

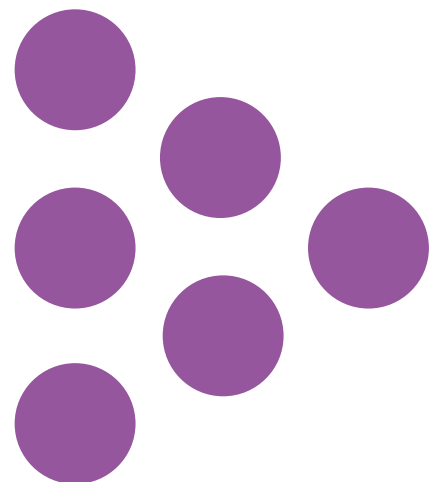


Report

Cost-of-living crisis: Impact on schools

School provision

National Foundation for Educational Research (NFER)



Cost-of-living crisis: Impact on schools

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Published in September 2023

By the National Foundation for Educational Research,

The Mere, Upton Park, Slough, Berkshire SL1 2DQ

www.nfer.ac.uk

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Registered Charity No. 313392

ISBN: 978-1-912596-92-8

How to cite this publication:

Lucas, M., Classick, R., Skipp, A. and Julius, J. (2023) Cost of living crisis: Impact on schools. Slough: NFER.



Acknowledgements

We are very grateful to all of the individuals and organisations that formed our stakeholder advisory group and contributed insights to inform the research set out in this report. We would particularly like to thank Kate Anstey (Child Poverty Action Group), James Bowen (National Association of Head Teachers), Richard Brind, Warren Earl (Parentkind), Jason Elsom (Parentkind), Julia Harnden (Association of School and College Leaders), Simon Knight (Frank Wise Special School), Andrew McKendrick (Institute for Fiscal Studies), Alex Thorton (Kantar Public) and Tania Tirraoro (Special Needs Jungle). The views expressed in this report do not necessarily reflect those of these individuals or their organisations.

We are also thankful to the team of NFER staff who contributed to the survey, statistical analysis and report production. Particular thanks are due to Henry Faulkner-Ellis, Gemma Schwendel, Shila Mistry, Angela Donkin and Kathryn Hurd and her survey administration team.

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Contents

Executive Summary

1	Introduction	11
2	School provision	14
	References	40
	Appendix A: Additional figures	43
	Appendix B: Methodological approach for descriptive analysis	44
	Appendix C: Regression methodology	46

Glossary of terms

Additional support: This is defined as anything over and above the usual provision pupils might receive in relation to pupil premium and/or Special Educational Needs and Disabilities (SEND) support.

Disadvantaged schools: For the purposes of this report, disadvantaged schools are defined based on the share of pupils eligible for free school meals in the school. Schools in the most disadvantaged quartile of schools have the highest rate of pupils eligible for free school meals.

Children and Young People’s Mental Health Services (CYPMHS): Services that support young people experiencing poor mental health, or difficult feelings or experiences. These services were formerly known as Child and Adolescent Mental Health Services (CAMHS).

Education, health and care plan (EHCP): This is a legal document for children and young people aged up to 25 who need more support than is available usually. An EHCP identifies the educational, health and social needs and sets out the additional support to meet those needs.

Free school meals (FSM) eligible pupil: A pupil who meets the eligibility criteria for free school meals and whose parent(s) or carer(s) makes a claim (eligibility is not determined automatically (DfE, 2018)). The FSM rate refers to the share of FSM-eligible pupils in the pupil population.

In-year deficit (surplus): A school whose annual expenditure is larger (smaller) than their annual income by the end of the financial year.

Overall deficit (surplus): A school with negative (positive) overall revenue balance.

Pupil premium (PP) pupil: PP pupils are considered to be ‘disadvantaged’ and attract additional funding for their school to improve their educational outcomes. Any pupil who has been eligible for free school meals at any point in the last six years, has been in the care of the local authority at any point or is from a service family is PP.

Special educational needs and disabilities (SEND): A pupil with additional needs or disability which affects a child or young person’s ability to learn. This might include behaviour or ability to socialise, reading and writing (e.g., dyslexia), ability to understand things, concentration (e.g., attention deficit hyperactivity disorder) and physical abilities.

Real household disposable income: The amount of money that households have available for spending and saving after direct taxes, such as Income Tax, National Insurance and Council Tax, have been accounted for. Real household disposable income is adjusted for changes in prices over time.

Executive Summary

The cost of living has been rising sharply across England since 2021, including unprecedented increases in energy costs, rapid increases in the costs of food and significant increases in the costs of housing via higher rents/mortgage costs (Harari *et al.*, 2023). The Office for Budget Responsibility is predicting that real household disposable incomes per person (a measure of living standards) will remain below pre-pandemic levels until at least 2027/28 (Office for Budget Responsibility, 2022).

Teachers and senior leaders in schools are on the front line. They see the immediate impacts of cost-of-living increases on pupils and their households. As well as impacting households, rising costs are also impacting mainstream and special school finances, in the form of higher energy and higher than expected staffing costs. While the Government has committed additional funding for schools in 2023/24 and 2024/25 (HM Treasury, 2022), there is still a question about whether this will be sufficient (Drayton *et al.*, 2022).

Alongside cost-of-living pressures, schools are also grappling with a myriad of other pressures, including post-pandemic recovery (Ofsted, 2022a, 2022b), additional financial pressures created by the current demographic decline in primary pupil numbers (DfE, 2023e) and teacher recruitment and retention challenges (McLean, Worth and Faulkner-Ellis, 2023).

Drawing on surveys of teachers and senior leaders in mainstream and special schools¹, this report aims to explore how the cost of living is affecting schools by establishing:

1. What impact do teachers and senior leaders report cost-of-living pressures are having on pupils and their households?
2. How has provision in schools been affected by cost-of-living increases?
3. What impact have cost-of-living increases had on school staff?

NFER collected data via an online survey sent to all state-funded mainstream primary and secondary schools and all special schools in England in April and May 2023. We received responses from 1354 senior leaders and 1317 teachers in mainstream schools as well as 87 senior leaders and 41 teachers in special schools. It is important to note that the quantitative analysis presented throughout this report is largely descriptive in nature and is not intended to be used to make causal inferences.

A degree of caution is also needed when interpreting the analysis of the special schools' surveys due to the small sample sizes² (see Appendix for further details on the methodological approach). The key findings from our research are outlined below.

¹ Mainstream surveys are weighted to be nationally representative of schools in England. Special school surveys are not weighted due to the small response rate achieved. Non-maintained special schools and special schools serving pupils with high levels of disadvantage are under-represented in our sample.

² Sub-sample analysis has not been done for special schools (i.e., by school disadvantage) as the achieved sample was not sufficiently large.

School provision

- **Most schools are making cuts to meet the direct costs of cost-of-living pressures (e.g. energy/food/salary costs) and to provide additional support to pupils.** Four-fifths of schools report reducing spending elsewhere in their budget in response *to recent increases in the cost of living overall*, while half of schools report reducing spending elsewhere in their budget *specifically to accommodate the cost of the additional support they are providing to pupils and their households*. While this may go beyond schools' statutory responsibilities, pupils whose most basic needs are not being met are less likely to attend school and successfully engage with learning.
- **Despite making cuts, schools are reporting that recent cost-of-living increases have had a considerable negative impact on their financial positions.** While the overall schools budget is set to increase by a further £3.5 billion for 2023/24 and £1.5 billion in 2024/25³⁴, many schools have seen their financial situations worsen over the last year. Almost half of primary schools and special schools (at 49 and 48 per cent) and two-fifths of secondary schools (at 41 per cent) are expecting an in-year deficit in 2022/23.

Schools are also expecting the situation to worsen next year with just under half of mainstream schools and two-fifths of special schools expecting both to have an in-year deficit and needing to make cuts to provision in 2023/24.

- **The cost-saving measures schools are taking in response to the increased cost of living are impacting directly on the teaching and learning environment of pupils.** For example, around three-fifths (62 per cent) of primary schools as well as two-fifths of secondary (at 43 per cent) and special (at 41 per cent) schools report cutting spending on learning resources (such as printed worksheets, materials for art and science and library books). Almost two-fifths (37 per cent) of primary schools, almost three-tenths (28 per cent) of special schools and a fifth (20 per cent) of secondary schools report cutting targeted learning support (e.g., tutoring).
- **Teachers and senior leaders, particularly in the most disadvantaged schools, report their teaching and learning provision has been negatively impacted by the increased cost of living.** Almost half (at least 45 per cent across all settings) of senior leaders said that the increased cost of living has negatively impacted the quality of teaching and learning in their school.

³ This represents a 6.5 per cent year-on-year nominal increase between 2022/23 and 2023/24 and a further 2.6 per cent increase between 2023/24 and 2024/25.

⁴ The Department for Education (DfE) has also announced £482.5 million in 2023/24 and £827.5 million for schools in 2024/25 as part of funding announced in July 2023 (DfE, 2023c). This is expected to be funded from elsewhere in the DfE (including schools) budget (Martin, 2023b). It is also important to note that special schools are dependent on their Local Authority for funding and the special school funding formula differs from that used for mainstream schools. This may contribute to the funding challenges faced by special schools.

- **The cuts which schools are making in response to cost-of-living pressures are also affecting provision for pupils with Special Educational Needs and Disabilities (SEND).** While teaching assistants (TA) often play a key role in supporting pupils with SEND, almost half (47 per cent) of primary schools, 32 per cent of special schools and 28 per cent of secondary schools report cutting TA numbers or hours. Further, almost three-tenths (28 per cent) of special schools report cutting their core specialist school offer, which includes the provision of hydrotherapy, physiotherapy and independence activities.

Most senior leaders across mainstream and special schools are concerned about their ability to fully meet the needs of their pupils and having sufficient budget to fully support pupils with SEND.

- **Over half (58 per cent) of primary schools and around a third of secondary (29 per cent) and special schools (32 per cent) are seeking additional parental contributions to accommodate cost-of-living pressures. This is happening to the greatest extent in least disadvantaged schools, where parents are most likely to be able to afford this.** For example, among primary schools, the proportion rises from 40 per cent of the most disadvantaged schools to 73 per cent of the least disadvantaged schools.

However, the least disadvantaged schools are also most likely to report facing financial challenges across both the 2022/23 and 2023/24 financial years. This is likely explained by the fact that the least disadvantaged schools receive the least funding relative to schools with higher proportions of disadvantaged pupils⁵, meaning their budgets are particularly vulnerable to running into deficit in the face of increased cost pressures. This highlights that, while the least disadvantaged schools may be able to seek additional contributions from parents, all types of schools have been impacted by cost-of-living pressures.

⁵ Schools with higher proportions of disadvantaged pupils attract higher levels of funding to reflect the greater levels of pupil need in their settings (DfE, 2022b).

Recommendations

Our findings highlight that cost-of-living pressures, together with existing pressures, are having a profound impact on pupils and their schools.

Without urgent action now, recent cost-of-living increases risk having far reaching and long-lasting impacts on pupils, particularly those who are most vulnerable, across both mainstream and special school settings.

Recommendation 1: In the short-term, schools need greater financial support to address pupils' pressing well-being and welfare needs, alongside meeting the additional direct costs (e.g., energy and school meal costs) associated with the increased cost of living.

Recommendation 2: While the SEND and Alternative Provision Improvement Plan already sets out next steps for improving provision for pupils with additional needs, it should be prioritised and accelerated to ensure that schools and pupils get access to the urgent help they require as soon as possible.

1 Introduction

The cost of living has been rising sharply across England since 2021, including unprecedented increases in energy costs, rapid increases in the costs of food and significant increases in the costs of housing via higher rents/mortgage costs (Harari *et al.*, 2023).

While inflation has fallen from its peak in October 2022, cost pressures are set to continue (Office for Budget Responsibility, 2023). Indeed, public debate has recently raised the possibility of introducing food price caps on basic necessities to support households (Jones and Walker, 2023). The Office for Budget Responsibility is predicting that real household disposable incomes per person (a measure of living standards) will remain below pre-pandemic levels until at least 2027/28 (Office for Budget Responsibility, 2022).

Cost-of-living pressures are having profound impacts on pupils and their families. Over a third of low-income parents are cutting back on food for their children (Earwaker, 2022). There has been an increase in the number of households who are unable to afford basic items for their children (The Sutton Trust, 2022). Pupils with special educational needs and disabilities (SEND) are particularly vulnerable to the impacts of cost-of-living pressures, as they are more likely to be in lower income households and require additional care (Blackburn, Spencer and Read, 2010).

Teachers and senior leaders in schools are on the front line. They see the immediate impacts of cost-of-living pressures on pupils. Regardless of whether they have the staff or resources to do so, many may feel the need to provide urgent support to pupils and their families. While this may go beyond schools' statutory duties, the evidence suggests that pupils whose most basic needs are not being met – whether it is going to school hungry or being unable to afford the costs of transport – are less likely to attend school and successfully engage with learning (The Food Foundation, 2022).

As well as affecting households, rising costs are also impacting mainstream and special school finances, in the form of higher energy and higher than expected staffing costs. While the Government has committed additional funding for schools in 2023/24 and 2024/25 (HM Treasury, 2022), there is still a question about whether this will be sufficient (Drayton *et al.*, 2022). Some schools have raised concerns that recent cost-of-living increases are impacting on their teaching and learning provision (Martin, 2022).

Pressures on schools are likely to be exacerbated by the fact that local authority (LA) budgets are also under significant financial pressures (CCN, 2023). The effect is two-fold. Firstly, local authorities may reduce support or increase waiting/referral times for wider services that low-income families and vulnerable pupils are dependent on, which schools may then need to step in to provide. Secondly, local authorities are unlikely to be able to provide additional financial support to schools to cover additional costs.

