

Tough choices: how are trusts navigating the rising costs?

A report by The Key for Forum Strategy's National
#TrustLeaders CEO Annual Conference



Foreword

Ahead of Forum Strategy's National #Trust Leaders CEO Annual Conference, The Key partnered with Forum Strategy to get a temperature check on how the cost-of-living increases were affecting the work of trusts in supporting their schools – and, in particular, to understand the steps that trusts are taking to try to lessen the impact on their schools, energy bills, staff and families.

The project was ultimately designed to help trusts in their discussions around how to assist their stakeholders, rather than to be a comprehensive analysis of the impact of rising costs. In line with the conference title, Hopeful Leadership, we were looking for constructive ways that trusts could learn from each other.

As you'll be aware from the significant media attention given to this issue, as well as from your own budget planning, cost-of-living increases will prove to be a huge challenge this year, and beyond, across society. Schools, dealing with their own surge in costs, have the added pressure of needing to support families facing stark choices around 'heating or eating' – even before any school-related costs come into play. Such tough choices are being made up and down the country, and we don't pretend this is a 'surmountable' challenge.

And yet, we are inspired to see the great work going on in trusts in order to try to mitigate the impact. What's clear is that trusts are throwing everything at this problem – there's no silver bullet, and the range of initiatives being employed already is impressive. Almost a third of trust leaders surveyed are seeing some positive outcomes from responses to the challenge – with environmental sustainability goals being given a boost through the work done to reduce costs on energy consumption. Collaboration between trusts, something that sits at the heart of Forum Strategy's mission, looks like it could be set to increase, as leaders look to learn from each other.

We hope that the results, shared in this booklet, will provide you, your leadership teams and boards the opportunity to reflect on what you've done to date, reach out to discuss your options with other trusts, and make plans for the turbulent time ahead.



Michael McGarvey
Managing Director,
The Key

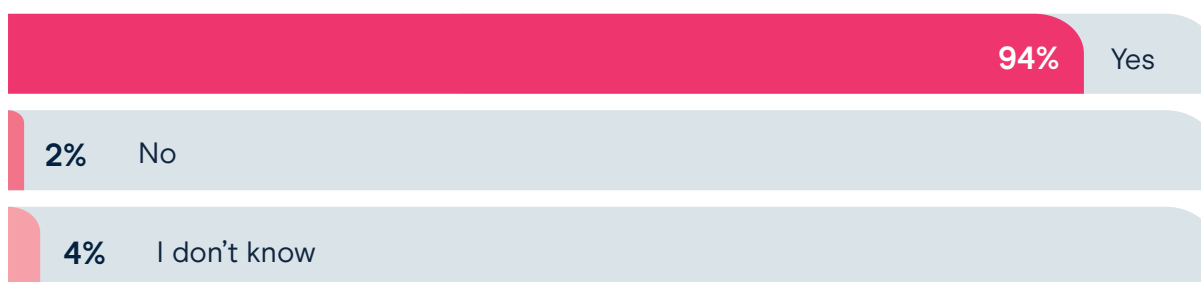
Findings

N.B. Our sample breakdown is on page 12.

The impact of the cost-of-living increases on trusts so far

Many C-suite trust leaders are seeing their 2022/23 plans impacted

We asked respondents to tell us whether the cost-of-living crisis is impacting their trust's work for 2022/23. Unsurprisingly, 94% said it was, with only 2% saying it's not impacting their plans (these latter individuals were not part of the C-suite, and instead have roles in areas such as trust governance, estates and trusteeship).



Graph 1: "Thinking about your trust's plans for 2022/23, is the cost-of-living crisis impacting on the trust's work?", base = 133 respondents

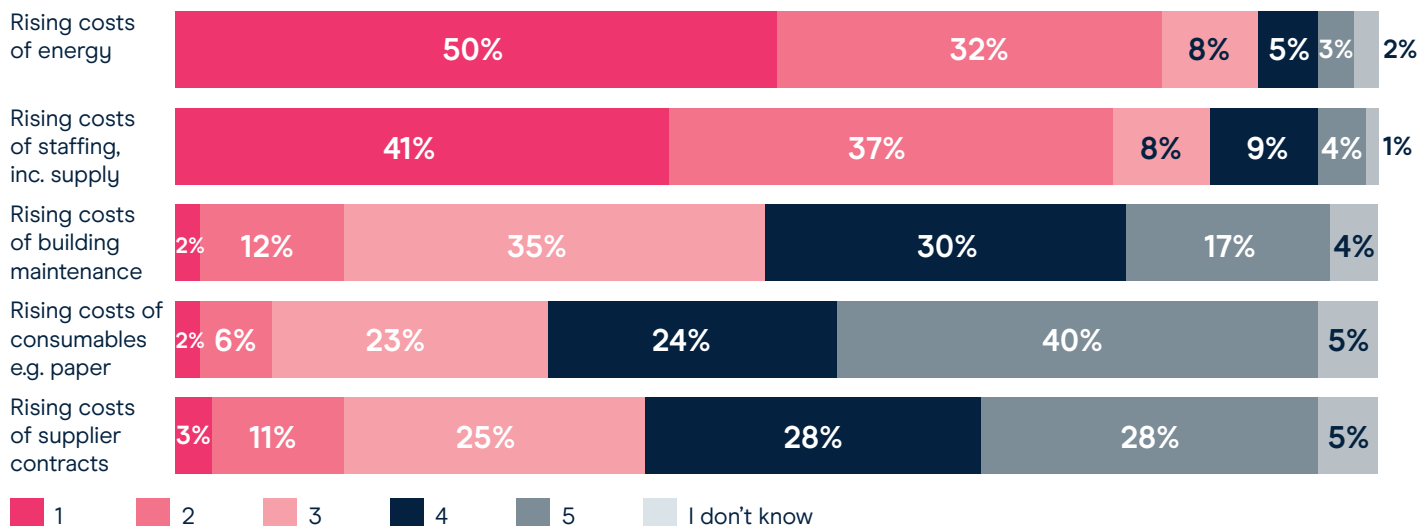
Rising energy and staffing costs represent the most significant challenges in terms of impact

When asked to rank 5 possible challenges in terms of the significance of impact on their trust, graph 2 shows how respondents ranked them from 1 as highest impact, to 5 as lowest impact.

