

Falling Short

The deepening school
funding crisis in Wales

September 2024





The educational landscape in Wales is currently facing a harrowing funding crisis, casting shadows over the quality and accessibility of education for its youth.”

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Foreword



The educational landscape in Wales is currently facing a harrowing funding crisis, casting shadows over the quality and accessibility of education for its youth.

Alarmingly, one-third of schools in Wales are currently grappling with budget deficits. Even more troubling is the projection for this academic year, where more than half of all schools anticipate facing a similar financial shortfall. This dire situation is compounded by a reduction in spending per pupil by approximately 6%, which further exacerbates the challenges schools are encountering in maintaining essential services and educational standards.

In light of these unsettling trends, it is imperative for local governments and local authorities (LAs) to unite their efforts with school leaders' union NAHT Cymru. By fostering a collaborative partnership, these bodies can work towards identifying sustainable and innovative solutions to navigate this crisis effectively. Strategic dialogues and joint initiatives are crucial to ensuring that schools have the necessary resources to provide high-quality education and support the well-being of every child in Wales. By acting collectively, there is hope to reverse the tide and nurture an educational environment that empowers future generations.

Chris Parry
NAHT Cymru president



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Introduction

School funding in Wales has been in crisis for many years and is urgently in need of fixing. One part of that is to make sure that those working in the teaching profession are properly recognised and rewarded. So NAHT Cymru is encouraged by the prospect of a further pay uplift for 2024/25 that at least represents an acknowledgement from the government of the vital work carried out in educating the next generation of the people of Wales.

But it is not enough. The overall amount of funding available to education in Wales has not increased, and NAHT members in Wales have highlighted quite how dire funding needs now are. The harrowing picture displayed in this report shows how the wide-ranging pressures elsewhere in the system increase those pressures to breaking point by reducing the budget available to meet them. Schools in Wales are not funded proportionately to be able to meet this settlement while at the same time funding services are already at breaking point. As it stands, school leaders cannot balance the books, there are no reserves to draw on and so cuts to essential services and staffing are already in motion.

With one in three members reporting a yearly deficit in their school budget, close to three times that of members in 2021 (9%), we need to make clear our call for increased funding to ensure every child in Wales can get the start in life they deserve.

Following on from NAHT Cymru's January report [Fair Funding for Wales](#), this report details the bleak state of school budgets and their increasing deficits over the past three years. School leaders and LAs are facing impossible choices. Only 3% of leaders in Wales are not taking any actions to manage their budgets. This is compared to a fifth of leaders only three years ago. School leaders simply cannot go on doing more with less. With a majority of leaders having to cut teaching or support staffing hours, the most disadvantaged learners and educational outcomes across the board are at risk.

Spending per pupil has fallen by around 6% in real terms. Teacher-to-pupil ratios are being reduced, with the inevitable negative effect on learning. This report shows how the cost-of-living crisis and recent leaps in inflation mean that the funding is now nowhere near high enough to meet existing pressures for a growing number of leaders across Wales. Those pressures on schools are rising as vital support services around schools are pared back to the bare minimum.



We need to make clear our call for increased funding to ensure every child in Wales can get the start in life they deserve.”

Our call remains that school leaders and local authorities need 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. In three short years, the change for the worse is alarming, with school finances and the educational offering schools can provide due to necessary cuts.

NAHT Cymru has spoken to a large pool of its membership across Wales to quantify the extent of the problem we are facing, and how the financial landscape of schools has worsened over the last three years.

From our survey, it is crystal clear that:

- 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.

We therefore need everyone involved in educating and supporting children in Wales to come together to argue the case clearly on why they cannot any longer be short-changed. Investment in the future needs to be made properly and fully, turning the tide on this dramatically increasing shortfall.

With the right levels of funding, we can support the next generation of citizens of Wales to flourish and meet their full potential. We cannot afford to fail them.



