

Agenda – Children, Young People and Education Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 10 October 2018

Meeting time: 09.15

For further information contact:

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Private Pre-meeting

(09.15 – 09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Scrutiny session with the Cabinet Secretary for Education and the Minister for Welsh Language and Lifelong Learning – focus on Higher and Further Education

(09.30 – 11.00)

(Pages 1 – 45)

Kirsty Williams AM, Cabinet Secretary for Education

Eluned Morgan AM, Minister for Welsh Language and Lifelong Learning

Huw Morris, Group Director SHELL

Attached Documents:

Research Brief

CYPE(5)–27–18 – Paper 1 – Welsh Government



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

3 Papers to note

(11.00)

3.1 Letter from the Cabinet Secretary for Education – Eligibility criteria for free school meals

(Page 46)

Attached Documents:

CYPE(5)–27–18 – Paper to note 1

3.2 Letter from Minister for Children, Older People and Social Care – Response to the Children, Young People and Education Committee Childcare Funding (Wales) Bill: Stage 1 Report

(Pages 47 – 66)

Attached Documents:

CYPE(5)–27–18 – Paper to note 2

3.3 Letter from Minister for Children, Older People and Social Care – Response to the Constitutional and Legislative Affairs Committee Childcare Funding (Wales) Bill: Stage 1 Report

(Pages 67 – 73)

Attached Documents:

CYPE(5)–27–18 – Paper to note 3

3.4 Letter from Minister for Children, Older People and Social Care – Response to the Finance Committee Childcare Funding (Wales) Bill: Stage 1 Report

(Pages 74 – 77)

Attached Documents:

CYPE(5)–27–18 – Paper to note 4

3.5 Letter from Mind Cymru to the Cabinet Secretary for Health, Social Care & Sport and the Cabinet Secretary for Education – Joint Ministerial Task and Finish Group on a Whole-School Approach to Mental Health

(Pages 78 – 79)

Attached Documents:

CYPE(5)–27–18 – Paper to note 5

4 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting.

(11.00)

5 Consideration of the evidence from the scrutiny session

(11.00 – 11.15)

6 Inquiry into School Funding – Consideration of the approach

(11.15 – 11.45)

(Pages 80 – 82)

Attached Documents:

Private Paper

Document is Restricted

Children, Young People and Education Committee

From: Welsh Government

Date: 10 October 2018

Venue: Senedd Cardiff Bay

Title: Evidence paper on Further Education and Higher Education

Introduction

This paper provides written evidence to the Children, Young People and Education Committee on further education (FE) and higher education (HE). It focuses on the key strategic priorities for each sector, drawn from the areas of interest identified in the Chair's letter of 20 August 2018.

1. General update

The higher and further education sectors make a significant contribution to the economy, social justice, public services and culture in Wales and to Welsh Government objectives via the provision of high quality education, training, research, innovation and engagement. The two sectors have a turnover of £1.5bn for HE¹ and £0.5bn for FE and employ around 29,000 FTE staff (21,000 HE² and 8,000 FE). In terms of outcomes, over 40,000 students graduate from HE each year and, in FE, 194,000 learning activities were completed by 111,000 learners (academic year 2016/17).

Higher education is a globally competitive sector. To avoid undermining our institutions' ability to compete on the world stage, it is vital that universities in Wales continue to be able to recruit international talent from the EU and elsewhere, participate in international research collaborations and networks, offer qualifications that are internationally recognised and attract students from the EU and around the globe.

Whilst Further Education tends to operate in a more local market, it is important that learners are able to access a broad range of academic and vocational training options and we need to ensure these qualifications are transportable. Further Education, whether delivered in schools or colleges is key to the future success of the nation. It enables progression on to higher level learning (often in partnership with universities); it supports the foundational economy; it enables adults to improve their literacy and numeracy skills; it assists community inclusion through the provision of English for Speakers of Other Languages; it helps employers to up-skill their workforce and enables the delivery of important social and public services.