Alongside cost-of-living pressures, schools are also grappling with a myriad of other pressures, including post-pandemic recovery (Ofsted, 2022a, 2022b), additional financial pressures created by the current demographic decline in primary pupil numbers (DfE, 2023e) and teacher recruitment and retention challenges (McLean, Worth and Faulkner-Ellis, 2023).

Despite these challenges, relatively little is known about the overarching scale of current cost-of-living pressures in schools, how these vary across settings and groups of pupils and what steps

schools are taking to mitigate the impacts of cost-of-living pressures. Drawing on surveys of teachers and senior leaders in mainstream and special schools in England (as outlined in Box 1), this report aims to fill this critical evidence gap by establishing:

1. What impact do teachers and senior leaders report cost-of-living pressures are having on pupils and their households?
2. How has provision in schools been affected by cost-of-living increases?
3. What impact have cost-of-living increases had on school staff?

It is important to note that the quantitative analysis presented throughout this report is largely descriptive in nature and is not designed to make causal inferences. While teachers and senior leaders were asked to specifically consider how cost-of-living increases have impacted their pupils and their settings, there are many other pressures affecting schools that may be difficult to disentangle from cost-of-living pressures. Findings need to be interpreted in that wider context.

A degree of caution is also needed when interpreting the analysis of the special schools' survey responses due to the small sample sizes. Findings from the special schools surveys have not been weighted to be nationally representative due to these small sample sizes (see Box 1). Further detail about the methodology can be found in the Appendix.

Box 1. NFER cost of living surveys

Sample

From 21 April to 11 May*, NFER collected data via an online survey sent to all 20,193 state-funded mainstream primary and secondary schools, and all 1756 special schools in England. We asked senior leaders (head teachers, principals, deputy head teachers and assistant head teachers) to complete the survey themselves and pass it on to one teacher from their school. We received responses from 1354 senior leaders and 1317 teachers in 1666 primary schools (including middle deemed primary) and 637 secondary schools (including middle deemed secondary and all-through schools), representing 9.9 per cent of the 16,784 primary schools and 18.7 per cent of the 3409 secondary schools in England. We also received responses from 87 senior leaders and 41 teachers from special schools, representing 6.3 per cent of the 1756 special schools** (including non-maintained specials) in England.

We weighted the data for mainstream schools to ensure that our findings are representative of mainstream schools in England. Findings from the special school surveys' have not been weighted to be nationally representative due to the small sub-samples of non-maintained special schools and the most disadvantaged special schools in our sample.

Data collected

The survey focused on three main areas: how pupils and their families are being affected by recent cost-of-living increases, and how schools are supporting them; how provision in schools has been affected by recent cost-of-living pressures and what impact these pressures have had on school staff. The survey also asked respondents for some information about themselves, including their job role, gender and age.

Analysis

The NFER team used DfE [administrative data](#) to identify the characteristics of each school, including phase, proportion of pupils eligible for free school meals (FSM), school type (local authority or academy), and region. Weighting used the distribution of the achieved sample of mainstream schools relative to the national population of school phase and FSM quintile.

The analysis used three main approaches: descriptive statistics for all of the survey questions; tests of statistical significance to identify associations between selected questions and school characteristics; and regression models. Results were considered statistically significant if the probability of a result occurring by chance was less than five per cent ($p < 0.05$).

**Note that teacher strikes in English schools took place on both 27 April and 2 May. This should be borne in mind when interpreting findings.*

*** Includes all special schools with pupils between the ages of four and 16.*

2 School provision

This chapter sets out the how the increased cost of living is influencing schools' everyday provision, including any trade-offs schools may be making as to what they are able to deliver in response to increased costs. It also examines the impact of recent increases in the cost of living on schools' budgets.

2.1 Day-to-day provision

Key findings

- Four-fifths of schools have made cuts to provision in response to the increased cost of living.
- The cost-saving measures schools are taking in response to the increased cost of living are impacting directly on the teaching and learning environment and experiences of pupils. Cost-saving measures include spending less on learning resources, reducing the core specialist school offer and cutting staff, targeted learning support and wraparound care.
- Teachers and senior leaders, particularly in the most disadvantaged schools, agree that their teaching and learning provision has been negatively impacted by the increased cost of living and commensurate cost-saving measures.
- Most senior leaders are concerned about their ability to fully meet the needs of their pupils and having sufficient budget to fully support pupils with SEND.
- More than half of schools are keeping classrooms colder and seeking additional parental contributions.

Only around a fifth of schools have not made cuts to any areas of their provision in response to the increased cost of living

We asked senior leaders what, if any, cost-saving measures their school had taken in the 2022/23 academic year in direct response to the increased cost of living. This could include cuts made due to higher running costs and overheads (e.g., energy, food and salary costs) as well as the costs of supporting pupils and their households.

While 25 per cent of special schools and 22 per cent of secondary schools report not making any cuts to their provision, only 15 per cent of primary schools report not cutting spending in any areas of school provision.

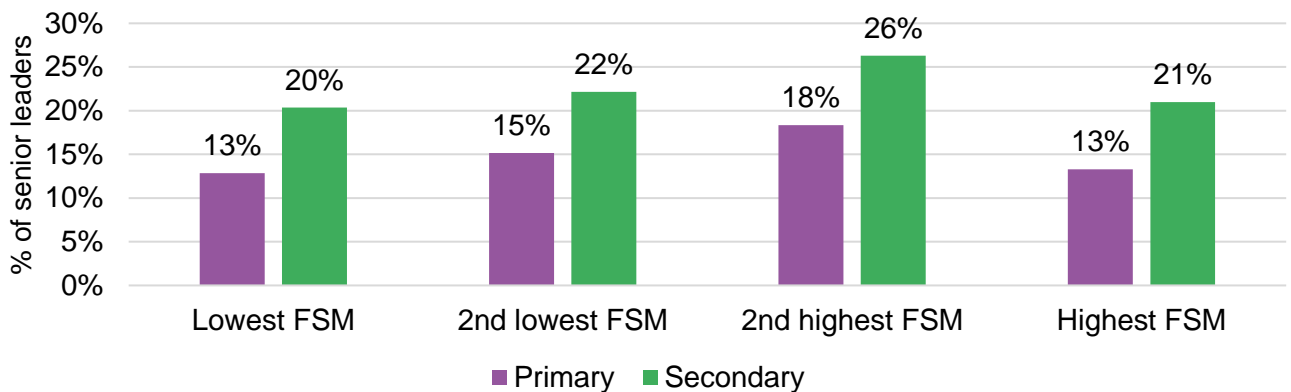
That said, as shown in Figure 1, across primary and secondary schools, it appears that the most and least disadvantaged⁶ schools (as opposed to those with middling levels of disadvantage) are more likely to have reduced spending in at least one area of their budget due to cost-of-living pressures, albeit differences are small⁷. In the case of the most disadvantaged schools, this may

⁶ Where school disadvantage is measured by eligibility for free school meals (FSM).

⁷ Sub-sample analysis was not possible for the special schools sample due to the sample size achieved. All analysis presented by school-level disadvantage is for mainstream schools only.

reflect the fact that schools with the highest proportions of FSM pupils have seen the sharpest increase in the level and extent of need among pupils and are seeking to provide the highest level of support to pupils and their households (as shown in Chapter 2 of the full report). While in the case of the least disadvantaged schools, one possible explanation is that they receive comparatively less funding⁸ and therefore have less space within their budgets to accommodate the cost pressures that have arisen due to the increased cost of living.

Figure 1 The proportion of schools not reducing spending in any areas of their budget in direct response the increased cost of living by school disadvantage



Source: NFER survey of 1441 senior leaders: 1291 gave a response

Half of schools report reducing spending elsewhere in their budgets specifically to accommodate the costs of providing cost of living support to pupils and their households

This highlights that the cuts schools are making in response to the increased cost of living are partly driven by the additional cost of living support which schools are providing to pupils and their households (see Chapter 2 of the full report). While this may go beyond schools’ statutory responsibilities, pupils whose most basic needs are not being met are less likely to attend school and successfully engage with learning.

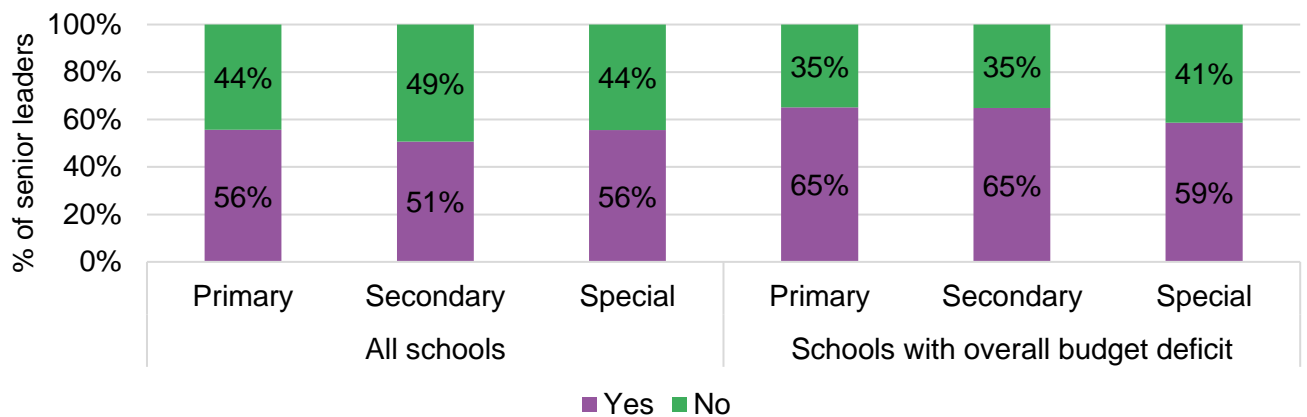
Secondary schools are slightly less likely to report cutting their budgets to accommodate providing cost of living support compared to primary and special schools. This may reflect secondary schools having larger total budgets owing to their generally higher pupil numbers and therefore may be able to accommodate more costs without cutting spending elsewhere. It may also reflect the fact that, alongside cost-of-living pressures, some primary schools are also facing increased financial challenges as a result of declining pupil numbers (DfE, 2023e).

In both the primary and secondary phases, schools without financial reserves are more likely to be making cuts to accommodate cost of living support activities. As shown in Figure 2, the share of schools reporting reducing spending rises notably to almost two-thirds (65 per cent) of primary and secondary schools with a self-reported overall budget deficit for the 2022/23 financial year.

⁸ Schools with higher proportions of disadvantaged pupils attract higher levels of funding to reflect the greater levels of pupil need in their settings (DfE, 2022b).

More disadvantaged schools are also more likely to report reducing spending to accommodate cost of living support activities compared to the least disadvantaged schools. Indeed, 49 per cent of primary schools and 48 per cent of secondary schools in the least disadvantaged quartile of schools report reducing their spending for this reason compared to 61 per cent of primary schools and 59 per cent of the most disadvantaged secondary schools. This is consistent with findings presented previously that disadvantaged schools have seen the biggest increases in pupil need and are providing the most support to pupils and/or their household under pressure due to the increased cost of living. As such, these findings suggest that disadvantaged schools are more likely to explicitly reduce their spending in other areas to accommodate cost of living support to pupils and their households, whereas the least disadvantaged schools appear to be making cuts to accommodate broader cost pressures (such as increased energy costs) and less so to accommodate cost of living support for pupils.

Figure 2 The proportion of schools reducing their spending specifically to accommodate the costs of providing cost of living support to pupils and their households by financial position



Source: NFER survey of 1441 senior leaders: 1221 gave a response

These findings are largely confirmed by a regression model (see Box 2) exploring the factors that are associated with schools' reducing their spending in other areas of their budget to accommodate the cost of providing cost of living support to pupils and households. School-level disadvantage did not emerge as significant in the regression model as it is mediated by the inclusion of survey variables capturing the number of pupils in schools requiring additional support. The model also confirmed that schools with higher levels of need among pupils, particularly in mental health and physical health, are significantly more likely to reduce spending to accommodate cost of living support for pupils and households.

Box 2 Which factors are most closely associated with schools reducing spending in order to accommodate the cost of providing cost of living support to pupils and their households?

We used regression techniques to examine the association between different variables and whether schools had reduced their spending to accommodate the cost of providing cost of living support, over and above other factors.

Our modelling accounted for:

- School characteristics (phase, region, FSM quintile, SEND quintile)
- Whether schools feel the increased cost of living has increased the level of need among pupils requiring additional support
- The number of pupils requiring additional support with their mental health, physical health, general well-being, welfare or financial support
- Schools' in-year budget status for 2022/23 and expected budget status for 2023/24
- Whether schools had increased their self-generated income
- Whether schools accessed funding for energy efficient upgrades
- Whether schools are experiencing difficulty recruiting teachers and TAs.

We tested a large number of variables in our modelling, many of which did not appear to be significantly related to schools reducing spending for this reason (see Appendix for more detail on the methodology).

The final model identified the following factors were most closely associated with the likelihood of schools reducing spending to accommodate the cost of providing cost of living support.