Half (50%) of respondents selected "rising costs of energy" as having the most significant impact on their trust, and nearly a third (32%) selected it as the second most impactful challenge for theirs.

Over 4 in 10 (41%) respondents told us that the "rising costs of staffing, including supply" was having the most significant impact on their trust – with over a third (37%) selecting this in second place. (It's worth noting that the dates of this survey, from 11 July to 15 August 2022, straddle the announcement of the teachers' pay award – so we might expect "staffing costs" to be rated as higher impact by more leaders after that announcement).

The remaining possible challenges – rising costs of building maintenance, consumables and supplier contracts – were fairly equal in terms of ranking distribution, with "consumables" arguably the least impactful (40% of respondents ranked this lowest in terms of impact).



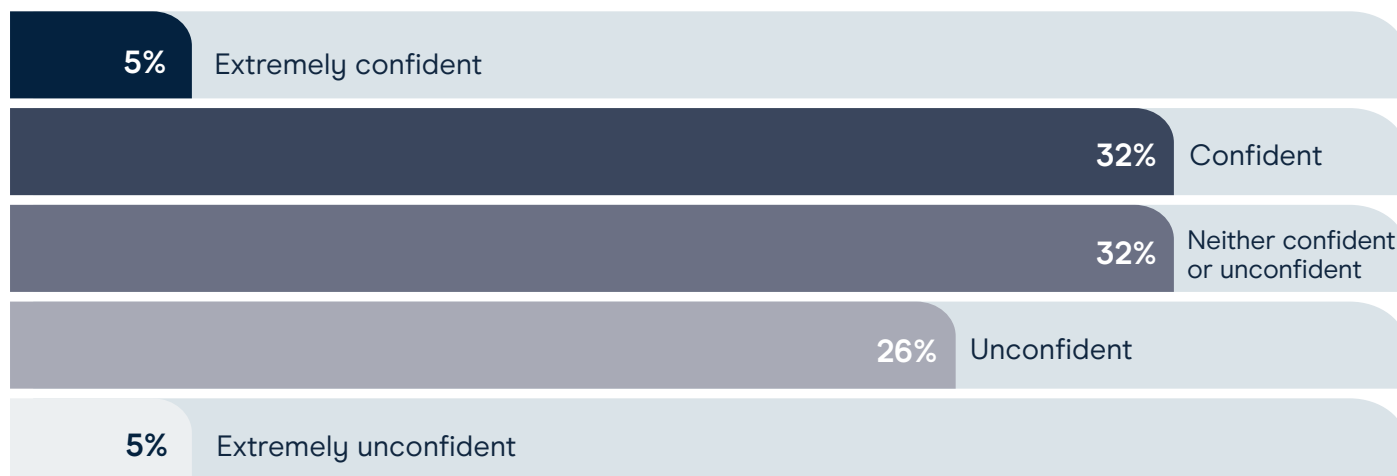
Graph 2: "How would you rank the following cost-of-living challenges in terms of the significance of their impact on your trust, from the highest impact to the lowest impact? (Give the most significant challenge a "1", the next-most significant a "2" etc, noting you can select "I don't know" to exclude any options)", base = 133 respondents

"It feels as though the costs are rising exponentially, with energy and staff costs at the top of the list."
Human resources (HR) lead in a trust with 11 to 15 schools and 3,001 to 5,000 pupils

Trust leaders' levels of confidence in their ability to ride the storm vary greatly

We wanted to know how confident respondents were, as a trust, in being able to ride the storm of the cost-of-living crisis, while delivering an offer to pupils, families and staff that meets their vision.

Here, we see the majority of respondents almost evenly split between confident, unconfident, and neither confident or unconfident. The sample is unfortunately too small to look into whether there are differences in confidence by role, or size of trust, but it would be interesting to explore.

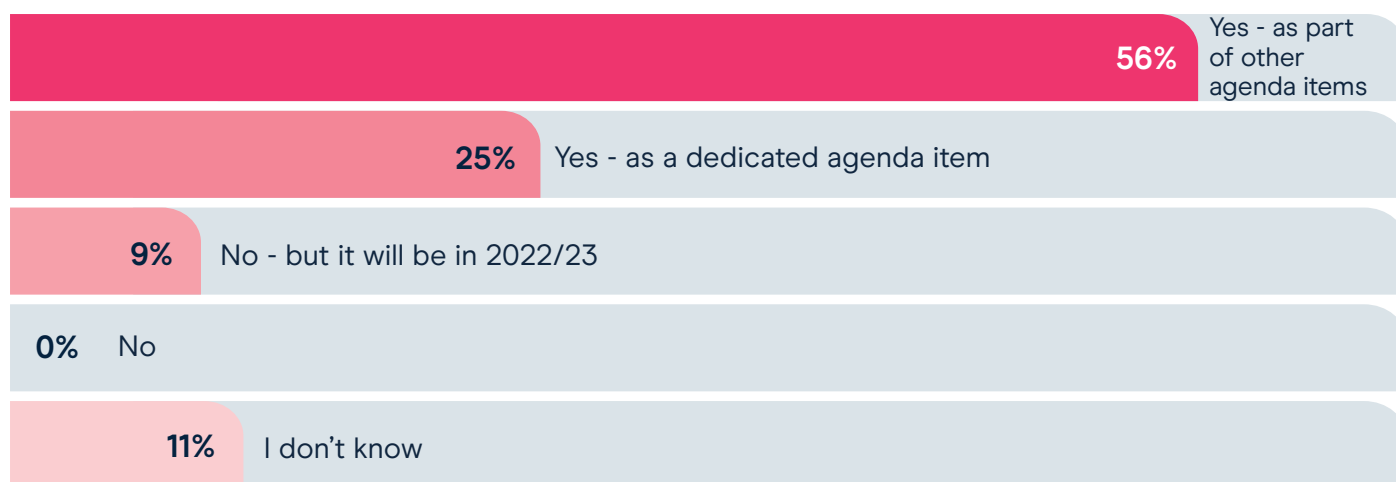


Graph 3: "How confident do you feel that, as a trust, you will be able to ride the storm of the cost-of-living crisis while delivering an offer to pupils, families and staff that meets your vision?", base = 133 respondents

Most trusts have started discussing the cost-of-living crisis at board level

A means of understanding how focused a trust is on a particular issue, is to look at how much of its board's activity is centred around it. Here, we can see a clear picture with 81% of respondents having already discussed the cost-of-living crisis with their trust board, and a further 9% will be discussing it in the new academic year.

