse these issues in more detail by showing how spending per pupil in England has changed since the Conservatives came into government in 2010, and how this compares with past changes in school spending per pupil.

In Section 3, we consider the main pressures on school budgets at present and how these are likely to evolve in the next few years. This includes the change from a growing pupil population to a period of falling pupil rolls. We examine the changes to teacher pay in a historical context and as compared with average earnings, as well as changes to support staff pay. We illustrate the very large increases in the number of pupils with special educational needs, and how this has taken up about half of the increase in the schools budget since 2015. Finally, we consider the pressures on school capital spending, particularly in light of the safety concerns about school buildings during last year's 'RAAC crisis'.

In Section 4, we set out a number of benchmark scenarios for school spending over the likely period covered by the post-election Spending Review. In particular, we consider three scenarios: a real-terms freeze in school spending per pupil (implying a drop in total spending); school spending per pupil growing in line with likely school costs analysed in Section 2 (a smaller drop in total school spending); and a relatively simple scenario where total school spending is frozen in real terms (implying real-terms growth in spending per pupil). This allows us to summarise the challenges and trade-offs facing policymakers in setting the overall level of school spending over the next parliament. We do not consider specific commitments made by the political parties, which will be covered in future IFS election briefings.

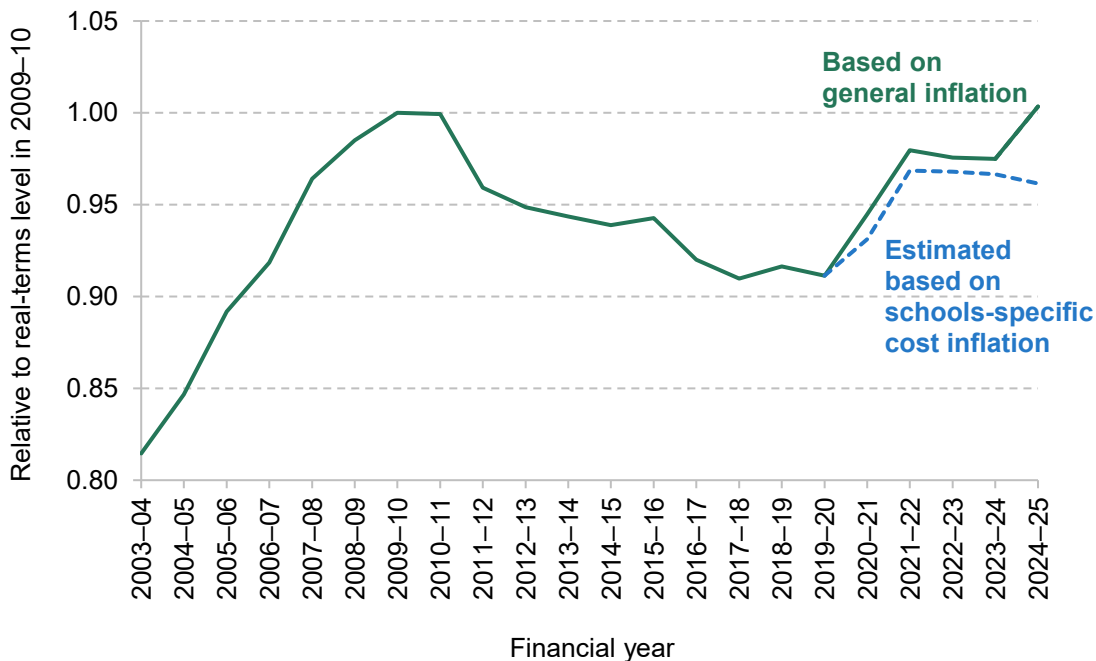
2. School spending to date

The core schools budget in England is set to be about £60 billion in 2024–25, which includes day-to-day or current school spending on pupils aged 5–16. In this section, we analyse trends in school spending under the current government and how these compare with longer historical trends. This section focuses on day-to-day or current spending, with Section 3 discussing trends in capital spending and investment in school buildings. Spending levels exclude temporary COVID-related grants in recent years.

Total school spending per pupil

Figure 1 shows our most recent estimates of the total level of school spending per pupil, relative to its level in 2009–10. This measure of school spending includes funding for school sixth forms in secondary schools and funding for early years providers. This is needed to ensure consistency over time as such funding has been part of school budgets going back in time.

Figure 1. Total school spending per pupil, 2009–10 = 1



Note and source: Updated version of figure 3.2 in [Drayton et al. \(2023\)](#). General inflation based on HM Treasury, [GDP deflators](#), March 2024. Schools-specific cost index detailed in [Drayton et al. \(2023\)](#), plus an additional assumption that support staff pay per head grows by 4.5% instead of 3% in 2024–25 and the cost of special educational needs provision increases costs by 0.3 percentage points.

Following a substantial rise over the 2000s, total school spending per pupil fell by 9% in real terms in England between 2009–10 and 2019–20. This represents the largest and most sustained cut in school spending per pupil in England in at least 40 years, and probably a lot longer. Note, though, that total spending on schools grew very slightly in real terms (by 1% in total over the period), with real-terms cuts in spending per pupil then resulting from an 11% or 900,000 growth in pupil numbers.

Since the last general election, there has been a 10% real-terms increase in spending per pupil (between 2019–20 and 2024–25). On current forecasts, this should be sufficient to reverse past cuts and take school spending per pupil back to its last historic high in 2009–10. Over this period, this reflects 11% real-terms growth in total spending – an additional £6 billion in today's terms – and 2% growth in pupil numbers.

The government has regularly [claimed](#) that school spending per pupil is at a record high. Indeed, according to government [statistics](#), school spending per pupil in 2024–25 is over 5% higher in real terms than in 2010–11. Government statistics show larger growth in spending per pupil over time than our analysis largely because government figures do not account for cuts in sixth-form funding in secondary schools and because they include extra funding to cover higher employer pension contributions (which is then paid straight back to government).

Based on our analysis, it is true that school spending per pupil will be at an equal historic high in 2024–25. But this still represents a significant break with the long-run trend. Prior to 2010, school spending per pupil was usually at a record level every year (see Figure 2 later). The fact that school spending per pupil was not at a record high between 2010 and 2023 is a reflection of the fact that we have just seen a historically unusual real-terms cut in spending per pupil.

More importantly, these figures calculate 'real-terms' changes based on economy-wide inflation as captured by the GDP deflator. This is the standard and most consistent way to examine real-terms changes in public spending. To provide further context, Figure 1 also shows expected real-terms changes in school spending per pupil when we calculate an index of actual costs faced by schools (e.g. expected changes in teacher and other staff pay per head, and rising energy, food and other non-staff costs as captured by Consumer Prices Index (CPI) inflation). This allows us to separately judge whether school budgets are sufficient to meet expected cost rises.

Judged against the likely costs faced by schools, we see a much smaller real-terms rise in school spending per pupil over time (only about 6% between 2019–20 and 2024–25) than when comparing against general inflation (10%). Such trends would leave the purchasing power of school spending per pupil about 4% lower than in 2009–10.

Normally, the GDP deflator tends to provide a close approximation to the costs faced by schools. Schools' costs and the GDP deflator grew by very [similar](#) amounts between 2010 and 2019. However, the recent spike in inflation was mostly caused by rising import prices, which are not fully captured in the GDP deflator as it measures domestic inflation.