¹ <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Higher-Education/Staff-and-Finance/financeofheis-by-category-year>

² <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Higher-Education/Staff-and-Finance/staffatwelshheis-by-gender-institution-year-modeofemployment>

Provision tends to be aligned with the economic area within which each college operates and in-work learning is supported through our flagship apprenticeship programme, which is partly funded by the European Social Fund.

HE Student Support

The Welsh Government, through Student Finance Wales (SFW), provides loans and grants to eligible Welsh students wherever they choose to study in the UK. Following the comprehensive independent review of higher education funding and student finance arrangements in Wales (the Diamond Review), the Cabinet Secretary for Education has introduced a new package of support for students starting their course from academic year (AY) 2018/19 onwards.

At the heart of the new system is a shift in focus in undergraduate support towards support for living costs. A key message from students and the National Union of Students is that it is day-to-day living costs which are causing students most concern. It is a key reason why students are not able to contemplate starting higher education or, worse, causing them to drop out without successfully completing their course.

The Welsh Government has, therefore, introduced a fair and sustainable support system where all Welsh students will receive support equivalent to the UK national living wage. The support will be means-tested and will be a mixture of loans and grants. This means that a full-time Welsh student living away from home (outside London) will be eligible for maintenance support of £9,000 - students from a lowest household income (up to £18,370) would get a full grant of around £8,100 and a loan of £900 towards their living costs (if living away from home, outside London).

Our 'whole system approach' means that Wales will be the only country in Europe to provide equivalent maintenance support, in grants and loans, to part-time and full-time undergraduates and, from 2019, this will be extended to postgraduate students. In turn this shift in focus will allow Welsh Government to provide additional investment in our higher education institutions to ensure that they are able to compete both domestically and internationally.

Living Wage

As of the end of July 2017, Welsh universities become signatories to the Welsh Government's Code of Practice Ethical Employment in Supply Chains. This is a significant landmark as our institutions became the first to sign up as a sector, and includes an additional commitment to work towards becoming Living Wage Employers. This work is being coordinated by the Higher Education Purchasing Consortium for Wales (HEPCW). The universities are developing their documentation and action plans in response to the Code's commitments. A working group has been set up by procurement staff across the universities in Wales to support the implementation of the Code of Practice. In a meeting with officials, HEPCW advised that all HEIs have responded and their feedback is currently being fed into a collective report.

The sector has made a commitment to pay the Living Wage Foundation's living wage to all directly employed HE staff by 2018/19 and to start the process of implementing the living wage across their outsourced HE activity, from 2018/19 and HEFCW are currently working with the institutions to ensure they gain formal accreditation.

Achievements

Civic Mission

The sector continues to work hard at developing their civic mission and are developing a wider portfolio of activities in their local communities. This includes a Physics Mentoring programme led by Cardiff University and 35 distinct projects with activities ranging from choirs for the homeless, and school governor initiatives, to providing space and mentoring for student and graduate start-ups. Aligned to this, HEFCW's Innovation Nation - On Common Ground event and publication broadcast more widely successful civic mission activities and interventions undertaken by Welsh institutions.

Work between our HE and FE institutions, as well as local schools, gathers pace in advance of PCET reforms and there are some good examples of enhanced collaboration between HE and FE in innovation and engagement activities.

Coding

£1.2m of funding has been allocated, via HEFCW, to support Swansea and Cardiff Universities' membership of the Institute of Coding. Both universities will benefit from the funding, which will include £200,000 to support coding initiatives in schools, colleges and universities. This investment is on top of a £1.3m drive to connect Welsh pupils with coding, Cracking the Code, which was announced last year.

Global Wales

Global Wales is a partnership between Universities Wales, the Welsh Government (EEAD, EPS, Trade & Invest and Visit Wales), British Council Wales and the Higher Education Funding Council for Wales (HEFCW).

A three-year funding allocation of £3.5m has been made to Global Wales II (2018-21) as part of the first tranche of allocations under the £50m EU Transition Fund, which aims to help business public services and others prepare for the impact of Brexit. The project will be funded via HEFCW. It will aim to sustain and grow Wales' HE existing export contribution, diversify the international student body, making Wales less susceptible to fluctuations in individual markets including the EU and to boost Wales' global profile in key overseas markets.