Factors associated with schools not reducing their spending	Factors associated with schools reducing their spending
<ul style="list-style-type: none"> • Secondary schools (compared to primary schools) 	<ul style="list-style-type: none"> • Schools with a deficit at the end of the 2022/23 financial year (compared to schools breaking even or with a surplus) • Schools expecting a deficit at the end of the 2023/24 financial year (compared to schools breaking even or with a surplus) • School in which between 11 per cent and 70 per cent of pupils require additional mental health support (compared to schools in which 10 per cent or less of pupils require this support) • Schools in which over 90 per cent of pupils require additional physical health support (compared to schools in which 10 per cent or less of pupils require this support) • Schools agreeing the increased cost of living has increased in the level of need among pupils requiring additional support overall (compared to schools who neither agree nor disagree)

The cost-saving measures which schools are taking in response to the increased cost of living are impacting directly on the learning environment and experiences of pupils

We asked senior leaders about the cuts which schools are making in direct response to the increased cost of living and found that schools are cutting provision in a range of areas, including staffing and teaching and learning provision⁹. This is shown in Figure 3.

Staffing

Schools of all phases are making cuts to staffing. Secondary schools are most likely to report cutting teaching staff costs with almost a quarter (23 per cent) of secondary schools cutting teacher numbers or hours. This compares to 15 per cent of primary schools and 11 per cent of special schools. Among secondary schools, the proportion of schools cutting teacher numbers/hours increases among least disadvantaged schools, doubling from 15 per cent of schools in the most disadvantaged quartile of schools to 30 per cent of schools in the least disadvantaged quartile of schools. Among primary schools, the proportion of schools cutting teacher numbers/hours is largely comparable across all disadvantaged quartiles.

In comparison, primary schools are significantly more likely to report cutting teaching assistant (TA) numbers or hours (at 47 per cent), compared to 32 per cent of special schools and 28 per cent of secondary schools. Once again, higher proportions of the least disadvantaged primary schools (52 per cent) cut TA numbers/hours than the most disadvantaged primary schools (46 per cent).

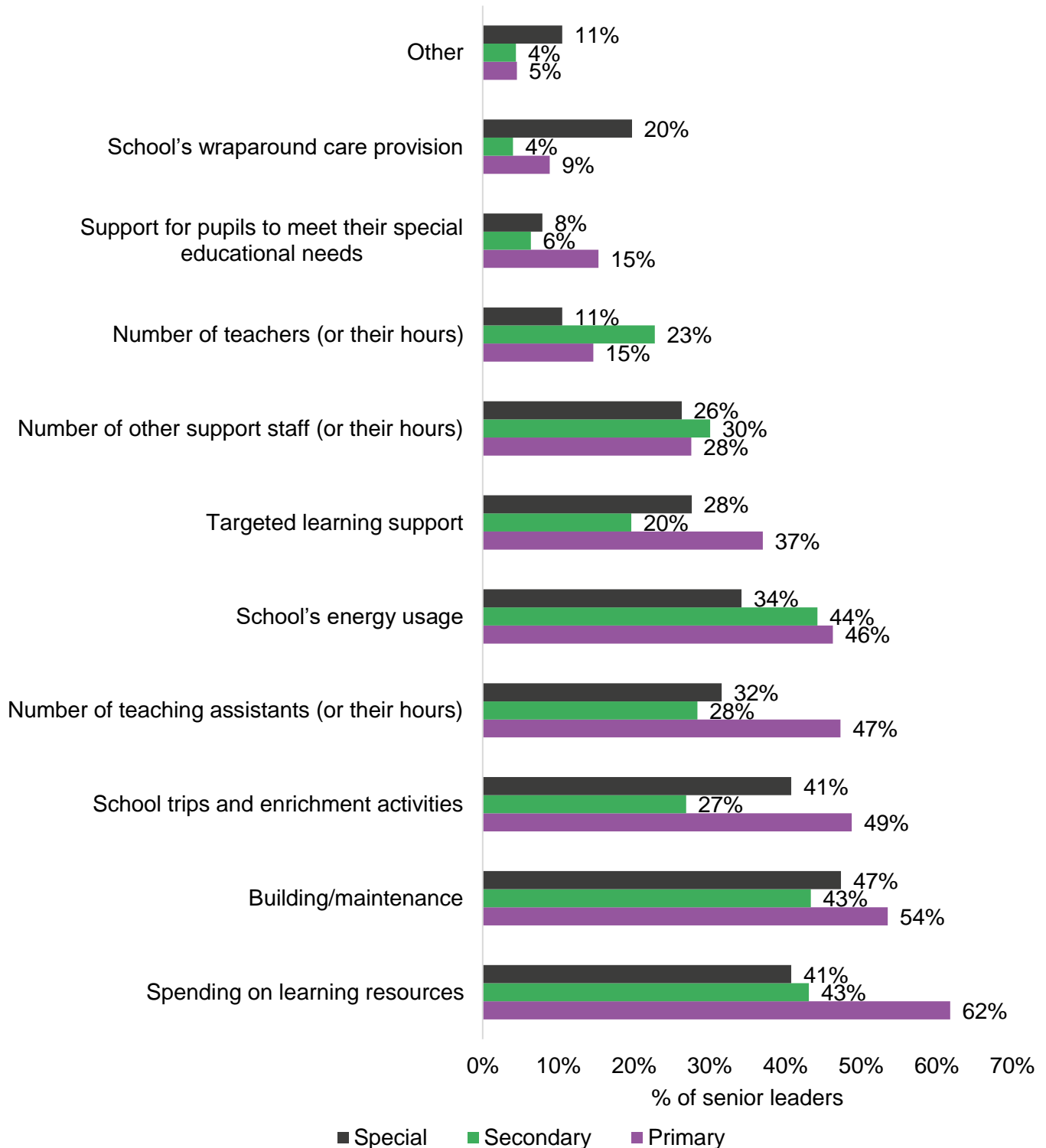
Furthermore, just under three-tenths of schools across all phases are cutting the number/hours of other support staff (such as administrative staff, cleaners or business managers). These findings indicate that the increased cost of living has directly influenced how leaders are staffing their schools and suggest that the least disadvantaged schools are more likely to reduce their staffing expenditure in response to the cost pressures that have arisen from cost-of-living pressures.

Increased costs in relation to running the school have forced us to end three fixed term contracts for excellent TAs. We really need their support to meet the needs of our pupils but cannot afford to pay their salaries anymore. – Mainstream senior leader

Our budget is so tight that where we have lost staff we have not been able to recruit...so we are running on a skeleton staff. As such, additional support is just not now available in the way we would want it to be, or it should be. – Mainstream senior leader

⁹ While schools were asked to only report cuts they had made in direct response to the increased cost of living, some schools may have also reported the implications of these cuts on other areas of provision, particularly in relation to staffing cuts. For example, schools may have cut the number of TAs because they can no longer afford these members of staff but then may have also had to cut targeted learning interventions because they are no longer able to staff these interventions.

Figure 3 The areas of spending schools are making cuts to in response to the increased cost of living



Source: NFER survey of 1441 senior leaders: 1291 gave at least one response

Teaching, learning and enrichment provision

Schools are also cutting learning resource provision, particularly in the primary sector. Around three-fifths (62 per cent) of primary schools cut spending on learning resources (such as printed worksheets, materials for art and science activities and library books), compared to two-fifths of secondary and special schools.

Teachers highlighted in their open responses¹⁰ feeling pressure to buy items for their class from personal funds and/or feeling unable to claim expenditures. This suggests that in some schools cost-saving measures are causing teachers to spend more or continue spending their personal funds on classroom resources at a time when they can least afford it themselves. Other teachers report that the scale and impact of school cuts to learning resources is exacerbated by the fact that teachers often no longer have the personal funds to purchase learning resources for their classroom themselves where they once would have done.

As a teacher it has always been very common to provide resources... for the classroom. I am now in a position where we often go without and lessons are basic due to the lack of disposable income I can spend on other things, like the classroom. – Mainstream teacher

Cost cutting for school essential resources. Shamed by school business manager for requesting glue sticks and whiteboard pens. So made to buy them myself. – Mainstream teacher

I am spending far more of my own salary purchasing class resources including cooking ingredients and stationary. As our school is now cashless we get no refund. – Mainstream teacher

I am trying hard to claim back all my additional expenses or not make them as I cannot prop up the school when my salary is not increasing at the level everything else is. – Mainstream teacher

Many of the children in my class do not have breakfast before they come to school and are less able to concentrate. I provide biscuits from my own pocket but I am struggling financially as well, and struggling to make ends meet. I want to help the children I teach but this is becoming increasingly difficult. – Mainstream teacher

In addition, just under half (49 per cent) of primary schools and two-fifths (41 per cent) of special schools cut spending on school trips and enrichment activities compared to 27 per cent of secondary schools. In their open responses, teachers and senior leaders identified that this was limiting the wider learning and life experiences of their most disadvantaged pupils.

Furthermore, large shares of schools are cutting their targeted learning support (such as small group interventions or tutoring). As shown in Figure 3, almost two-fifths (37 per cent) of primary schools, nearly three-tenths (28 per cent) of special schools and a fifth (20 per cent) of secondary schools are cutting targeted learning support. This is particularly striking considering the ongoing

¹⁰ Teachers and senior leaders were asked 'Is there anything else which you would like us to know about how the cost of living is affecting you, your pupils, your teaching or your school?'

Covid-19 recovery work in schools and the current emphasis on small group interventions and tutoring such as the National Tutoring Programme (NTP). The NTP is an important part of the Government's Covid-19 recovery programme in England and is designed to help schools respond to the disruption to learning caused by the Covid-19 pandemic. The NTP was launched in 2020/21 to establish tutoring as an effective tool schools can use to help disadvantaged pupils catch-up on missed learning and reduce the attainment gap (DfE, 2020). In 2022/23, NTP funding from the Department for Education (DfE) could be used to cover 60 per cent of the costs schools incurred and schools were then expected to incorporate the rest of their expenditure within their school budget (DfE, 2023b). Further discussion of these issues can be found in NFER research on the sustainability of tutoring (Moore and Lord, 2023).

Collectively these findings demonstrate that schools are changing how teaching and learning is delivered in school by reducing the variety and richness of their provision and scaling back targeted support in direct response to the increased cost of living.

We have had to reduce the number of trips we take the children on or workshops we have, as parents cannot pay for these. Affects cultural capital and wider aspects of learning. – Mainstream teacher

We have had to cut the school library service, subscriptions to learning platforms and reduce spending on everyday essentials such as paper, glue and pencils. – Mainstream senior leader

With the cost of everything going up significantly I have had to cut teachers and TAs which impacts on learning, learning outcomes, staff workload. – Mainstream senior leader

Special schools

While special schools are typically making cuts in similar areas to mainstream schools, there are some key differences. A fifth (20 per cent) of special schools report cutting their wraparound care (e.g., before and after school care for pupils) compared to less than 10 per cent of primary and secondary schools.

Another key difference is the proportion of special schools cutting their energy usage. While just under half of primary and secondary schools are cutting their energy usage, only a third (34 per cent) of special schools are doing so. It is likely this difference at least in part reflects some schools simply being unable to reduce their energy consumption due to the care needs of pupils in their school.

Further, almost three-tenths (28 per cent) of special schools report cutting their core specialist school offer, which includes the provision of hydrotherapy, physiotherapy, independence activities and life skills activities.

Together, the cuts being made by special schools – reducing their school's offer, reduced wraparound care and reduced enrichment – are concerning because they form core parts of the support for pupils with SEND, to maximise their development, independence and quality of life as

well as providing respite for families. The cuts to these aspects of provision also have important implications for the ability of schools to meet all the statutory requirements in pupils' EHCPs.

Having to carefully consider everything that is spent and whether we need it. Seriously considering whether we can afford to keep our swimming pool running with energy costs, chlorine, maintenance, staffing etc. – Special senior leader

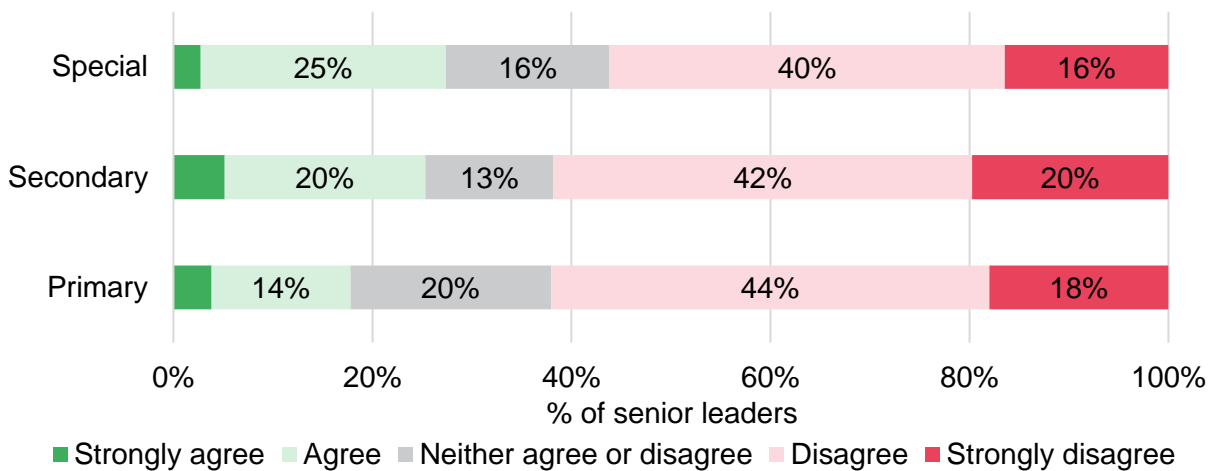
Salaries, pension contributions and building overheads have significantly impacted on our development plans. We decided to withdraw the teacher vacancy, with the headteacher taking more lessons to limit the expenditure. This has an impact on the leadership capacity. – Special senior leader

Class budget is reduced so buying/making resources is harder – this impacts on teaching and ensuring accessibility. – Special teacher

A fifth of schools report that they have reduced their curriculum breadth

Special schools and secondary schools are more likely to have cut their curriculum offer than primary schools - over a fifth of special and secondary school and just under a fifth of primary school senior leaders agreed they have reduced their curriculum offer compared to the 2021/22 academic year, as shown in Figure 4. This indicates that, while senior leaders have made cuts to teaching and learning provision, many have so far protected their core curriculum. There are no clear trends by school disadvantage.