Graph 5: "Which of the following initiatives are you planning on carrying out/doing more of to support your schools in shouldering increased costs? Pick all that apply", base = 123 respondents



Graph 4: "Has the impact of the cost-of-living crisis been discussed by your trust board?", base = 133 respondents

Trust-wide initiatives are underway

Staffing plans are being adjusted and linked to the ICFP, and trust-wide procurement is key, amongst lots of other actions

Having understood some context around the impact of the cost increases, we wanted to look at some of the ways that trusts are supporting their schools to cope. What really comes through here is that there's a plethora of activity already; with trusts using their size to find multiple ways to provide support, from big strategic initiatives to more creative and perhaps slower, long-term solutions.

Firstly, we wanted to know how trusts were planning on supporting their schools generally in shouldering increased costs. 2 of the top 3 most common approaches (the first and third options on the graph below) concern the role of the trust in ensuring value for money when it comes to curriculum provision. It appears that many restructures that trusts are supporting schools with, are likely to be linked to the integrated curriculum and financial planning (ICFP) process.

The other standout approach in the list of initiatives (the second option on graph 5) concerns the role of the trust in procurement, with 64% of respondents planning to bring certain supplier contracts into the central team to take advantage of economies of scale.

Only 6% of respondents said they are planning to reduce the top slice, in percentage terms, that schools are required to pay into the central team budget. This could suggest that many schools are not going to see a reduction in service from their central team, and/or, that central funds will need to stay at current levels in order to support necessary growth.

"We are bringing estates contracts in-house so we can ensure a great service, while keeping, and often going above, building compliance using local services. We then have the option to change contracts and also build great relationships working directly."

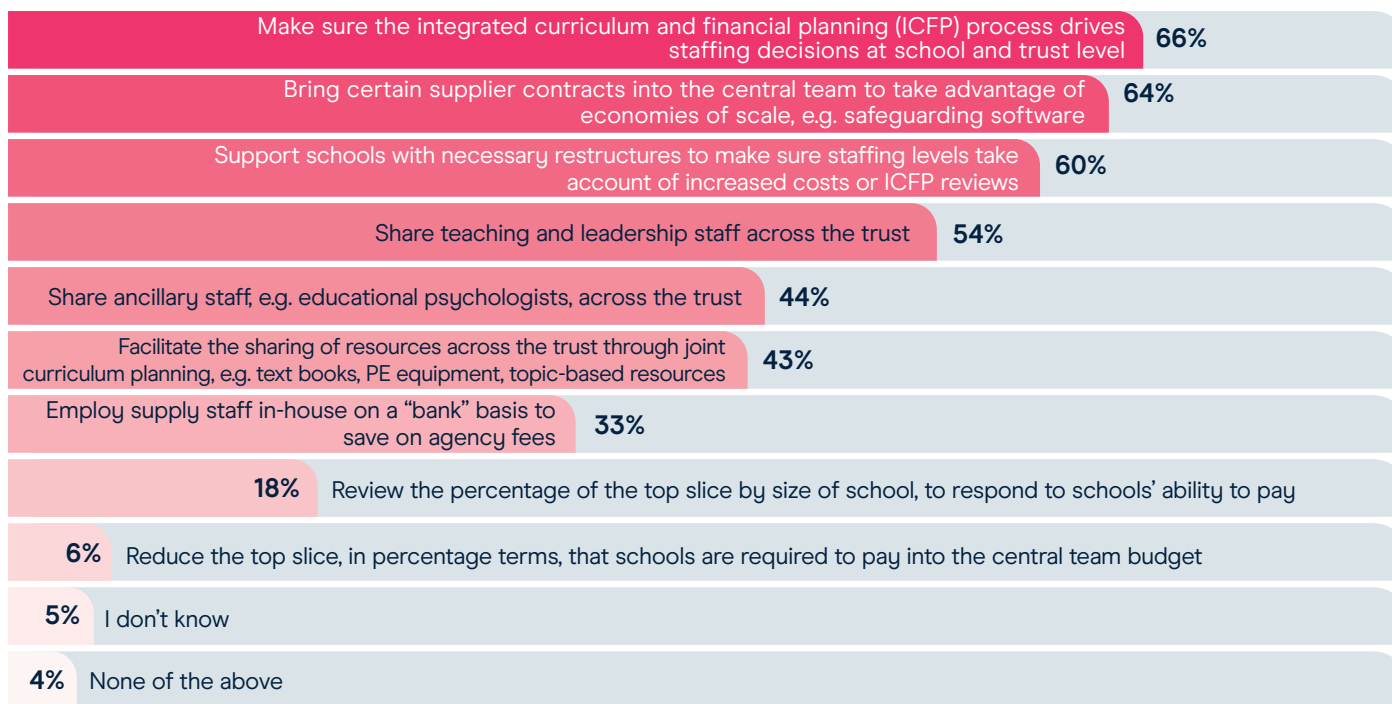
Estates lead in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

"We're focusing capital investment on spend, to save projects and reduce operating costs where available."

Estates and operations lead in a trust with 6 to 10 schools and 5,001 to 10,000 pupils

"We're currently reviewing our sustainability energy strategy to do all we can in this area, in the short-, medium- and long-term."