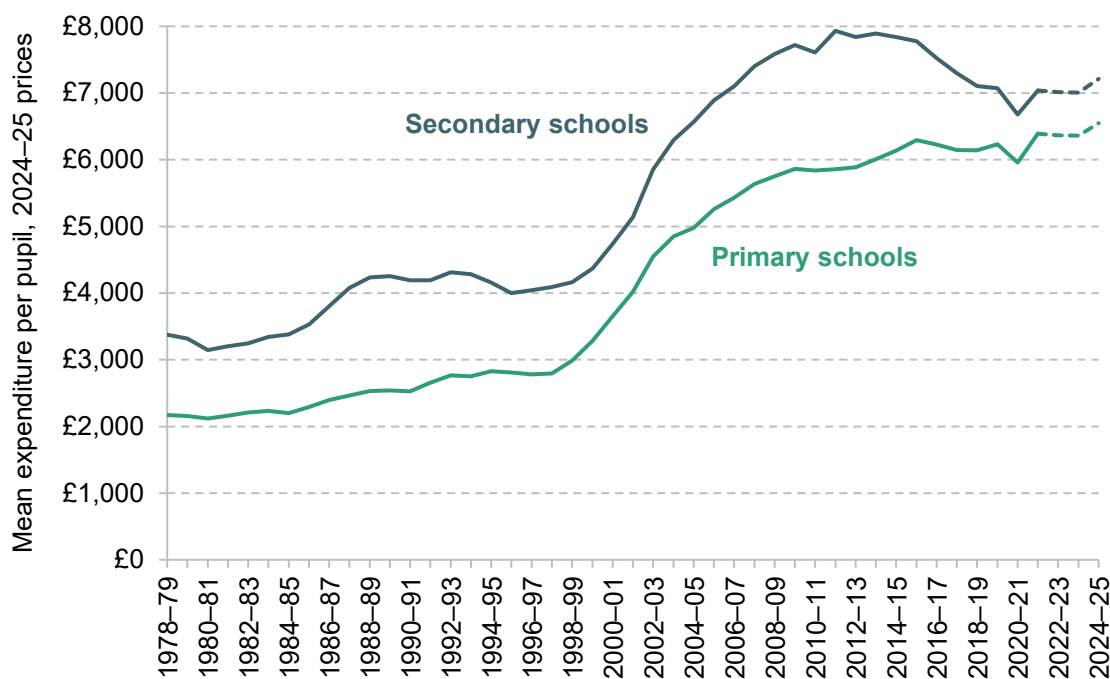
We project that schools' costs will grow by 4% in 2024–25, which is based on a range of assumptions. We assume teacher pay per head grows by 4.5% in the 2024–25 financial year. This partly reflects the 6.5% pay award in September 2023, which spills over into the first five months of the 2024–25 financial year starting in April 2024. We also assume a teacher pay award of 3% from September 2024. The [Office for Budget Responsibility](#) (OBR) forecasts that average earnings will grow by 3% in 2024–25, and there are already significant [problems](#) recruiting and retaining teachers. We assume other staff pay per head grows by 4.5% in 2024–25, which is based on the recent pay [offer](#) made by local government employers. Finally, we assume non-staff costs grow in line with OBR forecasts for CPI inflation of 1.6%. In line with government [analysis](#), we also assume a further 0.3% annual growth in school costs to reflect the growing costs of [high-needs](#) provision.

On the basis of current policy and these assumptions, we project a 1% fall in the purchasing power of school budgets in 2024–25. If the incoming government wanted to compensate schools fully for the expected cost rises, school funding would need to rise by a further £600 million over and above existing plans for 2024–25. Compensating schools for the 4% loss in the purchasing power of school budgets since 2009–10 would require a total of around £3 billion in extra funding.

Primary and secondary school spending per pupil

Figure 2 shows our estimates for the level of primary and secondary school spending per pupil in England from the late 1970s through to 2021–22 (in 2024–25 prices), together with projections up to 2024–25. Real-terms changes are shown relative to the GDP deflator. Actual figures up to 2021–22 are based on spending levels by individual schools, which exclude spending undertaken by local authorities and spending on special schools. As a direct result, growth in spending per pupil during the 2000s and 2010s is higher than in Figure 1. This is because funding (and the responsibility for delivering various functions) was being moved from local authorities to individual schools.

Figure 2. Primary and secondary per-pupil spending by schools, actual up to 2021–22 and forecasts up to 2024–25



Note and source: Dashed lines are projections based on Figure 1. See [Methods and data](#). HM Treasury, [GDP deflators](#), March 2024.

Despite this, we see that spending per pupil has evolved in a number of distinct phases. This is further demonstrated in Table 1, which shows the annual average real-terms growth in spending per pupil under different periods of government.

- **Modest growth over the 1980s and 1990s.** Under the period of Conservative government between 1979 and 1997, real-terms spending per pupil rose by about 1.4% per year in primary schools and by about 1.0% per year in secondary schools.
- **Rapid growth over the 2000s.** From 1999 onwards, spending per pupil grew rapidly. As a result, we see that primary school spending per pupil grew by about 5.9% per year over the period of Labour government between 1997 and 2010, and secondary school spending per pupil by about 5.1%.
- **Funding squeeze since 2010.** There has been a squeeze on funding since 2010. Secondary school spending per pupil fell by about 0.5% per year on average between 2010 and 2024, whilst primary school spending per pupil rose by 0.7% per year on average over the same period. This averages out to a similar picture of a real-terms freeze in spending per pupil seen in Figure 1. Secondary schools saw a worse picture mainly due to big reductions in school sixth-form funding.

Table 1. Changes in school spending by periods of government over time, annual average real-terms changes

Period	Primary schools	Secondary schools
1979 to 1997 (Conservatives)	1.4%	1.0%
1997 to 2010 (Labour)	5.9%	5.1%
2010 to 2024 (coalition / Conservatives)	0.7%	-0.5%
Long run (1979 to 2024)	2.4%	1.7%

Note and source: See Figure 2. '1979 to 1997' reflects data from 1978–79 to 1996–97, '1997 to 2010' reflects data from 1996–97 to 2009–10 and '2010 to 2024' reflects data from 2009–10 to 2024–25.

Two long-term trends emerge from this analysis. First, there have clearly been cycles in the growth of spending per pupil. Over the long run, primary school spending per pupil has grown by about 2.4% per year in real terms, and secondary school spending per pupil by about 1.7%. This averages out across phases to growth of about 2% per year across all schools. However, growth has clearly not been even over time. Modest growth or cuts during the 1980s and 1990s were followed by large increases during the 2000s, which were in turn followed by cuts and freezes during the 2010s.

Second, the gap between secondary and primary school spending has fallen significantly over time. In the 1980s, secondary school spending per pupil was about 56% higher than primary school spending per pupil. This narrowed to 49% in the 1990s and then to 30% in the 2000s. This narrowing continued through the 2010s, and the secondary:primary school funding difference is due to be only 10% in 2024–25. Some of the recent narrowing reflects that primary schools have benefited more from the transfer of responsibilities and funding from local authorities to schools. However, this is also clearly part of a long-term relative shift in funding and resources from secondary to primary schools.

3. School cost drivers

In this section, we examine the main factors driving school costs and spending needs over the next parliament. We start by examining the expected fall in pupil numbers. We then look at teacher pay and support staff pay. We move on to discuss one of the biggest ongoing pressures on schools' budgets: spending on children with special educational needs. We conclude with a discussion of capital spending and investment in school buildings.

