

Y Pwyllgor Plant a Phobl Ifanc
Children and Young People Committee

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



Huw Lewis AM
Minister for Education and Skills

Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff
CF99 1NA

Ken Skates AM
Deputy Minister for Skills and
Technology

29 October 2013

Dear Ministers

Welsh Government draft budget 2014-15

Thank you for attending Committee on 16 October 2013 to discuss the Welsh Government's draft budget for 2014-15. Our scrutiny concentrated on matters affecting our Committee portfolio, the main conclusions of which are outlined in the Annex to this letter and will be published on our website. This letter will also be shared with the Finance Committee with a view to aiding its overarching scrutiny of the draft budget.

We have sought to label our key issues in accordance with the four principles of good financial scrutiny: affordability, prioritisation, value for money and budget process.

Yours sincerely

Ann Jones AC / AM
Cadeirydd / Chair

Budget Process

Protection for schools through the Local Government MEG

1. The Committee notes that the Programme for Government includes a commitment to increase spending on Wales' schools by at least 1% above the percentage change in the block grant received from the UK Government. In response to a question on whether or not this increase would be implemented by local government, you said:

“No local authority has yet signalled to me that they will have any difficulty with delivering on what is a manifesto commitment that the Welsh people endorsed. However, I will be keeping a very close eye on that and I will be working closely with local government across Wales to make sure that we maintain that position. Good dialogue and good lines of communication are the best defence against the pressures that we are under. I intend to be vigilant around that agenda.”

2. You went on to confirm that the implementation would be monitored through the delivery of annual returns from local government. This is a matter to which the Committee will wish to return in due course and we expect there to be ongoing discussions with the Minister for Local Government to ensure the 1% protection for schools is fully passed on by local authorities. Further to this, we seek a reassurance from you that you will monitor whether or not the 1% protection is being applied to Welsh in Education Strategic Plans (WESPs).

Value for Money

Pupil Deprivation Grant

3. The Committee welcomes the doubling of the funding for the pupil deprivation grant to £71 million in 2014-15. In response to a query on how the impact of the grant had been monitored, you said that it was a little too early in the process, as there had only been one run-through of the grant thus far. You also confirmed that you had strengthened the guidance for the grant, “so that we will see, as the increased spend flows through next year [...] a demand on schools to base in evidence the spend that they undertake on behalf of their pupils”. The impact of the strengthened guidance is something this committee will wish to monitor over the next year.

4. The Committee notes that Estyn has highlighted the failure of previous targeting of funding to address this agenda, citing the previous Raising Attainment and Individual Standards in Education (RAISE) programme (2006-2009). The inspectorate found that ‘additional funding intended for supporting disadvantaged pupils is often used to raise achievement generally rather than to tackle the specific needs of disadvantaged pupils’ and specifically those on Free

Schools Meals'. In response to a question on this issue, you said that you had learnt a lot from RAISE and that "it was not monitored tightly enough, and its efficacy was not sufficiently well monitored."

5. With specific reference to looked-after children, you outlined what you expected to see as a result of the increased funding of the grant:

"[...] schools will have to demonstrate that the gap in attainment between looked-after kids and other children has decreased over the first three years of the PDG, up to 2015. We will expect evaluative reports from the regional consortia, which, of course, will be up and running properly by next spring, together with an analysis of how that expenditure has impacted on those educational outcomes. So, we will demand that report back. We do recognise that there are additional sets of issues around looked-after children, as opposed to simply those children within the free school meals category, but we do have as high expectations of what should be delivered in terms of the PDG for those kids as we would for anyone else."

6. We agree with you that, given the level of investment in this area, monitoring of outcomes and the evaluation of the scheme's effectiveness should be rigorous. This is particularly important as the increase in the PDG comes within an overall decrease in the Education and Skills MEG. This Committee intends on undertaking some work on the effectiveness of the Grant and will return to this issue in due course.

7. Finally, we note the link between free school meals and access to the pupil deprivation grant, and that the introduction of universal credit at a UK level would have an impact on that approach. We asked what modelling had been done to assess the impact of such a change. While we welcome the fact that there have been discussions between Welsh Government and Whitehall officials, we remain somewhat concerned about the apparent lack of detailed consideration of how this policy would continue to operate after the introduction of universal credit.

Preventative Spend

8. In relation to estimating the amounts allocated within your portfolio to preventative spend, we recognise your point that investment in education and skills is generally preventative. We also acknowledge that evidence of that preventative spend can take many years to materialise.

9. In terms of specific initiatives, we were interested to hear from the Deputy Minister about initiatives to prevent people from becoming NEET, and the potential associated savings to the public purse. We note that the Deputy Minister

has set a target of 9% for the proportion of 16-18 year olds who are NEET, and will discuss progress towards meeting that target with the Minister in due course.

Prioritisation

Literacy and Numeracy

10. You explained that funding for literacy and numeracy runs across numerous budget lines, and explained that “it is all within the context of spend on the school effectiveness grant, the pupil deprivation grant doubling, the targeted support for literacy and numeracy, which is identifiable, all being taken together. If you add that together, you are talking about an additional £100 million or so that you could label or allocate as being directed at these sorts of measures.”

11. You went on to confirm that you are confident that you have the resources within the system to maintain the priority on literacy and numeracy.

12. In relation to financial literacy, your official confirmed that the financial inclusion programme was time-limited and that it was hoped that the principles of the programme were embedded. We feel that financial literacy is an important area and will continue to monitor this area to ensure that the impact of the financial inclusion programme is maintained.

