Department for Education

Schools' responses to financial pressures 2023

Research report

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BMG Research and CooperGibson Research

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This research report was written before the new UK Government took office on 5 July 2024. As a result, the content may not reflect current Government policy.

Glossary of terms

CAMHS – Child and Adolescent Mental Health Services

CEO – Chief Executive Officer

CFO – Chief Finance Officer

CIF – Condition Improvement Fund

CPD – Continuing Professional Development

EHCP – Education and Health Care Plan

FTE – Full-Time Equivalent

GAG – General Annual Grant

LA – Local Authority

MAT – Multi-Academy Trust

PAN – Public Admissions Number

PTA – Parent Teacher Association

SAT – Single Academy Trust

SBM – School Business Manager

SEMH – Social, Emotional and Mental Health

SEND – Special Educational Needs and Disabilities

Executive summary

Research aims and methodology

In December 2021, the Public Accounts Committee (PAC) recommended that the Department for Education (DfE) collect reliable information about the impacts of financial pressures on schools.

Recommendation 3: *In carrying out its research, the ESFA should collect sufficient, reliable evidence on the impact of financial pressures on schools at local level, including on whether they are leading to schools narrowing their curriculum and reducing staffing[1].*

This was based on a National Audit Office recommendation from November 2021 shown below. Both predated the challenges associated with rising living costs that began in 2022.

Recommendation 18 a: The Department and the ESFA should assess the impact on provision of the various measures adopted by schools in response to financial pressures, for example reducing staffing levels or changing support for pupils with special educational needs and disabilities. This work should include quantitative analysis and qualitative research to understand how schools have adjusted their provision and identify lessons and good practice[2].

The primary aim of the research was thus to answer the question "***How do schools respond to financial pressures***?"

The department commissioned BMG Research and CooperGibson Research to conduct a mixed-method study, comprising an online survey of headteachers or equivalent school/academy leaders in local authority (LA) maintained schools, academies in Multi Academy Trusts (MATs) and Single Academy Trusts (SATs), a separate survey of MATs (targeting MAT CEOs), and in-depth interviews with senior leaders of LA maintained schools, academies and MATs.

Survey fieldwork took place between 8 June and 3 July 2023 at a time when schools were experiencing significant cost increases but when some future pressures (i.e., the 2023/24 teachers' pay award) were still unknown. In total 9,125 email invitations were sent to LA maintained schools and academies and 2,154 responses were achieved, yielding a 24% response rate. All MATs (1,430) were invited to take part in the survey, with 579 responses, yielding a 40% response rate.

[1] Source: Financial Sustainability of Schools in England (parliament.uk), pg. 6

[2] Source: Financial sustainability of schools in England (nao.org.uk) pg. 16

A total of 40 qualitative interviews were conducted between 23 June and 18 July 2023 among respondents to the surveys who agreed to take part in the qualitative stage. The sample for the qualitative research was selected to cover a range of schools and trusts.

It is important to note that financial years vary for different types of schools. The financial year in LA maintained schools follow an April to March period, whilst for academies in MATs and SATs follow a September to August reporting period (mirroring a school academic year). The ‘current’ financial year at the time of the survey questions was April 2023-March 2024 for LA maintained schools and September 2022 to August 2023 for academies.

This research work predates the publication of guidance of the teachers’ pay additional grant (TPAG) for the 2023 to 2024 financial year[3].

Source; https://www.gov.uk/government/publications/teachers-pay-additional-grant-2023-to-2024

School findings

How schools respond to financial pressures: provision offer

Schools were asked in what ways (if any) they had altered their provision for the upcoming 2023/24 academic year compared to the 2022/23 year. The term provision covered the following: (1) curriculum, (2) teaching, (3) support, (4) resources and (5) extracurricular activities.

For most aspects of provision, the majority of schools have not made changes. More than three quarters (77%) of schools have not made changes to the overall breadth of the curriculum, with one in ten (10%) saying it has decreased and a similar proportion (9%) that it has increased[4]. Qualitative interview participants reported that protecting their offer of a broad and balanced curriculum, notwithstanding ensuring the health and safety of pupils and staff, was their main priority. Over half (55%) of all schools have increased the extent of SEND support for the upcoming year, while one in five (19%) have decreased the extent of this support. Primary schools were more likely than secondaries to be decreasing the extent of SEND support (20% compared with 15%) but this may reflect a minority of schools have fewer pupils with SEND than in the previous year.

Seventy-two per cent (72%) of schools have not made changes in the number of teaching hours with 12% decreasing, and 14% increasing hours. Secondary schools were more likely than primaries to have increased teaching hours (25% compared with 12%). A third (33%) of schools have decreased their number of specialist teachers, while more than half (56%) were not making changes and 8% had increased their number. Primary schools were more likely than secondaries to be reducing specialist teachers (35% compared with 26%). The survey thus shows only limited evidence to suggest that schools have responded to financial pressures by narrowing the curriculum and/or reducing teaching hours

Interview participants who reported making changes to staffing listed: not replacing staff (including teachers, classroom-based support and other staff); reduced hours for teaching and support staff; appointing Early Career Teachers whenever possible; teachers returning to maximum class teaching allocations and middle and senior leadership team restructures.

The picture is mixed for additional classroom support (e.g. teaching assistants). A third of schools (33%) have increased support, while two in five (41%) have reduced it. Primary schools were more likely than secondaries to be decreasing classroom support (44% compared with 25%).

[4] N.B., the survey only asked if it would increase, decrease, or be kept broadly the same not the extent of any change (if occurred). 4% were undecided / in the process of deciding.

Curriculum resources were one of the most common areas where provision was changing, with 39% of schools decreasing curriculum resources and 15% increasing them, while 44% were keeping resources the same.

Around a third of schools reported decreases to school trips (36%), and enrichment activities (33%), with smaller proportions increasing provision in these areas (14% and 15% respectively) and just under half (47% and 49% respectively) not changing provision.

Schools' responses to financial pressures, and their impacts on provision, are likely to depend on the extent of financial pressure being felt. In order to understand this relationship, schools were asked which of four statements best described their perception of their financial pressure. This question was not asked to estimate the extent of pressure in the school system, but rather to segment findings. The Consistent Financial Reporting (CFR) for LA maintained schools and Academy accounts return (AAR) for trusts are the formal, authoritative means of recording income, expenditure and balances.

Most schools felt they were experiencing 'some degree of financial pressure', when the fieldwork took place, i.e., June/July 2023, although the perceived extent of this pressure and the level of adjustment required varied. Overall, 4% of schools felt financially secure, not having to make changes to usual spend profiles and provision; 17% reported 'some financial pressure that can be managed through minor changes to spend profiles and provision'; 39% reported being under 'some financial pressure and are having to make quite a few changes to spend profile and provision'; and 40% reported being under 'financial pressure which requires substantial changes to spend profiles and provision'.

Schools that reported they were under financial pressures requiring substantial changes to provision were more likely than those reporting financial pressures that required 'quite a few changes' to be decreasing provision across all of the above spending areas. More than half of those reporting financial pressure requiring substantial provision changes were decreasing additional classroom support (55% compared to 37% of those under pressure requiring quite a 'few changes') and curriculum resources (54% compared to 36%).

The qualitative interviews found that there was a cumulative effect of individual financial risk factors which could exacerbate the feeling of financial pressures. These included being a small school, having older school buildings, falling rolls, a rural location, and high numbers of pupils with SEND. Conversely, there were financial protective factors common to more financially secure schools including: sufficient reserves accumulated before the current financial pressures, large school size, pupil numbers increasing and new school buildings. Interview participants' concerns in relation to funding were attributed to two interconnected SEND financial pressures of an increasing number of pupils with Education Health and Care Plan (EHCP) (from all school types and phases) and perceived insufficient and/or often delayed SEND High Needs Block funding from LAs to cover the costs of providing support for this group of students

How schools respond to financial pressures: Budget decision-making priorities

Decision making and prioritisation of budgets for the 2023-24 financial year in LA maintained schools and the 2022/23 year in academies tended to be most strongly influenced by increases in staff costs - the overall staff pay bill was mentioned by over half (55%) as their first budget priority, and by over three quarters (78%) as one of their top three budget priorities. A further one in five (19%) mentioned the teacher pay bill specifically as their first budget priority and 30% included this in the top three priorities. Improved SEN support was in the top three priorities for 42% of all schools and premises maintenance and improvement requirements for 32%.

The top three priorities for budgets had not changed for the majority of schools since the previous financial year when the extent of financial pressures reported by all school types was generally less. Seven in ten (70%) schools reported that their priorities were the same, with no differences by school type.

Inflationary pressures on goods and services, provision for special educational needs pupils, the costs of building maintenance, and teacher and support staff pay awards were perceived by schools to be the main drivers behind establishing those budget priorities. Just over three quarters of LA maintained secondary schools (77%) and secondaries in MATs (80%) experiencing some form of financial pressures in the current financial year reported that these were all or mostly driven by cost increases, compared to 67% of primary maintained schools and 68% of primaries in MATs.

A reduction in support from outside multi-agency social care and specialist support services for pupils experiencing social, emotional and mental health needs (SEMH) meant some schools reported supplementing these costs from other parts of their school budget.

How schools respond to financial pressures: Changes in spending categories from the previous financial year

All respondents were asked whether the projected proportion of spend in certain categories for the current financial year (i.e., 2023-24 for LA maintained schools and 2022/23 for academies) was different to their previous financial reporting year. Projections were asked for as both school types were part way through their financial years at the time of the survey[5].

[5] Projections in response to a survey are not formal financial data returns (as required by Local Authorities and the Education Skills Funding Agency (ESFA)). Respondents were asked ‘Compared to last financial year, has the projected proportion of your spending on the following changed’? They were presented with a list of spend lines and asked if each had ‘Increased proportion of overall spend’; ‘remained broadly the same proportion of overall spend’, ‘decreased proportion of overall spend’, and ‘don’t know / unsure’.

More than nine in ten (92%) schools projected an increased proportion of overall budget spending on energy costs[6], and nearly eight in ten on teaching and teaching support staff (77%) and utilities (76%). Conversely, the spend areas where schools were most likely to project a decreasing proportion of overall spending were: teaching CPD (32%), ICT (24%), educational supplies (22%), administrative supplies (20%) and building infrastructure/estates (17%), although schools were more likely to anticipate the spend proportion on each of these lines remaining broadly the same rather than decreasing.

The pattern of projected changes in spending was similar across school type and phase, with energy costs the most common budget line projected to account for an increased proportion of spend in primaries and secondaries across LA maintained schools and academies.

Schools which perceived they were in the highest category of financial pressure were more likely to project a decrease in the proportion of spend in most areas (except energy, utilities, rent and rates and catering staff and supplies) compared with those felt to be experiencing less severe financial pressures that required 'quite a few' changes.

Interviews found that the immediate perceived impacts for schools from changes in spending were challenges for strategic planning, staff workload and wellbeing, provision for pupils with SEND and pupils without SEND but who still require additional support for their learning and providing a range of extracurricular educational experiences.

Schools are encouraged to hold a reasonable level of financial reserve (but high levels of reserves are not encouraged). Three-quarters (75%) of primary maintained schools and two thirds (67%) of secondary maintained schools with a cumulative surplus stated they had used reserves in the 2022-23 financial year[7].

How schools responded to financial pressures: income-generating strategies

Just over two thirds (68%) of schools had changed their income generation strategies as a result of the perceived financial pressures. This increased to 77% of those perceiving financial pressures requiring substantial changes to spend profiles and provision.

Applications for grants have seen the greatest increases, with two thirds (64%) increasing their activities in this area. Around three-fifths (59%) reported increasing the number of times they request donations from parents, 57% charges for wraparound care (before and after school clubs), 56% marketing to prospective pupils, and around half

[6] Reflecting this, school leaders in the qualitative interviews reported a focus on procuring the most cost-effective energy deal.
[7] The question did not ask for a specific percentage proportion. Some may have used reserves for planned expenditure (e.g., capital investment). The question asked was*: Did you / have you had to use your reserves in 2022-23 / 2022/23?* The question being slightly different in tense and year for the different financial years of LA maintained schools and academies.

increased the letting out of school buildings/premises to other groups and businesses (49%).

The qualitative interviews found that alongside government grants, such as the Condition Improvement Fund (CIF), schools applied to charities and foundations to support curriculum and extra-curricular activities. Where possible, schools were using lettings to increase revenue including all-weather football pitches, school classrooms and swimming pools. The interview analyses found evidence that school improvement services were an important revenue stream for those schools with the expertise and capacity to offer such a service.

MAT findings

Since multi-academy trusts govern large numbers of academies, they were also invited to take part in a 10-minute online survey to help establish their role in how they have responded to financial pressures (if experienced).

Trust responses to financial pressures

The main spending priorities for MATs in response to the financial pressures perceived in financial year (2022/23) were energy/utility costs (37%), pay rises (27%), maintaining staffing levels (25%), all/general costs (22%) and learning provision/quality of teaching/curriculum (20%). This pattern of response is largely consistent by size of MAT and number of pupils.

Around two in five MATs said that they anticipated an increased proportion of spending from this (2022/23) year to next (2023/24) in school improvement services (42%), catering (41%) and facilities management (38%), with few expecting decreases in these areas (13%, 3% and 10% respectively). Around a third (34%) anticipated that payroll will form an increased proportion of overall spend.

Over nine in ten (91%) MATs reported that they had made savings from procuring goods and services more efficiently with 62% saying that this had been done in response to financial pressures. Around two thirds had increased their revenue-generating activities (65%) or changed capital spend (64%). Over half (55%) had increased the number of services that are centralised, and three in ten (31%) had changed their top slice percentage.[8]

Four in five MATs (81%) had changed staffing structures in their schools, with the majority (73%) reporting doing this in response to financial pressures. Among those who had changed staffing structures at schools in their trust, four in five (80%) had removed staffing vacancies in at least one school, including 21% who had done so across all

[8] The survey did not ask whether an increase to the top slice covered an increase in what services were provided

schools and 63% had moved teachers across schools. Three in five (61%) had increased class sizes in at least one school, and 9% had reduced them, while 28% had decreased the subjects offered.

One common trend identified from the interviews showed that most academies were left to determine the nature and amount of curriculum spending, but staffing and capital spend were subject to greater discussion and scrutiny with/by the MAT.

Trust self-reported financial health

MATs' responses to financial pressures, and their impacts on provision, are likely to depend on the extent of financial pressure being felt. In order to understand this relationship, they were also asked which of four statements best described their perception of their financial pressure, and as with the schools reporting, this question was not asked to estimate the extent of pressure but rather to segment findings.

Overall, 6% of MATs reported feeling financially secure, and a further third (33%) were under some financial pressure which could be managed through minor changes to spend profiles and provision provided centrally. By contrast, 43% were under some financial pressure and are having to make quite a few changes to spend profile and provision provided centrally, and 17% were under financial pressures which require substantial changes to spend profiles and provision provided centrally. This profile did not vary significantly by size of trust.

Possible lessons from interviews with schools and trusts

Interview participants were asked if they could identify any lessons other schools of similar size and phase might learn from their experiences of responding to the financial pressures facing schools. Three main effective practice themes emerged from the interview analyses:

- Maintaining strong financial controls at senior level using, for example, using financial and curriculum benchmarking tools, regular financial forecasting and stress testing budgets early.
- Maintaining a strategic focus despite the financial pressures on a curriculum-led staffing model and staff recruitment and retention strategies.
- Maximising additional income generating opportunities through, for example, grant applications and where possible school lettings.

Main findings

Introduction

Context

In November 2021[9], The National Audit Office (NAO) published a report on financial sustainability of schools noting that schools had experienced considerable financial pressures in recent years. The NAO report found that while most schools were financially sustainable, LA maintained schools were more likely to be experiencing cost pressures and the proportion of schools in deficit had increased. The department (DfE) has estimated that cost pressures on mainstream schools had exceeded funding increases between 2015-16 and 2019-20 by £2.2 billion mainly because of rising staff costs[10]. It also noted that schools may have experienced impacts of reduced local authority spending on services for children and young people.

The NAO report largely drew on data up to the 2020-21 financial year. The latest figures on LA maintained school finances, published in December 2022, cover 2021-22. Generally, at that time, school expenditure saw a return to levels similar to pre-Covid pandemic. However, these figures do not reflect the impact of cost increases driven by subsequent factors including inflation and rising energy costs which are likely to be affecting schools.

The NAO report raised concerns that financial pressures may lead schools to reduce the provision they offer to pupils. Ofsted research in 2020[11] found that schools were taking a range of measures in response to financial pressures including reducing spending on teaching and support staff and generating additional income, for example by requesting parental contributions.

The department have sought to support schools and academy trusts to maximise financial efficiency, by providing tools such as View My Financial Insights, school resource benchmarking and introducing procurement frameworks (collectively known as "School Resource Management").

In December 2021, The Public Accounts Committee (PAC) recommended that the Department for Education (DfE) collect reliable information about the impacts of financial pressures on schools.