Pupil numbers

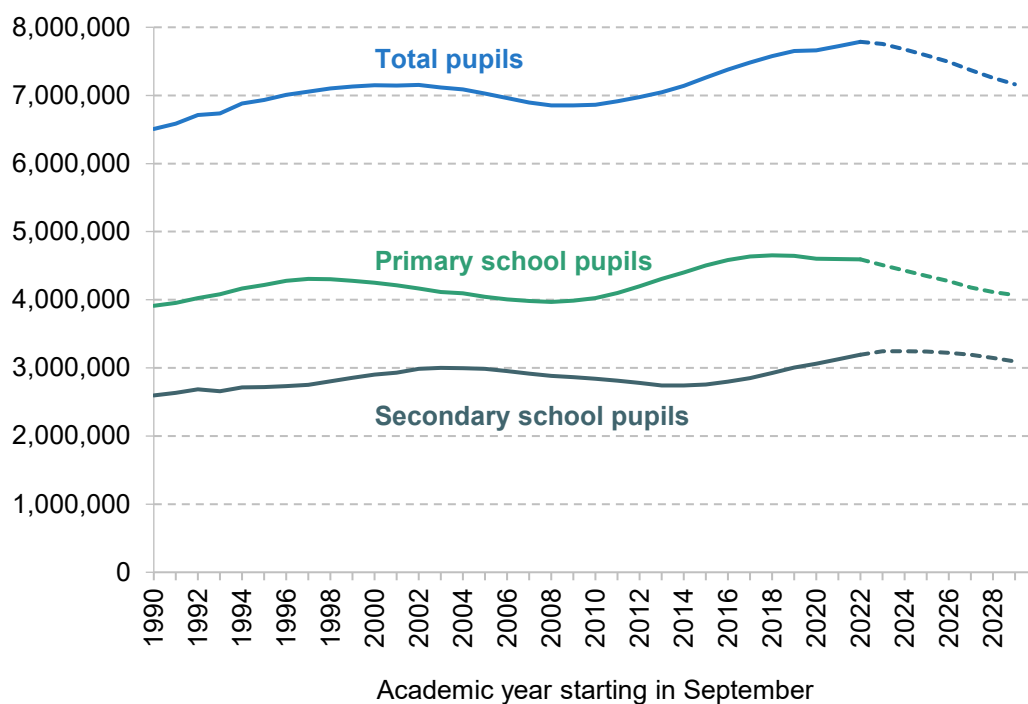
Over the last 15 years, there has been a large rise in the pupil population in England. From a low point in 2009–10, the number of pupils in state-funded primary and secondary schools has grown by 14% or 900,000 up to an expected high point in 2022–23 (see Figure 3). Naturally, this growth started earlier in primary schools before these pupils got older and made their way into secondary schools. This growth in pupil numbers has been a major driver of spending needs in recent years as these 900,000 extra pupils needed extra teachers, extra schools and more of everything in general.

Over the next few years, the government is currently forecasting a drop in overall pupil numbers. This has already begun in primary schools, with a 1% fall in primary school pupils since 2018–19. Falls in secondary school pupil numbers are expected to commence this year. In total, the government projects that pupil numbers will fall by over 5–6% between 2024–25 and 2028–29, the period expected to be covered by the next Spending Review.

In principle, a fall in pupil numbers should reduce spending needs and pressures. For example, as we show in Section 4, a freeze in spending per pupil in real terms could generate savings of over £3 billion per year by 2028–29. However, there are a number of caveats to this.

First, individual school costs are unlikely to fall in proportion to pupil numbers, particularly in the short run. Schools have many fixed costs in terms of having a teacher in front of a class and heating a building. There are savings to be had, but realising those savings would generally require cuts in staff numbers or closing some schools if they are no longer financially viable, which can both be hard to achieve in practice.

Figure 3. Pupil numbers in state-funded schools in England over time, actual and forecast



Source: Primary and secondary school numbers are taken from Department for Education, 'Schools, pupils and their characteristics', [January 2023](#) and earlier years, and [National pupil projections: October 2023](#).

Falls in staff numbers could be delivered by not replacing staff who leave each year or through lower levels of recruitment. In specific terms, employing fewer teachers would require fewer lessons with teachers, such as fewer classes per year group in primary schools or fewer lessons per subject in secondary schools. Reducing the number of teaching assistants or support staff could also be challenging: many teaching assistants are employed to provide statutory support to pupils with high needs, as specified in their Education, Health and Care Plans, and these needs appear to be rising even against a backdrop of falling rolls (see later subsection on high needs).

Second, there is clearly uncertainty around these forecasts when looking to the medium term. Looking at forecasts from 2014 onwards, actual numbers have generally been extremely close to forecast numbers looking one to two years into the future. Looking beyond three years into each forecast, actual pupil numbers have generally been 1–2% different from forecasts.

Third, the falls will not be even across the country. Analysis by the [Education Policy Institute](#) shows that the need for primary school places will fall by 11–13% in London, the North East and Yorkshire & the Humber between 2022–23 and 2028–29. In the East of England, the South East and the West Midlands, the falls are much smaller, at around 4–8%. Similar regional patterns can be observed for secondary schools, but the falls are naturally smaller because they start later.

Teachers

Teacher pay represents over half of school budgets, so teacher numbers and the level of teacher pay have a substantial impact on the overall pressures on school budgets. The number of full-time-equivalent [teachers](#) has grown over time from 440,000 in 2010–11 to 470,000 in 2022–23. This 6% growth in teacher numbers is below the 13% growth in pupil numbers over the same period and class sizes will have grown as a result.

The government has postponed any decisions on teacher pay until after the election. Here, we consider the overall pressures on teacher pay in a historical context. Table 2 provides overall context by showing selected teacher pay scales in England (current salary levels as of September 2023), together with projected levels of average annual gross earnings, median earnings, the 25th percentile and the 75th percentile based on the Annual Survey of Hours and Earnings (ASHE).

Starting salaries for teachers in England are currently £30,000, a teacher with a mid level of experience has a salary of about £41,300 and a teacher with high experience has a salary of about £46,500. Most teachers will be closer to the mid- and high-level experience salary points.

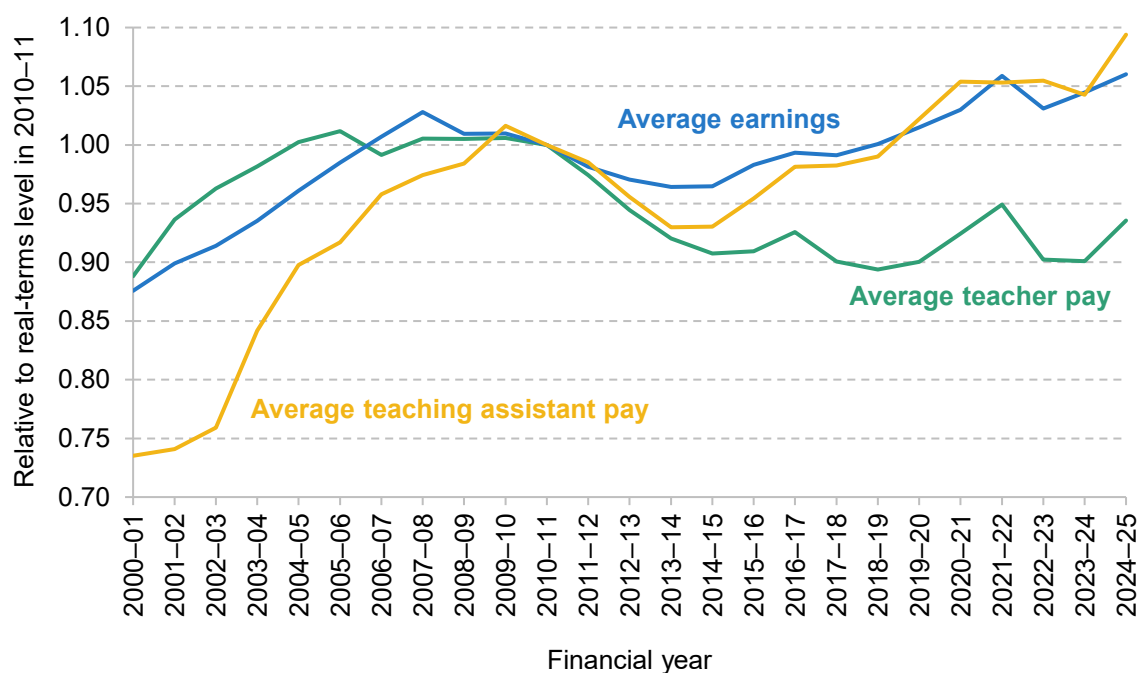
Table 2. Comparing school staff and average earnings

