



## 2015 Breaking Point Survey

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### Overview

NAHT members are reporting that preparing budgets for 2015/16 has been extremely challenging, and some schools have struggled to balance their budget, ended up with deficit budgets or with proposals to make significant cuts.

In advance of the government's Comprehensive Spending Review at the end of the year, NAHT ran a survey to gather information on school budgets. The survey ran for one month, between 9<sup>th</sup> September and 10<sup>th</sup> October, and received 1,143 responses. NAHT will use this information to inform discussions with the DfE about the budgetary pressures schools are facing now, and are likely to face in the future.

The survey was sent to members in England and Wales, although only 27 responses (2.4%) were received from members in Wales, which is not a large enough sample to analyse separately. Anecdotal evidence suggests that Welsh schools are facing similar budget constraints to schools in England.

### Key findings

- Almost half (44%) of respondents thought that their budget would be untenable in two years' time (by 2017/18) or before.
- Two thirds (66%) thought that their budget would be untenable in four years' time (by 2019/20) or before.
- Almost two thirds (64%) said they only balanced their budget for this year only by making significant cuts and/or carrying over a surplus.
- One in twelve (8%) had fallen into deficit
- To make their budgets balance, members most commonly:
  - Used reserves (76%)
  - Reduced investment in equipment (64%)
  - Reduced number or hours of teaching assistants (50%) whilst a further 25% reduced the number of hours of teaching staff
- Four out of five of these respondents (82%) agreed with the statement that 'operating with the current budget will have a negative impact on the performance of the school',
- Whilst an overwhelming majority of 94.3% agreed that 'operating with the current budget will increase the amount of stress I experience in my role',
- Half (51%) of those who had a surplus budget said it was because they were planning for a deficit in coming years.

These findings were also analysed by school phase, school type, and geographical area. The findings were broadly consistent across these groups. Where there were differences, this was within a sub-sample of a small size, which had a large margin of error, and therefore no statistically significant differences could be drawn.

## Respondent profile

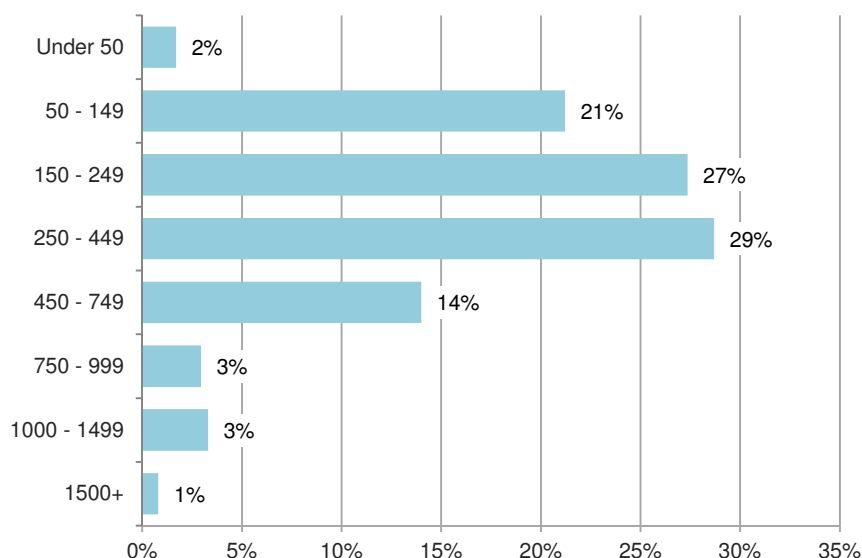
The overwhelming majority of responses were received from members in England (97.5%), with the remaining minority from members in Wales. There was an even distribution of responses across local authority areas.

The survey was distributed to head teachers and school business managers. The majority of responses were received from head teachers (75.2%), with 15.4% from school business managers, and a small minority from executive head teachers (6.0%). In a small number of cases (3.4%) the survey was passed on to another staff member to complete, usually the deputy or assistant head.

The majority of responses (82.1%) were received from primary phase schools. Members in special schools and alternative provisions provided 8.1% of responses, and secondary phase schools 6.4%. Only 3 responses were received from 6<sup>th</sup> form colleges.