[9] Source: Financial sustainability of schools in England (nao.org.uk)
[10] Source: Financial Sustainability of Schools in England (parliament.uk), pg.6
[11] Source: https://www.gov.uk/government/publications/making-the-cut-how-schools-respond-when-they-are-under-financial-pressure/making-the-cut-how-schools-respond-when-they-are-under-financial-pressure

Recommendation 3: *In carrying out its research, the ESFA should collect sufficient, reliable evidence on the impact of financial pressures on schools at local level, including on whether they are leading to schools narrowing their curriculum and reducing staffing*

The department therefore commissioned BMG Research and CooperGibson Research to conduct a mixed-method study, comprising an online survey of schools and academies, an online survey of multi-academy trusts (MATs) and qualitative research (depth interviews) with senior leaders of schools, academies and MATs.

Research aims

The primary aim of the research was to answer the question "***How do schools respond to financial pressures***?". In addressing this question, the research set out to further the department's understanding of school and trust decision-making processes, challenges faced, actions commonly taken, and points of possible support where existing or new DfE products and guidance could be used to further help. It gathered information on the financial pressures that schools are facing, how schools have responded, what the impacts of these responses have been including on the curriculum and wider provision for pupils, and how the additional funding announced for schools is impacting on schools' planning for the next year.

Specific questions that the research set out to provide an answer to include:

- Are schools facing financial pressures and if so, what are they?
- If they are, how did they (along with their MAT, if applicable) decide how to respond – what are their guiding principles?
- What actions have they taken and/or are currently taking?
- What have been the impact of those decisions in terms of re-distributing and re-allocating resource?
- What has the impact been and what evidence do they have of impact?
- How are they currently prioritising spend for the remainder of this and next academic year?
- In what ways, if any, are they adjusting their provision? E.g., are they changing their curriculum?
- Did the additional funding announced for schools in November 2022 influence their decisions and, if so, how?
- What lessons on provision adjustment can be learnt (inc. good practice)?

Also explored is the role of MATs, including how a MAT has supported its academies facing financial pressures, and the extent to which decision-making authority over provision and curriculum is delegated to school level.

Methodology

Schools

Schools were invited to take part in a 10-15 minute online survey on how they have responded to financial pressures (if experienced). Fieldwork was conducted between the 8th of June and the 3rd of July 2023.

Email invitations and reminders were sent out by the department from a dedicated project mailbox and the survey was hosted by BMG. BMG also used Computer Assisted Telephone Interviewing (CATI) where needed as part of a tele-chasing element to remind institutions to take part.

The sample was selected from the Get Information About Schools (GIAS) database and included primary and secondary LA maintained schools and academies. Special schools were not included in the survey as differences in their funding arrangements meant the survey would not have been appropriate[12].

The number of schools selected to be invited to take part in the survey was designed to provide sufficient numbers of LA maintained schools and academies at primary and secondary phases. All secondary maintained schools were invited to take part as the population is relatively small. A cap on the numbers of primary and secondary academies in a single MAT invited to take part was set at five for secondaries and ten for primaries, to reduce potential burden on MATs who may have been asked by schools to assist in completion.

Overall, 9,125 email invitations were sent and 2,154 responses were achieved, yielding a 23.6% response rate (Table 1).

Table 1: School sample profile

School type	Population	Number issued	Number in achieved sample	Response rate (%)
Primary maintained	9,895	3,100	795	26%
Secondary maintained	651	651	168	26%
Primary academies	6,870	3,050	653	21%
Secondary academies	2,750	2,324	538	23%
Total sample base	20,166	9,125	2,154	24%

[12] Two special schools were included in the interviews.

Weights were calculated using information from Get Information About Schools and applied to the completed survey responses to ensure that the sample was representative of the population.

As multi-academy trusts govern academies, they were also invited to take part in a 10-minute online survey to help establish their role in how they have responded to financial pressures (if experienced) with their academies. Fieldwork was conducted between the 8th of June and the 3rd of July. Email invitations and reminders were sent out by the department.

The sample was selected from a sample of multi-academy trusts provided by the department. Overall, 1,430 email invitations were sent and 579 responses were achieved, yielding a 40.4% response rate (Table 2).

Table 2: MAT sample profile

MAT size	Number issued	Number in achieved sample	Response rate (%)
Up to 5	776	286	37%
6 to 10	322	162	50%
11+	246	128	52%
Not known	85	3	4%
Total	1429	579	41%

Again, weights were applied to the completed survey responses to ensure that the data was representative of the population of multi-academy trusts.

Qualitative methodology

To complement the survey, 40 depth telephone or online interviews were conducted. These were designed to explore responses to the survey in more detail to improve understanding of how schools and trusts manage financial health, decide on actions to take, and what the impacts of these actions have been.

The sample was recruited from those opting into further research at the survey stage. Survey respondents were contacted requesting an interview with two senior leaders. For a MAT perspective, in most cases the trust Chief Executive (CEO) and Chief Financial Officer (CFO) participated in the interview. For a school or academy perspective, usually, a Headteacher and/or School Business Leader was interviewed. Interviews were conducted between 23rd June and 18th July 2023.

A range of school and academy types were interviewed, as shown in Table 2. This sample broadly reflected the proportions of LA maintained schools and academies, and primary or secondary phases in the overall school population. The number of MATs interviewed represented the growing MAT population and the role of MATs as a body in the governance of schools. The qualitative sample included schools, academies (including single academy trusts) and MATs of varying sizes, a range of contexts such as urban and rural locations, and a range of deprivation levels. The financial status of MATs, schools and academies interviewed (as reported in the survey) ranged from those stating they are financially secure to those making substantial changes to accommodate being under financial pressure.

Table 3: Interview sample – type of setting

Type	Number
MAT	10
Primary academy in MAT/SAT	6
Secondary academy in MAT/SAT	10
Primary LA	8
Secondary LA	4
Special school	2
Total	40

How schools responded to financial pressures: Provision offer

Schools' responses to financial pressures, and their impacts on provision, are likely to depend on the extent of financial pressure being felt. In order to understand this relationship, schools were asked which of four statements best described their perception of their financial pressure. This question was not asked to estimate the extent of pressure in the school system, but rather to segment findings. The Consistent Financial Reporting (CFR) for LA maintained schools and Academy accounts return (AAR) for trusts are the formal, authoritative means of recording income, expenditure and balances.

Schools were asked for their own perceptions on the extent of financial pressures experienced in the financial year when fieldwork took place (June-July 2023)[13]. The question provided four response options to segment the extent of perceived pressure (if felt), The options were:

- We feel financially secure and don't have to make changes to usual spend profiles and provision.
- We are under some financial pressure, but these can be managed through minor changes to spend profiles to accommodate this.
- We are under some financial pressure and are having to make quite a few changes to spend profile and provision to accommodate this.
- We are under financial pressures which require substantial changes to spend profiles and provision to accommodate this.

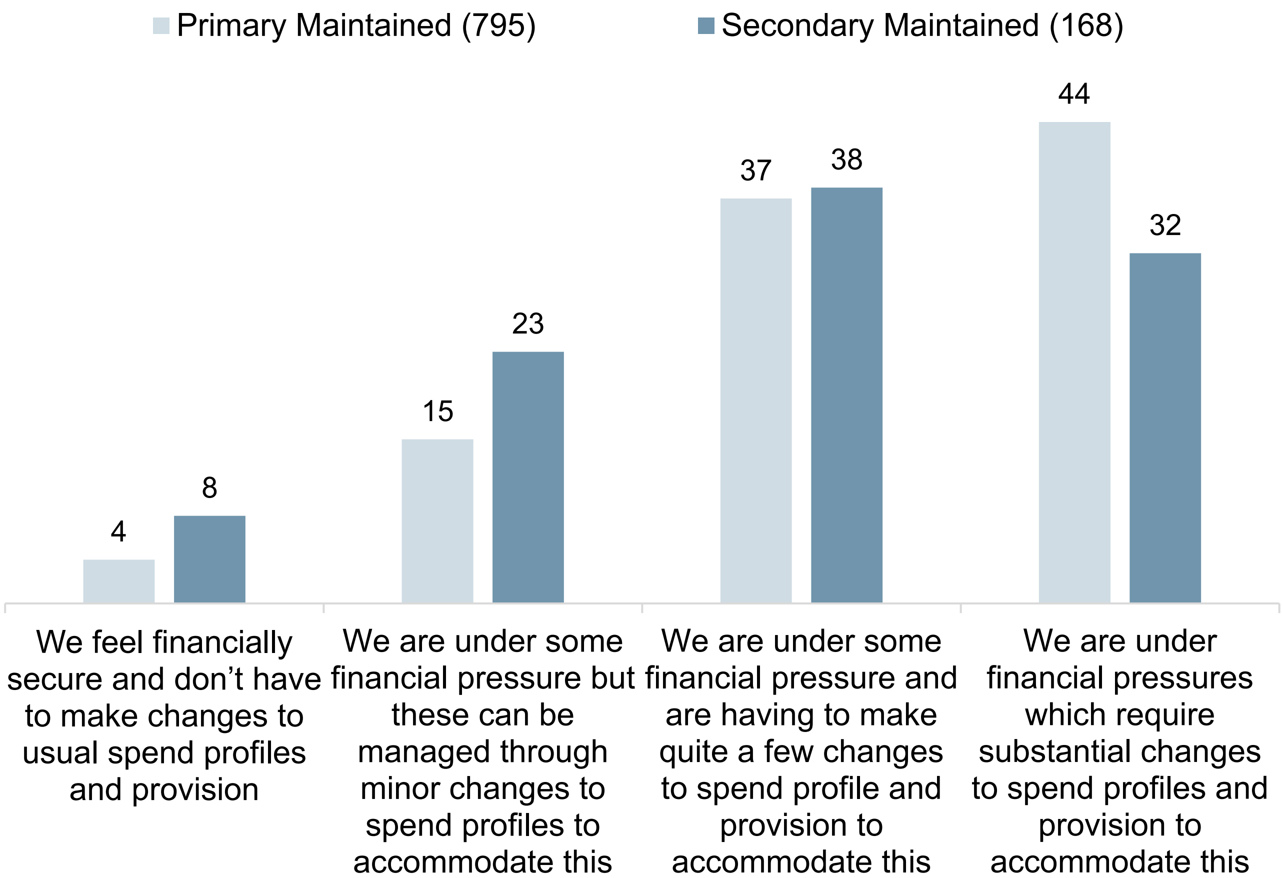
Most schools felt they were experiencing some degree of financial pressure this financial year. Overall, 4% felt financially secure and having no need to make changes to usual spend profiles and provision, and a further 17% reported some financial pressure that can be managed through minor changes to spend profiles. By contrast, two in five (39%) reported being under some financial pressure that requires making quite a few changes to spend profile and provision, and a similar proportion (40%) reported being under financial pressure which requires substantial changes to spend profiles and provision.

By phase, primary maintained schools were more likely than secondary maintained schools to report being under financial pressure which requires substantial changes (44% compared with 32%, Figure 1) and there was a similar difference between primaries and secondaries in MATs (42% and 28%, Figure 2). There is some variance between trusts here with primary SATs (23%) less likely than primaries in MATs to report being under financial pressure which requires substantial changes. The more positive profile of

[13] As stated at the start of the executive summary, it is important to note that financial years vary for different types of schools. The financial year in LA maintained schools follow an April to March period, for academies in MATs and SATs it is September to August (mirroring a school academic year). At the time of fieldwork, LA schools were in the 2023-24 financial year, and academies the 2022/23 financial year.

primary SATs may reflect other differences in characteristics as schools have needed to meet certain requirements to be allowed to convert to SATs.

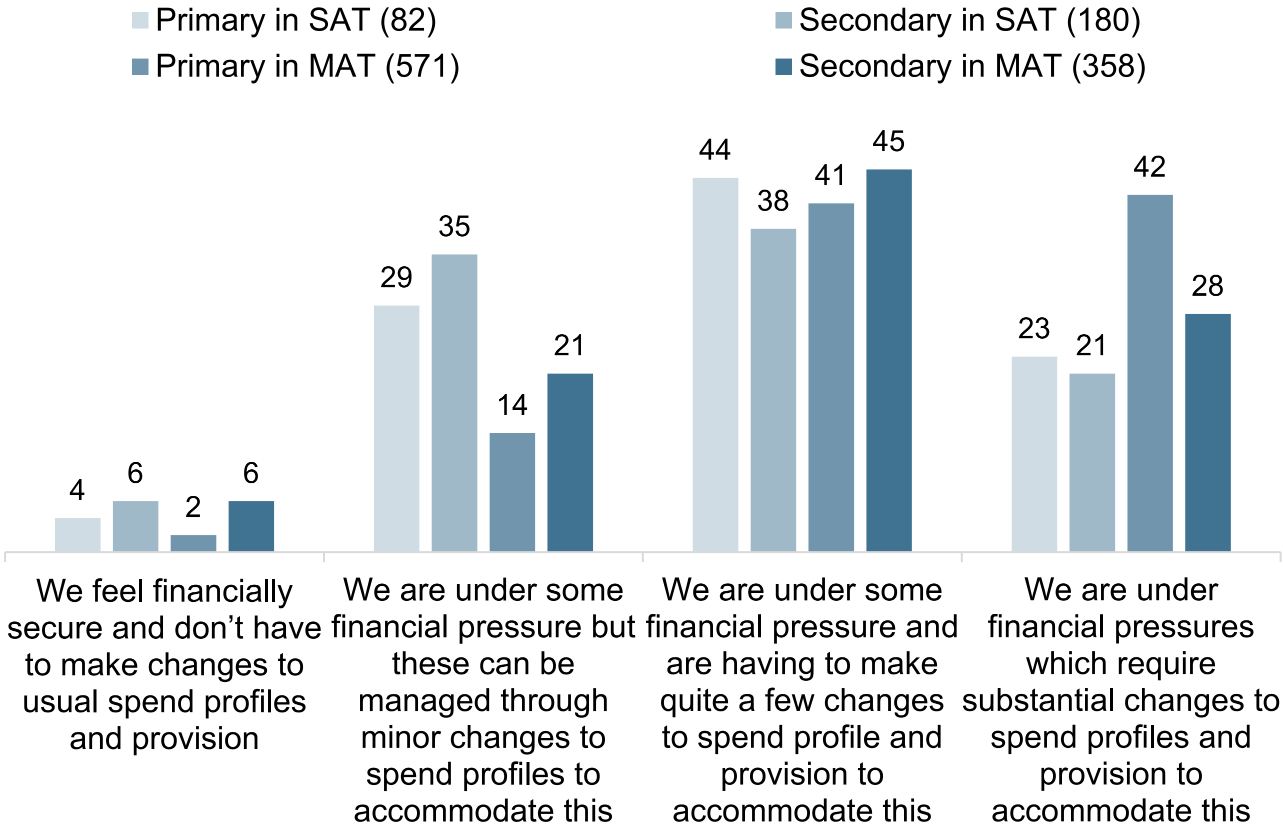
Figure 1: Views on current overall financial position (all LA maintained school respondents, by phase of school, %)



A1 Which of these statements best describes how you see your school's overall financial position for this financial year? (LA maintained 2023-24)

Unweighted sample bases in parentheses

Figure 2: Views on current overall financial position (academies respondents, by academy type and phase, %)



A1 Which of these statements best describes how you see your school's overall financial position for this financial year? (academies 2022/23)

Unweighted sample bases in parentheses

Additional individual context of a school and views on financial health this financial year is reported in a later section of the report.