2. The Cabinet Secretary's and First Minister's agreed priorities

The promotion and enhancement of academic and vocational routes into – and through – further and higher education.

Wales has all the ingredients needed to compete with other skilled nations, but we must create a technical education system that can harness that talent and offer pathways to higher level skills. This cannot be done by government alone, we must work with employers and post-16 providers to unlock the potential in this country.

We have already made an investment in apprenticeships and the policy document (published in 2017) strengthens our approach to earning and learning. We now have a suite of activity operation starting with Junior Apprenticeships (for those aged 14-16); Preparation to Apprenticeships (16-18 within Further Education); Apprenticeships and Degree Apprenticeships (being delivered by Higher Education Providers in Wales).

The Further Education learning programmes are expected to provide a clear identified learning pathway to employment or to further/higher learning in order to aid learners to make the right choices. Programmes are closely monitored and best practice shared with stakeholders to ensure content is what employers want and what learners need to progress to their next chosen stage. Also, the £10m Skills Development Fund has been introduced for academic year 2018/19 to allow the Further Education sector to respond to and develop provision to address job specific skills gaps, at a regional level, as identified by Regional Skills Partnerships (RSPs). A key parameter of this funding is that colleges can only deliver provision that has been supported by the Regional Skills Partnerships as having employer relevance for opportunities in the region.

In terms of measuring our approach there are two strategic mechanisms we intend to monitor ourselves against:

Firstly, how effective we are in terms of bringing training in line with the needs of the economy in order to drive up productivity and prosperity. The three Regional Skills Partnerships (RSPs) are tasked with analysing economic challenges and likely growth areas to identify the skills needed in the workforce. We will use the analysis within their Annual Plans and associated data to influence the provision of skills in each region.

The second is our commitment within the Welsh Government's Employability Plan published in March 2018. We have stated that we will eliminate the gap between Wales and the rest of the UK at all qualification levels within ten years, and ensure that in future, as a minimum, we maintain our performance relative to the rest of the UK.

As part of a new set of consistent performance measures for post-16 learning, officials are developing a measure for learner destinations. This will identify the proportion of learners who progress into further learning and/or employment after leaving their programme of study each year. The measure uses matched education

and employment records, the latter obtained through participation in the UK Government's Longitudinal Education Outcomes (LEOS) programme.

The first statistics on the destinations for learners who completed their learning in the 2015/16 academic year are due to be published in September 2018. The measure will be subject to consultation with learning providers and Estyn before the methodology is finalised. In future, the matched data offers significant opportunities to analyse the destinations of, for example, learners studying different subjects and programmes; those from different socio-economic groups; those with protected characteristics; and those with different levels of attainment at Key Stage 4.

Degree apprenticeships

Degree Apprenticeships continue to be developed in Wales – a partnership approach between employers and the education sector led by HEFCW. We provided funding in 2016-17 to enable institutions to develop degree level qualifications which could be incorporated into apprenticeship frameworks. In 2018-19 HEFCW has been allocated £3m to implement the first phase of delivery in the digital technology and engineering sectors. HEFCW has sought proposals from providers and are currently assessing and responding to these bids.

Build ambition and encourage learning for life

We will widen peoples' horizons and lift their aspirations by creating a dynamic, entrepreneurial culture and ensuring they have opportunities to grow and achieve more throughout their lives.

Ensuring that everyone in Wales has access to the opportunities and support they need to fulfil their ambitions is vital. We are undertaking a series of reforms to ensure a system that delivers on the needs of Wales in the 21st century, both for people and businesses.

We have reformed our support for students following the Diamond Review to bring in the most generous system anywhere in the UK. By investing in enhanced support for postgraduate and part-time study alongside full-time undergraduates, we are ensuring that the mission to widen access is fit for the pace of change in the new technological and economic age.

3. Initial teacher training and education (ITET) accreditation₁

An assessment of the impact of the ITET accreditation decisions on Swansea University and the University of South Wales;

Swansea University is not currently an ITE provider in Wales. The accreditation decision does not therefore impact on the current ITE provision across Wales.