	Annual gross level
Teacher pay scales (September 2023, outside London)	
Starting salary	£30,000
Top of main pay scale – mid experience	£41,333
Top of upper pay scale – high experience	£46,525
Averages from ASHE (projected to April 2024)	
Average teacher pay	£43,254
Average teaching assistant pay	£18,569
Average for all employees	£35,711
Median for all employees	£30,822
25 th percentile	£21,370
75 th percentile	£44,857

Note and source: [School teachers' pay and conditions document](#) for teachers outside the London area, September 2023; Office for National Statistics, [ASHE 2023 table 14](#); projections for all employees in April 2024 based on OBR projections for average earnings growth in 2024–25 of 3.1% ([March 2024](#)); projections for average teacher pay based on 6.5% growth and for teaching assistant pay based on 7.6% growth (see Figure 4 for further details).

Average teacher pay therefore sits around £43,000, which is about 21% higher than average earnings for all employees (both figures for the UK as a whole for consistency). This places average teacher earnings around the 75th percentile, i.e. teacher salaries are higher than earnings for about 75% of employees. This reflects, in part, the qualification and training requirements to enter the teaching profession.

Figure 4. Teacher pay and teaching assistant pay over time as compared with average earnings across the UK, 2010–11 = 1

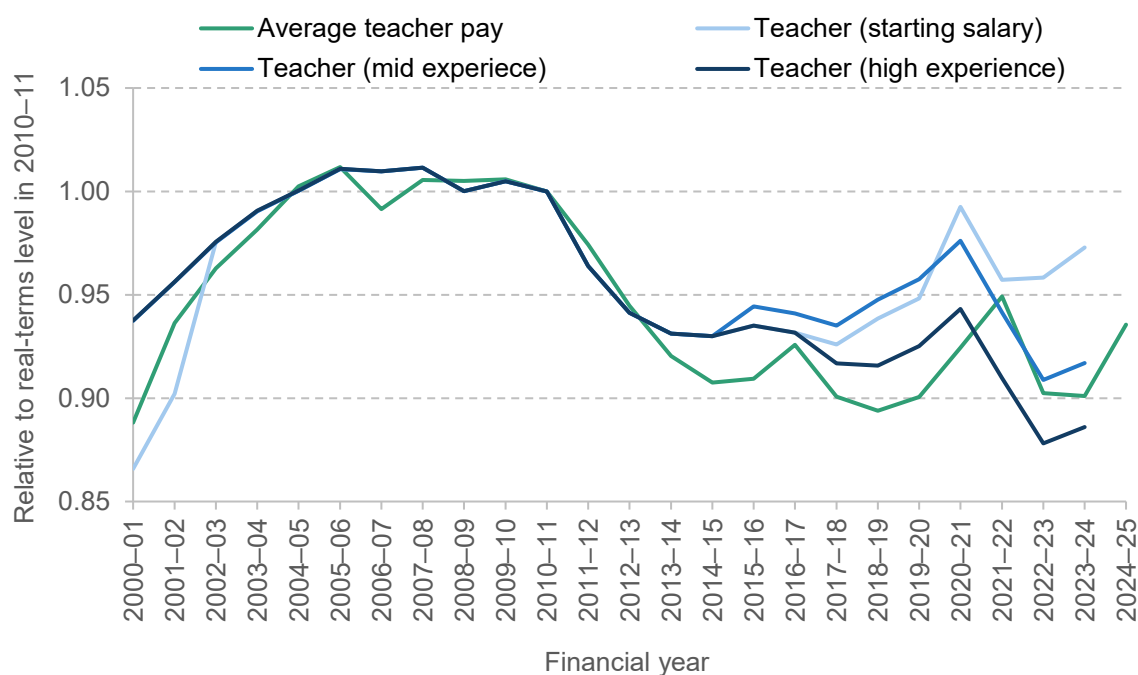


Note and source: Average earnings are taken from the [Average Weekly Earnings](#) statistics published by the Office for National Statistics; figures are calculated as the average for the financial years. Projections for 2024–25 based on OBR projections for average earnings growth in 2024–25 of 3.1% ([March 2024](#)). The series for average teacher pay is the average of mean total weekly earnings for primary school and secondary school teachers in [ASHE table 14](#), weighted by the number of jobs of each occupation, in April of each year. We approximate mean nominal pay in April 2024 for teachers as mean nominal pay in April 2023 multiplied by 1.065 (the pay deal reached for most teachers in England in Summer 2023). The teaching assistants series is mean total weekly earnings for the SOC2000 occupation ‘educational assistants’ (code 6124) up to April 2010, then the average of mean total weekly earnings for the SOC2010 occupations ‘teaching assistants’ (6125) and ‘educational support assistants’ (6126) between 2011 and 2020 (weighted by the number of jobs in each occupation), and finally the similarly weighted average of mean total weekly earnings for the SOC2020 occupations ‘higher level teaching assistants’ (3231), ‘teaching assistants’ (6112) and ‘educational support assistants’ (6113) for 2021 onwards. We approximate mean nominal pay in April 2024 for teaching assistants as mean nominal pay in April 2023 multiplied by 1.076 (the mean rise in earnings from the pay deal agreed in November 2023, and backdated to April 2023; the pay deal for April 2024 is still to be agreed). We also apply adjustment factors for teacher and teaching assistant pay in 2010 and earlier. In particular, average teacher pay based on SOC2010 codes was 4% lower in 2011 than the average based on SOC2000 codes. We thus increase values before 2011 to reflect this. In the other direction, we increase teaching assistant pay by about 4.5% prior to 2011 to reflect the changed SOC code methodology. Real-terms value calculated based on average value of [CPIH index](#) in the relevant financial year (e.g. 2014–15 for April 2014).

Figure 4 shows real-terms trends in average teacher pay and average earnings across the UK relative to their level in 2010–11 (trends in average earnings are measured using the Average Weekly Earnings series, which gives a very similar level to ASHE for 2024, but more accurately captures trends over [time](#)). Between 2000–01 and 2010–11, average teacher pay and average earnings rose by similar amounts (13–14%). After 2010–11, there were falls in both average earnings and teacher pay. Average earnings started to recover from about 2014 onwards, whilst average teacher pay did not see any steady real-terms increases. As a result, average teacher pay was about 10% lower in real terms in 2023–24 than in 2010–11. We project there will be some real-terms growth in 2024–25, but this will still leave teacher pay about 6% lower than in 2010–11 and at about the same level as in 2001–02.

In contrast, average earnings are expected to be about 6% higher in 2024–25 than in 2010–11, and 18% higher than in 2001–02. This means that the differential between teacher pay and average wages has halved: during much of the 2000s, average teacher pay was around 40% higher than average earnings, but in 2024–25 the premium will be just 21%.