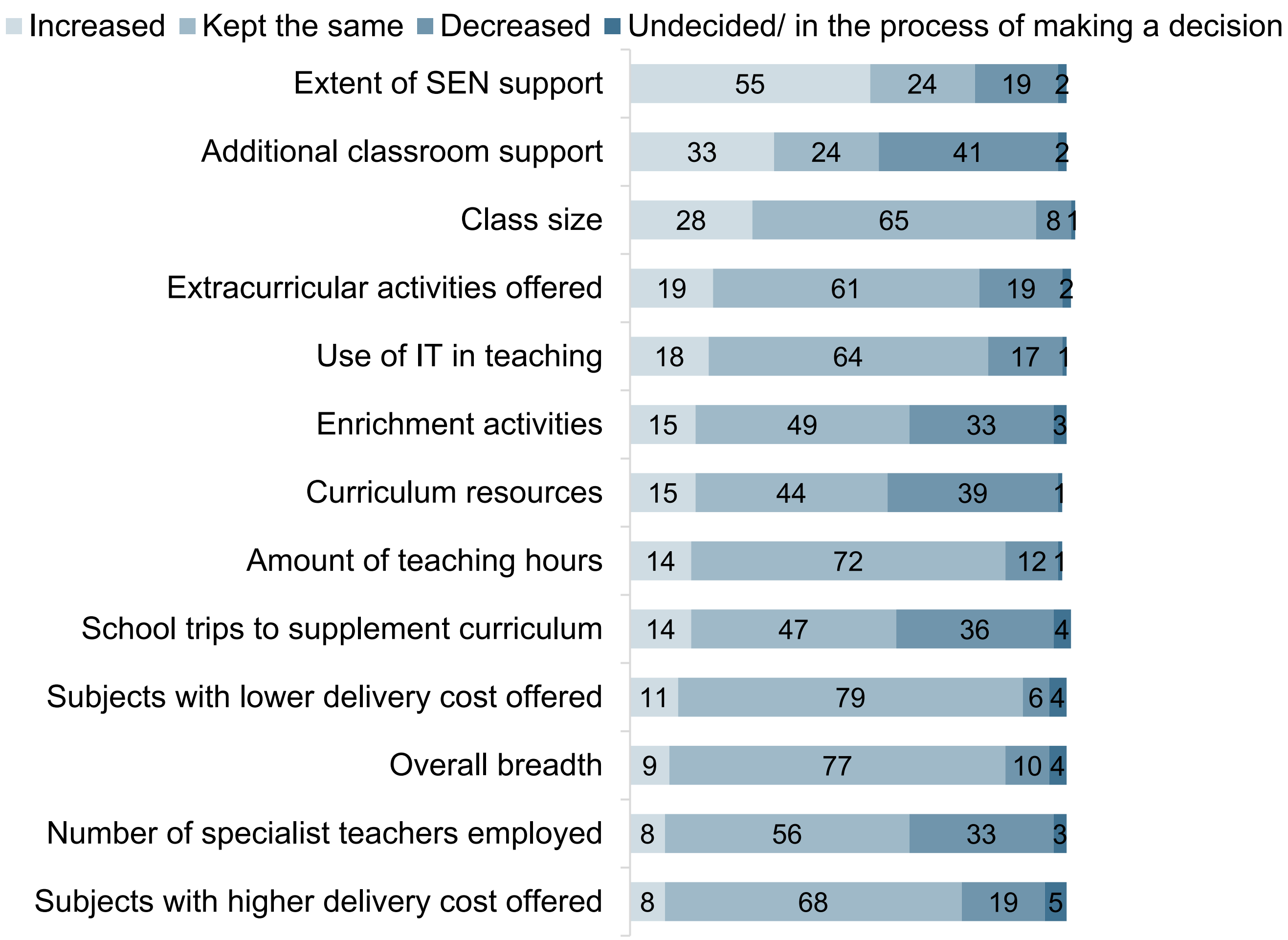
Expected changes in provision for 2023/24 academic year

Schools were asked about already planned changes to provision in the upcoming 2023/24 academic year, across several areas that can be broadly categorised as:

- Curriculum
- Teaching
- Support
- Resources
- Extracurricular activities.

While most schools were not making changes to curriculum, the picture across other areas of provision was more mixed.

Figure 3: Alterations to provision expected for the upcoming academic year (all respondents, %)



D1 - In what ways (if any) have you altered your provision for the upcoming 2023/24 academic year compared to 2022/23?

Unweighted sample base 2,154

Curriculum

The financial pressures reported by schools have not resulted in significant changes to curriculum provision for the 2023/24 academic year among the majority. More than three quarters (77%) of schools have not made changes to the overall breadth of the curriculum, with one in ten saying this has decreased and a similar proportion (9%) that it has increased. The proportion who have not made changes to curriculum breadth was similar for primary schools (78%) and secondary schools (76%), however secondaries were more likely than primaries to report decreases to overall breadth (13% compared with 9%). The proportion increasing curriculum breadth was similar across phase (9% of primaries and 8% of secondaries).

Over seven in ten (71%) schools reporting financial pressures that required substantial changes to provision were not making changes to curriculum breadth. The proportion of this group planning a decrease in curriculum breadth was higher than for those under pressure requiring quite a few changes (16% compared with 6%).

More than two thirds (68%) of schools have not changed the number of higher delivery cost subjects offered. Almost one in five (19%) were decreasing the number while 8% were increasing. Secondary schools were more likely than primary schools to be increasing higher delivery cost subjects (11% compared with 7%) but the likelihood of decreasing or maintaining these subjects did not differ by phase. The proportion of schools and academies decreasing provision in this way rose to 27% among those reporting financial pressures that required substantial changes to provision.

Similarly, interview participants reported that protecting the school curriculum offer was a main priority. However, at the primary phase, there was some evidence of changes and/or threats to the arts curriculum provision:

> We can no longer afford a music teacher. The only way we have music teaching is because the Parent Teacher Association (PTA) have given us some money towards it. – *Primary Academy in a SAT*

One leader of a special school reported that the reduction in classroom-based support staff had put pressure on the life skills curriculum as there were insufficient numbers of staff to take the pupils into the community regularly to practise their skills.

Teaching

More than seven in ten (72%) schools have not changed their number of teaching hours with 12% decreasing and 14% increasing them. Secondary schools and academies were more likely than primaries to be increasing teaching hours (24% compared with 12%). While more than two thirds (69%) of schools reporting financial pressures that required substantial changes have not changed teaching hours, 19% were decreasing hours, compared with 10% of those under pressure requiring quite a few changes and 5% of those under pressure requiring only minor changes. Among those reporting financial pressures that required substantial changes, 12% were increasing hours. This was a similar proportion to those under pressure requiring quite a few changes (14%) but was lower than for those reporting pressures that required only minor changes (20%).

A third (33%) of schools were decreasing the number of specialist teachers employed for 2023/24, with 8% increasing these. Primary schools were more likely than secondaries to be decreasing the number of specialist teachers (35% compared with 26%) while secondaries were more likely to be increasing these (17% compared with 6% of primaries).

Nearly half (46%) of schools that reported financial pressures that required substantial changes to provision were decreasing their number of specialist teachers, compared with 30% of those under pressure requiring quite a few changes.

Qualitative interview participants reported a variety of changes that were being made to staffing structures to manage school budgets as a response to financial pressures including reducing teaching hours:

> We have reduced teaching staff to around 6 full time equivalent (FTE) lower for this September 2023 than last September 2022. Where one teacher left, we have employed a part-time teacher to replace them so we can still teach the curriculum. – *Secondary LA*

There was some evidence of schools introducing a recruitment freeze particularly for teacher roles or, at best, delaying appointments for as long as possible:

> The staffing structure has stayed static, and a decision has been made not to recruit a head of sixth form, so the school business manager is setting up the sixth form. We should have ideally two additional members of the senior leadership team, but this has been put off for a year. – *Secondary Academy in a MAT*

Other changes to staffing structures that were less commonly reported were reduced hours – whether in a new contract or by staff request; appointing Early Career Teachers whenever possible to reduce the pressure on the staff salaries budget; teachers returning to full teaching allocations; senior leaders increasing their teaching allocation; and middle and senior leadership team restructures.

Whether changes were made to staffing structures or not, participants described that very careful consideration was given to whether a role should be automatically replaced when a vacancy arose and, if so, whether it would be a like-for-like replacement.

Learning Support

Over half (55%) of all schools had increased the extent of SEND support for the upcoming year. One in five (19%) were decreasing the extent of this support but this may reflect a minority of schools having fewer pupils with SEND than in the previous year. Primary schools were more likely than secondaries to have decreased the extent of SEND support (20% compared with 15%). Among schools reporting financial pressures that required substantial changes, 29% were decreasing SEND support, compared with 15% of those under pressure requiring quite a few changes. These findings were reflected in the discussion of challenges related to meeting demands for SEND provision in the qualitative interviews.

While a third of schools (33%) were increasing provision for additional classroom support such as teaching assistants, two in five (41%) were reducing this. Primary schools were more likely than secondaries to be decreasing classroom support (44% compared with 25%), potentially reflecting the higher proportion of primaries reporting financial pressures. More than half (55%) of schools reporting financial pressures that required substantial changes were decreasing classroom support and just over a quarter (26%) were increasing it. Among those reporting financial pressure requiring quite a few changes to provision, 37% were planning to decrease classroom support and 34% were planning to increase it.

Qualitative interview participants reported not replacing classroom-based support staff as well as other support staff roles such as members of the site team, catering, nursing, pastoral support, office staff and technicians:

> We have not replaced some support staff from administration, medical, a behaviour support officer and one of the site maintenance team. – *Secondary LA*

The increased use of fixed term contracts, especially for classroom-based support staff was described as another common change to staffing structures:

> We have done a lot of 6 and 12-month fixed term positions even though we know we need those persons permanently. It gives us the flexibility in case there are funding cuts…. but it does however make it harder to recruit. – *MAT, 6-10 schools*

As with teaching hours, qualitative interview participants described that considerable time was spent, giving very careful consideration to any contract changes.

Resources

Curriculum resources[14] were one of the most common areas where provision was changing, with 39% of schools decreasing curriculum resources and 15% increasing them. Primary schools were more likely than secondaries to be decreasing curriculum resources (41% compared with 33%). More than half (54%) of those under financial pressures requiring substantial changes were decreasing provision for curriculum resources, compared to over a third (36%) of those reporting pressure requiring quite a few changes.

The majority of schools (64%) were not changing provision for the use of ICT in teaching, with similar proportions increasing (18%) and decreasing it (17%).

[14] The sorts of resources associated with this are textbooks, worksheets, lesson plans, teacher guides

Enrichment / extracurricular activities

Around a third of schools reported decreases to school trips (36%), and enrichment activities (33%), with smaller proportions increasing provision in these areas (14% and 15% respectively) and just under half (47% and 49% respectively) not changing provision. Just under one in five (19%) were reducing provision for extracurricular activities and the same proportion (19%) were increasing provision, with three in five (61%) keeping it the same.

Primary schools were more likely than secondaries to be reducing provision for school trips (38% compared with 22%) and enrichment activities (35% compared with 23%). Among secondaries, the proportion increasing school trips (22%) was the same as the proportion planning decreases.

Those under financial pressures requiring substantial changes were again more likely than other schools to be decreasing provision in these areas: 44% were reducing provision for school trips compared to 34% of those under pressure requiring quite a few changes and 25% of those under pressure requiring minor changes. Similarly, 45% of those under financial pressures requiring substantial changes were decreasing enrichment activities, compared to 29% of those under pressure requiring quite a few changes and 18% of those under pressure requiring minor changes. Just over a quarter (26%) of those under pressures requiring substantial changes were decreasing extracurricular activities compared to 16% of those under pressure requiring quite a few changes and 11% of those under pressure requiring minor changes.

Schools in the qualitative interviews described large increases in costs for school trips (particularly for coach travel) which were presenting challenges, particularly for smaller schools.

How schools respond to financial pressures: Decision-making and priorities when setting budgets

Priorities when setting budgets

Schools were asked to specify their three main priorities when allocating budget for their current financial year[15]. Figure 4 highlights that the overall staff pay bill was the greatest priority, mentioned by over half (55%) as their first priority, and by over three quarters (78%) as one of their top three priorities. A further one in five (19%) specifically mentioned the teacher pay bill as their first priority while three in ten (30%) overall mentioned this in their top three priorities. Improved SEND support was cited in the top three priorities by 42%, likely reflecting the SEND issues noted in the previous section, while 32% chose premises maintenance and improvement requirements as a top three

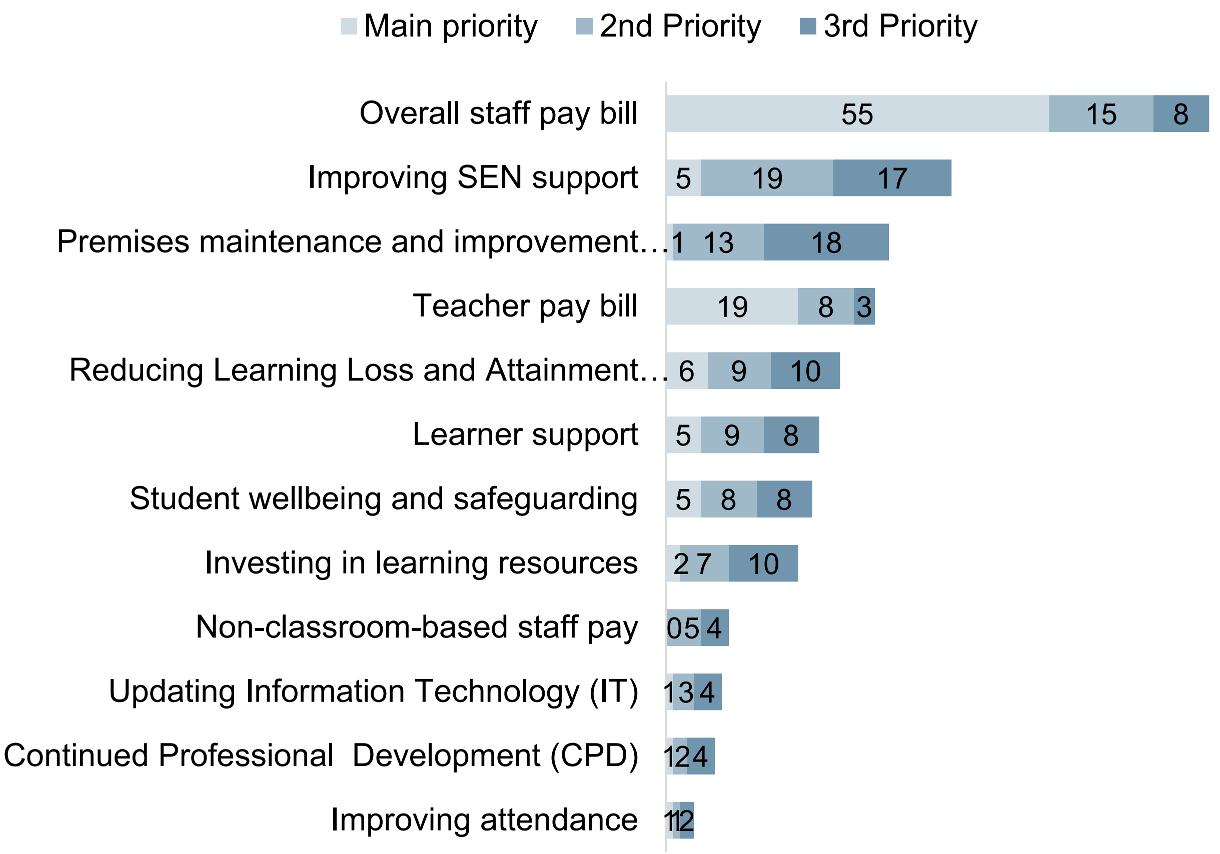
[15] As a reminder, at the time of the survey this was 2023-24 for LA schools and 2022/23 for academies.

priority. A quarter (25%) mentioned reducing learning loss and attainment gaps as one of their top three priorities, and around one in five learner support (22%), student wellbeing and safeguarding (20%) and investing in learning resources (18%).

While the overall staff pay bill was the most common top three priority for all school types, there were some differences in prioritisation, some of which may be linked to school characteristics (Table A3-4). Improving SEND support was a priority in nearly half of primaries in MATs (47%) and a similar proportion of primary maintained schools (44%) compared with just over a quarter (27%) of secondary maintained and secondaries in MATs. Premises maintenance and improvement was the second most common priority for secondary maintained schools (40%) and secondary SATs (43%) but was less likely to be cited by secondaries in MATs (27%).

The priorities for schools who reported financial pressures requiring substantial changes to provision were similar to those of other schools, although they were more likely to select improving SEND support (47%) as a top three priority compared to schools reporting financial pressures that required 'quite a few' changes (39%).

Figure 4: Top three priorities for LA maintained schools and academies when setting budgets for their current financial year (all respondents, %)



B1: What were your three main priorities when you allocated your budget for the current financial year?

Unweighted sample base 2,154

Despite reported increases in financial pressure on budgets, spending priorities had not changed since the previous financial year for the majority of schools. Seven in ten (70%) schools reported that their priorities were the same as in the previous financial year, with no differences across school type. Among schools who reported their priorities had changed from the previous financial year, “reducing learning loss and attainment gaps” was the second most common priority reported for the previous financial year (after overall pay bill).

As noted above, spending priorities for the majority have not changed in the last two financial years. That said, there is some variation in the data. Schools that reported being under financial pressure that they felt required substantial changes to spend and provision were less likely to say that their priorities were unchanged (66% compared with 71% of those under pressure requiring quite a few changes and 74% of those under requiring minor changes).

The interview analyses found similar trends to the survey regarding spending priorities for 2023-24 for LA maintained schools and 2022/23 for academies, irrespective of type of school and the extent of financial pressures experienced, which were:

- staff pay (including teacher and support staff pay awards)
- supporting students with EHCPs and pupils with SEND, with an increasing emphasis on pupils with social, emotional and mental health difficulties
- buildings and premises

These priorities were reported as similar to the previous year, with perhaps, slightly less emphasis on staff pay and more on catching up on lost learning at that time. Participants from schools with limited or no reserves reported having very little choice in terms of setting their spending priorities as staff salaries took up most of the budget:

> Once we've got the staffing in there isn't a lot left. So, to be fair, there aren't many strategic decisions to be made – *Primary LA*

Participants from schools which had judged their current financial position as more secure, were concerned about allocating funds, for example, to new buildings or development projects, and were exercising caution because of the unpredictability and uncertainty around current financial pressures facing schools, wider funding concerns and wanting to not put at risk the financial stability of the school.