Welsh Government is awaiting the outcome of University of South Wales' appeal of the accreditation decision announced in June. We expect EWC to meet its statutory obligations with regards to the appeal process.

Currently the vast majority of USW provision is at an undergraduate level for those wishing to specialise in primary education. There are also a very small number of trainees at USW undertaking maths and general science undergraduate and design & technology postgraduate courses.

An assessment of ITET applications against targets for September 2018

The latest UCAS statistics³ (monthly applicants for the 2018 cycle) suggest that there are 120 fewer postgraduate applicants via this system than at the same point last year. In August 2017 there were 1,950 applicants (all states⁴) and this August 1,830 in Wales. This is around 6% fewer. The 2018 cycle has two more months to run and it should be noted that postgraduate applicants do not have to apply via UCAS - many choose to apply directly to providers.

Higher Education Statistics Agency (HESA) Student Record data for the 2017/18 academic year will be published by the Welsh Government in May 2019.

4. The prioritisation of support for enhanced links between education and industry

In line with the action in The National Strategy '*Prosperity for All*' for a regionally-focussed model of economic development, the Economic Action Plan set out a clear vision for a regionally focused economic development model based on the three Regional Skills Partnerships (RSPs):

- North Wales Economic Ambition Board – Regional Skills Partnership North Wales (NWEAB - RSP);
- South West and Mid Wales Regional Learning and Skills Partnership (RLSP);
- Cardiff Capital Region Skills Partnership (CCRSP).

RSPs have a key role in producing regional intelligence informed by employers and, as a result, have developed robust employer engagement strategies to capture the skills needs of the region and, in particular, the skills needs associated with regional infrastructure projects and priority sectors. Annual Reports were submitted to Welsh Government on 20 August 2018 and identify key economic sectors which are driving planning decisions for providers and providing a critical evidence base from which to make skills investment decisions.

³ <https://www.ucas.com/data-and-analysis/ucas-teacher-training-statistical-releases>

⁴ Placed: applicants who have either firmly accepted an unconditional offer or had their place confirmed after meeting conditions of a conditional firm offer. Conditional placed: applicants who have accepted a conditional offer as their firm choice. Unconditional offer: applicants who are holding an unconditional offer which has not been replied to. Conditional offer: applicants who are holding a conditional offer which has not been replied to. Pending provider decision: applicants who are waiting for a reply from a provider or have been invited to interview. No current offer: applicants who have either been unsuccessful in their choices, declined their offers or withdrawn. This includes applicants who have received an offer but the offer was later retracted, for example if the applicant does not meet all required conditions.

There are good examples of the work of RSPs to facilitate and encourage links between employers and the education sector which also informs the content of their Annual Reports. The North Wales RSP has aligned its activity with the regional schools consortia for North Wales – GwE – to support their response to “Successful Futures” by providing employer-led input to the regional Pioneer Schools programme. The RSP has also been involved in the development of modules aligned with the Successful Futures Programme, sharing intelligence with cross-border delivery partners as necessary. In South East Wales, the RSP has been engaged with establishing the Cardiff Commitment which is supporting young people with the support, choices and opportunities to become successful and economically productive. The public, private and third sectors work in partnership across the city to connect children and young people to the world of work. Finally, the Regional Learning and Skills Partnership (RLSP) has commenced a pilot project in South West Wales, engaging with head teachers from primary and secondary schools in Carmarthenshire and Swansea, initially to raise awareness of the Swansea Bay City Deal and the career opportunities that will become available as part of the project. It is the RLSP’s intention to use this as an opportunity to engage directly with pupils within those Local Authority areas before rolling it out more widely across the region.

The Welsh Government has also been proactive in giving support to FE Colleges to fund cutting edge equipment for college students on which to learn. This equipment is available in some colleges for businesses to upskill their current staff in the evenings.

5. Y Coleg Cymraeg Cenedlaethol’s remit extension into further education and work-based learning

In response to the specific Programme for Government commitment; the Coleg Cymraeg Cenedlaethol is now operating as a post-16 organisation.