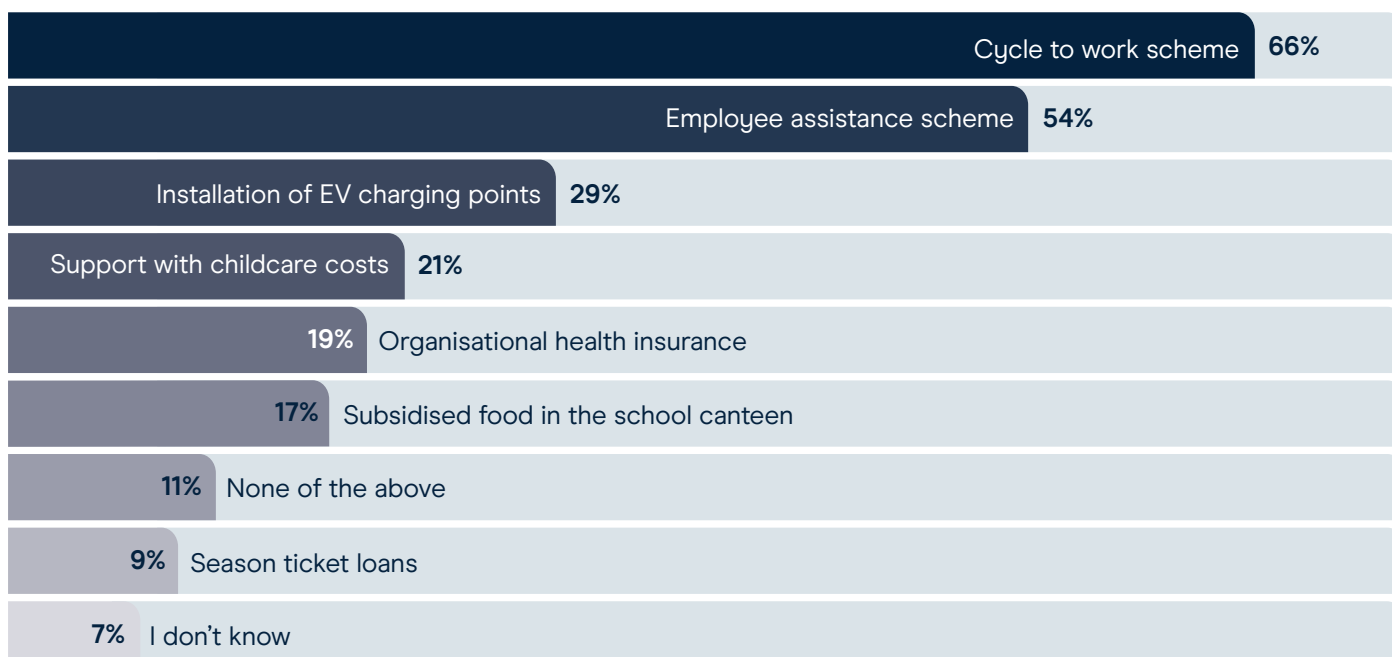
Chief operating officer (COO) in a trust with 6 to 10 schools and 5,001 to 10,000 pupils



Graph 5: "Which of the following initiatives are you planning on carrying out/doing more of to support your schools in shouldering increased costs? Pick all that apply", base = 123 respondents

Initiatives to support school staff are focused on reducing fuel costs and providing employee assistance programmes

We asked respondents what they're putting in place to help their schools to support their staff with rising costs. Most of the responses relate to the costs that schools themselves would find hard to cover, such as the 29% of respondents who are installing electric vehicle (EV) charging points, and the 21% that are supporting with childcare costs. The majority of respondents (66%) are providing a cycle to work scheme, presumably to offset fuel expenses – and over half of respondents (54%) are offering an employee assistance scheme, which typically would focus more on mental health support for staff, but sometimes covers financial information.

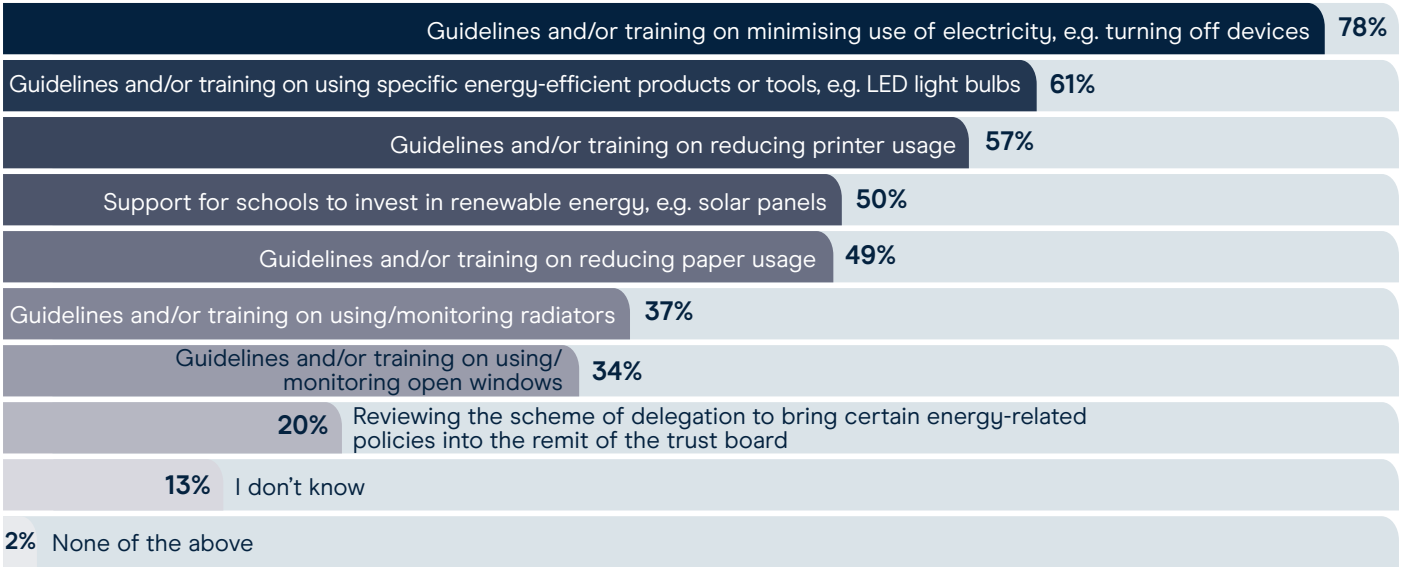


Graph 6: Which of the following initiatives are you planning on carrying out/doing more of to support your schools in shouldering increased costs? Pick all that apply, base = 123 respondents