Figure 4 The extent to which senior leaders agree/disagree that their curriculum offer has been reduced compared to last academic year



Source: NFER survey of 1441 senior leaders: 1271 gave a response

2.1.1 Impact on teaching and learning

Teachers and senior leaders nevertheless report their teaching and learning provision has been negatively impacted by the increased cost of living and commensurate cost-saving measures

Around 46 per cent of primary, 48 per cent of secondary and 45 per cent special school senior leaders agree that the increased cost of living has negatively impacted on the quality of teaching and learning in their school¹¹.

Figure 5 shows that higher proportions of leaders in the most disadvantaged schools report the quality of teaching and learning in their school has been negatively impacted by the increased cost of living than leaders from the least disadvantaged schools. For example, the proportion of primary senior leaders agreeing that teaching and learning had been negatively impacted rises from 39 per cent among the least disadvantaged schools to 52 per cent among the most disadvantaged schools.

Furthermore, as might be expected, schools facing greater financial pressures are more likely to report that cost-of-living pressures are having a negative impact on teaching and learning. Indeed, 51 per cent of primary and 57 per cent of secondary senior leaders from schools with an overall budget deficit at the end of 2022/23 report there has been a negative impact on teaching and learning in their school, compared to 36 per cent of primary and 48 per cent of secondary senior leaders from schools with an in-year surplus for 2022/23.

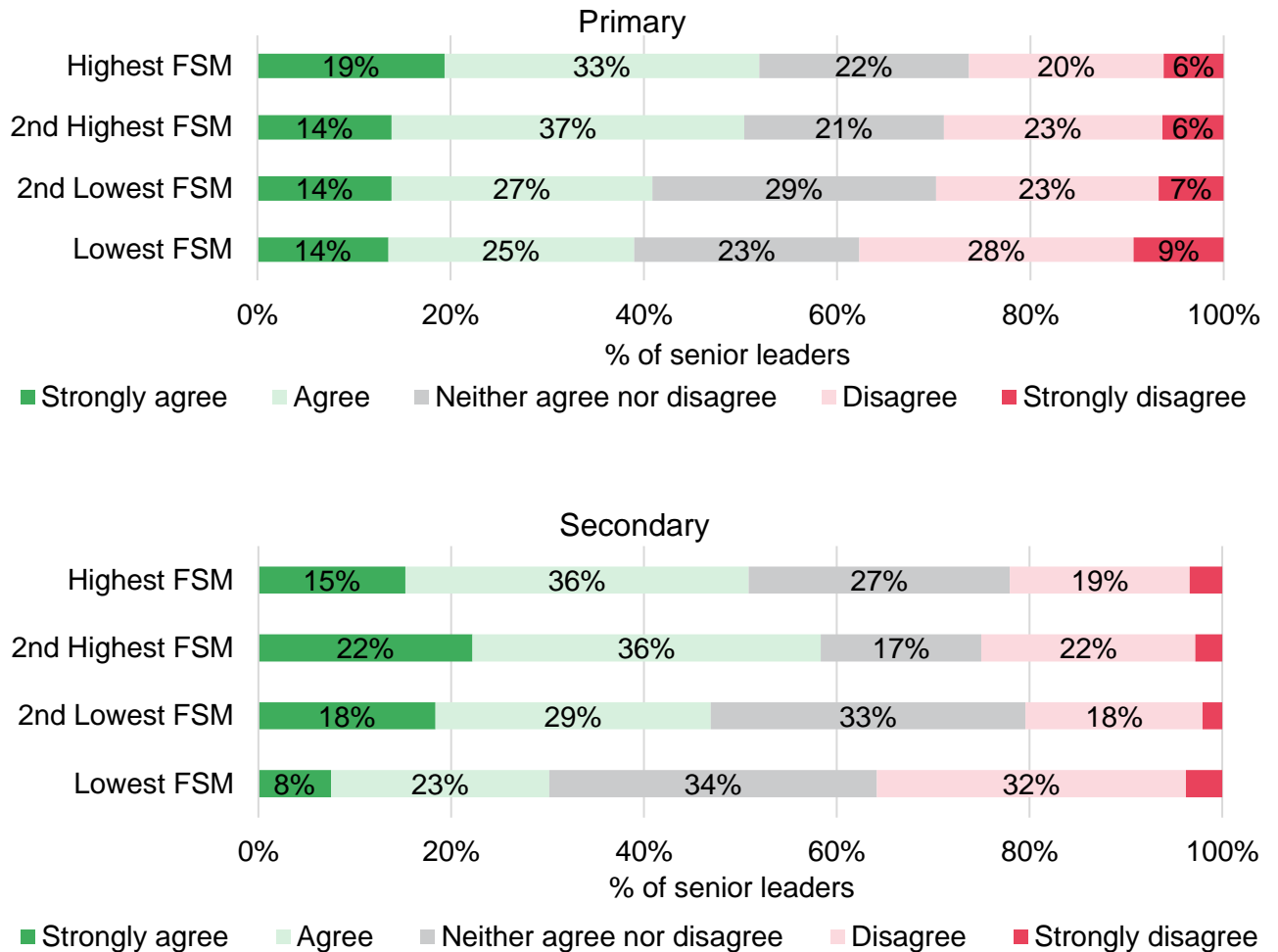
The cost of the basic supplies in school is meaning that we are having to limit what is used in the classroom which impacts upon the children's learning. – Mainstream senior leader

Due to a very tight budget we are not able to replace staff who are leaving - this is having a detrimental effect on the support and teaching that we are able to provide for the children at our school. – Mainstream senior leader

Budget cuts in school have negatively impacted the quality of lessons because we cannot get the resources we need. – Mainstream teacher

¹¹ Similar findings emerged among teachers when asked whether cost-saving measures taken in response to the increased cost of living had negatively impacted on their teaching and learning.

Figure 5 The extent to which senior leaders agree/disagree that their teaching and learning provision has been negatively impacted by the increased cost of living



Source: NFER survey of 1441 senior leaders: 1234 gave a response

We also produced a regression model (see Box 3) to explore the factors that are associated with senior leaders reporting that the increased cost of living has negatively impacted on the quality of teaching and learning in their school, over and above other factors. The results confirmed the findings reported above, that schools with higher proportions of FSM pupils are significantly more likely to agree that there had been a negative impact.

The model also found that schools reducing spending on supporting pupils with SEND and reducing spending to accommodate cost of living support are significantly more likely to agree teaching and learning quality had been negatively impacted, as are schools who agree the increased cost of living has driven an increased in the numbers of pupils requiring additional support. Finally, schools reporting difficulty recruiting teachers in the last 12 months are also significantly more likely to feel teaching and learning had been negatively impacted by the increased cost of living.

Box 3 Which factors are most closely associated with schools agreeing that the increased cost of living has negatively impacted on the quality of teaching and learning provision in school?

We used regression techniques to examine the association between different variables and whether schools agree or disagree that the increased cost of living has negatively impacted on the quality of teaching and learning provision, over and above other factors.

Our modelling accounted for:

- School characteristics (phase, region, FSM quintile, SEND quintile)
- Whether schools agreed the cost of living had driven an increase in the number of pupils requiring additional support
- The number of pupils requiring additional financial support
- Whether schools reduced spending to accommodate the cost of providing cost of living support
- Whether schools reduced spending as a direct result of the cost of living
- Whether schools are experiencing difficulty recruiting teachers and TAs.

We tested a large number of variables in our modelling, many of which did not appear to be significantly related to schools reducing spending for this reason (see the Appendix for more detail on the methodology).

The final model identified the following factors were most closely associated with the likelihood of schools agreeing that the increased cost of living has negatively impacted on their school’s teaching and learning provision.

Factors associated with schools disagreeing the quality of teaching and learning had been negatively impacted	Factors associated with schools agreeing the quality of teaching and learning had been negatively impacted
<ul style="list-style-type: none"> • Schools who have not attempted to recruit TAs (compared to schools who have found TA recruitment neither easy nor difficult) 	<ul style="list-style-type: none"> • Schools in the 2nd highest FSM quintile (compared to schools in the lowest FSM quintile) • Schools that have reduced spending to accommodate the cost of additional support being provided to pupils and household to help with cost of living issues (compared to schools who have not reduced spending for this reason) • Schools that have reduced support for pupils to meet their special educational needs this year as a direct result of the cost of living (compared to those who have not) • Schools who have found teacher recruitment difficult over the last 12 months (compared to those who have found teacher recruitment neither easy nor difficult) • Schools agreeing the increased cost of living has driven an increase in the number of pupils requiring additional support (compared to schools who neither agree nor disagree)

2.1.2 Impact on schools meeting additional needs

Most schools are concerned about having sufficient budget to fully support pupils with SEND

Three-quarters (75 per cent) of secondary leaders and almost nine-tenths (87 per cent) of primary leaders disagree that they currently (i.e., in April 2023, when the survey was administered) have sufficient budget to fully meet the needs of their pupils with SEND this year, as shown in Figure 6. This was strongly reflected in teachers and senior leaders' open responses where many stated that one of the key pressures they are dealing with was how to best support learners with suspected or identified SEND in their mainstream settings without sufficient funding or access to specialists at a time when they are reducing staff, most notably TAs. School staff report that they are trying to manage levels of increased need with limited additional support or professional advice. Some felt this to be unsafe for the pupils with additional needs, their peers and staff.

Furthermore, two-thirds (66 per cent) of special school senior leaders also disagree that they currently had sufficient budget to fully meet the needs of their pupils with SEND this year. This suggests that current SEND funding is insufficient, with the amount of money allocated per pupil to their setting being insufficient to meet what it is their statutory legal duty to provide (i.e., the support that is set out in each pupil's EHCP).

While these issues are not new, our findings suggest that cost-of-living pressures have both amplified the level of need and impacted on schools' ability to meet need within their existing budgets.

It is increasingly difficult to manage the needs of children with SEN with budget. Support staff are leaving but we cannot afford to replace them. – Mainstream senior leader

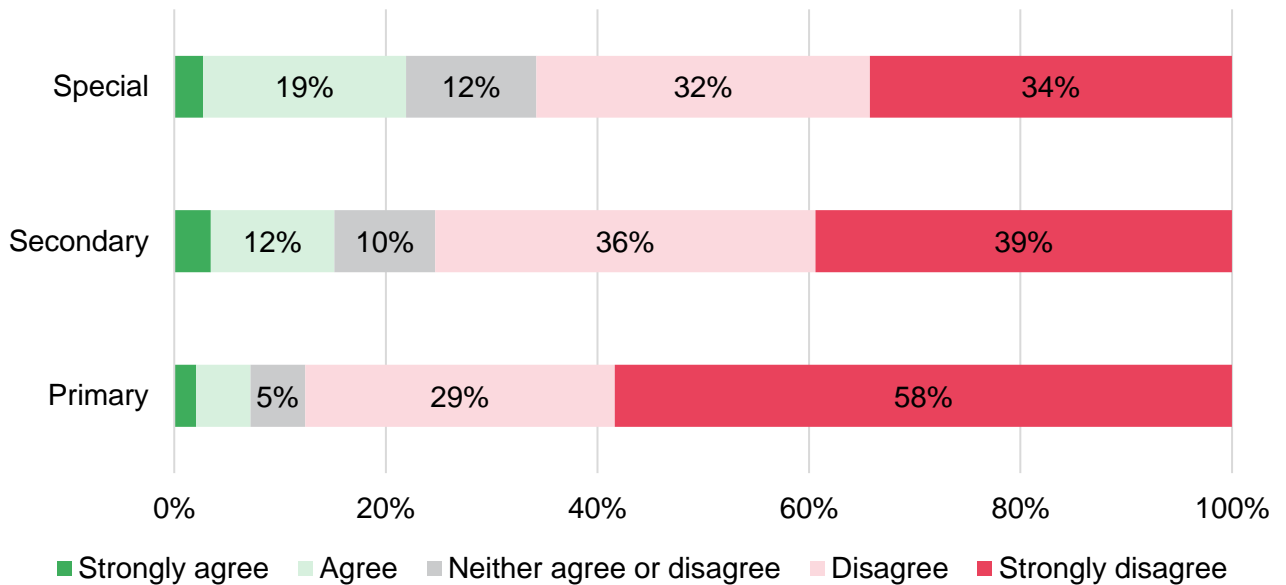
We worry about being able to support an increasing number of vulnerable pupils as SEND needs have increased as a result of school closures (particularly in Infant age groups) and we cannot recruit staff at all, let alone recruit staff who have the experience and skills that is required. – Mainstream senior leader

Lack of funding for the increased number of SEND children requiring support is impacting on the support available for the most needy children. – Mainstream senior leader

SEND funding is a huge issue and this really needs deep investigation as a whole. This is the single biggest factor affecting school finance, after insufficiently funded salary increases and energy costs. – Mainstream senior leader

The only possible way I can reduce this much spending is by cutting jobs but this will result in an unsafe environment for children, particularly those with extreme need and those in the same classes as children with extreme need. – Mainstream senior leader

Figure 6 The extent to which senior leaders agree/disagree they have sufficient budget to meet the needs of their pupils with SEND this year



Note: Due to rounding errors, figures may not match breakdowns presented elsewhere
Source: NFER survey of 1441 senior leaders: 1271 gave a response

There is also widespread concern among senior leaders of all phases about their ability to fully meet the needs of their pupils