A short-term task and finish group was established to review the activities of the Coleg Cymraeg Cenedlaethol and Welsh-medium provision in higher education and to consider whether the remit of the Coleg should be expanded to include further education and work based learning. The group published its final report, including recommendations on 25 July 2017 and the recommendations were accepted in full, including extending the Coleg remit into all post-16 sectors.

In their funding letter for 2018-19, the Welsh Government responded to the recommendations of the group and the Coleg was required to immediately expand their interactions with the post-16 sectors in areas where they currently had influence, capacity and expertise. An allocation of £150k was included in the 2018-19 funding agreement for the Coleg to expand activity in areas where an immediate benefit for the development of Welsh-medium post-16 provision. The total funding for the Coleg for 2018-19 is £5.880m.

As part of the extended role, the Coleg established an Advisory Group with representation from further education colleges and the work-based learning sector to consider the opportunities and challenges in supporting the development of Welsh-medium and bilingual education, prioritising three specific areas: to support current staff of colleges and training providers to develop their Welsh language skills in order

to teach bilingually; develop Welsh-medium teaching resources; and promoting the opportunities and benefits to learners in Welsh Government priority areas. The advisory group submitted their report to the Cabinet Secretary for Education and Minister for Welsh Language and Lifelong Learning in July 2018.

Officials continue to work in partnership with the Coleg to develop a detailed, implementation plan, with full consideration of the wider context and dependences. This plan will be submitted to Ministers in the autumn.

The independent group established to consider the potential expansion of the Coleg's remit recommended that should the role of the Coleg be extended to the post-16 sector; there was scope within their current budget and in terms of the central activities of the Coleg to make savings and to redirect its work and its focus. The Group did not therefore see the need for a significant increase in the level of central staff in order to take on the additional responsibilities.

For 2018-19 an allocation of £150k was included in the funding agreement for the Coleg to expand activity in areas where an immediate benefit for the development of Welsh-medium post-16 provision. The allocation for 2019-20 will be dependent on the priorities identified in their post-16 implementation plan.

In addition to budget provided directly to the Coleg, budgets across the Welsh Government and especially within the Welsh Language Division support post-16 development and the aims of the post-16 plan. What the new plan will achieve is to ensure that all budget and resources aimed at Welsh-medium post-16 developments is targeted and interventions are prioritised to achieve best value for money and impact.

Further education colleges are required to plan for the increase of post-16 Welsh-medium and bilingual provision to provide linguistic continuity for learners progressing with their learning from statutory education. As a minimum, colleges need to provide Health and Social Care and/or Childcare Development qualifications through the medium of Welsh or bilingually, growing the provision to full qualifications where it is not already available. The 2018/19 Delivery Plans indicate that there is a commitment to ensuring that learners in priority areas may continue with elements or all of their learning through the medium of Welsh or bilingually.

Alongside the mainstream provision, learners need to maintain and develop their Welsh language skills in preparation for the workplace. Colleges in general provide additional opportunities for learners to develop their skills and raise awareness of the increasing need for bilingual skills.

Sgiliaith, the specialist training organisation, based at Grwp Llandrillo Menai receives Welsh Government grant funding to provide training to college tutors in teaching in a bilingual setting incorporating the Welsh language into the curriculum. It provides a range of training from short half-day sessions to an accredited MA module on Bilingual Teaching Methodology. During 2017/18 Sgiliaith exceeded most of its targets and is successful in engaging with tutors that have not attended any training before.

Work Welsh (Cymraeg Gwaith) is in its second year providing Welsh language lessons to beginners up to advanced improvers and is concentrating efforts on tutors the main priority areas such e.g. Health and Social Care; Leisure and Tourism; Business Administration and IT; Agriculture/Land Based Studies and Construction. Tutors also receive individual support from the dedicated Welsh language instructor at their college enabling them to use their acquired skills with learners in the classroom.

Across the broad range of disciplines, and particularly in the Sciences and Health Sciences, the Welsh-medium offer by universities has been developing with a year on year increase in the number of subjects and modules available for students to study through the medium of Welsh. In a small number of subject areas there has been a decrease in provision where demand from students has not enabled the institution to maintain the provision or where there have been changes in staff at a local level.