"We are offering an EV (electric vehicle) lease scheme."
COO in a trust with 6 to 10 schools and 3,001 to 5,000 pupils

Trusts are providing guidance and training to schools to help reduce their everyday energy costs

When asked what they're putting in place to help schools reduce their energy costs, respondents' top 3 responses all involve giving guidelines and/or training to school staff. Topics include minimising the use of electricity, e.g. turning off devices (78%); using specific energy-efficient products or tools, e.g. LED light bulbs (61%); and reducing printer usage (57%). While these initiatives might appear to be low-key compared to investing in renewable energy, e.g. installing solar panels (selected by 50% of respondents), it speaks to the level of detail trusts are having to consider in order to cut costs.



Graph 7: "Across the trust, which of the following are you planning to put in place (or do you already have in place) to help schools reduce their energy costs? Please pick all that apply", base = 123 respondents

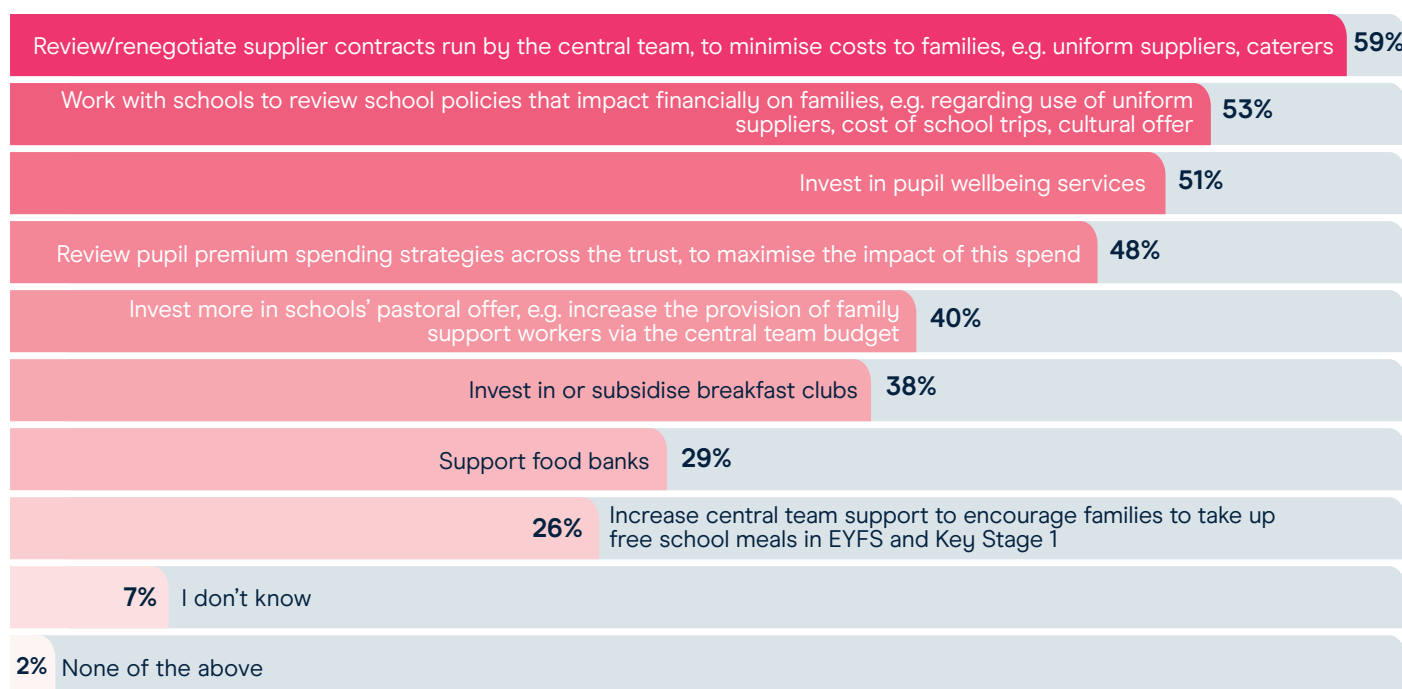
"We're looking at fitting smart metres and AMR (automated metre reading) into our schools, and are using a consultant to run a project on 'reduce your use'."

Finance lead in a trust with 6 to 10 schools and 1,001 to 3,000 pupils

Trusts are helping families with rising costs by renegotiating contracts with suppliers to support with uniform and catering

Finally, we asked respondents what they're putting in place to help their schools to support pupils' families with rising costs. The most popular 2 initiatives both include support for minimising the cost of uniforms, which, since this data was collected, has seen a change in government policy, effectively legislating for schools to do this as a matter of course.

59% of survey respondents said they were already "reviewing/renegotiating supplier contracts run by the central team, e.g. with uniform suppliers and caterers", showing many trusts were a step ahead. 53% of respondents said they were "working with schools to review school policies that impact financially on families, e.g. regarding use of uniform suppliers, cost of school trips, cultural offer". With fuel costs affecting coach hire for trips, this is an area we might expect to see schools needing increasing support with.



Graph 8: "Across your trust, which of the following are you planning to put in place (or do you already have in place) to help your schools support pupils' families with rising costs? Please select all that apply", base = 123 respondents

"We have introduced a preloved uniform shop and hardship fund provision (e.g. for shortfalls between pupils on free school meals and those with an inability to pay for lunch)."

Chief financial officer (CFO) in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

"We are encouraging second hand uniform schemes and reviewing educational visits and costs."