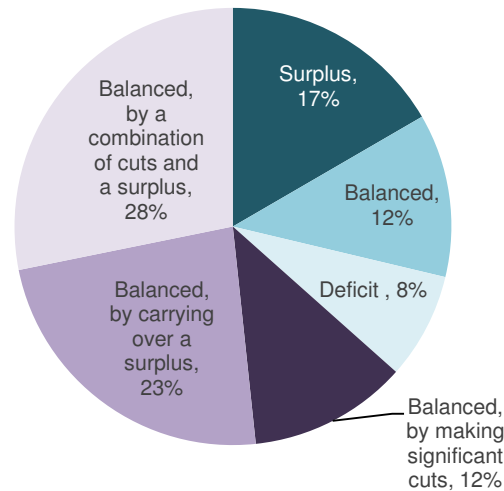
Over half of responses (58.7%) were from members in community schools. 17.1% were from academies and free schools, and a small minority from other school types.

The most common school size was between 250 and 449 pupils (eg a two-form entry primary school). The majority of responses were from schools of 450 pupils or smaller, which reflects the number of primary phase respondents. The full distribution is illustrated below.



## Balancing the budget

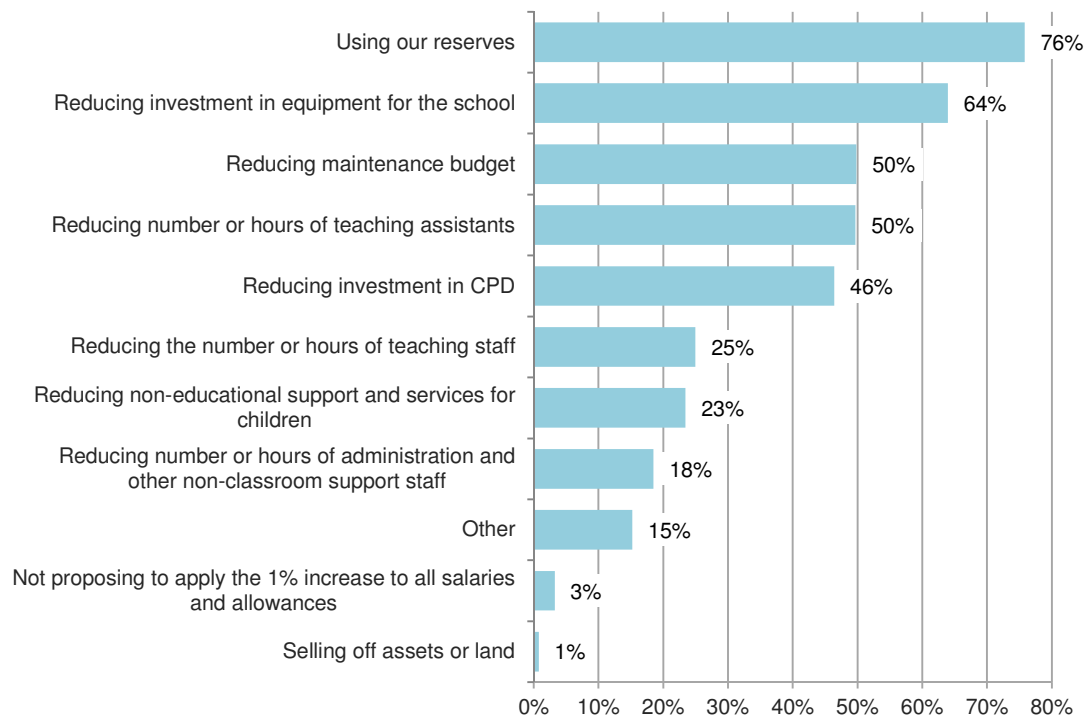
The results indicate that, while less than one in ten (8%) of respondents had reached a deficit budget, many had only narrowly avoided doing so. Two thirds of respondents only balanced their budget by making significant cuts or carrying over a surplus:



Those who indicated that they had struggled to balance their budget, and those who had already reached a deficit, were asked to indicate what measures they were taking to make their budgets balance. The top four responses were:

- Using our reserves (75.8%)
- Reducing investment in equipment for the school (64.0%)
- Reducing maintenance budget (50%)
- Reducing the number or hours of teaching assistants (49.7%)

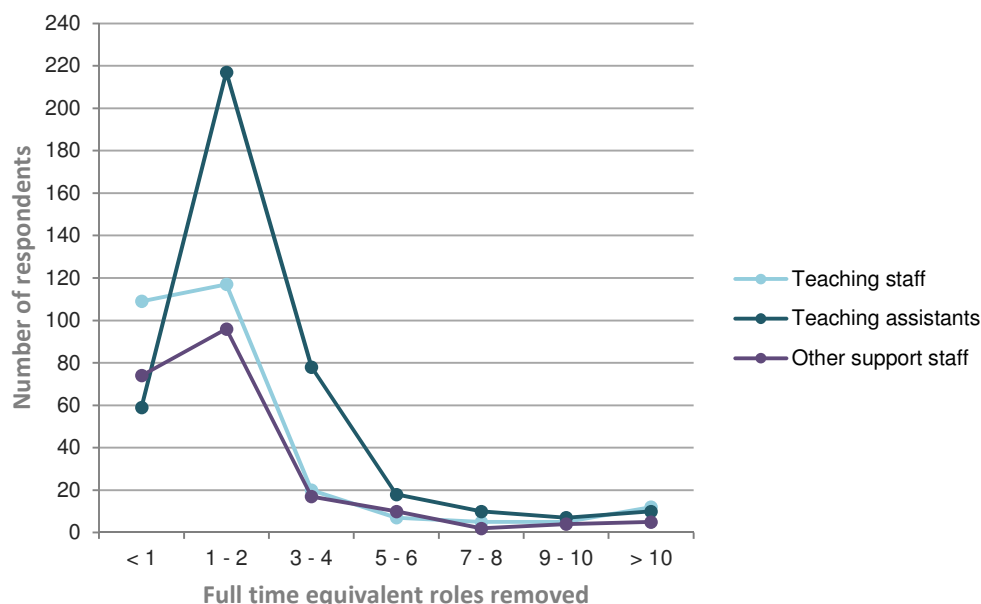
The full breakdown of responses is illustrated below.



Those who selected 'other' gave a range of specific circumstances, however recurring answers included:

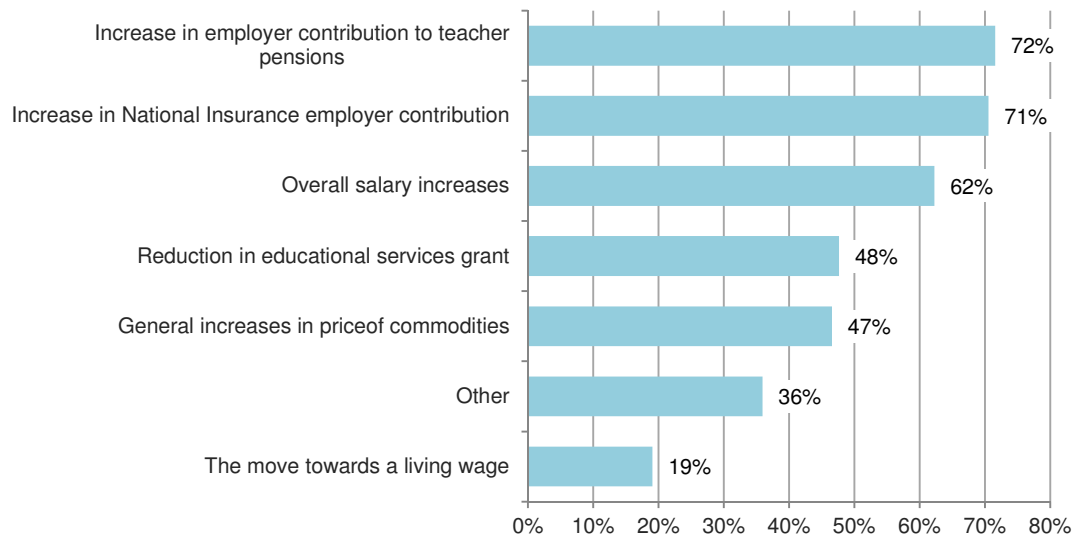
- Restructuring, including replacing experienced teachers with NQTs when vacancies arose
- Senior teachers taking on teaching responsibilities or other additional work
- Making cuts across the board

Those who had reduced the number or hours of staff were asked how many full time staff this equated to. In all categories the majority of those making staff reductions had reduced by their staff by less than two full time equivalent roles. In a minority of cases respondents reported cutting staff by more than 10; this small sub-sample was comprised of a higher proportion of large school sizes that the sample as a whole, however did contain some schools within the middle of the size range.



