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National
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Wales



**Y Pwyllgor Menter a Busnes
Enterprise and Business Committee**

Leighton Andrews AM
Minister for Education and Skills
Welsh Government

26 October 2011

Dear Leighton

We wish to thank you and the Deputy Minister for Skills for attending the Enterprise and Business Committee meeting on 12 October as part of our scrutiny of the Welsh Government Draft Budget Proposals 2012–13.

The Committee would like to make a number of comments for your consideration. We are also writing to the Minister for Business, Enterprise, Technology and Science and to the Minister for Local Government and Communities. All three letters are being copied to the Finance Committee to inform its overarching strategic scrutiny of the Draft Budget, and they will be published on our website.

Presentation of the Budget

We discussed with you in the evidence session how difficult the Committee has found it to make meaningful comparisons between the 2012–13 Draft Budget compared with previous years because of how the Draft Budget has been presented this time. We are aware that the Government has had to make a number of budget transfers within and between departments as a result of the reconfiguration of portfolio responsibilities, departmental restructuring and refocusing of priorities following manifesto commitments.

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Yet the confusing presentation of changes made to the Education and Skills Main Expenditure Group has made it very difficult for us as a Committee to track and scrutinise those changes.

In particular, the baselines referred to in your paper did not match those in the published budget documents, and there was a lack of clarity between indicative plans at the time of the supplementary budget, the transfers made and what the budget is now. In addition, our task was made even harder by the fact that we received crucial information only the day before our scrutiny session.

Following the scrutiny session, it has been brought to our attention that with regard to the transfers within the Education and Skills MEG, and the resulting baseline referred to in your paper, the Welsh Government Draft Budget 2012–13 narrative document states (page 46) that these transfers '*will be reflected in the next Supplementary Budget and as such are not included within the published baseline for 2011-12.*' It would therefore appear that the baselines from which you presented your evidence have not yet been actioned, as the relevant transfers will not actually be made until the next Supplementary Budget for 2011–12 (expected February 2012).

We appreciate that you were demonstrating your intention to make such transfers, but because they have not yet been undertaken, and will not be actioned until a later Supplementary Budget we find it confusing that your evidence in support of the Draft Budget was presented on the basis of a baseline that included these transfers.

We believe that our ability to scrutinise the Department's budget and to hold Ministers to account on behalf of the people of Wales has been compromised as a result of the information with which we were provided.

- 1. We appreciate this has been an exceptional year, but we recommend that in future draft budgets, we should be presented with baselines that match so that we can effectively monitor, track and evaluate Government expenditure. We would also recommend that the 2011–12 baselines referred to in evidence should match those published and should not reflect transfers which have yet to be made. We also recommend that the proposed changes should be shown on a year-on-year basis rather than as changes from indicative figures in the previous supplementary budget, and that all this information should be provided to us at least a week**

before the scrutiny session so that we have a fair opportunity to analyse the figures.

Higher Education Tuition Fees

We discussed with you in the evidence session the possible impact that numbers of students coming from outside of Wales will have on Welsh higher education institutions, and therefore on funding. We also asked you how the Welsh Government was assessing the numbers of part-time students and what impact raised tuition fees will have on aspiration. You acknowledged how difficult it was to estimate future cross-border flows and the impact that raised fees may have in future, not only on student numbers, but on whether more Welsh students will choose to study in Wales.

- 2. We would urge you to continue to explore these issues with your advisers and with other countries to reach the best possible estimates, and that you regularly review your budget allocations as a result.**

- 3. Further on the issue of part-time study and in the context of more people wanting to retrain, reskill and return to work in this current economic climate, we recommend that you increase focus on forecasting the demand for part-time support for those people who have already graduated. We would encourage you to keep this issue under review.**

European Union students

- 4. We would be grateful if you could keep us informed about any assessments made of the financial implications for the Welsh Government of European students studying in Wales and in other parts of the UK.**

Additional Information

- 5. You agreed to provide us with more information on the following:**
 - Examples of college mergers that have provided savings.
 - Figures on the additional funding required to cover the rise in tuition fees for Welsh students and where this additional funding has come from.
 - A note on the funding increase for Coleg Ffederal and the University Heads of the Valleys Institute.

- A note on whether the budget allocation for the Welsh Language Delivery Unit is to be used for Welsh adult learners.
- A note on the budget allocation for Mudiad Ysgolion Meithrin.

Thank you for assisting the Committee in its work, and we look forward to receiving your response to the points raised in this letter as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick', with a horizontal line underneath.

Nick Ramsay AM
Chair, Enterprise and Business Committee

c.c. Jocelyn Davies AM
Chair, Finance Committee