The annual statistical release on the use of Welsh within HE was published on 26 July 2018. The number of students studying some of their degree through the medium of Welsh had fallen in 2016/17 from 7,780 to 6,870. However nearly 6,000 students continue to study at least 5 credits through the medium of Welsh during 2016/17; this remains the second highest number of students studying in Welsh within a year since the establishment of the Coleg.

We will be seeking further clarity regarding the underlying reasons for the decline in numbers of students using Welsh within their studies from 2015/16 to 2016/17. The Coleg has been instructed to provide a detailed report on the underlying reasons for the decline. (The initial indication is that a significant proportion of the change is due to how the provision is reported).

6. Wider Welsh Government policies and in-year funding

Funding provided to the Higher Education Funding Council for Wales (HEFCW)

I made additional allocations to HEFCW totalling almost £20m in the 2017-18 financial year including:

- i) £6.2m to enable HEFCW to deal with any short-term implications arising from demographic changes and the initial implications of Brexit;
- ii) £1.8m to encourage universities to further develop activities related to their civic mission;
- iii) £1.2m to support the involvement of Welsh universities in the establishment of an Institute for Coding, which includes £0.2m to enable civic mission activity supporting coding initiatives in schools, colleges, work-based learning providers and universities;
- iv) £1.7m to help alleviate the impact of pressures on HEFCW's budget, specifically to help sustain performing arts provision;
- v) £3m to improve and increase collaboration between HE and FE, as we progress our reforms in the post-compulsory education and training sector; and

- vi) £5.9m capital to fund projects that will either directly leverage external competitive match funding or proposals that will leverage or enhance funding from internal sources.

This means that the final financial year allocation to HEFCW in 2017-18 was as follows:

	2017-18
HEFCW Revenue Expenditure	114,242,000
HEFCW Depreciation	90,000
HEFCW Capital Expenditure	5,900,000
Total	120,232,000

Building on the foundations of the final allocation of funding to HEFCW in 17-18, I have confirmed that funding will increase in 2018-19 to the following levels:

	2018-19
HEFCW Revenue Expenditure	122,216,000
HEFCW Depreciation	90,000
HEFCW Capital Expenditure	10,000,000
Total	132,306,000

Provision has been made within the Welsh Government budget for £10m capital resource to be allocated in 2018-19 to support proposals from institutions that promote more effective use of their estates. Capital resources have been allocated to the Funding Council for the next three years. Building on the work begun in response to the revised 2016-17 remit letter, the Council has been asked to develop a scheme that will help reduce institutional financial risks associated with estate utilisation. This will allow the Council to help institutions reduce the level of future expenditure on university operations as a tool for preparing institutions for significant regulatory and financial reform during the next 5 years.

In-year allocations to further education providers

In response to reduced funding from Westminster, Welsh Government recurrent funding for the sector decreased by £34.868 million between 2013/14 and 2015/16, a reduction of 11.25 per cent in cash terms over this period. However, for 2016/17, 2017/18 and 2018/19, funding for the FE sector has remained relatively stable. Funding increased by 2.54 per cent in 2017/18 which includes a one per cent increase in the unit rate and allows for a small amount of recognised growth. Further detail on the latest analysis of income to the FE sector in Wales is provided in annex i.

In addition to the mainstream allocations, the FE sector has received an additional £10m for the Skills Development Fund (SDF). The SDF has been introduced for academic year 2018/19 to allow the FE sector to respond to and develop provision to address job specific skills gaps, at a regional level, as identified by Regional Skills Partnerships. The SDF is a mechanism to reintroduce part-time provision in a managed fashion, working closely with the RSPs to ensure that these meet employer needs in each region. Its objective is also to increase the employment opportunities

of those unemployed and to increase the benefit to the Welsh economy of up-skilling those in low paid employment.

Capital funding for the FE Sector

Investment in the FE sector continues to feature significantly in Band A of the 21st Century Schools and Education Programme, which runs between 2014 and 2019. Officials have worked with FE institutions to fund major and smaller-scale schemes in line with institutional priorities. Larger schemes which have attracted funding include the new Cardiff and the Vale College Campus at Dumballs Road, Cardiff, and a new replacement campus for the Aberdare site of Coleg y Cymoedd. There has also been investment in more modest building schemes.