Figure 5. Average teacher pay across the UK and teacher salary points in England, 2010–11 = 1



Note and source: Teacher salary levels are taken from the [School teachers' pay and conditions](#) documents for teachers outside the London area (2023 and previous versions); from 2004, the U4 and U5 points were removed from the teacher pay scale and replaced by Advanced Skills and Excellent Teachers pay scales, but both the old and new systems were not that widely used in practice. Real-terms value calculated based on average value of [CPIH index](#) in the relevant financial year (e.g. 2014–15 for September 2014 pay scales).

Figure 5 compares trends in average teacher pay across the UK with selected teacher pay scales in England. This shows that current teacher pay scales (as of September 2023) are about 8–11% lower in real terms than in 2010–11 for most teachers. These are larger falls than the 6% real-terms falls in average teacher pay since 2010–11. This partly reflects that average teacher pay for the UK also includes teachers in Scotland, who have seen larger pay rises in [recent years](#). Following on from a commitment made in the 2019 general election, starting salaries in England have also been increased to £30,000 (though they remain about 3% lower in real terms than in 2010–11). By contrast, pay for more experienced teachers has fallen much more quickly, meaning that the scope for pay rises for individual teachers as they progress in their career is much smaller than it was.

Figure 5 also shows that most pay scale points in England are lower in real terms than over 20 years ago in 2000–01, which contrasts slightly with the 5% growth in average teacher pay over the same period. This reflects the higher growth for teachers in Scotland, but also teachers in England moving relatively fast up the pay scales during the 2000s.

These significant declines in teacher pay have almost certainly fed into ongoing challenges with teacher recruitment and retention. This is well documented in the National Foundation for Education Research (NFER) [2024 annual report](#) on the teacher labour market in England. It shows that recruitment to teacher training has declined significantly over recent years, with the notable exception of a brief uptick during the pandemic. In 2023–24, the number of individuals training to be secondary school teachers was 50% below target, the worst level since at least 2015–16. This is projected to be slightly better in 2024–25, though still 40% below target. The position also remains persistently worse in specific subjects, with the number of trainees projected to be 75% below target in physics and music, and 50% below target in chemistry and modern foreign languages. The position has generally been better in primary schools in recent years, but the number of trainees is still likely to be 17% below target for primary schools in 2024–25.

The current state of teacher retention also remains poor. About 1 in 10 teachers left the state sector in England in 2021–22. Reassuringly, this overall measure does not seem to have got worse over time. However, this hides a compositional shift in the reasons teachers were leaving their jobs. In 2010, about a third of teacher exits were due to retirements, which are largely shaped by the age composition of the teacher workforce. Arguably, a better measure of teacher retention problems is the share of teachers who leave during working life. This has increased over time, from about 6.5% of teachers in 2010–11 up to about 9% in 2021–22, the highest share since at least 2010.

Furthermore, a more recent issue is the greater availability of flexible working opportunities since the pandemic for most other occupations. NFER's [2024 annual report](#) shows that 46% of

graduates regularly worked from home in 2022, compared with 1–2% of teachers. It further argues that a 2% increase in teacher pay would be required to compensate teachers for the lower level of flexibility in their jobs; other (pre-pandemic) [research](#) estimates that workers value the ability to work from home equivalently to a 9% pay rise.

As far as other aspects of remuneration are concerned, teachers' pensions are much more generous than those in other occupations, and have probably become relatively more generous over time. Employer pension contributions for [teachers](#) have increased from about 14% of gross salary in 2010 to about 24% in 2019 and have just increased again to about 29% as of [April 2024](#). These increases in contribution rates mostly reflect increases in the expected costs, which have occurred even as the pensions have become less generous in terms of benefits offered. In contrast, [analysis from IFS](#) shows that employer pension contribution rates have increased from 11% in 2010 to 18% in 2021 for the public sector as a whole, and from 4% in 2010 to 6% in 2021 in the private sector. Looking at the expected future value of these pension contributions gives a similar picture (valuing future pension promises is complex and sensitive to assumptions used; see [here](#) for further details).

Unfortunately, there is now [evidence](#) suggesting that a high share of remuneration in the form of deferred benefits can make it more challenging to attract and retain workers. This means that reweighting teachers' compensation away from pension contributions and towards salary could help with recruitment and retention challenges.

In summary, teacher pay levels have declined significantly in real terms in recent years. There is also significant evidence of persistent problems recruiting and retaining teachers. How should policymakers respond in the short term and the longer run?

A salary rise of 3% would match OBR expectations for average earnings and is probably close to what the government assumed when it last set spending totals for departments in the 2021 Spending Review.

Even more important than the precise pay increase for this year is the way teacher pay is set. For the last decade or longer, it has been mostly set with reference to what inflation is likely to be in the coming year. However, successive decisions to freeze teacher pay levels in real terms have likely contributed to teacher pay falling significantly relative to average earnings. A more natural default is for teacher pay to rise in line with average earnings each year, with lower increases justified on the basis of the state of the teacher labour market and the wider economy.

Other staff

In addition to 470,000 teachers, state-funded schools in [England](#) also employ around 280,000 teaching assistants, 90,000 administrative staff, 80,000 auxiliary staff, 20,000 technicians and 40,000 other support staff (all full-time-equivalents). The number of teaching assistants has grown over recent years, from about 220,000 in 2011 to 280,000 in 2022. Teaching assistants perform a range of roles, including general classroom support and helping specific pupils with special educational needs. Growth in their number is thus strongly linked to the growing numbers of pupils with special educational needs (see below). As shown in Table 2 earlier, average pay for teaching assistants is relatively low at about £19,000 in 2024–25, which places them in the bottom 25% of earners.

In Figure 4 above, we show trends in average teaching assistant pay. Following the pay freeze after 2010, average teaching assistant pay has grown relatively rapidly since 2014. Even before the pay award for 2024–25 is agreed, teaching assistant pay is due to be about 9% higher in real terms than in 2010–11, which compares with 6% growth in average earnings and a more than 6% real-terms fall in average teacher pay. Teaching assistants also saw faster growth up to 2010–11, with growth of 36% in real terms between 2000–01 and 2010–11.

Over recent years, there has been particularly fast growth in the [National Living Wage](#) as part of government targets to ensure that it represents about two-thirds of median earnings. The National Living Wage rose by 7% in April 2022, and by 10% in both April 2023 and April 2024. This has driven up support staff pay as local authority employers have generally sought to maintain some ‘headroom’ in pay scales relative to the National Minimum and Living Wages. They have also sought pay rises focused on lower-paid staff during the recent period of very high inflation. As a result, there was an 8.5% increase in the average pay of [school support staff](#) in 2022–23 and 7.6% in 2023–24 (which feed into our calculation of school costs in Figure 1). The pay award for 2024–25 is not yet known, but local government employers have [offered](#) a pay rise of 2.5–5.8%, with larger increases towards the bottom of the pay scale to maintain headroom over the National Living Wage. For Figure 1, we assume that average support staff pay grows by 4.5% in 2024–25.