## The cause and impact of financial pressures

Respondents who had reached or narrowly avoided a deficit were asked what were the major factors that had caused this financial pressure. The top two causes were the increase in employer contribution to teacher pensions (71.6%), and the increase in National Insurance employer contributions (70.5%). The full breakdown is illustrated below.



Of those who answered 'other', reduction in or changes to SEND funding was raised by 48 respondents (10% of those who responded to the question). Other answers included changes to the number of pupils and other school-specific changes to budgets.

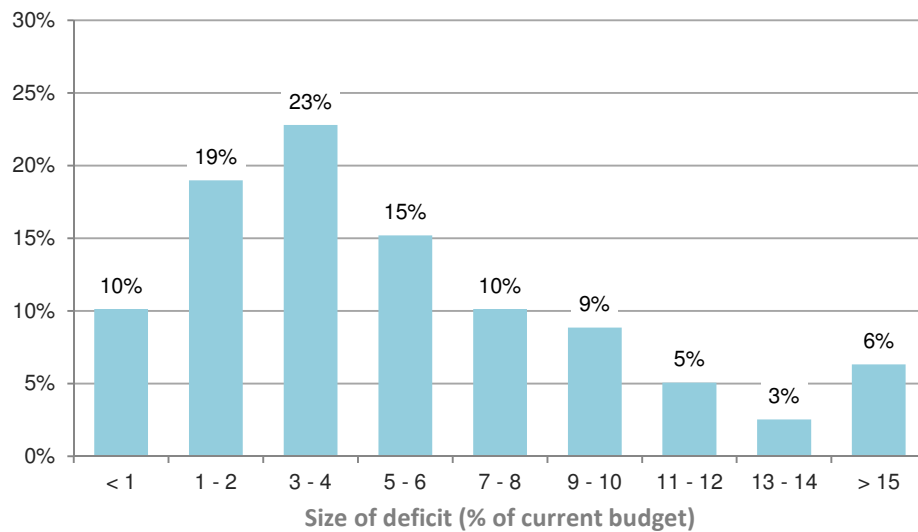
When asked to what extent they agreed or disagreed with the statement 'operating with the current budget will have a negative impact on the performance of the school', four out of five (82%) agreed or strongly agreed, with almost half of all respondents (43.8%) strongly agreeing.

When asked to what extent they agreed or disagreed with the statement 'operating with the current budget will increase the amount of stress I experience in my role', the overwhelming majority (94.3%) agreed or strongly agreed with two thirds (62.9%) strongly agreeing.

### **Schools in deficit**

One in twelve schools (8%) had already fallen into deficit at the time the survey was conducted. This was a total of 87 schools and therefore the findings from this small sample (detailed below) should be treated with caution.