In 2018-19 £5 million has been distributed among the FE institutions to address backlog maintenance issues, with a further £5 million grant to fund the purchase of industry standard equipment.

We have been planning Band B of the Programme, which runs between 2019 and 2024, alongside our delivery partners in the FE sector for some time. FE institutions submitted their Strategic Outline Plans for Band B investment in July 2017 and these were largely approved in principle, subject to satisfactory business cases, in December 2017. We continue to support the sector in developing their investment plans.

EU transition funding

HERIO – Higher Education Research and Innovation Opportunities

We have received a proposal from HEFCW for the second tranche of funding under the European Transition Fund. The proposal (HERIO – Higher Education Research and Innovation Opportunities), which seeks £4.5m over three years, is intended to address the loss of EU funding for research and innovation. It will build the capacity needed to help Wales' research and innovation base compete and win additional external funding at this crucial point in time. It has been prepared by HEFCW in collaboration with the Welsh Government's Innovation Team and will be delivered by the two organisations working in partnership, as reforms are progressed in the PCET sector. Bids will be considered by Ministers in September.

Global Wales II allocation

Global Wales is a partnership between Universities Wales, the Welsh Government (EEAD, EPS, Trade & Invest and Visit Wales), British Council Wales and the Higher Education Funding Council for Wales (HEFCW). It aims to support investment in Wales by building collaborative ventures through market research, intelligence gathering, targeted inward visits and outward missions and increased promotional activities such as the delivery of the 'Study in Wales' brand in key markets.

Global Wales II (2018-21) has been approved for £3.5m funding over three years as part of the first tranche of allocations under the EU Transition Fund. The project will be funded via HEFCW, which will also take responsibility for reporting on progress to

the Welsh Government. It will aim to sustain and grow Wales' HE existing export contribution, diversify the international student body, making Wales less susceptible to fluctuations in individual markets including the EU and to boost Wales' global profile in key overseas markets.

7. PCET reform progress as consulted on this spring and summer, and an explanation of the next steps

The White Paper "*Public Good and a Prosperous Wales*" set out the broad options and proposals for the Commission's proposed functions and the way in which it might work with different types of learning providers. Following the White Paper consultation last year, a further technical consultation document "*Public Good and a Prosperous Wales – the next steps*" was published on 24 April. This consultation took account of the feedback received and developed further some of the ideas in the White Paper and explained in more technical detail how we envisage the new Commission might operate. The consultation closed on 17 July and a total of 422 responses were received. Respondents remain broadly very supportive of the reforms.

During the technical consultation period a number of themed focus groups were held with selected stakeholders. They each covered a particular section of the technical consultation and stakeholders with a particular interest in these areas were invited to attend. In addition, officials have also spoken at a range of representative bodies' committee meetings. The feedback from the focus groups and written responses to the technical consultation are being analysed and taken into account during the next stage in the legislative process, the development of the policy instructions for lawyers. A summary of responses is expected to be published later in the Autumn, with a view to bringing forward legislative proposals in this Assembly term.

8. Equality of opportunity for, and the promotion of higher education to, under-represented groups

Fee and Access Plans

The Higher Education (Wales) Act 2015 requires that all higher education providers that wish for their courses to be automatically designated for statutory student support commit to activities and investments in support of objectives related to the promotion of equality of opportunity in connection with access to higher education and promotion of higher education. In this context promotion of equality of opportunity in connection with access to higher education relates to removing barriers to higher education that members of under-represented groups experience.

Higher education providers are required to set out these activities and investments in fee and access plans which are submitted to the Higher Education Funding Council for Wales (HEFCW) for approval. The 2015 Act builds on provisions in the Higher Education Act 2004 which designated HEFCW as the relevant authority for fair access in Wales.

A fee and access plan must set out fee levels, total anticipated fee income and the intended total fee amount to be invested by and HE institution in equality of

opportunity and the promotion of higher education, in line with Welsh Government fee and access plan guidance.