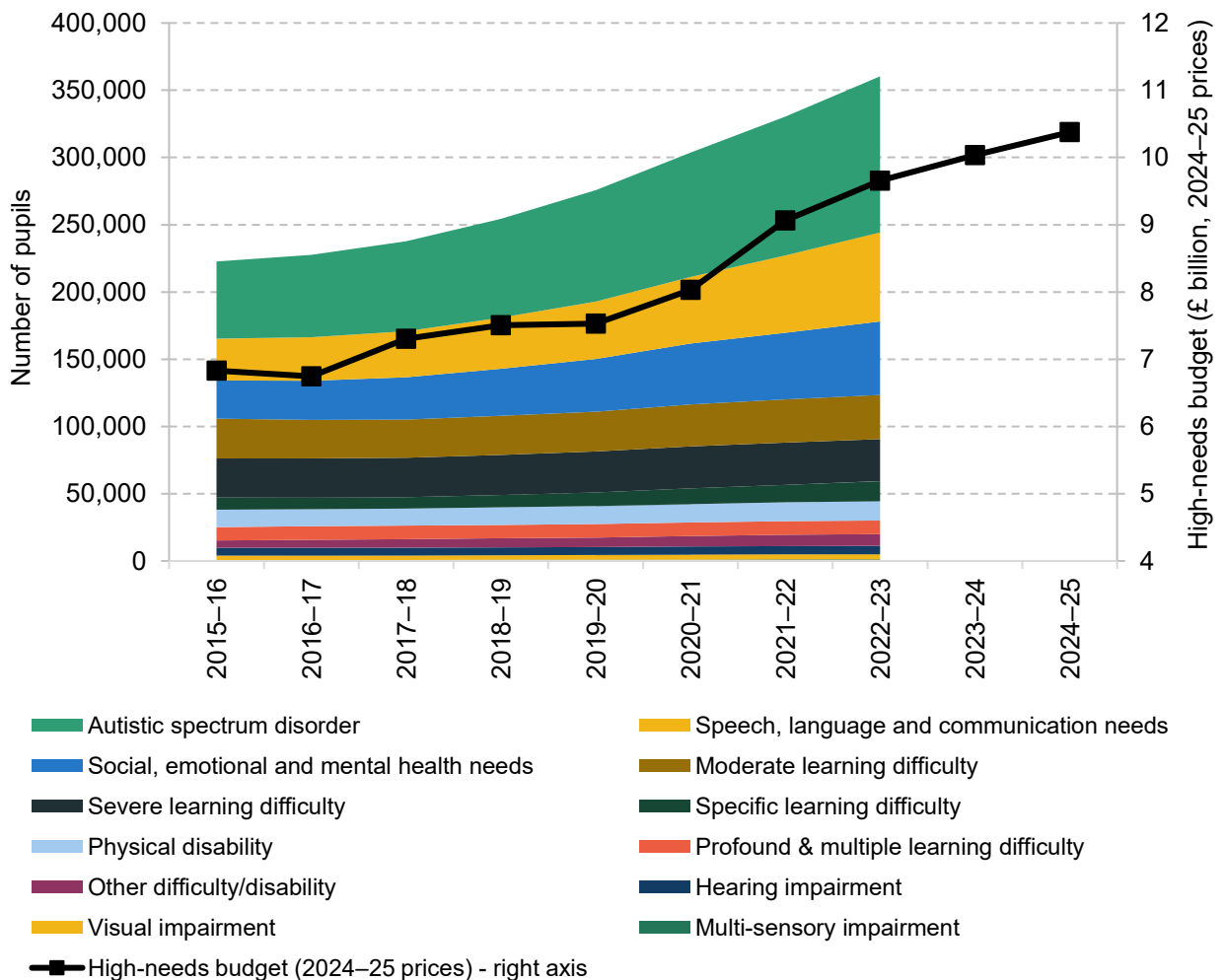
Future growth is uncertain, but the [Low Pay Commission](#) already projects that growth of 3.9% will be required in April 2025 to maintain the two-thirds ratio. Given this target, it would seem natural to assume that the National Living Wage and average support staff pay will grow in line with average earnings after 2025. The OBR currently forecasts average earnings growth of 2–3% for 2025–26 through to 2028–29. This is important as it is clearly above expected growth in the GDP deflator of 1.7% per year over the same period, which would suggest a need for real-terms increases in school spending if policymakers want to at least maintain current staffing levels.

High needs

One of the biggest recent pressures on the schools budget has been the rising numbers and costs of educating pupils with special educational needs. Previously, pupils with the highest levels of need had statements of special educational needs, which detailed the extra resources they were entitled to, either within mainstream schools or in special schools. These statements have now been replaced by Education, Health and Care Plans (EHCPs). Figure 6 shows the number of pupils with EHCPs from 2015–16 onwards, together with their primary type of need.

Between 2015–16 and 2022–23, the number of pupils with EHCPs rose by 62%, from 220,000 to 360,000. As a result, the share of pupils with an EHCP rose from 2.8% in 2015–16 to 4.3% in [2022–23](#). Prior to that, the share of pupils with statements of special educational needs had been constant at just under 3% for at least a [decade](#).

Figure 6. Number of pupils with different types of special educational needs (EHCPs only) and the real-terms level of the high-needs budget over time



Source: Department for Education, [Special educational needs in England, 2022/23](#); Dedicated Schools Grant allocations for [2024](#) and previous years; HM Treasury, [GDP deflators](#), March 2024.

Figure 6 illustrates that the number of pupils with three types of special educational needs have effectively doubled over time and can account for most of the overall growth over time. The number of pupils with autistic spectrum disorders has grown by 60,000, the number of pupils with speech, language and communication needs has grown by 35,000 and the number of pupils with social, emotional and mental health needs has grown by 25,000. Collectively, these types of need can account for 120,000 of the 140,000 growth in numbers over time.

There is a range of [factors](#) explaining this growth over time, including statutory changes in 2015 that increased post-16 entitlement, increased identification of need (particularly autistic spectrum disorders), genuine increases in need (such as speech and language needs) and incentives for parents to apply for an EHCP to ensure appropriate provision for their child. At the same time, there is [evidence](#) of councils seemingly trying to suppress demand to reduce funding pressures, with 98% of appeals to tribunals successful at present.

Unsurprisingly, this growth in needs and numbers has put huge pressure on the schools budget. Figure 6 shows the real-terms level of the high-needs budget, which is the pot of funding at the national level dedicated to pupils with the highest needs. This shows that the high-needs budget has increased significantly over time from £6.8 billion in 2015–16 up to £9.7 billion in 2022–23, and then to £10.4 billion in 2024–25 (all in 2024–25 prices). This equates to a 41% real-terms increase up to 2022–23, paying for a 62% increase in numbers over the same period. Such pupils can have very different types of need, with vast differences in costs (from £10,000 up to and over £100,000), so focusing on an average per-pupil amount is not informative. However, the difference in scale is striking.

Furthermore, the increase in the high-needs budget between 2015–16 and 2024–25 was about £3.5 billion or 52%. Remarkably, this can account for nearly half of the £7.6 billion increase in school spending since 2015–16. This is despite the fact that the high-needs budget only accounts for about 15% of spending. Such increases have led the [Department for Education](#) to assume that rising costs of high-needs provision have been adding 0.3–0.6 percentage points to the growth in school costs each year.

There are also good reasons to believe that such national-level figures understate the local pressures. Many [councils](#) have been having to find extra money from other budgets to meet growing costs of high-needs provision, with some running up large deficits. This led the Department for Education to introduce the so-called ‘safety valve’, which provides extra money to councils on the condition they introduce reforms and cut costs.