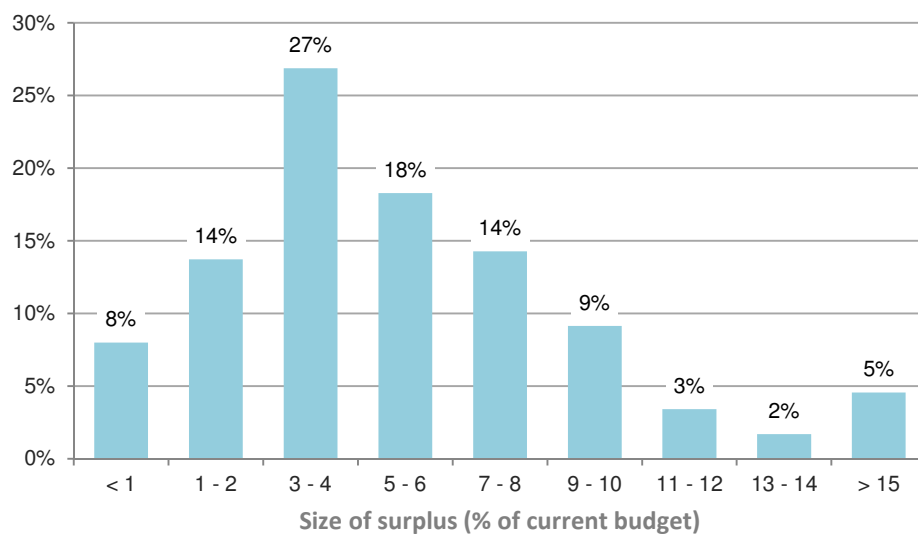
When asked what percentage of deficit they would have in comparison to their overall budget, the data showed a peak at 3 – 4%, with a long tail of responses towards the higher end of the scale.



In four out of five of these schools (80%) the amount of the deficit was under £100,000. However at the highest end, three schools had a deficit of over £500,000. These schools were two secondaries (one up to 999 pupils, and another 1500+) and a special school, and therefore were likely to have budgets towards the higher end of the school population. However for the two that also responded to the percentage question above, the proportion of the deficit was still high, at over 15%.

### Schools in surplus

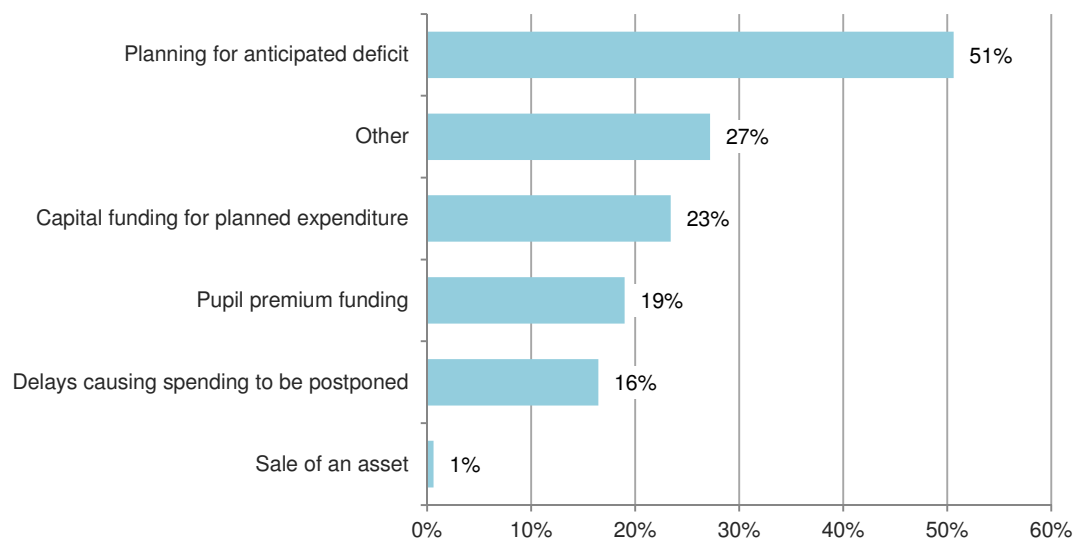
Seventeen percent of respondents had a surplus at the time of the survey (175 schools). The size of the surplus roughly mirrored data on the size of deficits, with a peak at 3 – 4%, and a long tail towards the higher end.



In three quarters of these schools (75%) the amount of the surplus was under £100,000. However, as with the deficits, there were three schools with surpluses over £500,000. This included two primary schools, however one was a large school (up to 999 pupils) for which this surplus was only 1-2% of their overall budget, and

the other was holding this surplus because of planned capital expenditure. The remaining school was a large secondary (up to 1499 pupils), that was holding an 11 – 12% surplus in anticipation of a deficit.