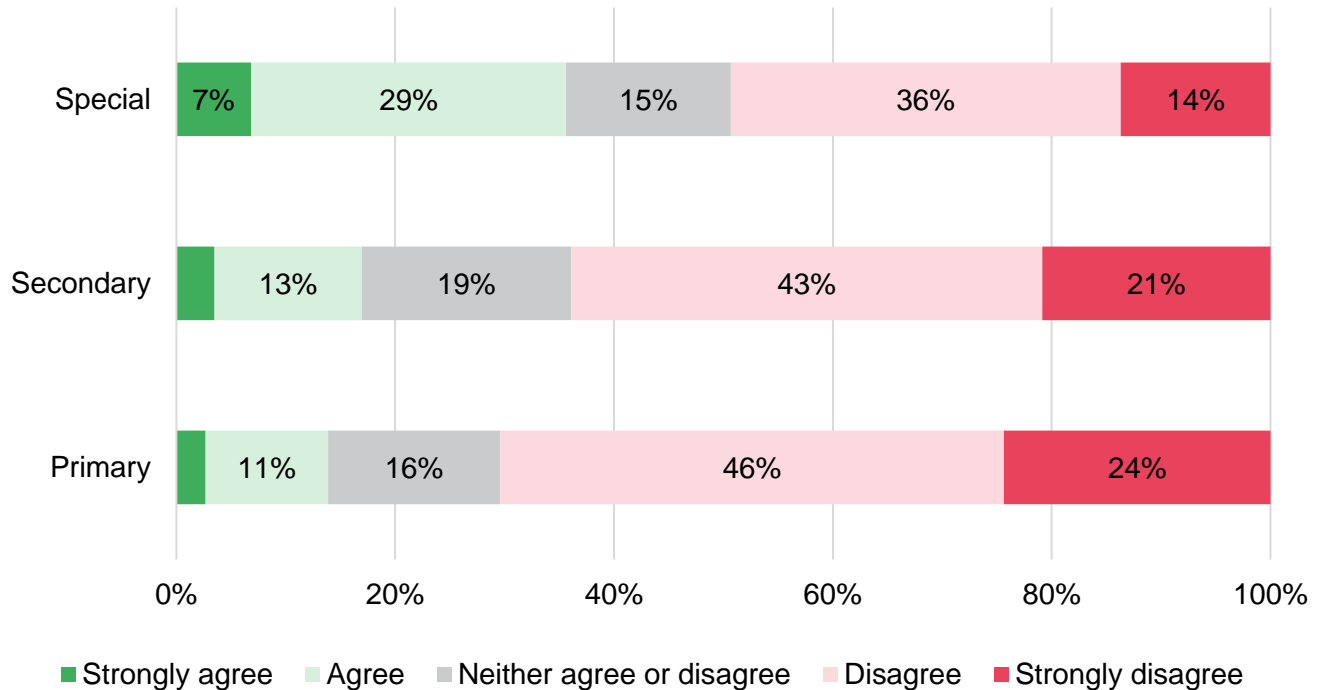
About 70 per cent of primary senior leaders and 64 per cent of secondary senior leaders report not feeling confident that their school is able to fully meet the needs of all their pupils, as shown in Figure 7.

Among secondary schools, this appears to be driven by disadvantaged schools. About 60 per cent of secondary senior leaders in the least disadvantaged schools are not confident about fully meeting pupils’ need compared to 73 per cent of secondary senior leaders in the most disadvantaged schools. However, there was no clear pattern among primary schools.

In contrast, only about half (49 per cent) of special school senior leaders report not feeling confident about their schools’ ability to fully meet the needs of their pupils. Staff in specialist settings are more accustomed to supporting wider needs amongst their pupils by the nature of the provision they provide, which may explain why they feel more confidence in their ability to meet all needs.

However, as discussed above, this remains concerning as both mainstream and special schools have a legal statutory duty to meet each pupil’s need as set out in their EHCPs and funding is intended to be sufficient to facilitate this in school. These findings add further weight to concerns that current SEND funding is insufficient, and that cost-of-living pressures are impacting on SEND provision as well as teaching and learning.

Figure 7 The extent to which senior leaders agree/disagree that they are confident their school is able to fully meet the needs of all their pupils



Note: Due to rounding errors, figures may not match breakdowns presented elsewhere
Source: NFER survey of 1441 senior leaders: 1274 gave a response

A regression model found that schools anticipating an in-year deficit in the 2023/24 financial year are significantly less likely to feel able to meet pupils’ needs, again suggesting that funding pressures are a key barrier to schools meeting all pupils’ needs. Details of this regression model exploring other factors that are associated with senior leaders not feeling confident in their school’s ability to fully meet the needs of all pupils, over and above other factors, can be found in the Appendix.

We are unable to meet the needs of all our children because we will have to reduce staff so as to reduce our deficit. – Mainstream senior leader

We are very inclusive and try our very best to meet the needs of all our pupils but we have had to cut teaching staff next year in order to balance our budget and this means it is virtually impossible to meet the needs of all our pupils effectively. This is the biggest impact on pupils, staffing, progress, mental health and achievement. – Mainstream senior leader

2.1.3 Steps taken by schools to mitigate cost-of-living increases

More than half of schools are keeping classrooms colder

In addition to adjusting their expenditure on teaching, learning and staffing, schools are implementing a variety of approaches to reduce running costs and increase revenue.

While around half of schools report keeping some or all of their classrooms colder than usual to reduce costs, this is driven by mainstream schools as opposed to special schools. Around 55 per cent of primary schools and 51 per cent secondary school schools report having colder classrooms compared to 38 per cent of special schools. This may reflect some special schools feeling unable to reduce classroom temperatures due to the needs of the pupils in schools (such as pupils in wheelchairs or with mobility issues and with complex or medical needs).

In contrast, only a small proportion of schools have change how they deliver learning or set-up the school day to reduce running costs, though special schools are much more likely to have implemented this measure. Around 23 per cent of special schools report taking this step in comparison to 14 per cent of secondary schools and 13 per cent of primary schools.

In addition, large shares of schools sought to access additional funding and/or increase their self-generated income. Around half of mainstream schools (49 per cent of primary and 52 per cent of secondary) and 43 per cent of special schools have accessed funding for energy efficiency upgrades in school from the DfE. Furthermore, around 44 per cent of primary and secondary mainstream schools and 38 per cent of special schools increased their self-generated income (e.g., by renting our facilities to others, selling property or selling energy back to the National Grid).

More than half of primary schools are seeking additional parental contributions to accommodate cost-of-living pressures

Around half of schools are seeking more contributions from parents, although there is notable variation by phase. Only 32 per cent of special schools and 29 per cent of secondary schools report asking for increased contributions compared to 58 per cent of primary schools. As shown in Figure 8, among primary schools, the proportion of schools asking for additional contributions rises from 40 per cent among the most disadvantaged schools to 73 per cent among the least disadvantaged schools. Similarly, among secondary schools, the proportion triples from 16 per cent of the most disadvantaged schools to 51 per cent of the least disadvantaged schools. It is likely that this reflects higher proportions of disadvantaged schools feeling unable to ask their pupils' households for more contributions due to the financial pressures on households rather than disadvantaged schools having less need for parental contributions.

We have just seen an increase in families being unable to cover costs of extra-curricular visits which in the past we would have funded through school budgets but now are unable to do so now due to increased costs within our own school budgets so we are having to think very carefully about what we are asking parents for financially and give them enough time to pay for things. – Mainstream senior leader

Figure 8 The extent to which schools agree or disagree that their schools is asking for more contributions from parents (including PTAs/friends of the school groups)?



Source: NFER survey of 1441 senior leaders: 1142 gave a response

2.2 Finances

Key findings

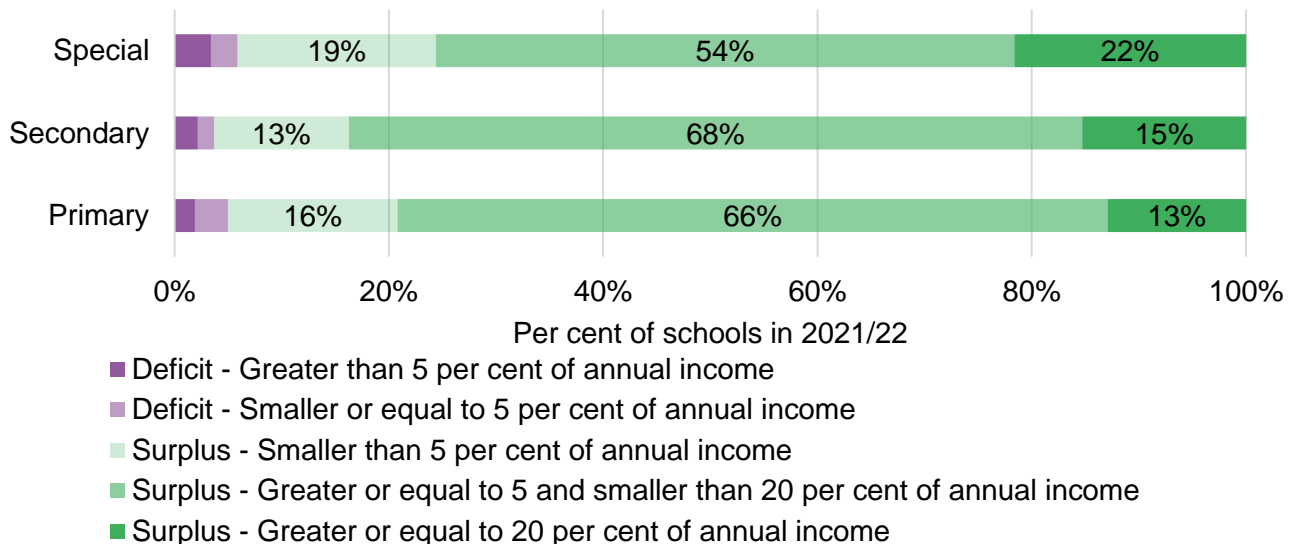
- Despite making cuts, schools are reporting that recent cost-of-living increases have had a considerable negative impact on their financial positions.
- The least disadvantaged schools, particularly among secondary schools, are most likely to report in-year and overall budget deficits for the 2022/23 financial year than the most disadvantaged schools.
- Just under half of schools are expecting both to have an in-year deficit and needing to make cuts to provision in 2023/24, with higher proportions of the least disadvantaged schools anticipating deficits in 2023/24 than the most disadvantaged schools.

2.2.1 Schools' financial positions in 2022/23

Prior to cost-of-living pressures, around five per cent of schools had an overall budget deficit

This is shown in Figure 9 and reflects the fact that schools' budget positions generally improved during the pandemic. Between 2021/22 and 2022/23, the schools' budget also increased by a further £4 billion for 2022/23 (HM Treasury, 2022). This represented a 6.8 per cent increase in funding for mainstream schools (DfE, 2023d).

Figure 9 The state of schools revenue reserves as a proportion of annual income in 2021/22



Source: NFER analysis of DfE School Financial Benchmarking

Note: Estimates for academy and local authority (LA) maintained schools are not directly comparable. The figures for academies are approximate, they operate different financial years and are generally part of a larger trust, where resources can be more easily moved between schools to cover deficits.

However, schools have faced significant cost pressures as a result of recent cost-of-living increases

In the last 12 months, schools have had to contend with the significant financial pressure brought about by unprecedented increases in energy costs and rapid increases in the cost of food (Harari *et al.*, 2023). Collectively, increased heating, electricity and food bills have dramatically increased schools' running costs, which are not accounted for in the additional funding given to schools as part of a three-year funding increase intended to return schools to 2010 funding levels (HM Treasury, 2022). In the same period, schools have also had to accommodate increases in teacher pay, reductions in wider services provided by local authorities and local authorities not being able to provide financial support to schools to cover costs.

Responses to open response questions in our survey illustrate that schools are facing a wide array of financial challenges.

The lack of funding from the government to cover teacher and TA pay rises had had a huge deficit on the budget so has the increase in energy costs. We have spent very little on the curriculum this year apart from the very basics. – Mainstream senior leader

Our utility bills have increased by 1000%! We are looking at a substantial deficit budget in the next two academic years. We will be facing redundancies if this cost-of-living crisis continues. – Mainstream senior leader

The cost of school meals is 58p per meal more than the universal infant free school meal grant which is an annual bill of £37,200 for my school. This along with last year's unfunded pay increases will put my school into deficit at the end of 2023/24. The unfunded pay increases have led directly to my in year deficit in 2023/24. – Mainstream senior leader

Over a third of schools report deficits on their overall school budgets at the end of 2022/23

Senior leaders were asked about their anticipated/realised in-year and overall budget including any previous deficit or surplus they had accrued by the end of the 2022/23 financial year. The financial year for LA maintained schools runs from March to April, whereas for academies it runs from September to August. As the surveys were administered from late-April to mid-May, LA maintained schools answered having recently finished the 2022/23 financial year while academies reported whether they were on track for a surplus, to break even or have a deficit.

The following data is self-reported and was collected concurrently with an industrial dispute over teacher pay (Martin, 2023a), as such the following findings may in part reflect wider debate within the sector about the sufficiency of school funding. Caution is needed when interpreting these findings and they are like to over-estimate the impact of cost-of-living pressures on school budgets.