COO in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

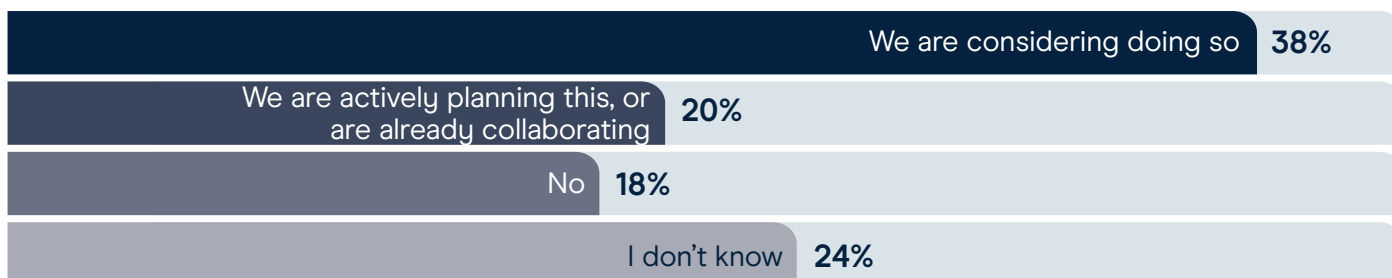
"Rather than supporting food banks, we run our own community food grocery to support families across our school communities with food and household supplies."

Chief executive officer (CEO) in a trust with 6 to 10 schools and 3,001 to 5,000 pupils

Collaboration between trusts

More than half of all trust leaders responding are, or are intending to, collaborate with other trusts to lessen the impact

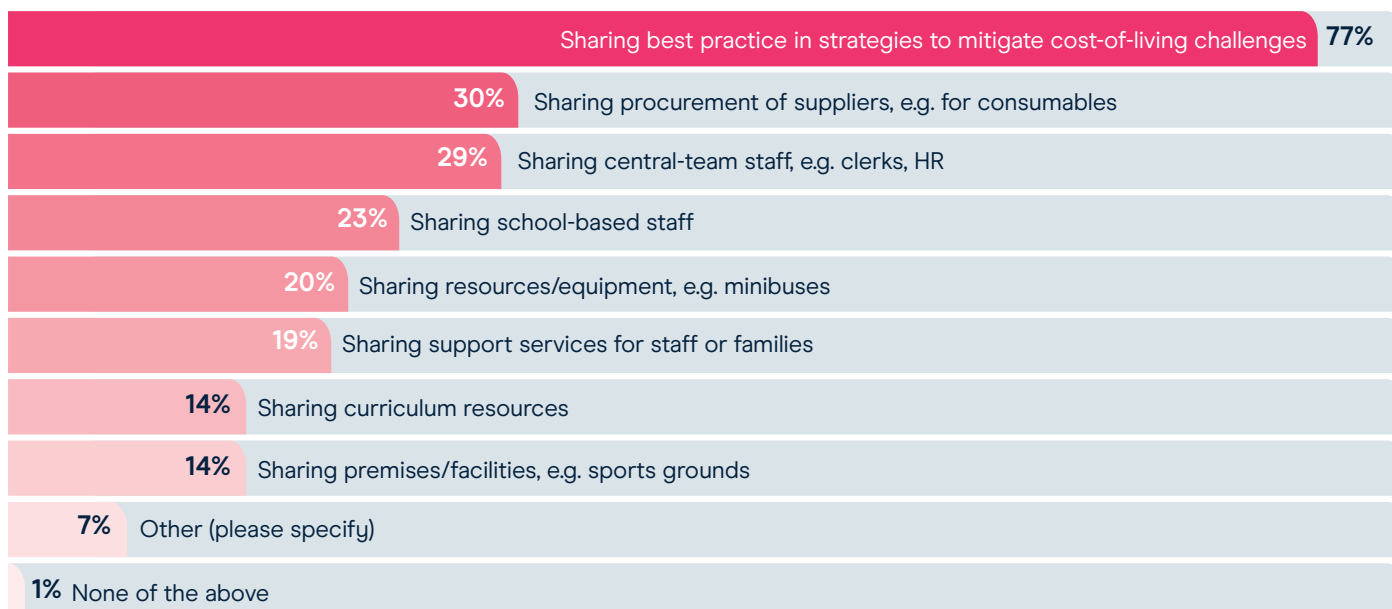
While we know that any trust leader who's part of Forum Strategy is likely to be particularly keen to collaborate with others, by virtue of the membership offer, this may not necessarily be true of all trusts. A good portion of the sample we surveyed will have come via Forum Strategy's membership, and hence we'd expect higher-than-average numbers of respondents telling us that they plan to collaborate with other trusts to lessen the impact of the cost-of-living crisis. This is the case, with the majority (58%) of respondents saying they are either "actively planning this, or already collaborating" (20%) or "considering doing so" (38%).



Graph 9: "Do you, or do you plan to, collaborate with other trusts to lessen the impact of the cost-of-living crisis?", base = 123 respondents

And most trust leaders collaborate by sharing best practice on how to handle cost-of-living challenges

Of those respondents who told us they were collaborating with other trusts, or planning to do so, we asked in which ways they're doing this. Over 3 quarters (77%) told us they're "sharing best practice in strategies to mitigate cost-of-living challenges" – attending conferences like the one we're at today, being a great example of this. However, the other possible survey options received no more than 30% of agreement among respondents, possibly revealing this collaboration is something that many trusts are just coming to, in their efforts to lessen the impact.



Graph 10: "In which ways are you collaborating with other trusts, or planning to do so, to lessen the impact of the cost-of-living crisis?", base = 69 respondents

"We're sharing internal audit services."
CFO in a trust with 11 to 15 schools and 3,001 to 5,000 pupils

"We're sharing training events to lessen costs."
CFO in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

"We're sharing teacher education and peer-to-peer support."
Education director in a trust with 6 to 10 schools and 1 to 1,000 pupils

Outcomes: some upsides among the many challenges

Almost a third of respondents find some positive outcomes

Finally, we wanted to know if the cost-of-living crisis had brought about any positive outcomes from responses to the challenge, for example in terms of innovation or a renewed focus on efficiency. Just under a third (30%) of respondents said it had.