For the sample as a whole the, the most common reason for carrying over a surplus was ‘planning for anticipated deficit in coming years’. Half of respondents (51%) with a surplus gave this answer, indicating that these schools were already noticing financial pressures despite maintaining a surplus budget. In other cases the surplus was committed to specific projects. The full range of answers is illustrated below:

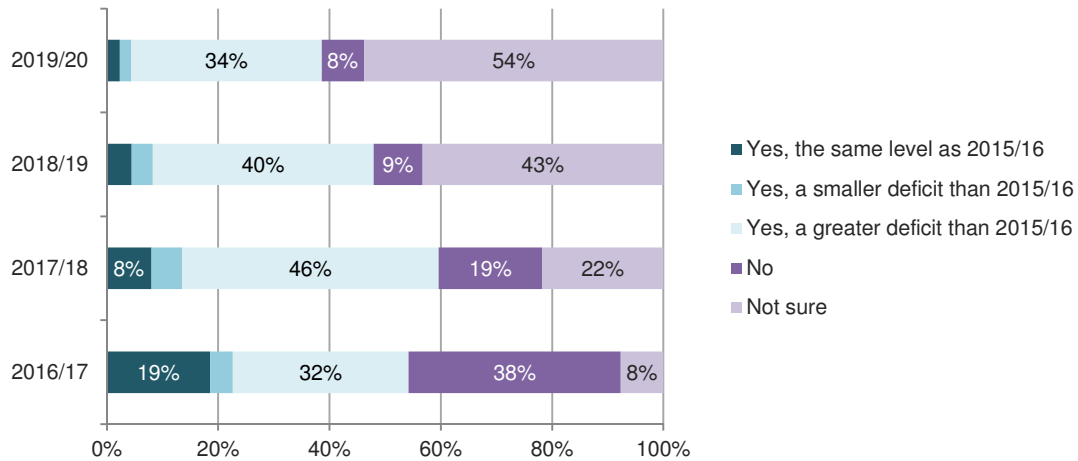


For those who chose ‘other’ (43 respondents), there were a number of specific circumstances reported, however many schools said this was down to careful budgeting. In some cases, schools obtained this surplus by beginning to make cuts in anticipation of continuing budget pressures.

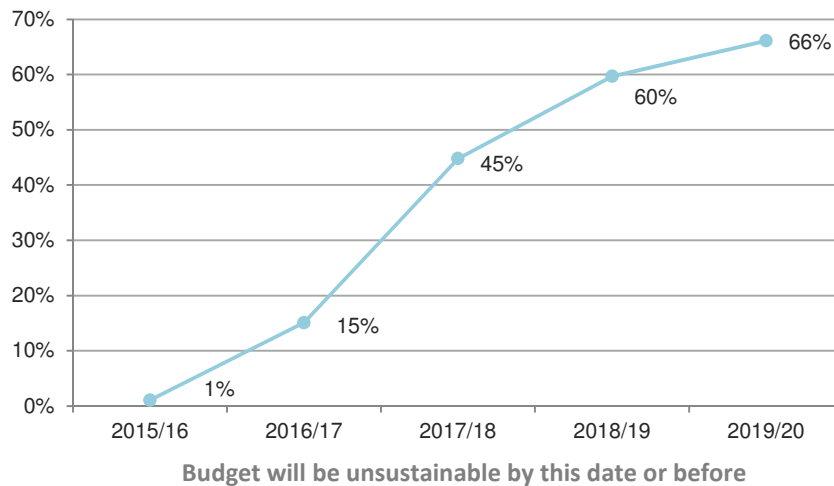
## Budget forecasts

Respondents were asked to indicate whether they were anticipating a deficit in coming years, and whether this was smaller or larger than their current deficit. By 2017/18, 59.6% of respondents were anticipating some level of deficit. This began to decrease again in later years, as the number of ‘not sure’ answers increased, however the number of schools that were confident that they were not anticipating any form of deficit steadily decreased over the period given. The graph below shows the full range of responses to this question.





When asked if they foresaw a year by which their budget would be untenable for the school, 45% of respondents gave a date of 2017/18 or before (two years' time), and 66% a date of 2019/20 or before (four years' time). In addition to the responses illustrated below, 15.7% of respondents said they did not foresee a year in which their budget would be untenable, and 18.2% gave an 'other' response. Of those selecting 'other', most said that they were unsure.



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