Use of reserves[16]

All schools are encouraged to keep a reasonable level of reserves to deal with pressures and emergencies, but holding high levels of reserves of funding intended for education for long periods is not encouraged. Overall, seven in ten (71%) schools with a cumulative surplus had used their reserves in their respective 2022-23 and 2022/23 years. Three quarters (75%) of primary maintained schools and two thirds (67%) of secondary maintained schools with a cumulative surplus had used some of their reserves in the 2022-23 financial year. Contributing to overall staff costs was the most common use of reserves for primary maintained schools (47%), followed by supporting energy or utility costs (24%). One in five (20%) had done so to meet unspecified SEND needs and 13% for SEND staff needs.

Contributing to overall staff costs was also the most common use of reserves for secondary maintained schools (39%) (Table A3-5), followed by building repairs and maintenance (29%) energy or utility costs (20%) and upgrades to buildings (15%).

Seven in ten (70%) primaries in MATs and 57% of secondaries in MATs with a cumulative surplus had used some of their reserves in the 2022/23 year, as had 71% of primary SATs and 67% of secondary SATs.

Staff costs and building repairs/ maintenance were the most common use of reserves for primaries (30% for each) and secondaries (31% for each) in MATs. Similar to maintained schools, one in five (20%) primaries in MATs using reserves had done so to meet unspecified SEND needs and 13% for SEND staff needs. Nearly a quarter of primaries and secondaries in MATs (23%) using reserves were doing so to meet energy or utility costs.

The qualitative analysis highlights that, despite additional funding for schools announced in November 2022, schools were using some of their reserves. As with the additional funding, interview participants reported that reserves were primarily being used for staff pay, increased costs due to inflation, support for pupils with SEND and school building maintenance:

> Yes, we have had to use reserves this year. Looking at our three-year budget, if there is no more funding, we have three years of reserves left. They are being used for general, day-to-day costs. When expenditure is increasing at twice the rate of income, you are using your reserves to fund operations. – *MAT, 11 plus schools*

Although this context might be managed for a year or two using current reserves, it was reported in the interviews that, without some significant changes in, for example, a return

[16] The survey asked whether and how reserves were being used but did not ask the proportion or amount of reserves being used

to more manageable inflation costs and SEND funding models, then the financial outlook, particularly those with more financial risk factors and who were experiencing greater financial pressures, would look less secure. The concern was that in turn, this would entail significant cuts to staffing and provision which had been avoided to date:

> Half a million has gone from our reserves this year to top up staff pay, energy and day-to-day costs. This will be prolonged unless something happens with funding in schools. Our biggest school has always been financially robust and now that school is struggling, and it has a waiting list. There is no way to get more money in for that school, we can't increase class sizes. Unless we make fundamental changes, which means chopping our staffing down massively, then in about two years we will have no reserves left. – *MAT, 6-10 schools*

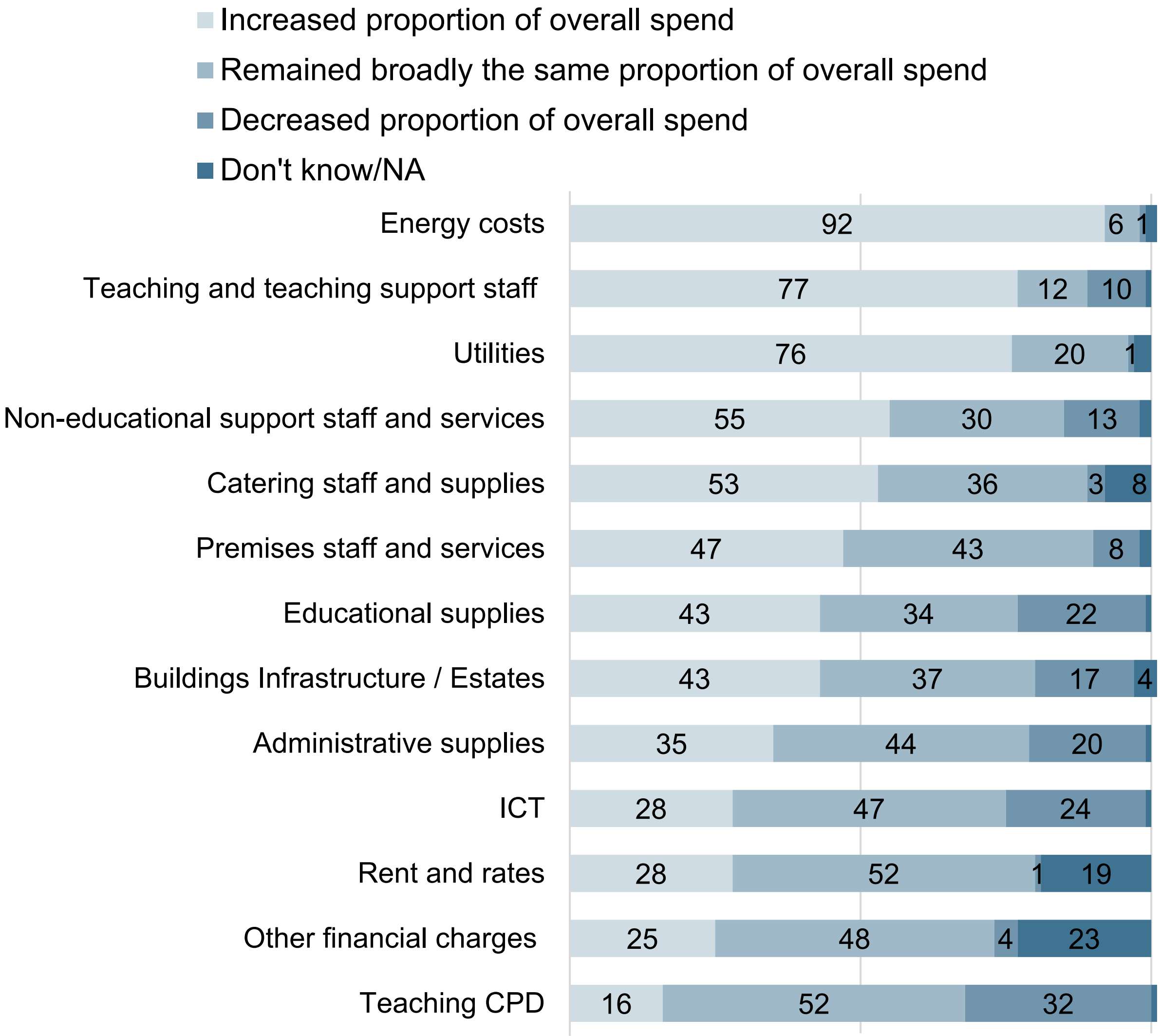
How schools responded to financial pressures: Changes in school spending categories from previous financial year

The section above reported how most schools feel under more financial pressure this current financial year[17] than last. Figure 5 outlines reported changes in the projected proportion of overall spending compared to last financial year across a number of spend/budget lines. Overall, nine in ten schools (92%) reported an increased proportion[18] of spending on energy costs, and three quarters on teaching and teaching support staff (77%) and utilities (76%). Around half projected an increased proportion of spending on non-educational staff (55%), catering staff and supplies (53%) and premises staff and services (47%).

Conversely, the spend/budget lines most likely to be projected to receive a decreased proportion of spending were: Teaching CPD (32%), ICT (24%), educational supplies (22%), administrative supplies (20%) and building infrastructure/estates (17%). For each of these spend/ budget lines, schools were more likely to project the proportion of spending remaining broadly the same than they were to project a decrease.

[17] 2023-24 from 2022-23 in LA maintained schools, 2022/23 from 2021/22 in academies
[18] It is important to note the survey asked whether certain budget/spend lines increased, decreased, or remained broadly the same as a proportion of overall spend, not the extent of that change from one financial year to the next

Figure 5: Changes in projected proportion of spending compared to last financial year (all respondents, %)



C2: Compared to last financial year, has the projected proportion of your spending on the following changed?

Unweighted sample base 2,154

The most common areas where spending was projected to increase for LA maintained schools in 2023-24 were fairly consistent between primaries and secondaries, focusing on energy costs, utilities, teaching and teaching support staff, and non-educational support staff and services. Secondary maintained schools were more likely than primaries to project an increased proportion of spending on non-educational support (61% compared with 51%) and building infrastructure/ estates (50% compared with 40%). Primary maintained schools were more likely than secondaries to say that spend on building infrastructure and estates would remain broadly the same (39% compared with 25%). The areas where spending was most likely to be projected to remain broadly the same were the same across primary and secondary maintained schools: rent and rates (55% for primary and secondary maintained schools), other financial costs (50%

and 44%), CPD (53% and 63%), ICT (49% and 47%), premises staff and services (47% and 43%).

The budget/ spend lines where SATs and academies in MATs most commonly reported projected increased proportions of spending in 2022/23 were similar across academy type, focusing on energy, utilities, teaching and support staff and non-educational support services. Secondary SATs were less likely to report projected increase in proportion of spending on utilities (53% compared with 73% of secondaries in MATs). Increased proportion of spending on rent and rates was more likely to be projected in primaries in MATs (32%) than in secondaries in MATs (23%) or in SATs (10% of primary SATs and 12% of secondary SATs). The proportion of spending on ICT, CPD and administrative supplies was in each case more likely to remain the same than to increase or decrease across primary and secondary SATs and MATs.

When examined by extent of financial pressure experienced, among schools that reported being under financial pressure that required ‘substantial’ changes the budget/spend lines most likely to increase were energy (92%), utilities (79%) and teaching (74%). The ones most likely to decrease were teaching CPD (43%), ICT (32%) and educational supplies (29%) and the ones most likely to remain broadly the same were rent and rates (48%), other financial costs (45%) and ICT (44%).

The picture for those experiencing financial pressures requiring ‘quite a few’’ changes is similar, with energy (92%), teaching (80%) and utilities (76%) the budget/ spend lines where increased proportion of spending was more likely to be seen. The budget/spend lines where this group were most likely to project decreased proportion of spending were again teaching CPD (28%), ICT (21%) and educational supplies (20%) while the areas most likely to remain the same were teaching CPD (57%), rent and rates (54%) and other financial costs (49%).

Schools that said they were under pressure and having to make substantial changes to spend profiles and provision were more likely than those requiring quite a few changes to provision to project a decrease in the proportion of spend in most spend/budget lines (except energy, utilities, rent and rates and catering staff and supplies). They were more likely to project an increased proportion of spending on catering staff and supplies (58% compared with 52%).

Capital

A specific question was asked on the nature of any capital spending change in response to financial pressures felt. Three in ten (31%) of all schools reported no changes to the overall capital spend, and a further 9% were unsure. A quarter (25%) had reduced regular maintenance activity, and a similar proportion (24%) had rebalanced spend on the estate across capital and revenue budgets. One in five (20%) had reduced spend on estates management, and one in ten (10%) had increased spend on estates management.

Primary SATs and primary maintained schools were more likely to report no changes to overall capital spend (45% and 35% respectively). Secondary SATs and secondaries in MATs were more likely than average to have rebalanced spend on the estate across capital and revenue budgets (34% and 30% respectively).

Schools that reported being under financial pressure requiring substantial changes to spend and provision were more likely than those under pressure requiring quite a few changes to have reduced regular maintenance activity (34% compared with 23%) and to have reduced spend on estates management (27% compared with 18%).

The impact of changes in spending on schools

The interview analyses identified four main themes concerned with the immediate impact for schools of the changes in spending. These were challenges for: strategic planning; staff workload and wellbeing; provision for students with SEND; and offering wider educational experiences. In the medium to long term, pupil engagement and the quality of the curriculum offer were the main concerns if the current financial pressures continued for any extended period. Throughout the qualitative analyses, the extent or level of impact felt was exacerbated by a school's individual context with respect to financial risk factors.[19]

Interviewees described that a major challenge was not having all the information required, and at the appropriate time, to set a strategic budget. One cause of this was related to the unpredictability of the current financial climate, such as energy price rises, inflation costs and whether grant applications might be successful. The second cause was the timing of announcements such as the teachers' pay award, which did not always align with the school financial year. The third was the unknown associated with whether, when and how much additional funding might be made available to schools, to respond to the current financial pressures.

Second, schools which had made changes to staffing structures, were concerned about the impact for the workload, and therefore the wellbeing, of their staff. Specifically, the reduction of classroom support staff placed more demands on teachers and support staff remaining in the classroom. Additionally, if a school had a 90% teaching allocation,[20] teaching staff were under further pressure. In turn, leaders were concerned for the potential for a higher staff absent rate and increased pressures for staff to cover colleagues:

> Teachers are now teaching at full legal load whereas they used to teach a lower number of lessons. It is contractually appropriate, but we are needing them to teach more than they were 5 years ago otherwise the curriculum timetable won't function. This affects teacher wellbeing. – *Secondary SAT*

Third, interviewees described the reduction in staff, and particularly classroom-based support staff, as having implications for the provision of pupils without SEND but who still

[19] Financial risk factors identified in the interviews included - being a small school, old school buildings, falling rolls, rural location, high numbers of pupils with SEND, not having the space in school to capitalise on lettings potential, small reserves before the current financial health pressures, retention and recruitment challenges and not having the sufficient funds to take advantage of matched funding opportunities such as the National Tutoring Programme.

[20] Teachers are entitled to a minimum of 10% of timetabled teaching time for planning, preparation, and assessment (PPA) as part of their directed time.

require support with learning, as support staff time had to be directed towards statutory requirements and those pupils with an EHCP:

> Teaching assistants can only be used for statutory work. There is no support for pupil premium pupils. If this continues, it will not be possible to meet the 2030 targets for English and maths. – *Primary, LA*

> We have gone from having a teaching assistant in every class, to one teaching assistant across two classes. The support those children [without SEND but needing to catch up] will be reduced and the interventions they have are far fewer. – *Primary SAT*

A fourth effect of the changes in spending related to some interview participants' concerns with providing wider educational experiences and ones that addressed some of the social disadvantage in their communities. One of the most obvious examples of this was the reduction in school trips:

> It was costing £6,000 for funding a residential trip to London that would have been a memorable event, but we couldn't say yes as we don't have that money spare for non-essential activities – 5 years ago that would have been possible. My belief is that when children walk through one of our schools that we level the playing field, so that we offer activities, free of charge to extend the opportunities to all and now we're no longer able to do that. – *Secondary Academy in a MAT*

Changes in income-generating strategies

When asked if their income generation strategies had changed because of financial pressures experienced, more than two thirds of schools (68%) said yes. This was more common in primary schools (71% of primary maintained schools and primary SATs and 68% of primaries in MATs, compared to 58% of secondary maintained schools, 57% of secondaries in MATs and 52% of secondary SATs).

Figure 6 (below) summarises the areas in which schools had increased or decreased their income generation strategies and shows that applications for grants have seen the greatest increases, with two thirds (64%) of those who had made changes increasing their activities in this area. Over half had increased the number of times they request donations from parents (59%) and increased the amount of school marketing to prospective pupils (57%), and around half had increased the letting out of school buildings/premises to other groups and businesses (49%) and their exploration of matched funding (46%).

Primary schools were more likely than secondaries to have increased the number of times they request donations from parents. Nearly two thirds (64%) of primary maintained schools who had changed their income generation strategy had done this compared with 36% of secondary maintained schools and there were similar differences between primary SATs (61%) and secondary SATs (41%) and between primaries in MATs (63%) and secondaries in MATs (30%). Primaries were also much more likely than secondaries to have increased charges for before/after school clubs and wraparound care (for example, 64% of primary maintained schools changing their income generation strategies compared with 15% of secondary maintained schools) but this is likely to reflect greater provision in primaries.

Secondaries were more likely to have increased the extent of hiring out sports facilities to other groups. Among those who had changed their income generation, 64% of secondary maintained schools and 54% of secondaries in MATs had increased hiring out sports facilities compared to 34% of primary maintained schools and primaries in MATs. This is likely to reflect higher likelihood of having such facilities in secondary schools.