Overall, around a third of schools across all settings report accruing a deficit on their overall school budget by the end of the financial year. By phase, as shown in Figure 10, we see that almost two-fifths of primaries report accruing an overall deficit. This decreases slightly among secondary schools where 31 per cent report overall deficits. Our data suggest that special schools are in the

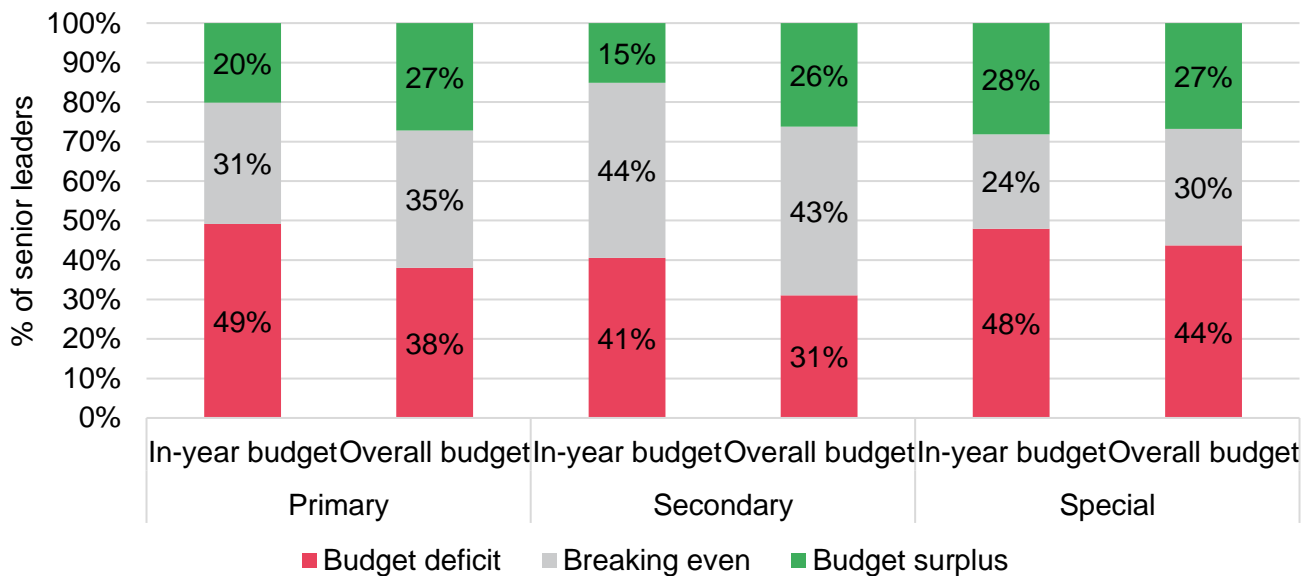
most challenging financial circumstances overall – almost half (44 per cent) of special schools report now having an overall budget deficit. While this is self-reported data and academies are reporting anticipated rather than realised deficits, this data nevertheless indicates that there has been a large increase in the number of schools now carrying deficits compared to a year ago.

As any school running an overall deficit is expected to take steps towards returning to a neutral financial position, many schools are likely to need to make further cuts in the coming year in order to balance their finances.

As would be expected, it is schools with the weakest financial positions in 2021/22 (already in deficit or without large reserves) who were most likely to report having a deficit in 2022/23 (see Figure 15 in the Appendix for further details).

Furthermore, an even higher proportion of schools report an in-year budget deficit. Primary and special schools are slightly more likely than secondary schools to report an in-year deficit. Almost half of primary schools and special schools (at 49 and 48 per cent) report an in-year deficit compared to 41 per cent of secondary schools. The majority of schools report they have used school reserves to cover costs incurred due to the increased cost of living. This highlights the scale of the difficulty schools have experienced trying to deliver their provision within budget this financial year.

Figure 10 Schools overall and in-year budget status by the end of the 2022/23 financial year



Source: NFER survey of 1441 senior leaders: the minimum number of responses given to an individual item was 1209

While this data suggests that schools have largely sought to absorb the short-term increase in expenditure resulting from the increased cost of living at least in part by drawing on their existing reserves, senior leaders highlight in their survey responses that this is not sustainable and reserves are rapidly being depleted.

Although we had a surplus budget at the end of the financial year, this was because we have strictly monitored spend and actively cut costs and because we had reserves to dip into. If this had not have been the case, we would have had a deficit budget. – Mainstream senior leader

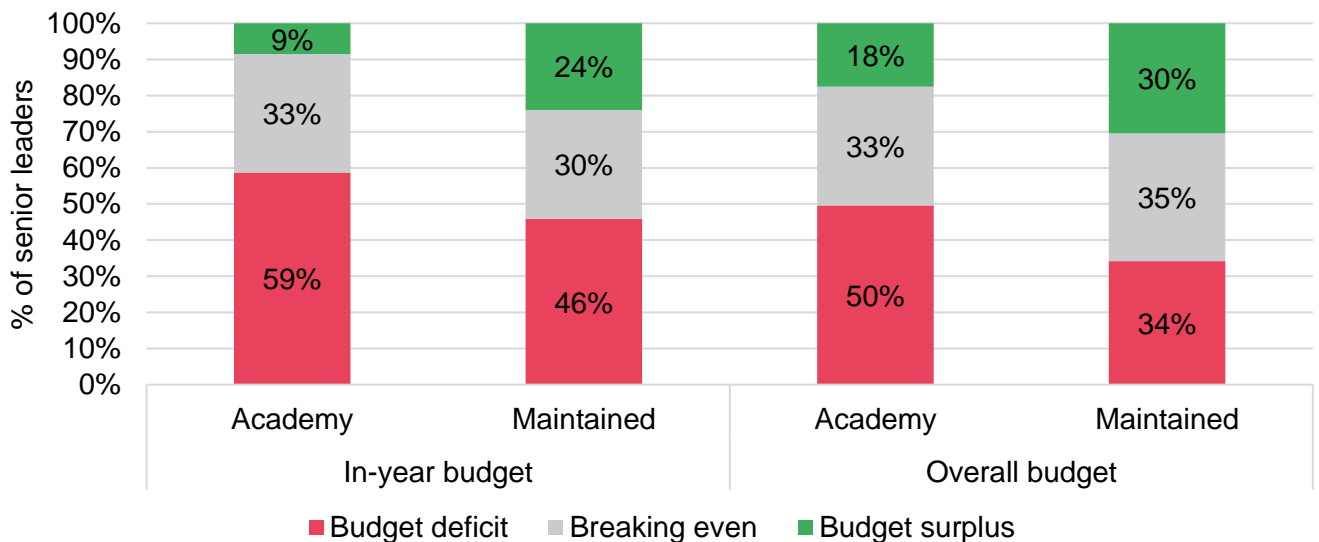
Our school is very well run, financially, and we have been fortunate to be able to meet children's needs where this has been in excess of funding received. We can no longer do this, all reserves are gone and we have had to make serious cut backs. – Mainstream senior leader

Higher proportions of primary academies report in-year and overall deficits than LA maintained primary schools

Our analysis found that, among primary schools, academies report overall and in-year budget deficits in higher proportions than LA maintained schools, as per Figure 11. Around 50 per cent of primary academies report an overall deficit compared to 34 per cent of LA maintained primary schools. Similarly, around 59 per cent of primary academies report an in-year deficit compared to 46 per cent of LA maintained primary schools. A similar trend was observed among secondary schools though the differences are smaller.

These findings may in part reflect the differences in the timing of the financial years for academies compared to LA maintained schools. For example, the 2022/23 teacher pay rise came into effect in September 2022, which is the beginning of the financial year 2022/23 for academies but part way through the financial year for LA maintained schools. As such, academies responses reflect a full year of elevated salary costs.

Figure 11 Primary schools in-year and overall budgets by the end of the financial year 2022/23 by school type



Source: NFER survey of 1441 senior leaders: the minimum number of responses given to an individual item was 930

The least disadvantaged schools are more likely to report an in-year and overall budget deficit for the 2022/23 financial year than the most disadvantaged schools, particularly among secondary schools

While the most disadvantaged schools have been most impacted by increases in the level and extent of pupils need (as discussed in Chapter 2 of the full report), Figure 12 shows that cost pressures arising from the increased cost of living are being felt across all schools, including the least disadvantaged schools.

Figure 12 Schools in-year budget status by the end of the 2022/23 financial year by school disadvantage



Source: NFER survey of 1441 senior leaders: 1149 gave a response

Among secondary schools, 48 per cent of schools in the quartile with the fewest disadvantaged pupils report an in-year deficit compared to 29 per cent of schools in the most disadvantaged quartile, as shown in Figure 12. Similarly, for primary schools, 54 per cent of schools in the least disadvantaged quartile of schools report an in-year deficit compared to 48 per cent of schools in the most disadvantaged quartile.

A similar trend was identified among secondary schools regarding their overall budgets. Our analysis found that 25 per cent of secondary schools in the most disadvantaged quartile report an overall deficit compared to 37 per cent of secondary schools in the least disadvantaged quartile. Among primary schools, there was very little variation by school-level disadvantage.

As discussed earlier in this chapter, these observed patterns may be partly explained by the fact that least disadvantaged schools receive the least funding relative to schools with higher proportions of disadvantaged pupils, meaning their budgets are particularly vulnerable to running into deficit in the face of increased cost pressures. They show that, while teaching and learning may have been most impacted in the most disadvantaged schools, the least disadvantaged schools have also been affected.

2.2.2 Expectations for next year

Just under half of schools are expecting both to have an in-year deficit and needing to make cuts to provision in 2023/24

We asked senior leaders about what they anticipate in terms of surplus/deficit for the 2023/24 financial year. When responding to this question, senior leaders were asked to answer excluding any possible future costs associated with the changes to teacher pay currently under negotiation.

At the time of the survey fieldwork, school leaders were still waiting for the Government to confirm the teacher pay increase for 2022/23 – with 4.3 per cent, the latest offer made by the Government at the time of the fieldwork, having been rejected by the education unions (Walker, 2023). This has now been confirmed to be 6.5 per cent (DfE, 2023a). Out of which, 3.5 per cent will need be covered by existing school budgets (the remaining three per cent will be funded from elsewhere in the DfE’s budget) (DfE, 2023c).

At least three-fifths of senior leaders across all settings are currently expecting an in-year deficit for their 2023/24 budget, with only a very small proportion (less than a tenth) expecting a surplus. As shown in Figure 13, there is variation by phase in the proportion of schools anticipating a deficit as well as the proportion of schools expecting to make cuts in response to their expected deficit.

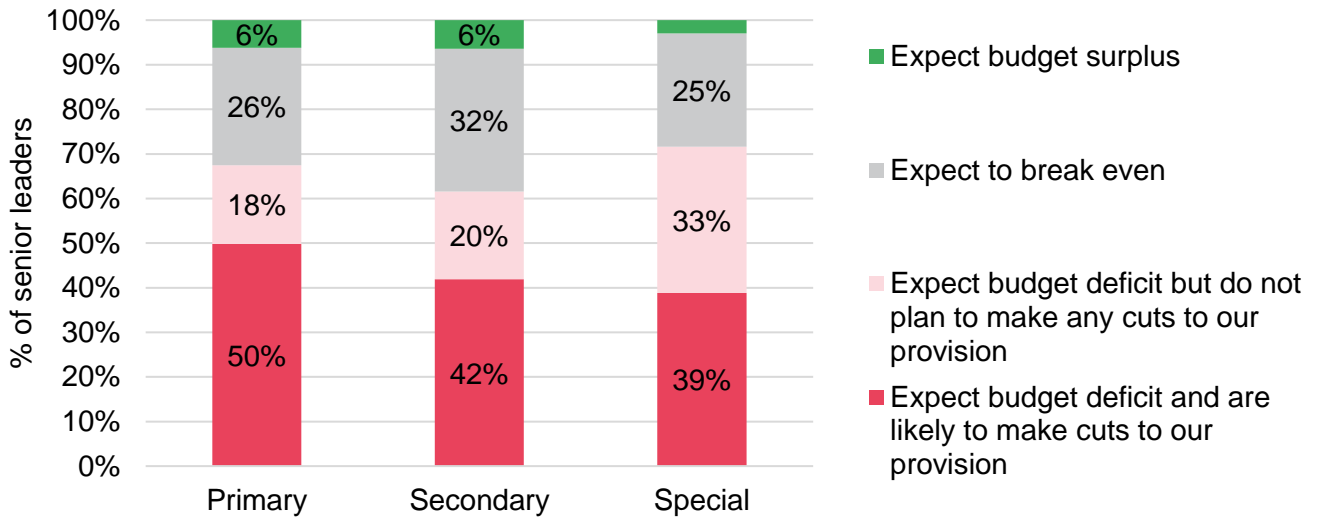
While 72 per cent of special schools expect an in-year deficit next financial year, only around half of these schools expect to make cuts to provision. In contrast, most primary and secondary schools anticipating a deficit next financial year also expect to make cuts to their provision.

The schools budget is set to increase by a further £3.5 billion for 2023/24 and £1.5 billion in 2024/25 (alongside aforementioned funding to cover three percent of teacher salary increases¹²). While these funding uplifts represent significant increases, these increases are only intended to

¹² The Department for Education (DfE) has also announced £482.5 million in 2023/24 and £827.5 million for schools in 2024/25 as part of funding announced in July 2023 (DfE, 2023c). This is expected to be funded from elsewhere in the DfE (including schools) budget (Martin, 2023b).

return schools to 2010 funding levels in the context of unprecedented running costs and increased teacher salaries. It is also important to note that special schools receive funding via their LA and that the funding formula used for special schools differs from that used for mainstream schools (it has a large historical component). This may contribute to the funding challenges faced by special schools. For example, not all special schools will receive the full amount of aforementioned funding to cover the three percent of teacher salary increases.