Graph 11: "Has the cost-of-living crisis brought about any positive outcomes, e.g. in terms of innovation or a renewed focus on efficiency?", base = 119 respondents

With a number of comments highlighting steps to increase environmental sustainability

On unpicking the comments respondents had given about positive outcomes, the majority of them related to environmental sustainability and its knock-on effect of cost-saving, with some mentioning trust-wide procurement decisions too.

"It has brought forward the sustainability and green agenda considerably. There is greater innovation in terms of cost saving/benefits, both in-school and in supporting parents/families."
CEO in a trust with 11 to 15 schools and 3,001 to 5,000 pupils

"It has increased the understanding of the importance of value for money across the trust, not just for those in senior positions or finance roles. There's also an increased focus (and buy-in from staff) on reducing energy usage."
CFO in a trust with 1 to 5 schools and 3,001 to 5,000 pupils

"We have put in efficient trust-wide contracts rather than standalone ones at school level."
CFO in a trust with 6 to 10 schools and 5,001 to 10,000 pupils

Other respondents were less positive

However, of those who said that there had been no positive outcomes (50% of respondents), there was a sense that these kinds of initiatives to drive down costs had been part of the trust's strategy for some time.

"We had always planned most of the initiatives referred to in the questions, as we centralised and prepared for growth of the trust. The crisis has not changed our strategy."
CFO in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

"We were already delivering a best-value culture and had implemented savings."
CEO in a trust with 11 to 15 schools and 1,001 to 3,000 pupils

Some respondents are worried that rather than speeding up sustainability initiatives, rising costs would actually slow them down – with others worrying generally about the impact on pupils.

“Our planned investment in energy saving is now at risk, as we will be forced to put projects on hold to cover the pay increases if funding doesn’t follow.”

CFO in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

“It’s a tsunami of increased costs, pay, utilities, contracts, prices, etc., that is making it very difficult. Our rules for reserves are being reviewed, but for the long term how sustainable is it? You can manage just about for 1 year – if it goes on considerably longer, it will start to impact on the ability to deliver for our pupils effectively.”

COO in a trust with 6 to 10 schools and 5,001 to 10,000 pupils

Additional thoughts from trust leaders

We received many additional comments from trust leaders keen to share their thoughts about how the crisis was affecting them and their schools and to offer suggestions for handling it.

The majority of comments took issue with the timing of the **teacher pay award** and its possible implications around widening the gap between teachers and support staff.

“The cost-of-living crisis is what underpins the rise in pay for teachers (8.9% for newer teachers, and 5% at the top). That this is self-funded (unfunded) within a system that requires a near breakeven budget shows a breathtaking lack of awareness by decision-makers. This creates a contrast, too, with the less-significant pay rise awarded to support staff very recently, that means a further widening of a gap between lower- and higher-paid staff.”

CFO in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

We heard about particular challenges with **smaller schools**.

“We’re struggling to manage the rising costs in the smaller schools. The supplementary grant for schools with under 150 pupils barely covers the increase in utilities/national insurance.”

CFO in a trust with 1 to 5 schools and 1,001 to 3,000 pupils

Several respondents mentioned having to supplement the cost of **catering** over and above what’s provided by free school meals (FSM) funding.

“We are currently subsidising FSM for our most vulnerable children because the amount provided does not cover the cost of a meal when taking into consideration staff, energy and food costs. This gap will get worse and we are committed to feeding our vulnerable children.”

CEO in a trust with 6 to 10 schools and 1,001 to 3,000 pupils

As for suggestions, a respondent had some thoughts around the facilitation of regional working groups, to support **collaboration** between schools and trusts.

“I would propose establishing some regional cost-of-living working groups to strategically review where sharing and economies of scale could be identified, rather than leaving it to individual schools – regional schools commissioners (RSCs) could facilitate this approach.”

COO in a trust with 6 to 10 schools and 5,001 to 10,000 pupils

Another respondent told us they were engaging in **political discussion** with their communities around the cost-of-living issue:

“We are being honest with our students and families that the political choices they and their extended families make do have a direct impact on their lives, and the lives of their children and grandchildren.”

CEO in a trust with 1 to 5 schools and 1 to 1,000 pupils

And finally, The Tees Valley Education Trust was happy to share initiatives that it’s working on, including around encouraging its children and families to engage with social justice to help with this agenda:
www.teesvalleyeducation.co.uk/trust-specialisms/social-justice-equality/

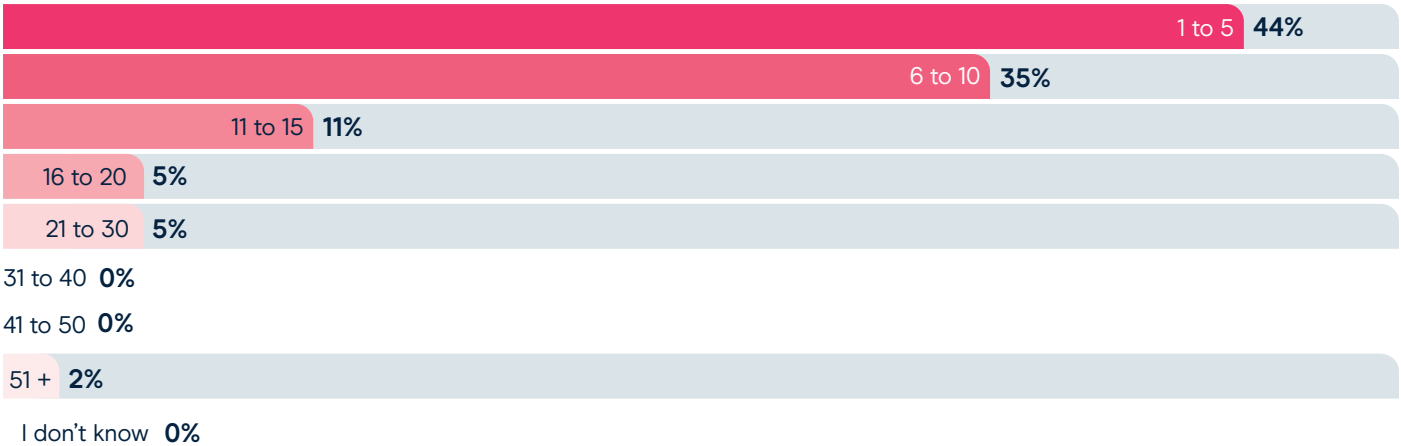
Our trust survey sample

It’s important to note that the data collected through this survey is not representative of trusts across the sector, and has not been weighted. It’s also a relatively small sample and this doesn’t allow for meaningful segmentation, for example by role, size of trust or location. A breakdown of the sample, however, shows:

133 respondents from central teams started the survey, with 119 completing it.