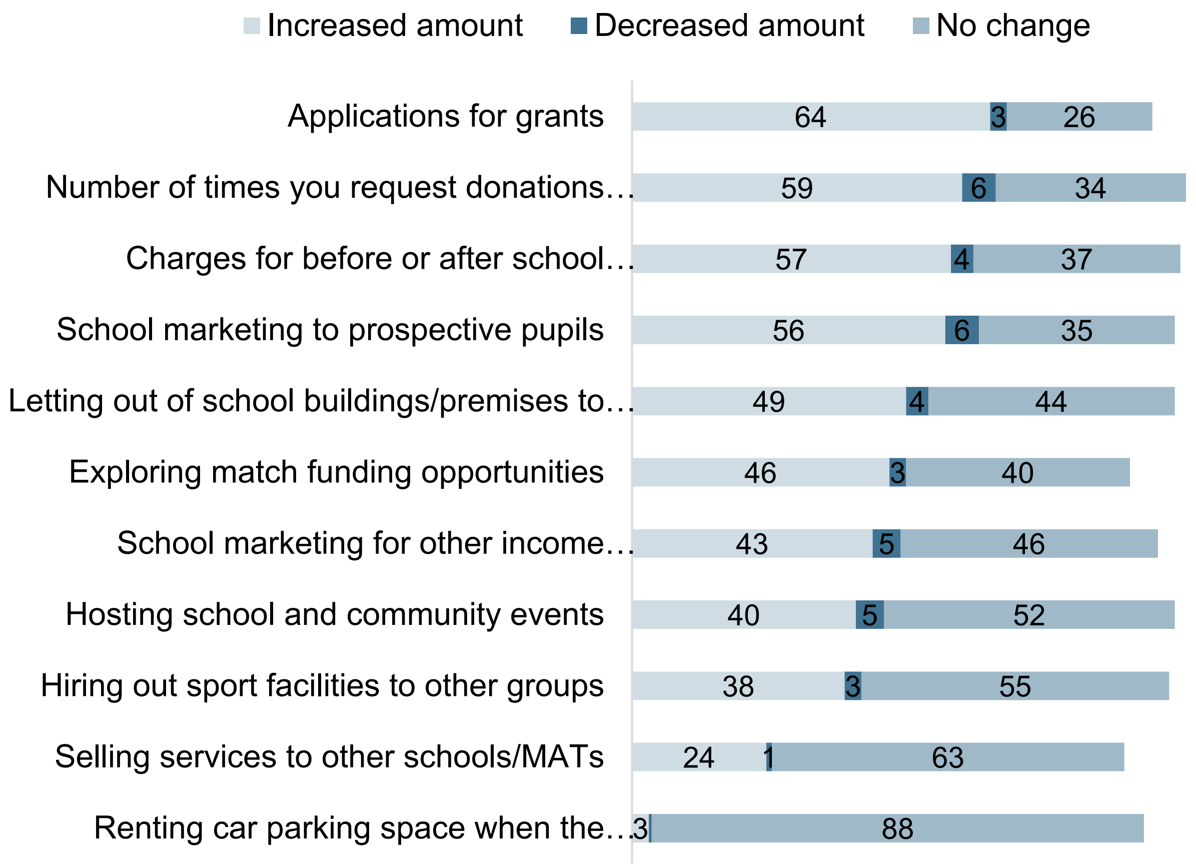
Secondaries were also more likely to have increased the extent to which they let school premises to other groups. This had been done by 68% of secondary maintained schools and 59% of secondaries in MATs, compared to 49% of primary maintained schools and 44% of primaries in MATs.

The proportion who reported changes in income generation activities increased from 52% of those under financial pressures where minor changes to spend profiles and provision were said to be required, to 77% of those experiencing financial pressures requiring substantial changes.

Schools who reported being under financial pressure requiring substantial changes were more likely than those reporting pressure requiring only minor changes to have increased the number of times they requested donations from parents (65% compared with 44%) and marketing for income generation other than for prospective pupils (49% compared with 34%).

Six per cent or fewer schools and academies who had changed their income generation strategies report making decreases in any of the areas listed.

Figure 6: How income generation activities have changed as a result of financial pressures (where changed income generation strategies, %)



A7A: How have they changed?

Unweighted sample base 1,353

In line with the survey findings, the interview analyses found that funding from grants and/or charities was one of the most used revenue-generating strategies. Alongside government grants, such as the Condition Improvement Fund (CIF), schools applied to charities and foundations to support curriculum and extra-curricular activities.

Where possible, schools were using lettings to increase revenue and for some, the additional income could make a very big difference, such as supporting extra-curricular activities:

> We have a lot of external lettings which generates £70K per year and all that goes to our extra-curricular offer. – *Secondary Academy in a MAT*

Secondary schools, due to generally having have more facilities and space, were more likely to report letting out all weather football pitches, school classrooms and swimming pools. In some instances, the revenue just covered the cost of running, for example, a swimming pool, but the benefits for staff and pupils alike made it a good investment.

The interview analyses found evidence that school improvement services were an important revenue stream for those schools with the expertise and capacity to offer such a service. This might involve a school seconding leaders to work in other schools such as described by one primary LA maintained school.

School improvement services as a source of generating revenue

In one primary LA school, some of the senior leaders were seconded to temporary leadership roles in local primary schools when required. In addition to increasing revenue, it was a good opportunity for staff professional development. Additionally, the headteacher had been working as a school improvement adviser for two days a week, for the past two and a half years, which contributed to school revenue.

Examples from other settings included a fully traded school improvement support service such as the one offered by one MAT:

> We have a trading arm for school support – it provides a significant proportion of free CPD to our schools and charges externally, for example, for SEND reviews of other schools, which has generated considerable additional income this year. We have a member in the operations team who is a National Leader and is deployed to schools and keeps them up to date with all the benchmarking and Value for Money tools. – *MAT, primary mainstream and special schools*

Individual context of a school and views on financial health this financial year

The interview analyses demonstrated the importance of individual school context and its likely impact on the extent of financial pressures schools feel they experienced. Two main themes emerged from the analyses:

- the cumulative effect of individual financial risk factors
- the protective factors common to more financially secure schools

Cumulative effect of individual financial risk factors on views

Those interview participants who felt that their schools were experiencing financial pressures reported several reasons, described here as financial risk factors, for their current financial health status. These risk factors included current financial pressures, such as, for example, inflation and staff salaries, but interviewees also described how the individual context of their school contributed to the current financial status. This individual context included:

- being a small school with fewer pupils in a class and therefore, for example, reduced margins to meet increased energy and building costs and contractors, such as coach companies, having introduced minimum charges
- old school buildings
- falling rolls
- rural location and having, for example, a greater reliance on coaches for necessary travel, such as for swimming lessons
- high numbers of pupils with SEND
- not having the space in school to capitalise on lettings potential
- small reserves before the current financial health pressures
- increased recruitment costs, particularly felt by those schools facing retention and recruitment challenges
- not having sufficient funds to take advantage of matched funding opportunities such as the National Tutoring Programme

Each one of these in and of itself could be described as a financial risk factor. Therefore, it becomes clearer why a small primary school, in a rural location with high numbers of pupils with SEND and small reserves before the challenges faced because of increases in the cost of living, was less likely to feel in a secure financial position at the time of the interviews. Alternatively, a large urban secondary school might have financial difficulties because their old buildings compromise lettings potential, they have been unsuccessful with bid applications, and might be based in an area where staff recruitment and retention are more challenging and therefore, more money needs to be spent on recruitment and supply costs.

Many of the interview participants described how, depending on the number of financial risk factors relevant to their setting, these had a cumulative effect on how they felt about the financial health of their school. One or two financial risk factors, along with the current financial pressures, could be financially managed. However, for those schools which experienced a few or in some cases many of these risk factors, this helps to account in part for most of the participants reporting that they felt the current financial pressures were likely to be more long term.

Common features of schools feeling financially secure

Conversely, the interview analyses showed common features of schools that felt in secure financial health or could manage with just a few changes to the budget. There were several reasons why a school might be in a secure position, and these could be described as financial ‘protective’ factors that contributed to being able to manage the current financial pressures facing schools. The most common protective factors identified in the analyses were:

- sufficient reserves accumulated before the current financial pressures
- large school size
- pupil numbers increasing and/or exceeding the current Published Admissions Number (PAN)
- increase in sixth form pupil numbers
- new school buildings
- recent successful grant applications such as from the Condition Improvement Fund (CIF)
- having buildings and relevant outdoor space to capitalise on lettings potential
- staff flexibility to offer school improvement services

One primary school leader described this cumulative effect:

> We are in a good financial position, so it makes it easier. We just seem to be all right, we have massively high pupil premium numbers, we are able to keep our head above water. We are a big school [with many new buildings] which is an added luxury. Some of the schools that we have supported have been really small schools and actually two extra children can make a big difference. I have just been approached to do some school improvement work for one day a week next year so that will be extra into our reserves. – *Primary LA*

Comparison with previous financial year

Schools were also asked the same question about their perception of their financial health, but in the previous financial year (i.e.,2022-23 for LA maintained schools and 2021/2022 for academies in MATs and SATs) (Table 4, Table 5). Overall, their perception was more positive in the preceding financial year (Table A3-1 and Table A3-2 in Appendix 2 show perceptions for both financial years).

Table 4 LA maintained schools' views on financial position in 2022-23 financial year

	LA maintained primary (795)	**LA maintained secondary (168)**
We feel financially secure and don't have to make changes to usual spend profiles and provision.	10%	15%
We are under some financial pressure, but these can be managed through minor changes to spend profiles to accommodate this.	42%	39%
We are under some financial pressure and are having to make quite a few changes to spend profile and provision to accommodate this.	30%	29%
We are under financial pressures which require substantial changes to spend profiles and provision to accommodate this.	18%	17%

Unweighted sample base shown in brackets above

Table 5 Academies views on financial position in 2021/22

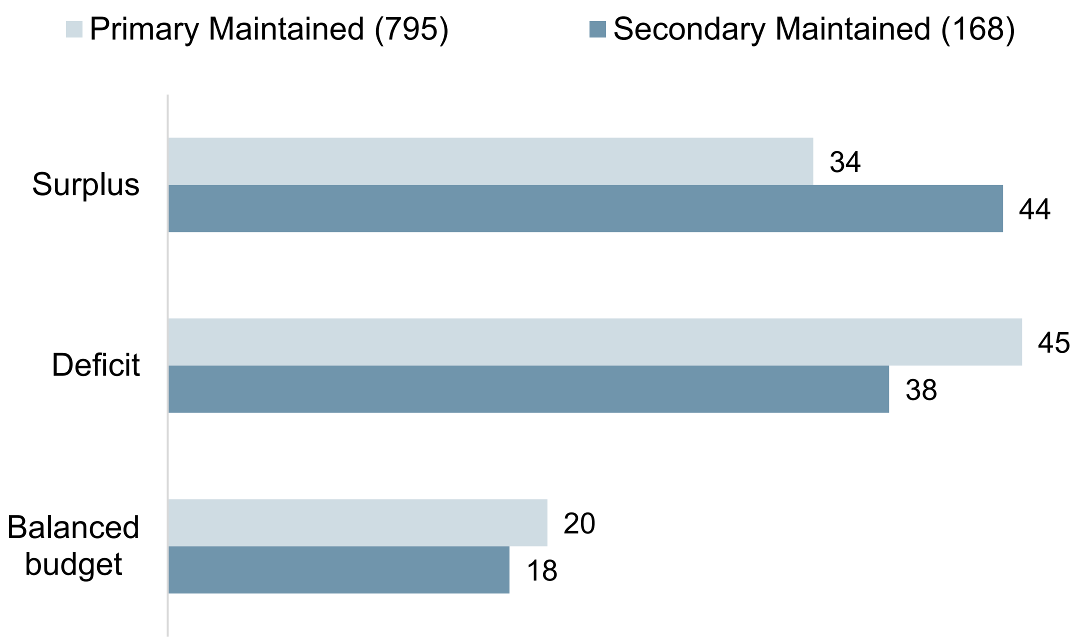
2021/22 FY	Primary SATs (82)	Secondary SATs (180)	Primaries in MATs (571)	Secondaries in MATs (358)
We feel financially secure and don't have to make changes to usual spend profiles and provision.	33%	34%	18%	28%
We are under some financial pressure, but these can be managed through minor changes to spend profiles to accommodate this.	44%	43%	46%	45%
We are under some financial pressure and are having to make quite a few changes to spend profile and provision to accommodate this.	20%	18%	26%	21%
We are under financial pressures which require substantial changes to spend profiles and provision to accommodate this.	3%	6%	10%	7%

Unweighted sample base shown in brackets above

Self-reported financial position

When asked about their final in-year income versus expenditure position for the most recent financial year (2022-23), just over a third of primary maintained schools (34%) reported a surplus, 20% a balanced budget, while 45% reported a deficit (Figure 7). Among secondary maintained schools, 44% reported a surplus, 18% a balanced budget and 38% a deficit. It is important to note that these assessments are self-reported, do not cover the extent of any surplus or deficit, nor are they formal financial returns (i.e. consistent financial reporting (CFR). The CFR data on the actual financial position of maintained schools in 22-23 shows 61.4% of primary and 47.0% of secondary maintained schools had a negative in-year balance[21].

Figure 7: Self-reported financial position for the 2022-23 FY (all LA maintained school respondents, by phase, %)



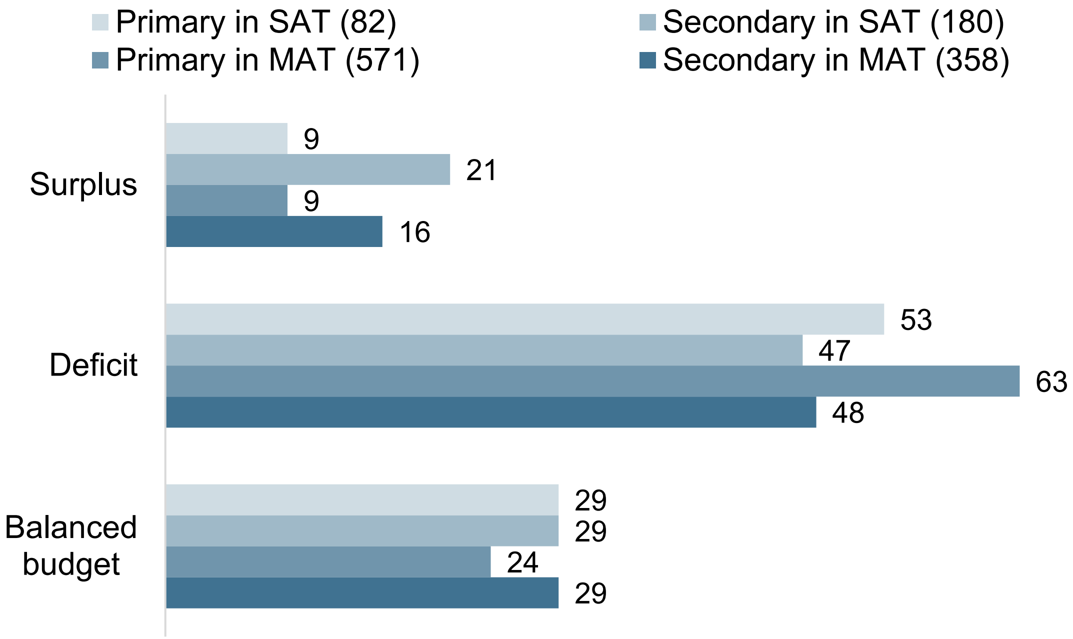
A3: What was your final in-year income vs. expenditure position for the 2022-23 financial year?

Unweighted sample bases in parentheses

SATs and academies in MATs were asked what they expected their final in-year position to be at the end of the 2022/23[22] year (Figure 8). The proportion of primary SATs and primaries in MATs expecting a surplus (9% for each group) was lower than for secondary SATs (21%) and secondaries in MATs (16%). More than three in five (63%) primaries in MATs reported an expected deficit (63%), as did around half of secondaries in MATs (48%), primary SATs (53%) and secondary SATs (47%). As above, these are answered as expectations in a survey not formal returns, i.e. budget forecast returns (BFR) or academies' accounting returns (AARs).

[21] Source: [LA and school expenditure, Financial year 2022-23 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)]
[22] This is the financial year for academies ending in July 2023 which was after the survey fieldwork closed.

Figure 8: Self-reported expected financial position for the 2022/23 year (all academies respondents, by academy type and phase, %)



A3: What do you expect your final in-year income vs. expenditure position for the 2022/23 financial year?