Qualifications Wales and the revised Welsh Baccalaureate

13. We note that £5 million has been allocated within the draft budget for the implementation of the recommendations of the Review of Qualifications for 14-19 year olds in Wales report, including the introduction of a more rigorous Welsh Baccalaureate qualification. We note that you confirmed that resources were available to communicate the changes to universities and business. We feel that this is vitally important, given that the report suggested that there was a need to convince universities, in particular, of the quality of the new qualification.

14. The Committee asked you about the business model and associated budgets for the new Qualifications Wales body. Your official said that “in the first instance, we will be funding this body on the basis of a stand-alone organisation as an independent regulator.” There is an additional £558,000 in the indicative budget for 2015-16 for the costs of establishing the body.

15. The Committee seeks assurances that this budget will be sufficient given the function of awarding qualifications, and therefore the generation of income, will not be in place by September 2015 as it is subject to a possible second stage beyond that date. We recognise that this may well be an issue for next year’s budget setting round and is an issue the Committee may wish to return in a year’s time when the 2015-16 budget is finalised.

16. We also note that, in response to a question on the training and development of teachers to deliver the new qualification, the official accompanying you said:

“A couple of years ago, for example, we had revised specifications for English and we have more recently had revised specifications for mathematics. Awarding organisations often undertake training to ensure that schools are aware of the differences between specifications. Schools are used to dealing with changing requirements in qualifications. Having said that, we are currently undertaking some work to identify what particular pressures the revised GCSEs and the revised A-levels that will be coming into place in 2015, alongside the Welsh baccalaureate in 2015, will place on the teaching workforce and what we will need to do then to support it to be able to deliver that effectively to ensure that learners get the deal that they should get in terms of the experience of that qualification.”

17. We accept that specifications can change, but seek further reassurance from you that the costs of training and development have been anticipated and are accounted for in the budget allocations.

Welsh Language budget allocations

18. The Committee notes that the First Minister confirmed in Plenary on 22 October that the 2014-15 budget for the Welsh Language Commissioner’s Office has been reduced by £400,000.

19. The ‘Welsh Language’ Action within the Spending Programme Area is increasing by £50,000 from £8,864,000 to £8,914,000 in 2014-15. The Committee would be grateful if you could clarify: whether or not the budget for the Welsh Language Commissioner’s Office is included within this specific Action; if not then where in the draft budget it is contained; the reasons for the reduction; and what impact you expect this significant reduction will have on the ability of the Office to deliver its functions effectively.

20. If the £400,000 reduction in the Welsh Language Commissioner’s Office is included within the ‘Welsh Language’ Action, the Committee seeks clarification of other movements within this particular Action, given that it is receiving an overall £50,000 increase.

21. We would also be grateful if you could clarify why this significant reduction was not drawn to the attention of the Committee in the papers you provided in support of the budget scrutiny process.

Affordability

Capital Funding

22. We note that there is a £48 million decrease in the Education and Skills capital allocations from £202 million in 2013-14 to £154 million in 2014-15. The allocation decreases further to £144 million in 2015-16, representing a 31% reduction in real terms over the two years. We note that you feel confident and that it is “realistic” that the Welsh Government will be able to deliver 161 projects and £700 million investment by 2022.

23. Given the significant pressures on local government budgets, we are concerned that there is a risk that local government will find it increasingly difficult to find match funding for projects under the schools programme. We welcome the fact that you are engaging in dialogue with local authorities and that the local government borrowing initiative has had an impact, but remain concerned and will continue to keep progress under review.

Post 16 Education

24. There is a significant decrease to the post-16 education action of £45 million in 2014-15. £38 million of this is accounted for by a reduction in the money given to further education institutions, although the impact of this will be borne by provision at the post-19 age level, rather than 16-18. The Committee believes it is unclear how, specifically, provision for 16-18 year olds will be protected and seeks further explanation of this. This is potentially even more significant given the loosening of governance controls over the sector as a result of the *Further and Higher Education (Governance and Information) (Wales) Bill*, should this legislation be passed.

25. In response to a question on why the 1% protection which has been applied to funding for schools could not be extended to the further education sector, the Deputy Minister said:

“I should point out that we remain clear in this draft budget that our priorities are schools, health and universal benefits. As a result of that, in relation to the FE sector, it has not been possible to apply the same protections afforded to schools. We have been completely open about the stark reality of the challenges ahead for further education institutions and about the difficult decisions that we are facing, but it is important to point out that we will be protecting the provision for 16 to 19-year-olds and we expect further education institutions to maintain provision for those adults considered most vulnerable. We have also had numerous discussions with ColegauCymru and meetings with leaders of further education regarding this matter.”

26. In relation to the impact of the reductions in funding, the official accompanying the Deputy Minister confirmed that an equality impact assessment had been undertaken. He said:

“The problem is that we did an impact assessment of all the cuts that we are talking about, but we had to make choices. What we are working on with further education now through the sub-group is how we minimise the impact that it is going to have on learners, because that is our major priority. We have also had very constructive dialogue with UCU. This is fairly painful for all concerned, but I think that it is incumbent on all of us as officials, politicians and the further education sector to try to manage it as best we can.”

27. In answer to a further question, the Deputy Minister confirmed that ColegauCymru had been invited to form a subgroup to consider the impact of the reductions in funding on learners, and that some of its work would focus on staffing. We welcome this development but request that the Deputy Minister ensures that the impact on staffing is given appropriate consideration and that staff and trades unions are involved in that process.