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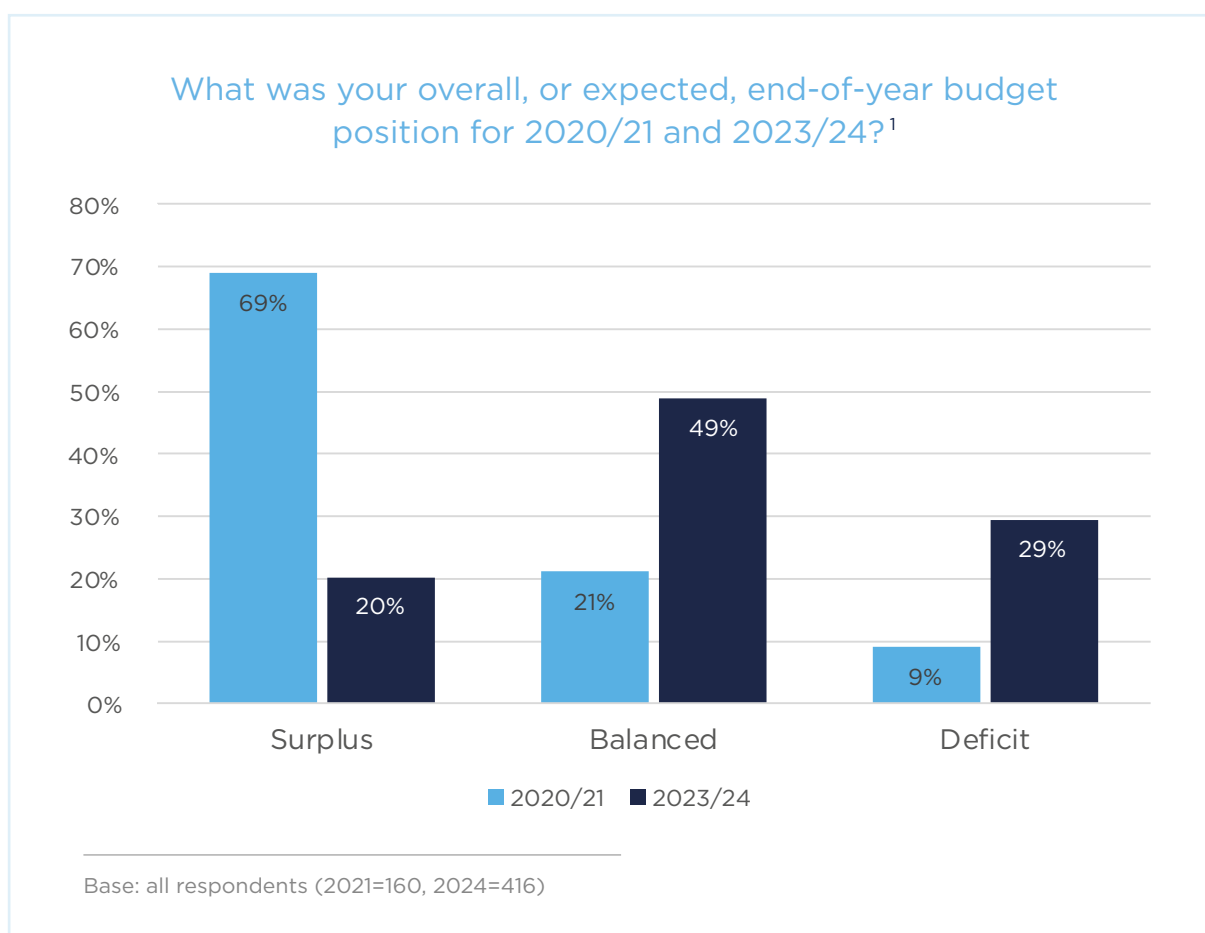
About the data

NAHT Cymru surveyed 416 members across Wales in 2024. Respondents included head teachers, executive heads, deputy and assistant heads, heads of school, school business leaders, ALNCOs and other middle leaders; 85% of members who responded to this survey were a head or executive head. This report also includes data from a comparative survey run with NAHT Cymru members across Wales in 2021.