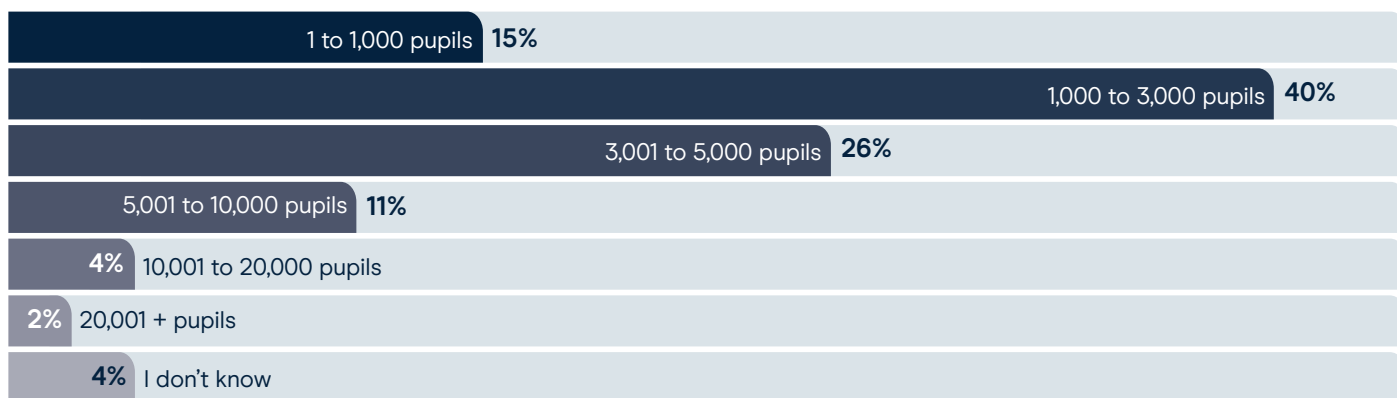
The majority (73%) of respondents are C-suite or board level (32% CFO, 19% CEO, 12% COO, 10% trustee). The remaining 27% have central team roles in a wide variety of core functions, such as HR, finance or estates.

The majority (79%) of respondents are from trusts with under 10 schools. 23% have more than 10 schools, which compares similarly with the market overall – where 20% of trusts have more than 10 schools – but our data doesn’t map accurately, e.g. we have no respondents in the 31 to 50 schools categories).



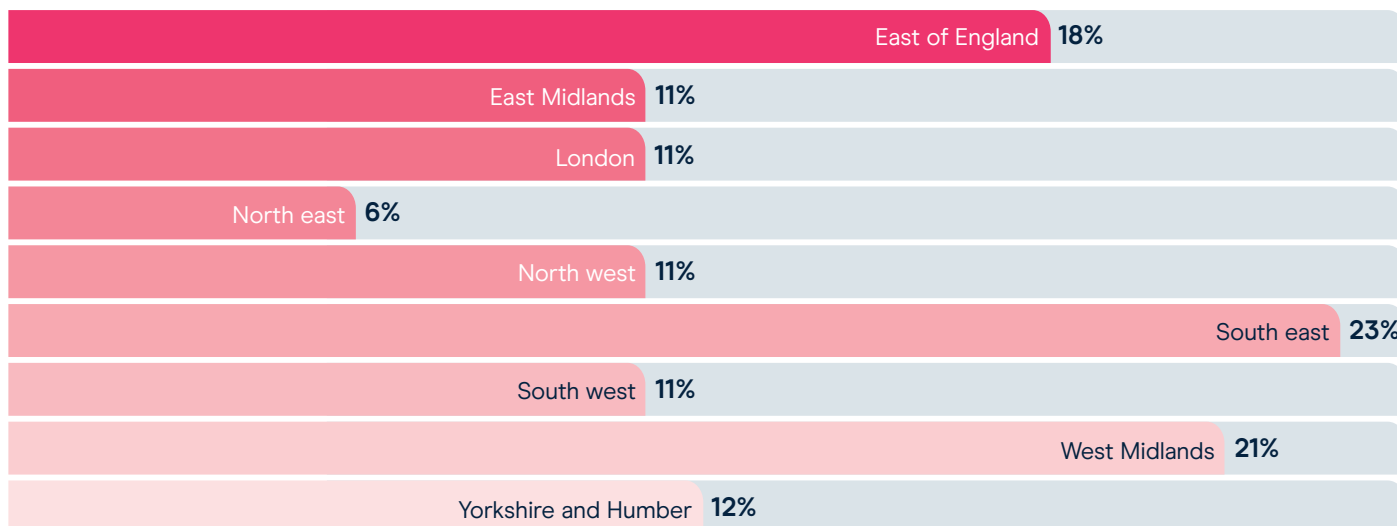
Graph 12: “How many schools will be in your trust in September 2022?”, base = 133 respondents

By pupil numbers, 81% of respondents' trusts have under 5,001 pupils, with the most common size being 1,001 to 3,000.



Graph 13: "How many pupils will be on roll across your trust in September 2022?", base = 133 respondents

The schools in respondents' trusts were fairly evenly represented across the regions in England and broadly match the location of school populations (based on data from The Education Company, 2020), but this hasn't been mapped with statistical accuracy, and trusts often run schools in multiple regions (hence the data in graph 14 adding up to more than 100%).



Graph 14: In which of the following regions do you have schools in your trust? Pick all that apply, base = 133 respondents