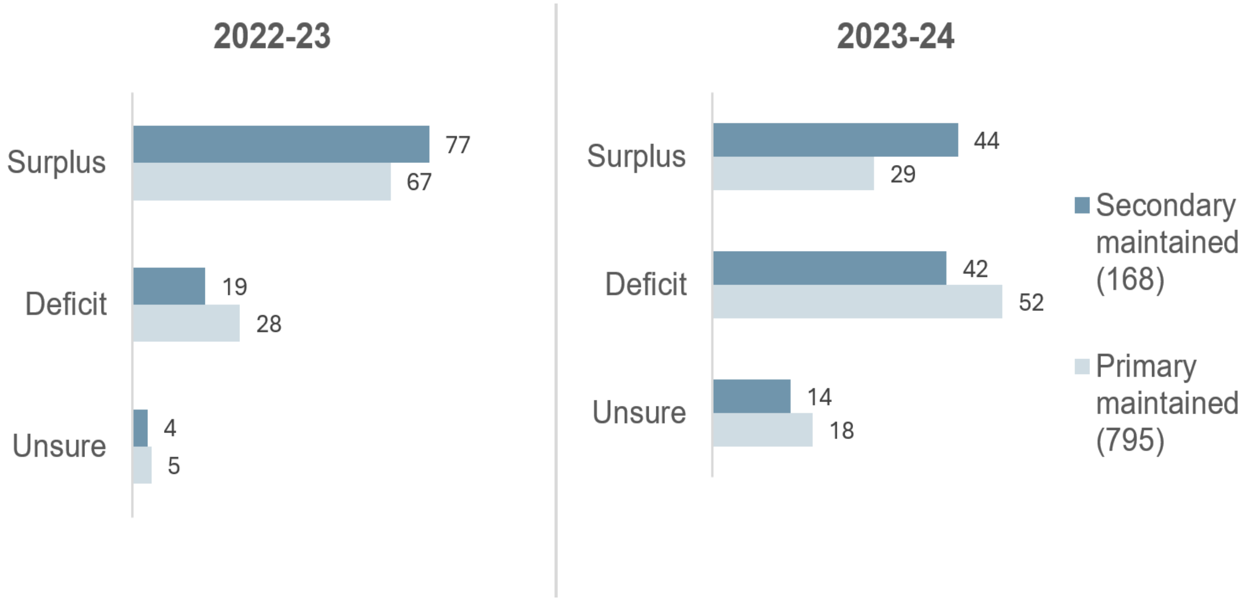
Unweighted sample bases in parentheses

Outlook

The majority of LA maintained schools (67% of primaries and 77% of secondaries) reported that their cumulative position (including revenue reserve) for the 2022-23 financial year had been a surplus, but their outlook for the following financial year (2023-24) was more negative (Figure 9). Just over half (52%) of primary maintained schools and 42% of secondary maintained schools said that they expected their cumulative position for 2023-24 to be a deficit. Reflecting that the survey took place relatively early in the financial year, 18% of primary maintained schools and 14% of secondary maintained schools were unsure of what their position would be. Actual data on size of financial reserves in 22-23 shows a more positive picture than reported, with 87.5% of primary and 85.3% of secondary maintained schools having a positive revenue reserve at the end of 22-23[23].

[23] Source: LA and school expenditure, Financial year 2022-23 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

Figure 9: Self-reported cumulative position for 2022-23 and expected position for 2023-24 (all LA school respondents, by phase, %)



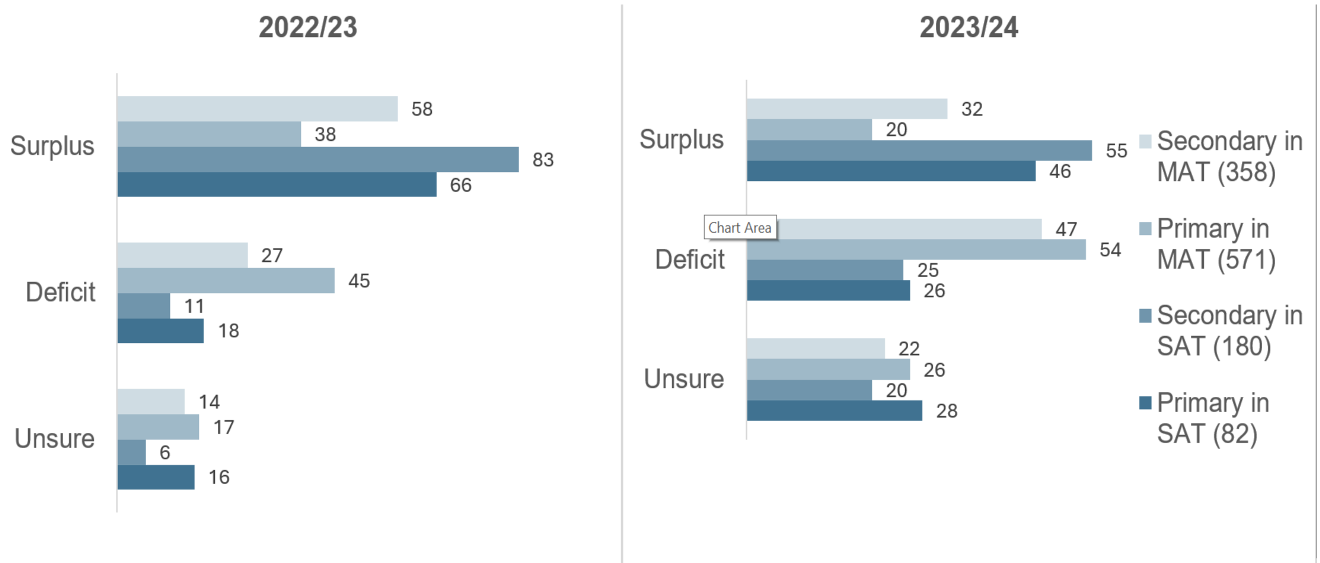
A4: What was your cumulative position (inc. revenue reserve) in 2022-23 and what do you expect it to be for 2023-24?

Unweighted sample bases in parentheses

SATs and schools in MATs were asked what they expected their cumulative position to be for 2022/23 and 2023/24 (Figure 10). Most SATs (66% primary and 83% secondary) expected a surplus for 2022/23 with 18% and 11% respectively expecting a deficit. There was, understandably, a higher degree of uncertainty for expectations in 2023/24, with 28% of primary SATs and 20% of secondary SATs unable to predict their position, while around a quarter (26% primary SATs and 25% secondary SATs) expected a deficit.

Primaries in MATs were less likely than secondaries in MATs to expect a surplus in 2022/23 (38% compared with 58%) and more likely to expect a deficit (45% compared with 27%). Secondaries in MATs appeared to have more negative expectations for 2023/24 compared with 2022/23, with 47% expecting a deficit. Again, there was greater uncertainty around expectations for 2023/24 with 26% of primaries in MATs and 22% of secondaries in MATs unable to predict their position.

Figure 10: Self-reported expected cumulative position for 2022/23 and 2023/24 (all academies respondents, by academy type and phase, %)



A4: What do you expect your cumulative position (inc. revenue reserve) to be for 2022/23 and what do you expect it to be for 2023/24?

Unweighted sample bases in parentheses

Drivers of financial pressures: survey findings

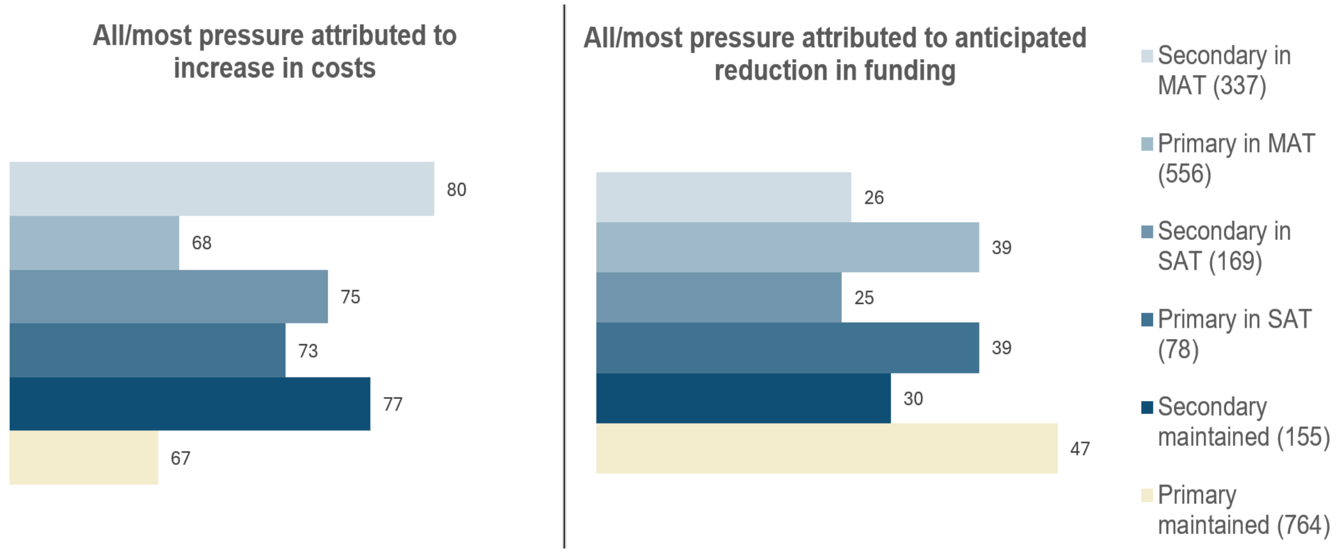
Financial pressures were perceived by the majority of schools to be largely driven by cost increases, but funding[24] was also perceived to play a significant role for primary schools.

More than three quarters of secondary maintained schools (77%) and secondary academies in MATs (80%) experiencing financial pressures reported that these were all or mostly driven by cost increases, while 67% of primary maintained schools and 68% of primaries in MATs reported this (Figure 11).

Nearly half (47%) of primary maintained schools said that an anticipated reduction in funding was a major driver of financial pressures. This was driven by smaller primary maintained schools, who were less likely than larger primary maintained schools to say that pressures were all or mostly due to costs (61% cf. 71%), and more likely to say that they were all or mostly due to reductions in funding (52% cf. 43%). Core funding per pupil has increased so this perception is likely based on individual school characteristics, for example falling rolls in primary schools having a greater impact on funding for smaller schools (i.e., schools are receiving funding for fewer pupils).

[24] As noted above, the survey question did not further specify ‘reductions in funding’ but this was intended to cover falls in pupil numbers which reduce the funding schools receive, as school funding would not otherwise have reduced

Figure 11: Extent to which financial pressure felt can be attibuted to increased costs / an anticipated reduction in funding (all reporting financial pressure, by school/academy type and phase, %)



A2A: How much of this financial pressure can be attributed to an increase in costs (expenditure) to run the school / institution? (chart on left)[25]

A2B: How much of this financial pressure can be attributed to a/an anticipated reduction in funding (income)? (chart on right)

Unweighted sample bases in parentheses

Unlike all other regions, where costs were cited to a much greater extent than reduced funding, schools in London were almost as likely to attribute all or most of this pressure to reduced funding (53%) as increased costs (59%). This may reflect the decline in pupil numbers in London.[26]

When asked in the survey what else was contributing to pressures, schools tended to mention specific cost or funding drivers. Pay rises was the most mentioned factor across all school/ academy types and energy/utility bills the second most common in all except for primary maintained schools (Table A3-). The other factors raised as contributing to perceived financial pressures differed significantly by school/academy type. A drop in pupil numbers was cited by a quarter of primary maintained schools (26%), and this rose to 35% of small primary maintained schools. While falling pupil numbers was also cited by a similar proportion of primary SATs (23%), fewer primaries in MATs (14%) mentioned this, although this proportion rose to 20% of small primaries in MATs.

Cost pressures related to SEND provision were more likely to be cited in primary than secondary schools. Among primary maintained schools, issues raised included general

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[25] How much of this financial pressure can be attributed to an increase in costs (expenditure) to run the school / institution? Response options: All of it, most of it, some of it, none of it.

[26] Source: https://commonslibrary.parliament.uk/research-briefings/cdp-2023-0115/

SEND needs (22%), a high number of SEND pupils (14%) and the complex needs of SEND pupils (11%), with similar proportions of primaries in MATs raising these issues. In contrast, general SEND needs were mentioned by 6% of both secondary maintained and secondaries in MATs, while high numbers of SEND pupils were mentioned by 6% of secondary maintained and 2% of secondaries in MATs. However, pastoral care costs were more likely to be cited by secondary maintained schools (16%) and secondaries in MATs (14%), compared with primary maintained schools (6%) and primaries in MATs (5%).

Drivers of financial pressures: Interview findings

The interview findings supported the survey trends as to the main drivers of financial pressures felt. Similarly, it was possible to identify pressures because of rising costs including, for example, inflationary pressures, the costs of building maintenance and teacher and support staff pay awards. Participants' concerns related to funding were attributed to SEND related issues and a reduction in support from outside multi-agencies related to social, emotional, and mental health (SEMH) needs. These drivers were common across all types and phases of schools interviewed and there were no differences in reporting in the qualitative evidence between financially secure schools and those who felt under most financial pressure.

Rising costs as a driver of financial pressures

Inflation costs

Rising inflation was cited by participants as one of the most common drivers of financial pressures. Energy costs had risen for all schools, but at varying rates, with energy bills doubling or trebling compared with two to three years ago. The two quotes below illustrate the range of changes in two secondary schools:

> Energy was around £60-70k three years ago and is now £120k this year and £130k next year just for gas. Electricity used to be £16k but this year it is £25k and next year about the same amount. – *Secondary Academy in a MAT*

> The big one is energy costs. Energy costs for 2023-24 are £750k which is about a 400% increase on 2019-20. – *Secondary LA*

In addition to rising energy costs, participants described how several other school costs were rising, including catering, stationery, cleaning materials and photocopy contracts:

> When you look at other costs like cleaning, catering or even maintenance and buildings, it is not working because the costs are increasing far more. We have more schools now subsidising their catering. The increase in the Universal Free School meal payment is not enough when the costs are increasing by over 15%. Schools [in the MAT] are more and more having to subsidise catering, but this has to come out of the school education budget. – *MAT, 11 plus primary and secondary schools*

Schools commonly reported feeling the increase in coach travel cost for trips very keenly but especially in rural schools where there is no other means of travel. The situation is compounded by changing pricing models introduced by some coach companies. This issue, raised by one participant, is best exemplified by the following:

> The cost of school trips has gone up massively, coaches are always expensive because we are a small school with small class sizes, but a school trip has now gone from £20 to £35 per seat. We have found a lot of companies writing to us this year saying that there is now a minimum charge. – *Primary Academy in a MAT*

Ageing buildings and the rise in building costs

Many interview participants described the pressure felt on school budgets including having to maintain ageing school buildings. Some participants said they had not always been successful at being awarded grants or receiving funding applied for to replace or repair items such as flat roofs, old heating systems or to repair Victorian parts of a school site. Academy leaders of specialist settings described how some of their schools can be adversely affected by building costs because provision is often split across two sites, which is particularly the case for alternative provision settings. Whatever the age of a building, most participants described how inflation has increased the cost of building supplies from anything from 10 to 30 per cent.

Staffing pay awards costs

For those schools with a greater number of financial risk factors[27], the increase in staffing pay was a key driver of financial pressures. From the interview analyses, it was evident that schools had set aside funds that varied from a 3 to 5 per cent rise in teacher salaries. However, interviewees suggested that it was the amount of the support staff pay award announced in April 2022 (typically between 8 and 9%), more than the proposed teacher pay award, which was contributing to the financial pressures experienced by

[27] As noted on page 39 and 40

schools. This was because the award was higher than anticipated by many of the participants and because schools had to fund the pay rise from their own budgets. In addition, the contribution to local government pension schemes had risen from 19% to 25%. The support staff pay award caused greater pressures for those schools, predominantly primary and special schools, with much higher pupil to support staff ratios.

At the time of the interviews, the teachers' pay award for 2023/24 had yet to be announced. According to interviewees, this created financial uncertainty. The lack of certainty meant that those working within tight in-year budgets and/or small or no reserves were reluctant to spend funds on, for example, the routine refurbishment of parts of the school site.

SEND Funding costs

Concerns about SEND were the most reported source of funding pressures on school finances in the interviews. All interview participants referred to some aspect of SEND that contributed to the nature of financial pressures for their setting. There were two main and interconnected SEND financial pressures. First, participants (from all school types and phases) reported that their schools were experiencing an increase in the number of pupils with EHCPs:

> When I started here as a head teacher, we had 8 pupils on an EHC plan in the school. Now, nine years later, we're about to hit 50. – *Secondary LA*

Second, interview participants reported that there is insufficient or often delayed funding received from the LA held high needs funding block to cover the costs of providing support for this group of students:

> The numbers of pupils with an EHC plan have increased, this is across both of the Trusts that I am Chief Financial Officer for at the moment. We are just finding that we are not getting the funding or if we are, it is very late or it is taking a very long time. I have got heads saying to me, this child needs a one-to-one teaching assistant. At the moment you are probably looking at about £28,000 to provide that provision. Then you potentially are not going to get any income in at all to pay for that, or if it does come in, you are already nine months into the year and you have already put that provision in and have been being paying for it. You are supposed to get £6,000 in your usual GAG funding for a child with SEND. But even with that, we might possibly get a maximum of £15,000 back for that one child, and we are spending £28,000. – *MAT, 3-5 schools*

Covering the costs of reduced multi agency support for pupil mental health and wellbeing

It was very common for interview participants to report, that since the pandemic, there has been an increase in the number of pupils experiencing various social, emotional and mental health (SEMH) needs, resulting in very long waiting lists for multi-agency, social care and specialist support services for pupils experiencing such difficulties. The implications of this context, as described by the interview participants, are that schools are supplementing these costs with funds from other parts of the school budget, to strengthen provision for pupils with SEND through employing, for example, school counsellors, pastoral support workers, family liaison workers, and speech and language therapists:

> We had to recruit a counsellor one day a week, and a full time pastoral social worker due to the pull on CAMHS and thresholds lowered. The school is now like a mini-local authority which also supports the family and the community. – *Primary Academy in a MAT*
>
> We are spending £30k a year on services that historically would have been done by others such as the National Health Service or the LA. That £30k is the deficit. – *Primary Academy in a MAT*
>
> In 2015 we had one staff member with a pastoral role and now the team is 8 staff. – *Secondary Academy in a MAT*

MAT findings

A separate survey was conducted among MATs, recognising the important role they will play in the response to financial pressures felt in the academies that belong to their trust. Questionnaire topics for the MAT survey included the financial health of the trust in relation to central provision, priorities when responding to financial pressure and actions taken centrally to respond to financial pressures.