The state of school budgets and financial pressures

For 2023/24, 29% of members in Wales report a deficit for their end-of-year budget position; 35% of Welsh members report a balanced budget, but only due to the fact they have made significant cuts, while 20% report a surplus.

The number of members reporting a deficit for their end-of-year budget has significantly increased since 2020/21. In 2021, 9% of members reported a deficit compared with nearly three in 10 for 2023/24. In three years, three times the amount of school leaders in Wales now report a deficit in their school's budget.



¹ Precise question wording from 2024: Q2. What was your overall, or expected, end-of-year budget position in 2023/24? For the purposes of this survey, a surplus is defined as one which is above 5% of income in secondary schools, or above 8% of income in primary schools, special schools or pupil referral units.



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Of the few members that reported a surplus, most (72%) stated this had either built up or carried over from previous years, while just under half (47%), cited 'unanticipated funding becoming available during the financial year'. In 2021, the warning signs were apparent, with half (51%) of members reporting a surplus, but only because of the impact of the pandemic.

Over a third (37%) of members who report a surplus state it has increased over the past three years; a further 34% say it remains the same and 28% state it has decreased.

For 2024/25, members are significantly more likely to predict a deficit than they were three years ago. More than half of members who responded to the survey (53%) predict a deficit for this year. A third (34%) state they expect their budget to be balanced, while 8% forecast a surplus. In 2021, 44% of members projected a surplus for the next academic year (2021/22), while 18% predicted a deficit.

When members were asked what major factors have caused financial pressures in the last three years, members overwhelmingly (88%) cited 'providing increased support for pupils with ALN'. In 2021, members similarly reported that providing increased support for pupils with ALN was causing significant financial pressure (69%); this has just continued to increase in the last three years.

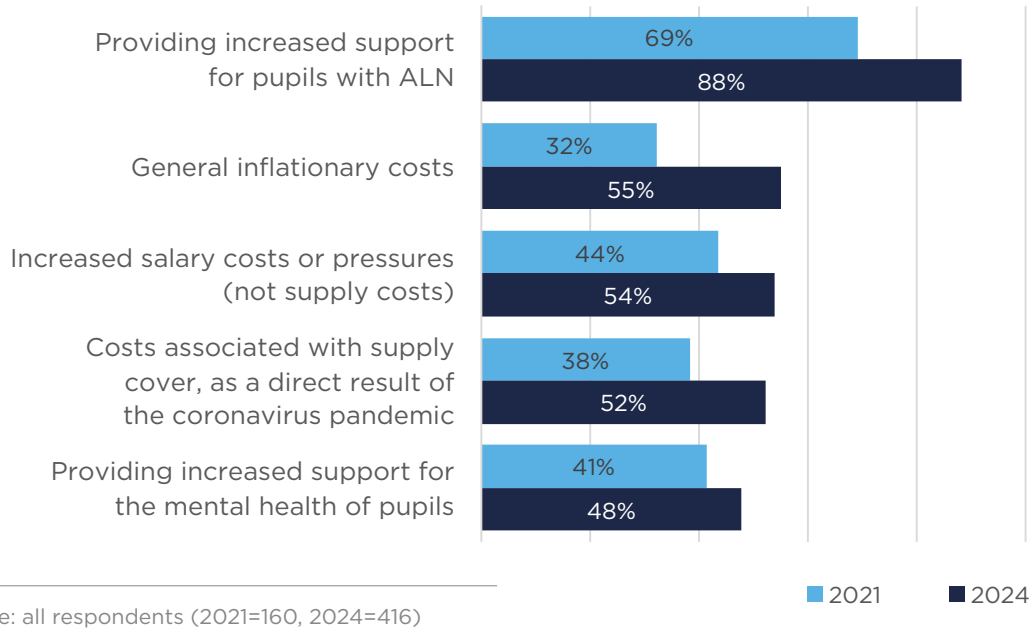
In 2021, a third (32%) of members reported general inflationary costs; in 2024 has increased to over half (55%) of NAHT Cymru members. Salary costs have continued to increase in the last three years; 44% of members reported this was causing major financial pressure in 2021, increasing to 54% in 2024.

