



JOINT SCRUTINY – 9TH DECEMBER 2024

SUBJECT: NAHT CYMRU REPORT - FALLING SHORT: THE DEEPENING SCHOOL FUNDING CRISIS IN WALES

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update Scrutiny on the content of the National Association of Head Teachers (NAHT) Cymru recent study entitled “Falling Short: The Deepening School Funding Crisis in Wales.”
- 1.2 The report published in September 2024 recognises the significant funding crisis being felt across the educational landscape in Wales and the potential impact on the quality and accessibility of education.

2. SUMMARY

- 2.1 There is currently significant pressure on public finances across the UK. Central Government, Local Government, Health and other sectors are all facing challenges where the costs of delivering services have accelerated far beyond the level of funding available to the sector.
- 2.2 The impact of these challenges upon Caerphilly County Borough Council have seen the Council facing the need to make £65m of savings during the period 2024/25 through to 2026/27 essentially just to stand still. Having identified a range of permanent savings as part of the 2024/25 budget setting process totalling circa £20m, the remaining balance of £45m must be found over the next two years.
- 2.3 Having identified a range of permanent savings as part of the 2024/25 budget setting process totalling circa £20m, the Council now needs to find the remaining balance of £45m over the next two years. This equates to around 10% of the Council’s overall net revenue budget. With 78% of the Council’s budget spent on Education, Social Services, Waste and Infrastructure, the

Council is facing some extremely difficult choices.

- 2.4 Against this backdrop, one-third of schools in Wales are currently grappling with budget deficits. Even more troubling is the projection that in this academic year, more than half of all schools anticipate facing a similar financial shortfall.
- 2.5 This situation is compounded by a reduction in spending per pupil by approximately 6%, further exacerbating the challenges schools are encountering in maintaining essential services and educational standards.
- 2.6 In light of these unsettling trends, it is considered imperative that local authorities (LAs) unite their efforts with school leaders such as those represented by the NAHT Cymru.
- 2.7 Through collaboration and working in partnership, school leaders and local authorities can work towards identifying sustainable and innovative solutions to navigate this crisis effectively.
- 2.8 Strategic dialogue and joint initiatives will be crucial to ensuring that schools have the necessary resources to provide high-quality education and support the well-being of every child in Wales.
- 2.9 By acting collectively, it is hoped that the tide can be reversed and it becomes possible to nurture an educational environment that empowers future generations.

3. RECOMMENDATIONS

- 3.1 Members note content of the report and ask any questions or provide any comments that they consider appropriate to representatives of the NAHT Cymru or Council Officers.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Schools across Wales are facing significant budget pressures with an increasing number now facing deficit positions as a result of periods of underfunding.
- 4.2 These deficits have the potential to have a significant and detrimental impact on the quality and accessibility of education, and work needs to be done to minimise these impacts and, wherever possible, to reverse the tide.

5. THE REPORT

- 5.1 The NAHT Cymru report is attached in full at Appendix 1 and describes in some

detail the challenges being faced across our school communities and the results of a survey that underpins these findings.

5.2 The report calls for school leaders and local authorities to work together through social partnership to argue the case effectively for proper and full funding of education services, rather than face the bleak prospect of schools having to set deficit budgets, reduce spending on pupils and lay off teaching and support staff just to try to get the books to balance.

5.3 Some of the headline findings from the survey that underpins the NAHT Cymru report are as follows:

- 75% of respondents are either reporting a deficit this year (29%) or a balanced budget which has only been made possible because they have carried a surplus and/or made significant budget cuts
- close to three times the number of respondents are now reporting a deficit, compared with 9% in 2021
- more than half (53%) of school leaders are predicting a deficit this academic year (2024/25). Data from 2021 showed that 59% expected a deficit in 2023/24; with 35% of members in 2023/24 reporting a balanced budget only due to significant cuts, members in 2021 closely predicted this past year's worrying figures
- Additional Learning Needs (ALN) funding has caused huge financial pressure on most schools (88%) alongside general inflationary costs and increased salary costs (55% and 54% respectively)
- 87% of leaders state the ALN funding they receive is not adequate. This has changed little since 2021, when 91% of members said the same
- when asked about what has been causing major financial pressure on their schools, members state the need to cover worsening pupil mental health (48%) and impoverished families who need support (26%) has caused further financial pressures over the last three years for schools
- schools are making drastic cuts to manage budgets, with over half (59%) not replacing staff when there are vacancies, reducing teaching assistants, and even reducing teaching staff and hours (55% and 28% respectively). Compared to 2021, more members are making significant cuts in all areas to keep their schools running
- each and every one of our members reports not receiving enough funding to meet the needs of their pupils

- 5.4 The Council has invited a delegation of the NAHT Cymru, including a number of Caerphilly Headteachers, to discuss the content of the report and to bring the challenges being faced on a daily basis to life for Scrutiny Members.

Conclusion

- 5.5 The report attached at Appendix 1 sets out some of the significant challenges facing school leaders and local authorities across Wales and calls for a commitment to work together to try and secure the necessary funding for education services.

6. ASSUMPTIONS

- 6.1 There are no assumptions associated with this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 No Integrated Impact Assessments is required for this report as no decision is attached.

8. FINANCIAL IMPLICATIONS

- 8.1 The report attached at Appendix 1 sets out the impacts of the financial challenges being faced by schools right across Wales. There is, however, no direct financial implication attached to the report under consideration.

9. PERSONNEL IMPLICATIONS

- 9.1 The report attached at Appendix 1 sets out the impacts of the financial challenges being faced by schools right across Wales, some of which relate to staffing. There is, however, no direct personnel implication attached to the report under consideration.
- 9.2 HR will support Managers to meet any agreed changes to services via the Council's policies and procedures. The Trade Unions will be also be kept updated and involved.

10. CONSULTATIONS

- 10.1 The report has been considered by the consultees listed below and all views have been included in the main body of this report.

11. STATUTORY POWER

11.1 The Local Government Act 2000.

Author: Richard (Ed) Edmunds, Corporate Director for Education and Corporate Services

Consultees: Dave Street, Interim Chief Executive
Mark S Williams, Corporate Director for Economy and Environment
Gareth Jenkins, Interim Corporate Director for Social Services
Keri Cole, Chief Education Officer
Jo Williams, Assistant Director Adult Services
Stephen Harris, Head of Financial Services and S151 Officer
Leanne Sykes, Deputy Head of Financial Services and S151 Officer
Sue Richards, Head of Education and Planning Strategy, Programme Director for Place shaping
Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer
Cllr Donna Cushing, Chair of Education and Social Services Scrutiny Committee
Cllr B. Miles, Vice Chair of Education and Social Services Scrutiny Committee

Appendices:

Appendix 1 NAHT Cymru report - Falling Short: the deepening school funding crisis in Wales