Trust views on financial health

MATs were asked about the financial health of their trust. Overall, 6% of MATs reported feeling financially secure, and a further third (33%) were under some financial pressure which could be managed through minor changes to spend profiles and provision provided centrally. By contrast, 43% were under some financial pressure and are having to make quite a few changes to spend profile and provision provided centrally, and 17% were under financial pressures which require substantial changes to spend profiles and provision provided centrally. This profile did not vary significantly by size of trust.

While overall, 42% of MATs said there are large differences in the financial health of individual schools within the MAT, unsurprisingly this increased from 30% of those with two schools to 50% of those with eleven or more schools. Close to half (48%) reported that there were some differences in the financial health of individual schools within the MAT, and one in ten (11%) said that the financial health of individual schools within the MAT was more or less the same, rising to 22% of those with two schools.

Over three quarters (77%) of MATs had used some trust reserves this financial year to help support one or more of their schools experiencing financial pressure, and this increased from 63% of those with two schools to 89% of those with eleven or more schools. At 90%, this was higher among MATs with 5,000 or more pupils, and at 91%, it was also higher among MATs that are facing financial pressures which require substantial changes to spend profiles and provision provided centrally.

Two in five (41%) MATs had used trust reserves for less than half of their schools, one in five (21%) had used them for around half of their schools, a similar proportion (17%) for more than half and the remaining one in five (21%) for all of their schools.

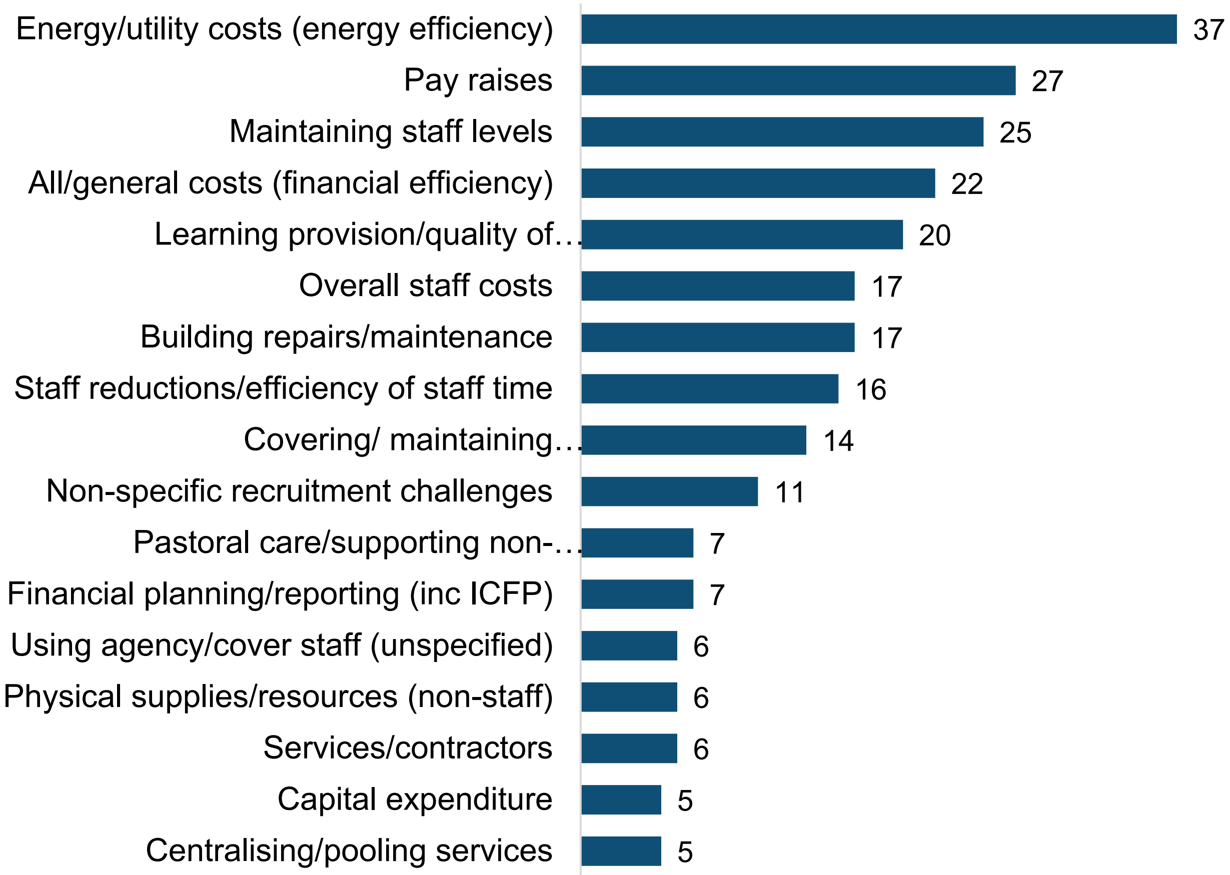
Trusts responses to financial pressures

MATs were asked to give their three main priorities when responding to financial pressures in 2022/23[28]. The most common priorities reported were energy/utility costs (37%), pay rises (27%), maintaining staffing levels (25%), all/general costs (22%), learning provision/quality of teaching/curriculum (20%), overall staff costs, building repairs/maintenance (both 17%), staff reductions/efficiency of staff time (16%) and covering/maintaining SEND (14%) (Figure 12). Other priorities were mentioned by around one in ten or fewer.

This pattern of response is largely consistent by size of MAT and number of pupils. MATs who reported financial pressures requiring substantial changes to provision were more likely to mention covering/ maintaining SEND provision (22%) compared with those reporting pressures requiring quite a few changes (14%).

[28] This was an open question, with MATS asked to enter three priorities (i.e., there was a not a pre-coded list)

Figure 12: Priorities in response to financial pressures for MATs (all MAT respondents, %, mentions ≥5%)



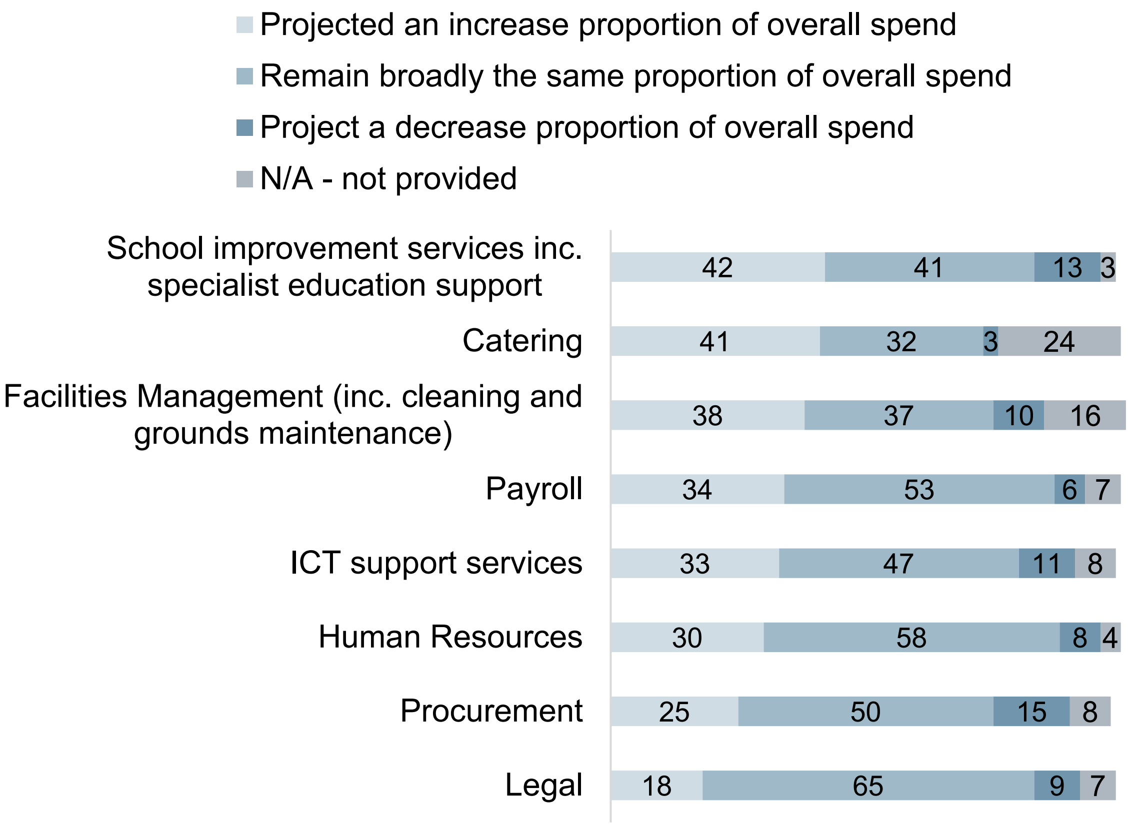
In response to financial pressures experienced this financial year (if any), what have been the main priorities?

Unweighted sample base 553

MATs were more likely to anticipate increases in the proportion of overall spend from the current 2022/23 year to the next (2023/24) for the eight key central MAT service functions, than to anticipate decreases (see Figure 13), with around two in five anticipating increases in overall spend on school improvement services (42%), catering (41%) and facilities management (38%).

Around a third anticipated that payroll (34%) will form an increased proportion of overall spend, and a similar proportion that ICT support services and human resources will do so (33% and 30% respectively). Again, few expected decreases in these areas (6%, 11% and 8% respectively).

Figure 13: Anticipated change in spending on MAT central services from this year to next year as a proportion of overall trust spend (all respondents, %)



B3: How do you anticipate spending on MAT central services changing from this financial year to next year as a proportion of overall trust spend?

Unweighted sample base 553

MATs that report facing financial pressures that require substantial changes to spend profiles[29] (and provision provided centrally are more likely to report that they anticipate that the following will represent a decreased proportion of overall trust spend: school improvement services inc. specialist education support (35%); procurement (28%); ICT support services (25%); facilities (19%); human resources (17%); legal services (16%); and payroll (12%).

Over nine in ten MATs had made savings from procuring goods and services more efficiently and using financial benchmarking tools (both 91%), and four in five (81%) had changed staffing structures at schools in the trust. Around two thirds had increased their

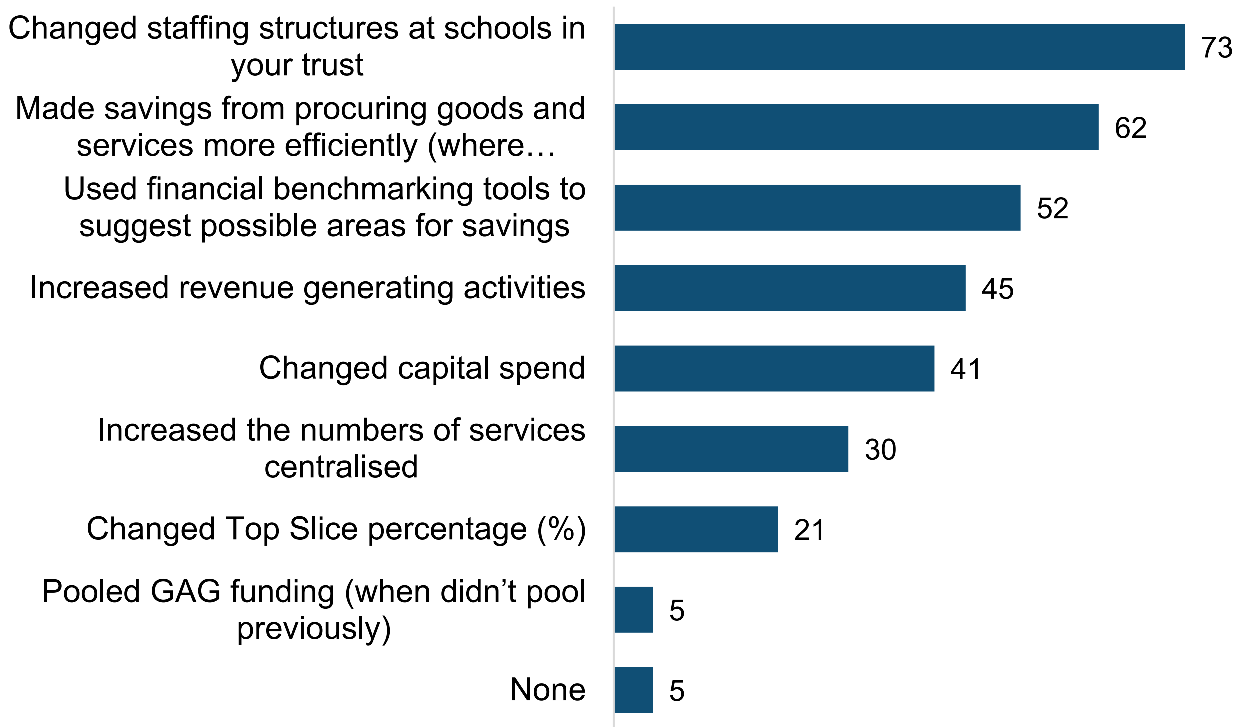
[29] As noted earlier, this was 17% of MATs.

revenue generating activities (65%) or changed capital spend (64%). Over half (55%) had increased the number of services that are centralised, and three in ten (31%) had changed the top slice percentage. One in ten (10%) had pooled GAG funding for the first time.

Trusts were asked if changes they had made were in response to financial pressures (Figure 14). Just under three quarters (73%) of all MATs said that they had changed staffing structures at schools in their trust as a result of financial pressures faced this 2022/23 year. The proportion that had changed staffing structures at schools in their trust in response to financial pressures was higher among larger MATs than smaller ones (82% of those with eleven or more schools compared with 57% of those with two schools). Those reporting that their MAT was experiencing financial pressures requiring substantial changes were more likely to report changes to staffing structures in response to financial pressures (93% compared with 80% of those reporting pressures requiring quite a few changes).

Over three in five MATs (62%) reported that making savings from procuring goods and services more efficiently had been done in response to financial pressures. Around half had used financial benchmarking tools to suggest possible areas for savings (52%) or increased revenue generating activities (45%) as a response to financial pressures.

Figure 14: Actions taken due to financial pressures faced this 2022/23 year (all MATs, %)



B5: Which, if any, were done due to financial pressures faced this year?

Unweighted sample base 553

Among those who had changed staffing structures at schools in their trust due to financial pressures experienced (410 MATs), almost three in five (59%) had removed staffing vacancies in some of their schools, and 21% had done so across all schools. Over half (52%) had moved teachers across schools in some schools and 11% had done so in all schools.

Three in five MATs (61%) had increased class sizes in at least one school, while 9% had reduced them, and 8% had increased the subjects offered, while 28% had decreased the subjects offered.

Among the 114 MATs who had changed the top slice, close to half (47%) reported that it increased, and 13% reported that it reduced[30].

Three in ten (30%) reported that they were focused on covering the increased number of centralised services/functions, and 16% that they were focused on covering increased central costs. Other factors were mentioned by less than one in ten.

Strengths of the MAT model in responding to financial pressures (inc. allocation of funds)

Almost all the MATs interviewed (10 interviews) for the qualitative research used a 'top slicing' financial model with participants reporting anything from a 3.5% to 10% contribution to central services. The amount of contribution was primarily based on the level of the central services offer and this varied greatly from one MAT to another. The following example described how one MAT operated a financial model that was based on pooling all the General Annual Grant (GAG) funding, and this had been fundamental to managing the financial pressures.

[30] The survey did not ask if an increase in the top slice covered additional services provided or just inflation

Pooling all GAG funding across a MAT

One MAT of between 10 to 15 primary and special schools had adopted a GAG pooling funding model across the Trust. Budgeting still took place at each individual school, but then it was pooled by the central team. If a school was in deficit, the Trust held that deficit, but they were supported during the year to try and make it up. If the school needed to increase their deficit an executive team decision was required. If, at the end of the year a school had a surplus, then part of that got held in a school reserve and the following year if the central pooled Trust reserves were in excess of 3%, a school could request to use the surplus, for example, for their school improvement plan. One of the many benefits of such an approach, in terms of the recent financial pressures, was that the Energy Grant was pooled, and solar panels were allocated across all the schools in the Trust which would not have been possible without pooling the funding. The individual school leaders and the executive team recognised that all schools have their peaks and troughs, and the pooled approach meant that schools were supported if they were to experience more challenging financial circumstances.