Whichever party forms the next government will undoubtedly face continued pressure from the rising costs of high-needs provision. Given the extent of the pressures, it should be a major

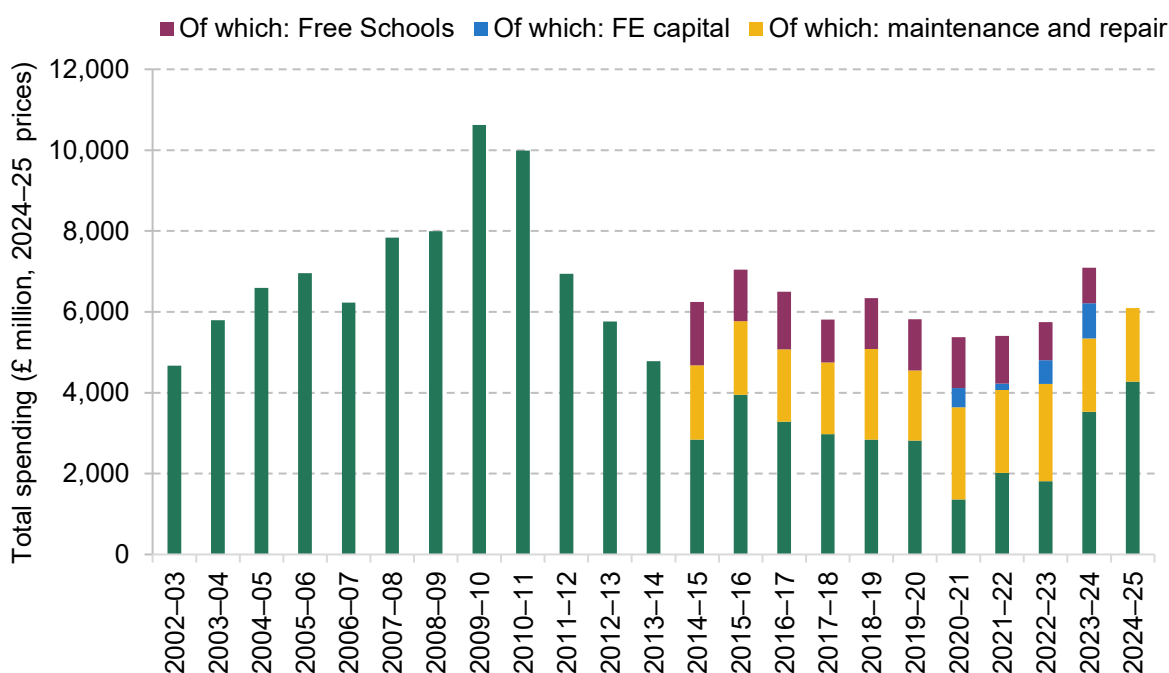
priority to find better ways to meet needs in an effective manner and ensure the system is financially sustainable. It is not at all clear that the current system meets these criteria.

Capital spending

Last September, the RAAC (reinforced autoclaved aerated concrete) crisis and safety concerns about school buildings brought capital spending on schools to the forefront of public debate.

Figure 7 shows the historical trends in education capital spending in England back to 2002–03, including plans up to 2024–25. For recent years, we also illustrate the share taken up by school maintenance and repair, free schools and spending on further education colleges. Before 2020, almost all of spending will have been focused on schools.

Figure 7. Education capital spending in England over time, 2024–25 prices



Source: Public Expenditure Statistical Analyses 2023, 2020, 2019, 2014, 2013, 2010 (<https://www.gov.uk/government/collections/public-expenditure-statistical-analyses-pesa>) and 2008. HM Treasury, [GDP deflators](#), March 2024. Capital spending on further education (FE) capital and Free Schools taken from Department for Education supplementary and main estimates ([various years](#)). School maintenance and repair spending taken from <https://www.gov.uk/guidance/school-capital-funding>.

Total capital spending on education in England was about £7 billion in 2023–24. This reflects different types of capital spending. In 2023–24, about £1.8 billion was devoted to school maintenance and repair, £900 million was spent on Free Schools, £900 million was spent on

rebuilding further education colleges, and about £3.5 billion was spent on new schools and other aspects of capital spending.

As can be seen, capital spending tends to be lumpy over time. There was a large increase in spending in the late 2000s, with spending increasing from around £6 billion in the mid 2000s to about £10 billion in 2009–10 and 2010–11 (all in today's prices). The large increase reflects the last Labour government's Building Schools for the Future programme, with delays in this programme leading to the big upticks in spending in 2009–10 and 2010–11. There was then a large decline up to 2013–14. Since then, overall capital spending has oscillated around about £6 billion per year in today's prices.

The lumpiness and volatility of capital spending on education make it unwise to compare individual years. However, the three-year average up to 2023–24 (focusing on schools and excluding further education) was about £5.5 billion. This is about 25% lower in real terms than the three-year average of £7.4 billion up to 2008–09 (this excludes the two years in the late 2000s when spending was temporarily very high). Capital spending on schools is now low in historical terms and lower in real terms than in the mid 2000s.

The big question is whether spending is meeting current needs. In June 2022, the [National Audit Office](#) (NAO) reported that the Department for Education calculated it needed about £5 billion per year from 2021 to 2025 in order to maintain school buildings and mitigate the most serious risks. This was based on a survey of the condition of school buildings. It instead requested about £4 billion per year based on the rate at which it could increase spending. HM Treasury allocated about £3 billion per year. As a result, actual funding allocations from government have been more than 40% below government-assessed levels of need.

As reported by the [NAO](#), there is a range of other significant concerns about the safety of school buildings, including

- asbestos (contained within 80% of schools responding to a DfE survey);
- system-built school buildings (particularly 3,600 school blocks with timber or cement frames, which are more susceptible to deterioration and hidden structural defects);
- electrical services (estimated to cost £2.5 billion to fix);
- mechanical services, such as heating and ventilation (estimated to cost £2.1 billion to fix).

In summary, spending on school buildings is low in historical terms and low compared with levels of need for maintenance and repair. Based on the analysis of the NAO and the Department for Education, there is a strong case for increasing spending on school buildings. However, there is likely to be less need for new schools, given the expected drop in the pupil population. There might therefore be some scope to redirect funding from new schools towards repairs and maintenance.

4. School funding after 2024

In this final section, we bring everything together to consider the options for school spending after the election. In particular, we examine the options for total spending and spending per pupil from 2024–25 through to 2028–29, the likely period covered by the post-election Spending Review. We consider the implications of three specific options, based on the following assumptions:

1. **Real-terms freeze in school spending per pupil**
 - **£3.5 billion fall in total spending**
 - Assumes school costs grow in line with GDP deflator (1.7% per year)
2. **School spending per pupil rises in line with expected school costs**
 - **£1.7 billion fall in total spending**
 - Teacher pay grows with average earnings (2–3% per year)
 - Support staff pay grows with median earnings in 2025–26, average earnings thereafter
 - Other costs grow with CPI (1.8% per year)
 - Extra 0.2 percentage points of spending growth per year from high needs (assuming a slight reduction in cost growth compared with recent years)
 - Total school costs grow by 2.5% per year
3. **Real-terms freeze in total school spending**