Figure 13 Schools expectation for their budget and provision for the 2023/24 financial year

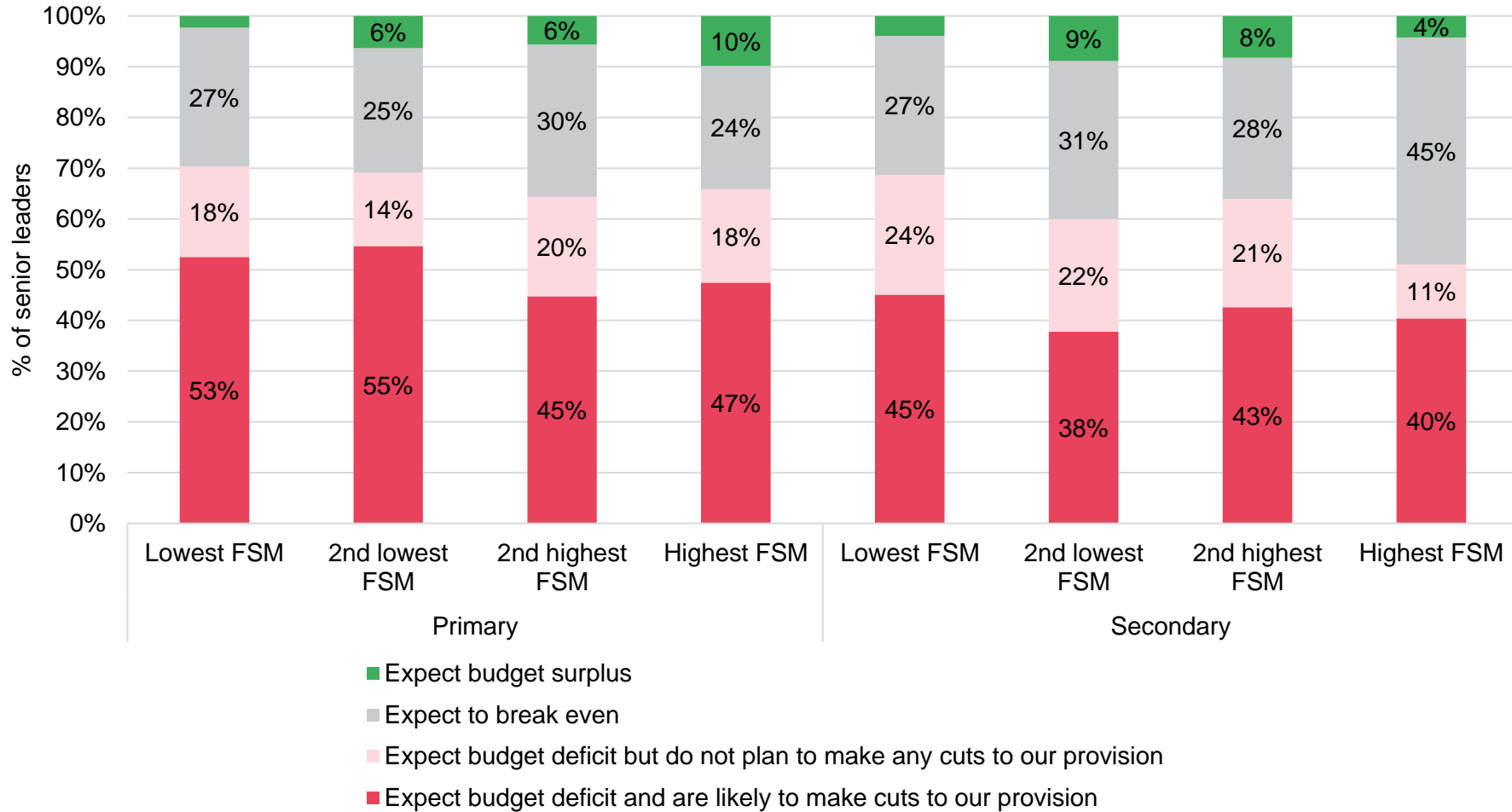


Source: NFER survey of 1441 senior leaders: 1193 gave a response

Higher proportions of the least disadvantaged schools are anticipating deficits in 2023/24 than disadvantaged schools

This trend is particularly evidenced among secondary schools. As shown in Figure 14, around 69 per cent of the least disadvantaged quartile of secondary schools expect to run an in-year deficit, compared to 51 per cent of the most disadvantaged quartile of secondary schools. This finding is consistent with the data presented earlier in this chapter showing that more non-disadvantaged schools are reporting in-year and overall budget deficits at the end of the 2022/23 financial year compared to more disadvantaged schools. These findings also highlight that not only do schools expect sustained pressures on their budgets next academic year, but that the least disadvantaged schools remain particularly vulnerable to running into deficit in the face of increased cost pressures.

Figure 14 The proportion of senior leaders expecting surplus or deficit in 2023/24 by school disadvantage



Source: NFER survey of 1441 senior leaders: 1124 gave a response

2.3 Discussion

Schools have not been able to accommodate the increased costs which have arisen due to cost-of-living pressures purely via financial reserves. Most schools are making cuts, not only to extra-curricular provision, targeted learning support (such as tutoring) and overheads, but to their core teaching and learning provision. In special schools, core specialist support has also been reduced. Schools are only expecting their financial situations to worsen over the coming year – which is only likely to intensify these cuts further. Many school leaders are facing impossible trade-offs.

This is likely to impact pupil attainment outcomes in both the short - and longer-term. Together with the additional pressures faced by disadvantaged pupils' due to recent cost-of-living increases, this is only likely to lead to a widening of the gap in attainment outcomes achieved between disadvantaged pupils and their more advantaged peers.

Furthermore, our findings highlight that the cost-of-living pressures have exacerbated existing challenges faced by both mainstream and special schools' in meeting additional needs. This means that some of the most vulnerable pupils in the schools' system are not being adequately supported and have lost core parts of the support they need to maximise their development, independence and quality of life. It also means families may have lost access to important respite opportunities.

Without urgent action now, our findings highlight that the cost-of-living pressures risk having far reaching and long-lasting impacts on pupils, particularly those who are most vulnerable, across both mainstream and special school settings.

Recommendation 1: In the short-term, schools need greater financial support to address pupils' pressing well-being and welfare needs, alongside meeting the additional direct costs (e.g., energy and school meal costs) associated with the increased cost of living.

Recommendation 2: While the SEND and Alternative Provision Improvement Plan already sets out next steps for improving provision for pupils with additional needs, it should be prioritised and accelerated to ensure that schools and pupils get access to the urgent help they require as soon as possible.

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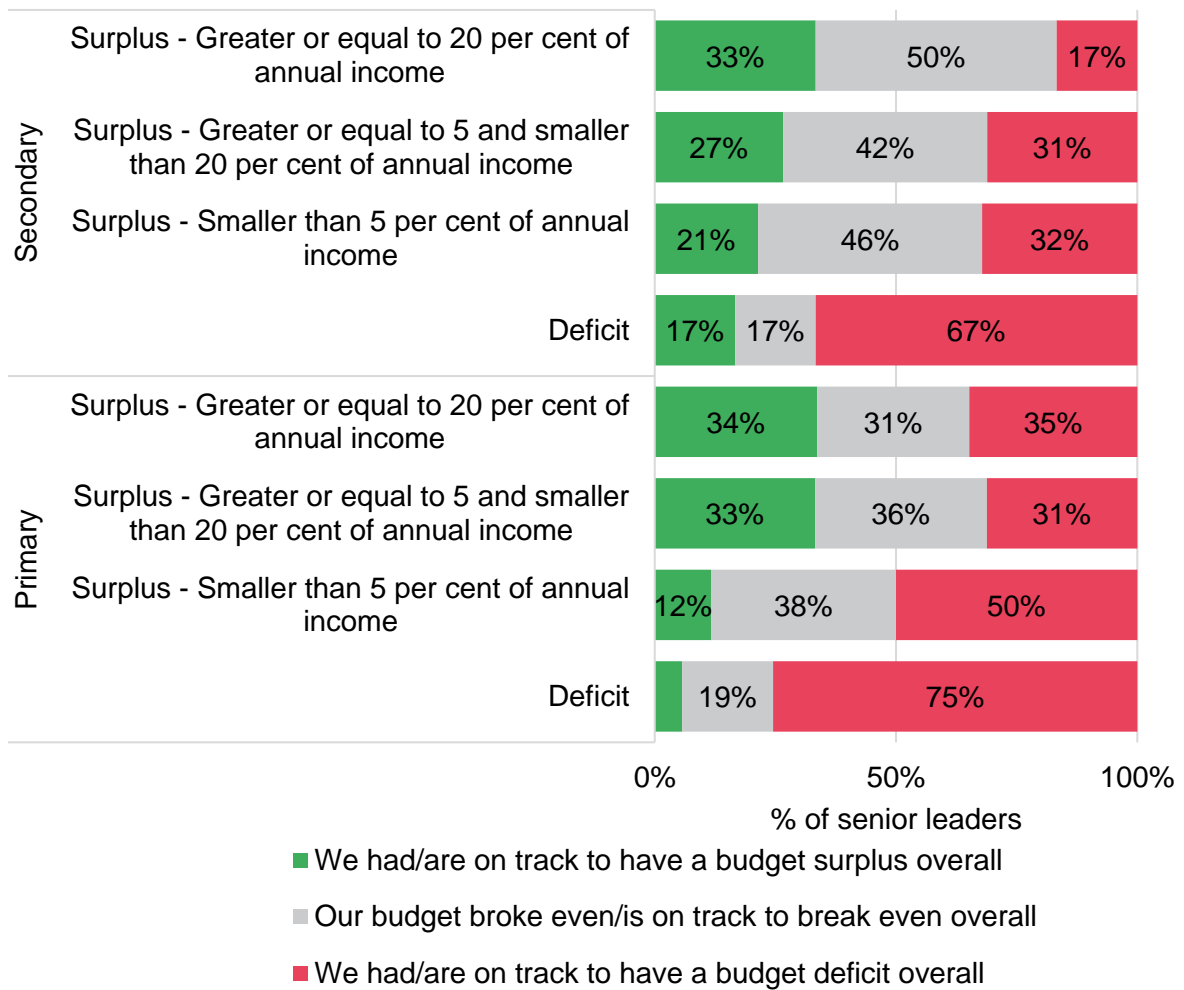
Appendix A: Additional figures

A note on school budget deficits

We find that it is largely the schools already in deficit or without large reserves in 2021/22 who report running a budget deficit in 2022/23. This is shown in Figure 15 below which presents the level of budget surplus/deficit in 2021/22 against the overall budget position in 2022/23.

Schools with large financial reserves are much less likely to report having a deficit in 2022/23, albeit a small number do. While it is surprising that the financial positions of these schools could have changed so considerably over the course of the last year, these represent a small share of the schools reporting an overall deficit in 2022/23.

Figure 15 Overall budget status by the end of the 2022/23 financial year by budget status in 2021/22



Source: NFER survey of 1441 senior leaders: 1069 gave a response and had financial data which could be matched for 2021/22

Appendix B: Methodological approach for descriptive analysis

Linking to administrative data sources

Our survey data was linked to a range of administrative data sources. The Department for Education's (DfE's) [Get Information About Schools](#) (GIAS) data was used to identify school-level characteristics such as type of school, geographical information. Historical school finance information was drawn from the School Benchmarking Service data (Schools financial benchmarking, 2023) and local authority (LA) high needs funding information was drawn from the planned school and LA funding publication (DfE, 2022a).

A note on derived variables

We created free school meals (FSM) quartiles by identifying the proportion of pupils eligible for FSM in the population of mainstream and special schools respectively, split by phase (primary and secondary, with all-through schools treated as secondary). Based on this, we then split schools into four evenly sized groups known as quartiles by phase and school type.

Quartiles are used in presenting descriptive analysis, rather than quintiles for ease of presentation. Quintiles are used in the regression modelling (see below).

We created the overall region variable by grouping Government Office Regions as follows: North (North West, North East and Yorkshire), Midlands (West Midlands, East Midlands and East of England) and South (London, South West and South East).

In order to estimate the number of pupils in need of additional support across different areas, senior leaders were asked selected one of the following ranges: 'over 90 per cent of pupils', 'between 71 and 90 per cent', 'between 51 per cent and 70 per cent', 'between 31 per cent and 50 per cent' and 'less than 10 per cent'. Mid-points were used to estimate an average across senior leaders currently (as of April 2023) and compared to the same point last year.

In order to estimate the proportion of pupils coming into school hungry, without adequate clothing and without adequate materials, teachers were asked to provide the number of pupils in their class (primary/special schools) or year group/house¹³ (secondary schools) who fit into these categories. The proportions of class/year/house groups were calculated using teachers' reported total number of pupils in their class/year/house group.

A note on sample weighting for mainstream schools

For mainstream schools, we created a variable that identifies whether a school is a primary or secondary school (with all-through schools treated as secondary) and its quintile level of FSM eligibility. This created a 12-category variable of phase and quintile, including two missing categories. We compared the distribution of the responding schools to the population distribution and used a chi square test for independence to determine if weighting was required. Weights were

¹³ Secondary teachers were only asked to provide a response to this question where they were either a head of year or a head of house.

then constructed to ensure that the sample was representative across both phase and free school meal quintiles.

Representativeness of the special school sample

The special schools sample was not weighted due to the small response rate achieved. Special school responses will best reflect the experiences of a maintained special school with an average level of pupil disadvantage: non-maintained special schools, schools in the North and the most disadvantaged special schools are all under-represented in the data as shown by Table 1 below. Special schools included in the data covered a wide range of SEND specialisms.