The pressure associated with supply cover costs has continued to increase for members in Wales. Over a third (38%) of respondents in 2021 cited this as a major financial pressure, compared with more than half (52%) in 2024.



In 2021, a third (32%) of members reported general inflationary costs; in 2024 that increased to over half (55%) of NAHT Cymru members."

What are the major factors, if any, that have caused financial pressures for your school over the last three years? (Showing the top five from 2024 with the 2021 comparison)



In fact, members are significantly more likely in 2024 to be reporting multiple major financial pressures in all areas that are not related to the pandemic. In 2024, a quarter (25%) of members are reporting ‘changes to the local funding formula’ as a major pressure, compared with 12% in 2021.

The impact of the cost-of-living crisis and continued cuts to public services is glaringly apparent in the 2024 data. Nearly three in 10 (29%) respondents state that costs are incurred due to inaccessible or insufficient local authority school services. Generally, many members report increased support needed for pupil mental health (48%) and impoverished families (26%).



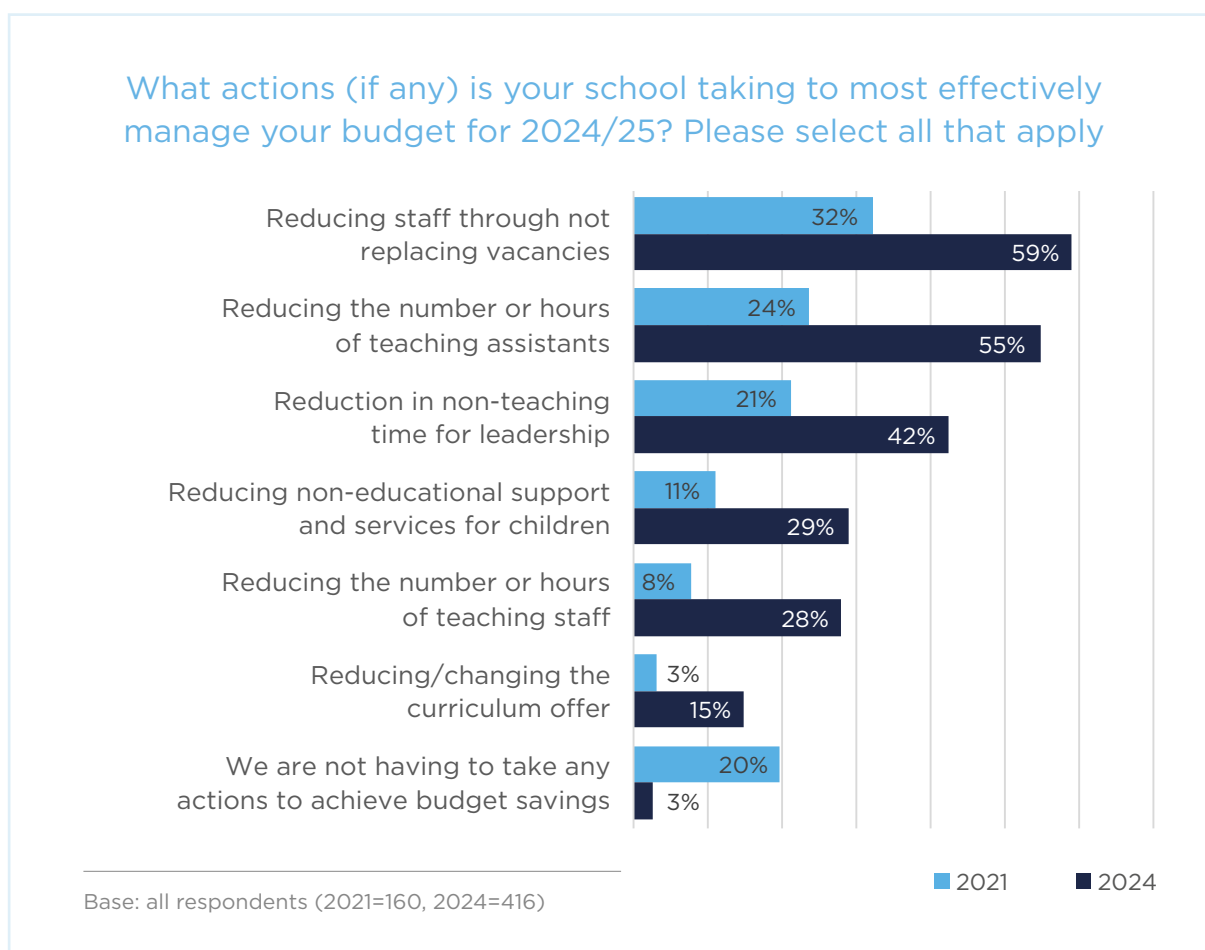
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Managing budgets and increasing deficit predictions

