

## **Pay Cost Pressures Facing Schools 2015/16 & 2016/17**

### **1. Purpose of the Report**

To inform the Schools Forum about the pay cost pressures facing schools in the financial years 2015/16 and 2016/17.

### **2. Background**

The DSG funding for schools continues to be 'cash flat' i.e. not subject to inflationary increases, however, a number of cost pressures in respect of pay costs have emerged which will put pressure on school budgets in this and next financial year. This report is to help the School Forum better understand the potential impact of those pressures and to remind them of the guidance that has been issued from the Schools Finance team to assist with budget forecasting for 2016/17 and beyond.

### **3. Pay Cost Pressures for 2015/16**

The main changes for 2015/16 and 2016/17 were highlighted on a letter from the Schools Finance team which was placed on WIRED at the end of May 2015. It reflected the following changes and in particular the change to the employers national insurance contributions in 2016/17 which will have a significant impact on school budgets. A summary of the changes are detailed below and their financial impact is shown in the table below.

#### **2015-16**

- Increase to the employers pension contributions rate for support staff from 19.20% to 19.55% with effect from 1 April 2015.
- Increase to the employers pension contribution rate for teachers from 14.1% to 16.4% with effect from 1 September 2015.

#### **2016-17**

- Removal of the 3.4% rebate on 'contracted-out' employers national insurance contributions on earnings between £5,824 and £40,040 (2015/16 rates for illustration purposes). This affects the pay costs of all staff who contribute to their respective pension schemes).

These changes have been incorporated into the Budget Planner tool for 2015/16, 2016/17 and 2017/18 to aid schools with their financial planning.

## 4. Recommendation

That the Schools Forum:

- note the contents of the report
- encourage schools to undertake early budget forecasting work for financial year 2016/17 and beyond to assess and consider the impact of these changes on their budgets.

**For any enquiries about this report please contact:**

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TABLE 1

### Additional Cost per Post for Illustration Purposes

	%	2015/16	2016/17
	Change	£	£
<u>Teacher Pay Costs - Main Scale Teacher pt 6 (full time)</u>			
Employers pension contribution rate	+2.30	462	792
National Insurance rebate	-3.40		948
<b>Total per full time post</b>		<b>462</b>	<b>1,740</b>
 <u>Non Teacher Pay Costs</u>			
National Insurance rebate:	-3.40		
TA - grade 4 pt 23 (32.5hr s per wk)			<b>539</b>
School Business Manager - grade 5 pt 28 (30hrs per wk)			<b>504</b>