Table 1 Characteristics of the special school survey

Category	Population (%)	Sample (%)
Type		
Non-maintained	41	17
Maintained	59	83
Region		
South	40	45
Midlands	31	35
North	28	20
Disadvantaged		
Lowest FSM quintile	20	21
2 nd lowest FSM quintile	20	20
Middle FSM quintile	20	23
2 nd highest FSM quintile	20	22
Highest FSM quintile	20	15

Source: Based on pooled responses from 87 senior leaders and 41 teachers from special schools. Population proportions are based on data from 1756 special schools

Appendix C: Regression methodology

Approach

We estimated five statistical models to provide more detailed insights into the drivers and determinants of cost-of-living pressures to address the following research questions:

1. Which factors are most closely associated with schools reducing spending in order to accommodate the cost of providing cost of living support to pupils and their households?
2. Which factors are most closely associated with schools agreeing that the increased cost of living has negatively impacted on the quality of teaching and learning provision in school?
3. Which factors are most closely associated with schools feeling able to meet pupils additional needs?
4. Which factors are most closely associated with schools facing difficulties in recruiting teachers?
5. Which factors are most closely associated with schools facing difficulties in recruiting teaching assistants (TAs)?

All statistical models were unweighted and estimated on mainstream senior leader responses only. As all outcome variables were modelled as binary variables, all estimates were derived using a logistic regression approach with marginal effects estimated at means.

All categorical variables were turned into dichotomous variables and, where appropriate, responses were grouped to reduce the set of factors included in the modelling. As there were only small numbers of independent variables with missing observations, these were included in models using dichotomous dummies to avoid sample attrition.

The set of factors included in each model was tailored to the outcome variable of interest, and included school characteristics (i.e., Ofsted rating, school phase, SEN quartile, FSM quintile, region, whether the school was urban or rural, whether the school was an academy), wider factors (i.e., LA high needs fundings) alongside other relevant questions asked as part of the survey.

The set of independent variables for each model was refined using multi-collinearity tests. Where collinearity between variables was identified, the set of variables to be included in the models was refined using a general to specific approach.

Models

Our model findings are presented in Tables 2-5 below. Two tables (a basic and extended model) are presented for the first model, both with and without wider survey variables. This is to reflect the fact that some of the survey variables tested for inclusion are mediators for the impacts of schools characteristics.

Table 2 Basic model related to schools feeling the quality of teaching and learning provision being negatively impacted by cost-of-living pressures

Variable		Average Marginal Effect	Standard error	Level of significance
FSM quintile	Lowest - Middle 20%	0.020	0.043	0.653
	Middle 20%	0.049	0.045	0.273
	Middle - Highest 20%	0.142	0.046	0.002**
	Highest 20%	0.099	0.049	0.043*
Phase	Secondary	0.018	0.036	0.623
Region	Midlands	0.039	0.049	0.424
	North	0.070	0.050	0.156
	South	0.026	0.051	0.616
SEN quartile	Lowest - Middle 25%	0.040	0.041	0.338
	Middle - Highest 25%	0.014	0.044	0.752
	Highest 25%	0.085	0.046	0.064

Notes: All marginal effects measured relative to the lowest FSM quintile, primary schools, schools in London, schools in the lowest SEN quartile.

*** denotes significance at 1% level, ** denotes significance at 5% level and * denotes significance at 10% level

Source: Based on a regression analysis conducted on a sample of 1253 responses

Table 3 Extended model related to schools feeling the quality of teaching and learning provision being negatively impacted by cost-of-living pressures

Variable		Average Marginal Effect	Standard error	Level of significance
FSM quintile	Lowest - Middle 20%	-0.019	0.044	0.677
	Middle 20%	0.038	0.047	0.402
	Middle - Highest 20%	0.100	0.050	0.042*
	Highest 20%	0.014	0.056	0.8
Phase	Secondary	-0.012	0.039	0.841
Has your school reduced school spending in any other areas in order to accommodate the cost of any additional support you are currently providing to pupils and their households to help with cost-of-living issues?	Don't know	-0.012	0.063	0.808
	Yes	0.093	0.034	0.008**
Has your school had to reduce school spending in	The number of teaching assistants (or their hours)	0.042	0.033	0.203

Variable		Average Marginal Effect	Standard error	Level of significance
any of the following areas this academic year as a direct result of the cost of living?	Support for pupils to meet their special educational needs	0.159	0.047	0.001***
	The number of teachers (or their hours)	0.057	0.041	0.168
	Spending on targeted learning support (e.g. small group interventions or tutoring)	0.054	0.034	0.118
	Spending on learning resources	0.024	0.032	0.414
How would you describe your overall experience of recruiting each of these groups of staff over the last 12-months? - Teachers	Difficult	0.096	0.043	0.031*
	Easy	-0.060	0.054	0.279
	Not applicable – we have not attempted to recruit staff of this type in the past year	0.053	0.052	0.237
How would you describe your overall experience of recruiting each of these groups of staff over the last 12-months? - Teaching assistants	Difficult	-0.031	0.054	0.563
	Easy	-0.083	0.082	0.308
	Not applicable – we have not attempted to recruit staff of this type in the past year	-0.124	0.067	0.049*
How many pupils in your school currently require additional support in each of the following areas - Financial support to access learning, social and extra-curricular activities (e.g., subsidies for trips or travel, IT access, transport costs, books)	Between 11% and 30%	0.039	0.041	0.382
	Between 31% and 50%	0.032	0.050	0.526
	Between 51% and 70%	0.143	0.082	0.079
	Between 71% and 90%	0.169	0.130	0.189
	Over 90% of pupils	-0.052	0.125	0.674
	Don't know	0.075	0.065	0.26
The increased cost of living has driven an increase in the number of pupils requiring additional support	Agree	0.187	0.049	0***
	Disagree	-0.039	0.077	0.635
	Don't know	0.098	0.142	0.475
Region	Midlands	0.074	0.049	0.138
	North	0.078	0.049	0.126
	South	0.052	0.051	0.316
SEN quartile	Lowest - Middle 25%	0.000	0.042	0.959
	Middle - Highest 25%	0.004	0.044	0.901
	Highest 25%	0.028	0.046	0.52

Notes: All marginal effects measured relative to the lowest FSM quintile, primary schools, schools in London, schools in the lowest SEN quartile. Questions with responses of 'Yes' are compared to a baseline of 'No'. Questions where respondents are asked to select a response are compared to a baseline of not selecting that response. Questions on a agree-disagree scale are compared to a baseline of 'Neither agree nor disagree'. Questions on an easy-difficult scale are compared to a baseline of 'Neither easy nor difficult'. Questions with responses of 'Between 11% and 30%', 'Between 31% and 50%', 'Between 51% and 70%', 'Between 71% and 90%', 'Over 90% of pupils' are compared to a baseline of 'Under 10%'

*** denotes significance at 1% level, ** denotes significance at 5% level and * denotes significance at 10% level.

Source: Based on a regression analysis conducted on a sample of 1133 responses

Table 4 Extended model related to schools reducing spending in order to accommodate the cost of providing cost of living support to pupils and their households

Variable		Average Marginal Effect	Standard error	Level of significance
FSM quintile	Lowest - Middle 20%	0.045	0.044	0.305
	Middle 20%	0.058	0.045	0.204
	Middle - Highest 20%	0.028	0.048	0.561
	Highest 20%	0.015	0.052	0.776
Phase	Secondary	-0.116	0.038	0.002**
Thinking about the 2022/23 financial year, please choose which of the following statements applies best to describe your in-year budget	Don't Know	-0.064	0.103	0.536
	Negative	0.079	0.032	0.015*
Thinking about 2023/24 financial year, please choose which of the following statements is mostly like to apply to your in-year budget for that year	Don't Know	-0.065	0.095	0.49
	Negative	0.093	0.034	0.007**
How would you describe your overall experience of recruiting teachers over the last 12-months?	Difficult	0.028	0.044	0.523
	Easy	-0.060	0.056	0.29
	Not applicable – we have not attempted to recruit staff of this type in the past year	0.020	0.051	0.692
How would you describe your overall experience of recruiting TAs over the last 12-months?	Difficult	0.093	0.054	0.089
	Easy	0.074	0.081	0.361
	Not applicable – we have not attempted to recruit staff of this type in the past year	-0.016	0.066	0.805
How many pupils in your school currently require additional	Between 11% and 30%	0.093	0.042	0.025*

Variable		Average Marginal Effect	Standard error	Level of significance
support in mental health (e.g., anxiety, depression)	Between 31% and 50%	0.128	0.053	0.015*
	Between 51% and 70%	0.217	0.086	0.011*
	Between 71% and 90%	-0.035	0.135	0.798
	Over 90% of pupils	-0.245	0.243	0.313
	Don't know	0.215	0.224	0.336
How many pupils in your school currently require additional support in physical health (e.g., nutrition, mobility, physiotherapy)	Between 11% and 30%	0.056	0.035	0.115
	Between 31% and 50%	0.096	0.065	0.137
	Between 51% and 70%	0.122	0.100	0.223
	Between 71% and 90%	0.331	0.170	0.051
	Over 90% of pupils	0.507	0.020	0***
	Don't know	-0.171	0.172	0.321
The increased cost of living has increased the level of need among pupils requiring additional support	Agree	0.174	0.053	0.001***
	Disagree	-0.087	0.079	0.266
	Don't Know	-0.058	0.131	0.658
Region	Midlands	-0.020	0.050	0.692
	North	0.028	0.051	0.587
	South	-0.073	0.053	0.167
SEN quartile	Lowest - Middle 25%	-0.035	0.042	0.405
	Middle - Highest 25%	-0.048	0.045	0.289
	Highest 25%	0.003	0.046	0.942

Notes: All marginal effects measured relative to the lowest FSM quintile, primary schools, schools in London, schools in the lowest SEN quartile. Questions with responses of 'Yes' are compared to a baseline of 'No'. Questions where respondents are asked to select a response are compared to a baseline of not selecting that response. Questions on a agree-disagree scale are compared to a baseline of 'Neither agree nor disagree'. Questions on an easy-difficult scale are compared to a baseline of 'Neither easy nor difficult'. Questions with responses of 'Between 11% and 30%', 'Between 31% and 50%', 'Between 51% and 70%', 'Between 71% and 90%', 'Over 90% of pupils' are compared to a baseline of 'Under 10%'. Questions with responses of 'Negative' are compared to a baseline of 'Positive' or 'Break Even'

*** denotes significance at 1% level, ** denotes significance at 5% level and * denotes significance at 10% level.

Source: Based on a regression analysis conducted on a sample of 1072 responses

Table 5 Extended model related to school confidence in their ability to fully meet the needs of all their pupils

Variable		Average Marginal Effect	Standard error	Level of significance
FSM quintile	Lowest - Middle 20%	-0.008	0.043	0.85
	Middle 20%	0.006	0.044	0.895
	Middle - Highest 20%	0.003	0.046	0.94
	Highest 20%	0.020	0.049	0.675
High Needs Funding	Lowest - Middle 20%	0.022	0.044	0.621
	Middle 20%	-0.041	0.046	0.375
	Middle - Highest 20%	0.025	0.043	0.549
	Highest 20%	0.008	0.043	0.851
2021/22 in-year balance	Negative	0.044	0.028	0.115
Phase	Secondary	-0.076	0.039	0.053
At the end 2022/23 financial year, which of the following statements best describes your schools financial situation	Don't Know	-0.118	0.100	0.236
	Negative	0.022	0.033	0.509
Thinking about 2023/24 financial year, please choose which of the following statements is mostly like to apply to your in-year budget for that year	Don't Know	0.022	0.100	0.83
	Negative	0.117	0.033	0***
How would you describe your overall experience of recruiting each of these groups of staff over the last 12-months? - Teachers	Difficult	0.069	0.044	0.121
	Easy	0.011	0.056	0.848
	Not applicable – we have not attempted to recruit staff of this type in the past year	0.081	0.051	0.113
How would you describe your overall experience of recruiting each of these groups of staff over the last 12-months? - Teaching assistants	Difficult	0.089	0.056	0.113
	Easy	0.094	0.079	0.233
	Not applicable – we have not attempted to recruit staff of this type in the past year	-0.057	0.069	0.41
The increased cost of living has increased the level of need among pupils requiring additional support	Agree	0.103	0.054	0.057
	Disagree	0.043	0.079	0.585
	Don't know	-0.098	0.138	0.478

Variable		Average Marginal Effect	Standard error	Level of significance
Region	Midlands	-0.045	0.049	0.358
	North	-0.055	0.049	0.26
	South	0.016	0.050	0.754
2021/22 Financial reserves	Negative	-0.003	0.065	0.963
SEN quartile	Lowest - Middle 25%	0.067	0.042	0.107
	Middle - Highest 25%	0.045	0.045	0.317
	Highest 25%	0.071	0.046	0.126

Notes: All marginal effects measured relative to the lowest FSM quintile, primary schools, schools in London, schools in the lowest SEN quartile. Questions with responses of "Yes" and "Don't know" are compared to a baseline of "No". Questions with responses of "Disagree", "Agree" and "Don't know" are compared to a baseline of "Neither agree nor disagree". Questions with responses of "Easy", "Difficult", "Don't Know" and "Not applicable – we have not attempted to recruit staff of this type in the past year" are compared to a baseline of "Neither easy nor difficult". Questions with responses of "Between 11% and 30%", "Between 31% and 50%", "Between 51% and 70%", "Between 71% and 90%", "Over 90% of pupils", "Don't know" are compared to a baseline of "Under 10%". Questions with responses of "Negative" and "Don't know" are compared to a baseline of "Positive or Break Even".

*** denotes significance at 1% level, ** denotes significance at 5% level and * denotes significance at 10% level.

Source: Based on a regression analysis conducted on a sample of 1072 responses.

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NFER ref. NCOL

ISBN. 978-1-912596-92-8