Schools are having to take drastic actions to manage their budgets. Close to six in 10 (59% in 2024, compared with 32% in 2021) are reducing staff through not replacing vacancies and a further 55% are reducing hours for teaching assistants, up from 24% in 2021. Close to three in 10 (28% in 2024, compared to 8% in 2021) are reducing the amount or hours of teaching staff, and 42% are reducing non-teaching time for senior leadership staff (21% in 2021). Compared with 2021, members are now nearly twice as likely to have to be taking these actions.

In 2021, a fifth (20%) of respondents stated ‘we are not having to take any actions to achieve budget savings’; this is now only 3% of members not having to make significant cuts to staffing and resources in their schools.

In 2024, 45% of respondents report delaying repairs, refurbishment, or general capital spending and many are not investing in staff continuing professional development (52%), while 29% are reducing non-educational support and services for children.



Future budget security

Many members are not positive about budget security over the next three years; 27% expect a deficit for the first time in 2024/25, with a further 31% reporting a greater deficit than in 2023/24. Over the next three years, 62% of members in Wales report they predict they will report a deficit for the first time.

Members were clear three years ago that the funding projections were bleak and would not be sufficient, predicting the decline in budget security and the increase in school deficits for 2023/24 in 2021. In the 2021 report, 17% of members predicted they would report a deficit for the first time in 2023/24, and over a third of members at the time stated that they would report a deficit in 2023/24 that was greater than in 2020/21.

Overall, in 2021, 59% of members forecast a deficit for 2023/24. While this is higher than the actual total of 29% reported this year, as 26% of respondents told us they had to make significant cuts to achieve a balanced or surplus budget, leaders in Wales were not being pessimistic in their predictions.

Looking forward to another three years, 64% of members report they forecast a deficit in 2026/27, with 12% of them expecting to report a deficit for the first time.