Along with the variation in top slicing, the interviewees from MAT central teams and academy schools reported variation in how the specific elements of a school budget were determined and how reserves were managed. The one common trend was that most academies were left to determine the nature and amount of curriculum spending, but staffing and capital spend were subject to greater discussion and scrutiny with/by the MAT.

The interview analyses identified three key strengths of the MAT model. The most reported strength was the quality of the financial advice offered to schools:

> I am very grateful now to be in a Trust. There are some very good finance people there. If we were not in the Trust we might not have been in the same financial position because of the advice, modelling and guidance received. – *Primary Academy in a MAT*

It was also evident that some central Trust teams worked flexibly and collaboratively to foster close working relationships between and across schools in a Trust, as described by one primary school MAT exemplar below.

Collaborative working by a MAT central finance team

One central finance team in a small primary school MAT, described how one important reason for the success of the MAT was how the finance teams in each school work collaboratively. This was exemplified by continuing with the good practices that were already in place and working when the schools had been in the LA. This had the benefit of having 'buy-in' from schools to agree to common finance processes and systems across the MAT and improve them collectively as a group. In addition, it meant that if, for example, a school business manager (SBM) was absent from a school, it was straightforward for SBMs to cover for each other as the systems were familiar. Finally, there was an administration cluster group that met termly to monitor and review finances.

A third strength included some examples of procurement benefits and the potential of economies of scale savings. One Trust, for example, had employed a music specialist to work across all of their primary schools. It was also noted that if a MAT was too big, these advantages were less obvious due to extensive compliance demands.

Possible lessons in responding to financial pressures

Overview

Interview participants from schools and academies were asked if they could identify any lessons other schools of a similar size and phase might learn from their experiences of responding to financial pressures. Three main themes that emerged from the interview analyses were the desirability of:

- maintaining strong financial controls at senior level but with decision making taking place in collaboration with colleagues
- maintaining a strategic focus despite the financial pressures
- maximising additional income generating opportunities

Maintaining strong financial controls at senior level

This was the most common interview response and participants recommended:

- using government financial benchmarking tools and the Integrated Curriculum and Financial Planning (ICFP) tool to at least inform planning, even if the individual context of the school means some different decisions are made.
- regularly carrying out financial forecasts.
- stress-testing the budget and risk assessing early in the financial planning process.
- tracking and always knowing what contracts are up for renewal to prevent automatic renewals.
- removing budget responsibility from subject leaders or holding very regular meetings with budget leaders to monitor and track spend.

However, many of the participants were keen to point out that collaborative financial decision making within a school and/or across a Trust was essential to having strong financial controls at a senior level. This allowed for more informed decisions but also a shared understanding of why difficult decisions had to be made, as described by one secondary academy participant:

> Over the last two or three years here we have worked really, really hard to make sure we know where every single penny is going… we've dissected every single line. There is a team approach to considering, for example, what staff need to be recruited but that may mean other things can't be purchased. – *Secondary Academy in a MAT*

Maintaining a strategic focus

Interview participants recognised, especially if a school was operating with a within-year or overall school deficit, that maintaining a strategic focus to school planning and spending could be very challenging. If a school, for example, through their context alone experienced several financial risk factors that exacerbated the impact of the current financial pressures, there was very little budget flexibility to consider any medium to long term strategic decisions. In these circumstances, schools had to work hard and financial plan carefully, to just react to the current context.

Nevertheless, participants did describe certain approaches that had brought financial and strategic school benefits, if not in the very short term, certainly in the medium to long term. The first was overstaffing to build additional capacity into a curriculum led staffing model. This brought several benefits as it cut down and/or removed the use of supply staff and associated costs. It helped to reduce workload pressures which participants reported led to less staff absence due to illness. This also facilitated greater continuity in teaching and learning for pupils, as lessons were covered by staff known to them. In addition, two schools had stopped paying the staff absence insurance cover, as this approach had proved so successful, it was no longer necessary and an added expense.

Interview participants also described the importance of maintaining a strong emphasis on staff recruitment and retention strategies, as the quality and commitment of staff was fundamental to the success of the school. There was some evidence that offering favourable working conditions were proving more attractive to retain and attract staff rather than just paying the highest possible salary. Below is an exemplar of a secondary LA school that was about to implement a new flexible working model in the autumn term.

Flexible working changes

One secondary LA school was about to introduce a flexible working policy that was based on teachers working a four-day week (paid for five days) over the next two years. The policy had been financially modelled and the anticipated savings from, for example, agency fees, using supply cover, and recruitment advertising costs would make the model financially viable. Additionally, there was the potential of hidden costs savings, not just time saved on recruitment and training for new staff, but the head teacher, from professional experience, was finding that this flexible working approach was proving a more attractive retention and recruitment approach than salary increments to prevent teachers from leaving or when negotiating pay with new members of staff.

Finally, this type of approach to strategic planning might be described as being ‘risk aware but not risk averse’. This was the term used by the CEO of one alternative provision MAT to describe the decision-making process of their Trust board with respect to financial and strategic decision making:

> I think it's just not being afraid to take risks. I would say stop thinking short term and think long term, I think that's really key. MAT, 3 – 5 schools

Maximising additional income generating opportunities

As the survey findings showed, there had been an increase in applications for grants, particularly to support with maintaining, repairing and/or making buildings more energy efficient. Similarly, the interview participants recommended this approach. They recognised that this did involve resources such as time of the senior leadership, costs for consultants to support the process where necessary and that there were usually more rejections than successes. Overall, however, participants could provide evidence that the resource investment was worthwhile. This was the same for applications to charities or foundations to support curriculum or extra-curricular activities.

Interviewees also recommended letting buildings and/or sports facilities where schools had the capacity. Similarly, there could be an initial demand on school resources, especially if this was an avenue not yet investigated by a school. However, one school did describe that they were just about to meet with a company that offered a beginning to end school lettings service that included, for example, a review of the school space, suggested letting options and relevant marketing and advertising. The cost of the service could then be set against future income and did not take key school personnel away from the functioning of the school.

Conclusions

The majority of schools and academies reported that they were experiencing some degree of financial pressure which required ‘quite a few changes’ (39%) or ‘substantial changes’ (40%) to their provision. Despite these reported pressures, curriculum provision did not appear to have been negatively impacted in most schools. The interviews highlighted that schools and academies were seeking to protect curriculum provision as a priority, as well as ensuring the health and safety of pupils and staff.

It is evident from this research that schools and academies have responded to the financial pressures they have been experiencing in a variety of ways, with those reporting they are having to make substantial changes to their spend profiles and provision being more likely to report decreases in some aspects of provision including numbers of specialist teachers, curriculum resources and additional teaching support.

Inflation-driven increases in costs, particularly for staffing and energy, were particular areas of concern, with staffing and energy costs taking up an increased proportion of school budgets. Schools and academies felt that sustained high inflation and high energy costs would likely place them under continued financial pressure. This was compounded by uncertainty over the level of the pay award for teachers at the time the fieldwork took place, which has now been resolved.

The primary phase reported a more negative picture of financial heath than secondary and were more likely to report decreases in provision, including in numbers of specialist teachers, additional classroom support and school trips. Primary schools in the survey were more likely to cite funding pressures, including falling pupil rolls. In the qualitative interviews primary school participants felt that their small size (in terms of pupil roll) meant that they had less flexibility to manage their budgets.

Pressures related to SEND funding emerged as an issue, particularly in primary schools. Schools reported higher numbers of children presenting with increasingly complex needs and reduced support from outside agencies, placing more responsibility on schools. Planned reforms to SEND therefore potentially have a key role in helping to address financial pressures arising from these challenges in schools.

Context and exposure to risk factors was found to be of particular importance during the qualitative interviews, meaning that financial pressure and changes made in response can be very specific to a school or academy. Indeed, the survey analysis did not identify a clear picture of characteristics associated with reporting financial pressures requiring substantial changes to provision. It was found to be a complex picture with a number of factors that could exacerbate financial pressures (including being a small school, having older school buildings, falling rolls, rural location, and high numbers of pupils with SEND). Conversely, there were also factors that could act protectively, such as sufficient reserves accumulated before the current financial pressures, large school size, pupil numbers increasing and new school buildings.

The research found that use of reserves in the current financial year was common across schools, although it did not explore the extent of reserve use. The use of reserves to meet higher or unplanned costs may in many cases be an appropriate measure. However, reserves were typically being used to meet essential costs, such as staffing, energy, and buildings maintenance, which in the interviews, was felt to be unsustainable in the long term, depending on the level of reserves that schools have.

Schools and Trusts were able to identify working practices that can help in responding to financial pressures. These included maintaining strong financial controls while working collaboratively, maintaining a longer-term strategic focus and maximising income generation opportunities.

The survey found that schools in MATs were similar to LA maintained schools in terms of reported financial position and changes to provision. However, the qualitative interviews identified potential strengths of the MAT model in helping to respond to financial pressures, including quality of financial advice, collaborative working, and benefits of central procurement.

Appendix 1: Sampling error

Survey samples are subject to standard sampling error, based on the number of interviews undertaken. This means that the sample reports a result which falls within a range of what could be expected if the whole population was asked. This is calculated to a confidence level, most commonly at 95%. For example, based on an overall sample size of 2154, a reported statistic of 50% would be subject to a standard sampling error of +/-2.1%. Thus, if all schools were asked, we would be 95% confident that the reported statistic would fall within a range of 47.9% to 52.1%.

The size of the sampling error is at its maximum for a reported statistic of 50%. Reported statistics closer to 0% or 100% would have a smaller sampling error. When looking at sub-groups within a sample this confidence interval increases. So, for example, when looking at a subgroup like, for example, secondary maintained schools (with a base size of 168 interviews in this study) statistical confidence is reduced further still (to around +/-7.6% in this case). To give an indication of the effect of sample size on statistical reliability:

- A sample size of 100 would have a confidence interval of +/-9.8%
- A sample size of 500 would have a confidence interval of +/-4.4%
- A sample size of 1,000 would have a confidence interval of +/-3.1%

When results are compared between different sub-groups within a sample, differences may be observed. These differences may be genuine, or they may occur by chance, because not everyone in the population has been surveyed. To test whether the difference is genuine, that is, if it is statistically significant, we again use the sample size, the percentage giving a particular response, and the chosen degree of confidence. If we assume a confidence level of 95%, the difference between the results of two different sub-groups must be greater than the values given below to be a "genuine" difference.

Table 6: Appendix 1 - Sampling error

Sample size of sub-groups to be compared	Size of difference required for significance at or near these percentage levels	Size of difference required for significance at or near these percentage levels	Size of difference required for significance at or near these percentage levels
N/A	10% OR 90% +/-	30% OR 70% +/-	50% +/-
100 AND 100	7	13	14
100 AND 200	7	11	12
100 AND 250	7	11	12
200 AND 200	7	10	11
250 AND 400	5	7	8
100 AND 400	6	9	10
200 AND 400	5	8	9
500 AND 500	4	6	6

Appendix 2: Tables

Table A3-1 Change in LA maintained schools' financial position between 2022-23 and 2023-24 financial years

	LA primary 2022-23 FY	LA primary 2023-24 FY	LA secondary 2022-23 FY	LA secondary 2023-24 FY
We feel financially secure and don't have to make changes to usual spend profiles and provision.	10%	4%	15%	8%
We are under some financial pressure, but these can be managed through minor changes to spend profiles to accommodate this.	42%	15%	39%	23%
We are under some financial pressure and are having to make quite a few changes to spend profile and provision to accommodate this.	30%	37%	29%	38%
We are under financial pressures which require substantial changes to spend profiles and provision to accommodate this.	18%	44%	17%	32%

Table A3-2 Change in financial position among academies between 2021/22 and 2022/23

	Primaries in SATs 2021/22 FY	Primaries in SATs 2022/23 FY	Secondaries in SATs 2021/22	Secondaries in SATs 2022/23
We feel financially secure and don’t have to make changes to usual spend profiles and provision.	33%	4%	34%	6%
We are under some financial pressure, but these can be managed through minor changes to spend profiles to accommodate this.	44%	29%	43%	35%
We are under some financial pressure and are having to make quite a few changes to spend profile and provision to accommodate this.	20%	44%	18%	38%
We are under financial pressures which require substantial changes to spend profiles and provision to accommodate this	3%	23%	6%	21%

	Primaries in MATs 2021/22 FY	Primaries in MATs 2022/23 FY	Secondaries in MATs 2021/22	Secondaries in MATs 2022/23
We feel financially secure and don’t have to make changes to usual spend profiles and provision.	18%	2%	28%	6%
We are under some financial pressure, but these can be managed through minor changes to spend profiles to accommodate this.	46%	14%	45%	21%
We are under some financial pressure and are having to make quite a few changes to spend profile and provision to accommodate this.	26%	41%	21%	45%
We are under financial pressures which require substantial changes to spend profiles and provision to accommodate this	10%	42%	7%	28%

Table A3-3: Other contributors to financial pressures (all respondents, by school/academy type, %)

	Primary Maintained	Secondary Maintained	Primary SAT	Secondary SAT	Primary MAT	Secondary MAT
Pay raises	37	40	57	46	40	45
Energy/utility costs/bill	24	34	37	36	30	40
Overall staff costs	20	16	31	17	18	18
Drop in pupil numbers/falling roll	26	7	23	7	14	4
SEN/SEND/EHC/EHCP needs unspecified	22	6	16	5	20	6
All/general costs	11	15	20	16	11	20
High number of SEN/SEND/EHC/EHCP pupils	14	6	10	1	14	2
Building repairs/maintenance	10	16	12	16	10	12
Cost of physical supplies/resources	10	11	16	13	11	9
Complex needs of SEN/SEND/EHC/EHCP pupils	11	5	8	1	9	2
Lack of funding/reduced funding/unfunded costs	6	10	7	8	8	11
Pastoral care/supporting non-educational needs	6	16	9	7	5	14
Staff shortages	3	12	3	8	5	12
Non-specific recruitment challenges	2	5	2	9	5	10
Unweighted sample base	764	155	78	169	556	337

A2C: What else, if anything, has contributed to the financial pressures experienced?

Table A3-4: Among the top three priorities when allocating budget (all respondents, by school/academy type, %)

	Primary Maintained	Secondary Maintained	Primary SAT	Secondary SAT	Primary MAT	Secondary MAT
Overall staff pay bill	81	76	85	78	74	72
Improving SEND support	44	27	33	21	47	27
Premises maintenance and improvement requirements	33	40	35	43	29	27
Teacher pay bill	26	34	36	38	32	37
Reducing Learning Loss and Attainment Gaps	24	22	23	15	28	24
Learner support	25	12	17	12	21	17
Student wellbeing and safeguarding	18	31	12	29	20	29
Investing in learning resources	18	17	13	12	18	15
Non-classroom-based staff pay	8	10	17	16	10	13
Updating Information Technology (IT)	7	12	9	19	6	10
Continued Professional Development (CPD)	7	1	8	7	7	4
Improving attendance	3	9	3	6	3	17
Teacher training	1	1	5	0	2	1
Unweighted sample base	401	86	36	102	162	117

B1: What were your three main priorities when you allocated your budget for the current financial year?

Table A3-5: What reserves covered that otherwise would not have been funded (where used reserves, by school/academy type, %)

	Primary Maintained	Secondary Maintained	Primary SAT	Secondary SAT	Primary MAT	Secondary MAT
Overall staff costs	47	39	31	19	30	31
Building repairs/maintenance	23	29	39	37	30	31
Energy/utility costs/bill	24	20	31	20	23	23
Pay raises	18	17	20	21	17	16
SEN/SEND/EHC/EHCP needs unspecified	20	5	13	2	20	2
Other	15	22	23	23	13	16
Cost of physical supplies/resources (non-staff)	15	9	8	8	14	5
All/general costs (bills unspecified)	11	12	14	10	13	16
Staff needed for SEND/EHCP provision increasing cost	13	3	5	0	13	1
Upgrades/renovation of existing buildings	5	15	8	18	13	7
IT/technology	3	11	10	18	8	19
Recruiting additional staff	5	6	13	8	4	6
Capital expenditure	2	7	6	26	4	18
Unweighted sample base	401	86	36	102	162	117

A6: What did the reserves cover that otherwise wouldn't have been funded?

Table A3-2: Changes to capital spend (all respondents, by school/academy type, %)

	Primary Maintained	Secondary Maintained	Primary SAT	Secondary SAT	Primary MAT	Secondary MAT
Have not changed the overall capital spend	35	28	45	17	25	29
Reduced regular maintenance activity	27	25	17	19	24	26
Rebalanced spend on the estate across capital and revenue budgets	22	26	19	34	25	30
Reduced spend on estates management (e.g., commissioning surveys or paying external advisors or reduced estates management staff	19	19	10	18	21	20
Increased spend on estates management	9	16	18	31	7	14
Unweighted sample base	401	86	36	102	162	117

C3: How have you changed the overall capital spend in the school/institution?

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