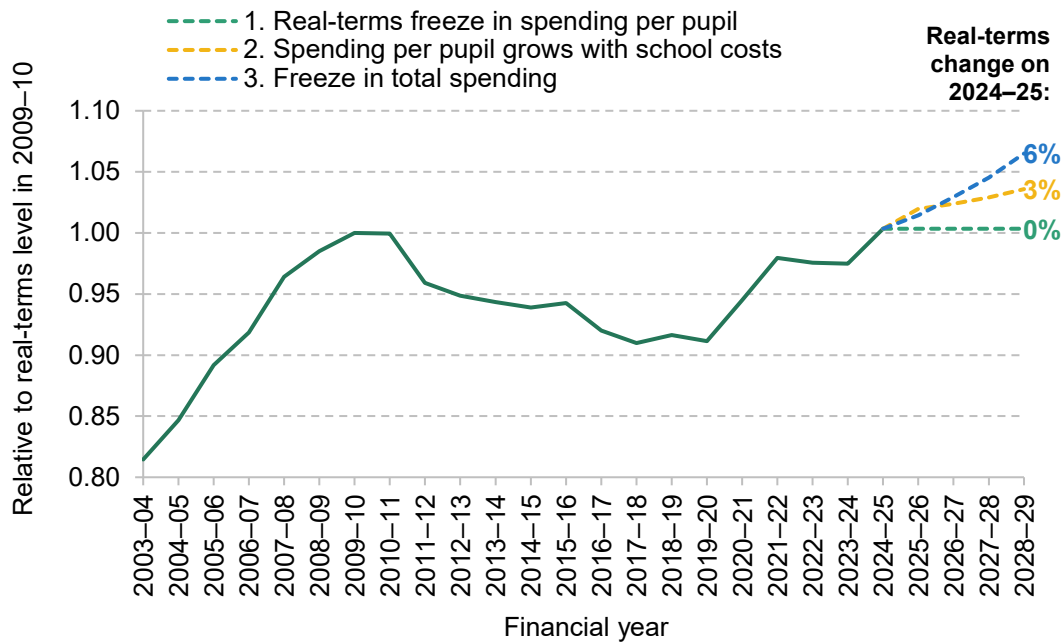
Figure 8 shows the projected path of school spending per pupil in real terms and Figure 9 shows the projected change in total school spending, under each option. In each case, real-terms changes are calculated based on projections for economy-wide inflation as measured by the GDP deflator. All scenarios include funding to cover higher employer pension contributions for teachers from September 2024, which will total £1.1 billion in [2024–25](#).

Under the first scenario, school spending per pupil is frozen in real terms relative to the GDP deflator. As pupil numbers are expected to fall 5.8% over this period, this equates to a real-terms fall in total spending of the same amount or a cut of £3.5 billion. From a policymaker’s perspective, the main advantage of this scenario is that it can deliver savings that could improve the public finances and/or reduce the expected cuts to other areas of public spending.

From schools’ perspectives, there are clearly practical problems. Schools’ costs are unlikely to fall exactly in line with pupil numbers, especially in the short run, as some costs are relatively fixed, such as having a teacher in front of a class or heating a school. In this scenario, there would be little or no headroom to help schools cover these fixed costs, even in the short run.

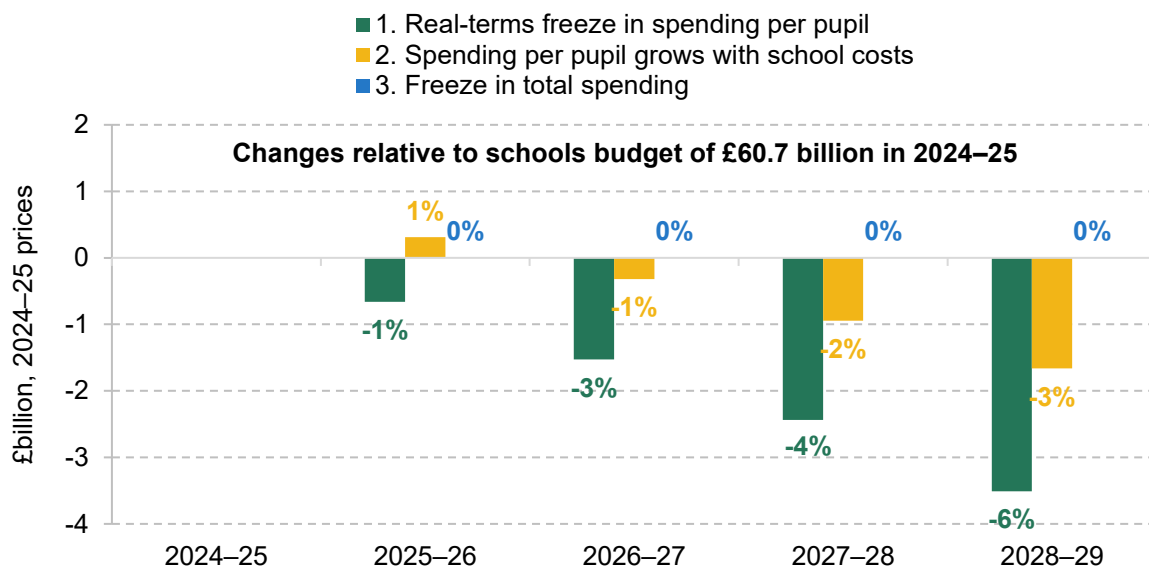
Given that staffing represents over 80% of school costs, delivering the implied savings of £3.5 billion would likely require cuts in staff numbers and/or school closures, which are relatively hard to achieve in practice without disrupting children’s education. This is probably why there are no recent historical examples of policymakers in England delivering cuts in total school spending on this level.

Figure 8. Projecting options for school spending per pupil after 2024, 2009–10 = 1



Source: Author’s calculations using data from Figure 1 and OBR, Economic and Fiscal Outlook, [March 2024](#).

Figure 9. Projecting options for change in total school spending in England between 2024–25 and 2028–29, 2024–25 prices



Source: See Figure 8.

The real-terms freeze is based on projections for the GDP deflator to grow by about 1.7% per year. As such, option 1 would probably only allow teacher pay to be frozen in real terms over the next four years. Finally, there would also be little headroom to absorb further increases in the costs of special educational needs, which have been significant in recent years (see Figure 6 earlier).

In option 2, we allow spending per pupil to grow in line with relatively neutral assumptions for school costs. In particular, we assume that teacher pay grows in line with projections for average earnings, support staff pay grows in line with median earnings for 2025–26 (the last forecast for median earnings) and average earnings thereafter, non-staff costs grow in line with CPI inflation and we allow for an extra 0.2 percentage points per year for increasing costs of high-needs provision.

Under such a scenario, public spending savings would be around £1.7 billion by 2028–29. Schools would be in a better position than in scenario 1 to cover expected cost rises and implied pay rises might mitigate any recruitment and retention difficulties. There would be a 3% real-terms rise in spending per pupil over the four years judged against the GDP deflator. Delivering the savings of £1.7 billion would again likely require cuts in staffing numbers and/or school closures.

The third option represents a freeze in total school spending over the period. This was the option chosen by the coalition government between 2010 and 2014 – a period of rising pupil numbers. Under this scenario, spending would remain constant in real terms and spending per pupil would grow by about 6% between 2024–25 and 2028–29. This equates to annual real-terms growth of 1.5% per year, still slightly below the long-run average of about 2% per year seen above.

Under this scenario, there would be no savings to improve the public finances, which might make it more difficult to deliver reductions in borrowing and/or require larger cuts to other areas of public spending, but would mean more money available for schools.

Considering all three options together, there are clearly no easy options for policymakers. Pupil numbers are expected to fall in the next few years, which might enable a future government to deliver savings through cuts to total spending. However, delivering cuts in total school spending would come with its own significant practical challenges.

Over the coming weeks, the political parties are likely to set out more precise commitments on school spending. For example, the Labour Party has already proposed removing tax exemptions from private schools and using the net revenue gain to fund increased teacher numbers and support for disadvantaged pupils. Our previous [analysis](#) estimated that such a measure could allow for a £1.3–1.5 billion or 2% increase in school spending in England. In our future analysis, we will be considering this and other commitments relative to the benchmarks and the trade-offs set out in this report.