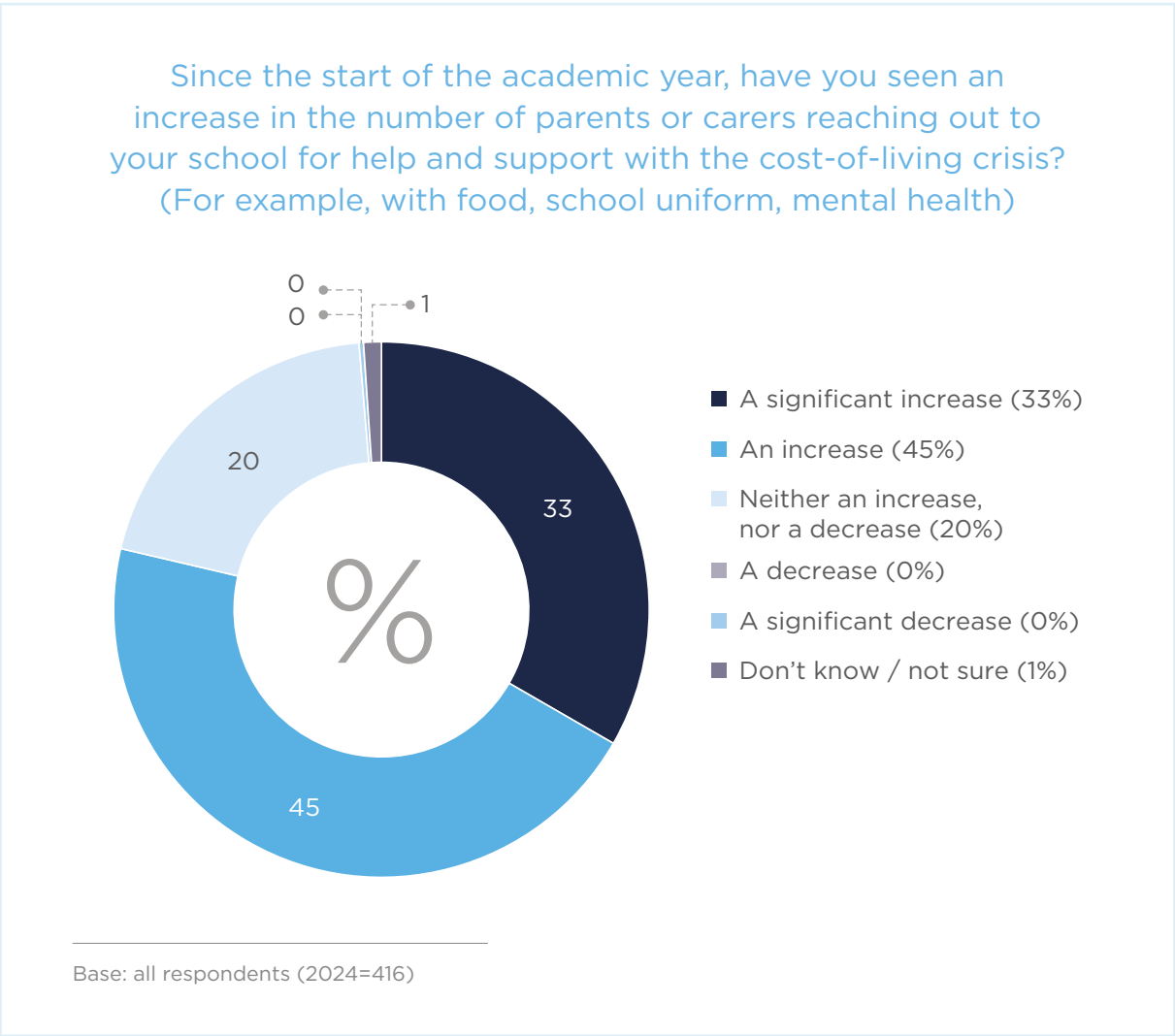
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Meeting pupil and school needs

Most respondents (87%) disagree (strongly or otherwise) that ‘the ALN funding we receive is sufficient to meet the needs of pupils with ALN in my school’. Only 12% agree. This has changed little since 2021 when 91% of members disagreed with this statement.

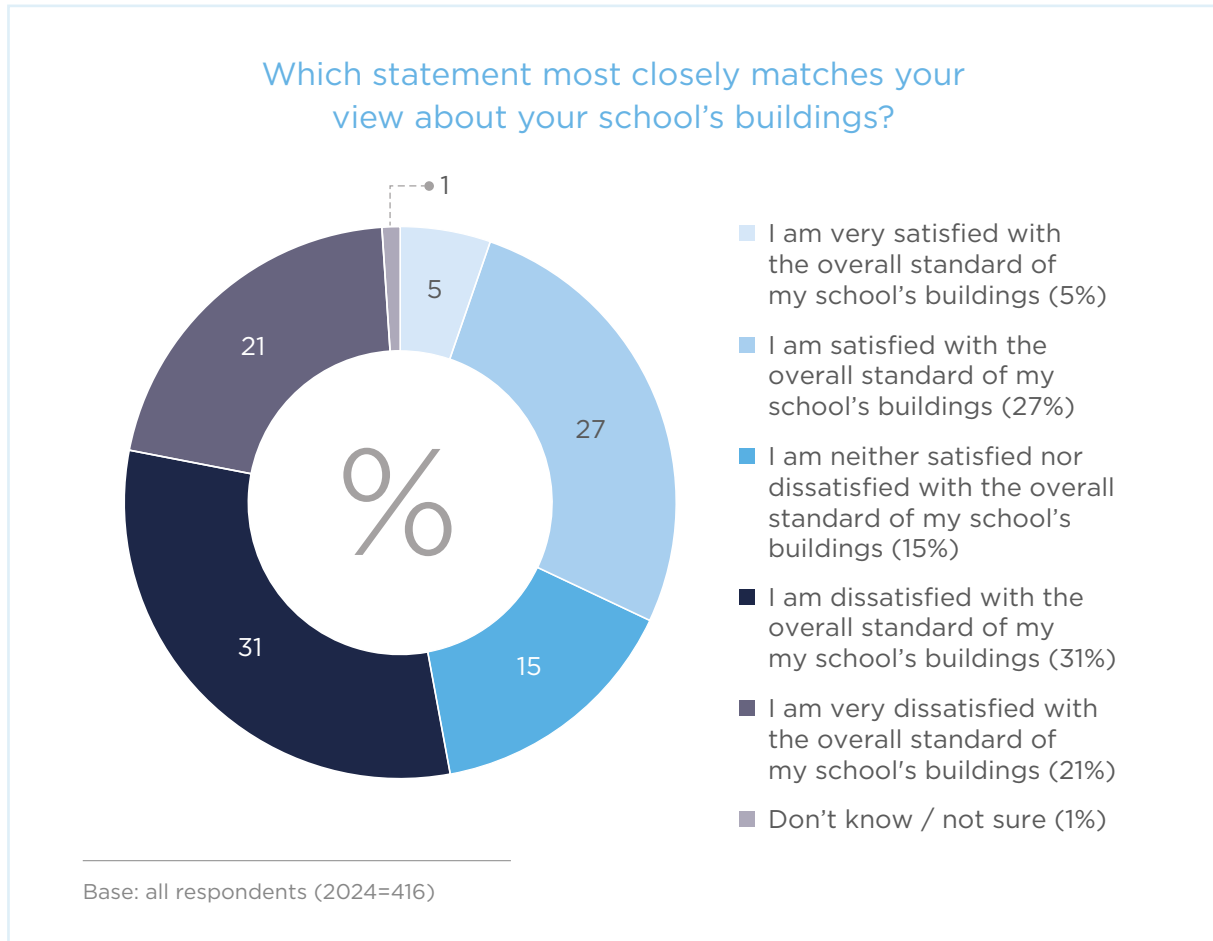
All respondents (100%) report that they do not receive sufficient funding to fully meet the needs of all their pupils.

An overwhelming 79% report an increase in the number of parents or carers reaching out for help due to the cost-of-living crisis and a third (33%) said this was a significant increase.



Less than a third (32%) say they are satisfied with the overall standard of their school's buildings. More than half (52%) state they are not satisfied.

More than three quarters of respondents (77%) say the capital funding over the last three years has been insufficient to maintain their school's buildings. This remains unchanged from 2021, when 76% reported that capital funding had not been sufficient.²

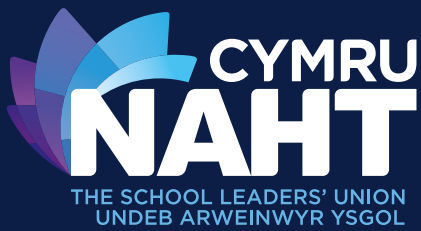


² Question wording changed from "Is the capital funding you receive sufficient to maintain your school estate?" in 2021, to "Reflecting on the last three years, has your capital funding been sufficient to maintain your school's buildings and estate?" in 2024.



With the right levels of funding, we can support the next generation of citizens of Wales to flourish and meet their full potential. We cannot afford to fail them.”

NAHT Cymru is the definitive voice of school leaders in Wales. We keep the best interests of children at the heart of everything we do. Along with our colleagues in England and Northern Ireland, we are here to defend and extend the rights of our members, as well as provide advice, protection and support specific to school leaders throughout Wales.



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