Widening Access

The Welsh Government has already funded a number of programmes to encourage greater participation from under represented groups in PCET such as the Reaching Wider Programme and measures introduced in the Higher Education Act 2015. There is, however, a need for more analysis and research to understand the outcomes for learners from different backgrounds and to ensure that PCET providers have all the information they need to advise and support these learners to reach their full potential. As the new Commission will have oversight of the whole PCET sector there is the opportunity to improve the current data sharing arrangements with a focus on learner choices and decision making to provide insights for policy development to support widening access.

HEFCW's regional widening access programme 'Reaching Wider' offers educational aspiration-raising and skills opportunities to encourage students to consider applying to higher education. The three Reaching Wider regional Partnerships provide activities that encourage progression to a range of HE, including medical-related provision.

In 2018-19, the Cabinet Secretary for Education remitted HEFCW to work with officials to develop a programme of action for higher education, which takes into account the additional funding allocations provided to the Council in 2017-18 and builds upon the various strands of activity taken forward in response to WISERD's 2015 report to the Council on access to higher education in Wales. The Cabinet Secretary has asked for the action plan to be in place by January 2019.

9. Action the Welsh Government is taking to ensure that higher and further education institutions support and promote students' wellbeing

In 2018-19, the Cabinet Secretary for Education has remitted HEFCW to work with partners on strengthening the approach to enhancing safeguarding practices and resilience, supporting employee and student initiatives that tackle violence against women, harassment and address other adverse factors affecting mental health in particular. HEFCW will be developing guidance, including sharing effective practice to institutions on identity violence taking account of the Welsh Government.

The Cabinet Secretary for Education has regular meetings with Universities in Wales and is aware that our institutions are committed to working to improve the mental health and wellbeing of students and staff. All Welsh universities report a range of mental health and wellbeing interventions and initiatives to support students and staff in their equality annual reports.

In discussions with colleges during the summer term 2018, learners' mental health was raised consistently as one of the main challenges facing the further education sector. A summary prepared by colleges' Student Services Network highlighted issues including anxiety, depression, increased incidences of self-harm, and issues around bullying (including on social media). Following these discussions, officials

have invited CollegesWales to submit a proposal for a support project to help build capacity in the further education sector to support learners experiencing mental health issues. Discussions on this are ongoing, but we anticipate that the work is likely to include the development of a guidance 'toolkit' and training resources for college staff.

Public Health Wales has developed a '[Health Colleges and Universities Framework](#)' as an extension of the Welsh Network of Healthy School Schemes (WNHSS) into Higher Education and Further Education settings. The framework is split into six health topics and four aspects of college and university life. The health topics cover mental and emotional health and wellbeing, physical activity, healthy and sustainable food, substance use and misuse, personal and sexual health and relationships, sustainable environment.

10. The Welsh Government's position in relation to the reconfiguration of higher education

There is no formal policy for reconfiguration. However, the Welsh Government continues to support and encourage greater collaboration in the HE sector, whether that be through strategic alliances or formal collaborations across departments, to ensure the sustainable delivery of high quality, accessible HE provision. The PCET reforms will also ensure further collaboration across HE, FE and Sixth Forms.

11. Delivery - the plans and systems in place to ensure that Welsh Government teams supporting pre and post-16 education work together on, and coordinate the delivery of, Welsh Government policy

There is a commitment to develop and deliver policy across ministerial portfolios within the Welsh Government and arrangements are in place to ensure that this approach is followed for pre and post 16 Education. There are regular discussions between Ministers and officials to ensure consistency in approach and in the development of policies and joint senior management team meetings between directorates to ensure senior colleagues across the whole of education are kept informed about, and involved in, policy developments. This cross departmental working can be evidenced with improved policy making. As an example, HE Division uses the data it holds on university students to provide analysis and evidence to the ITE Team. Close working and regular discussion around evidence needs has resulted in the refinement of routine statistical publications and the provision of additional analysis to inform the evaluation and development of ITE policy.

This will be further developed as we implement our reforms to the PCET system which will specifically aim to improve transition between different parts of the education system. To date there has been, and will continue to be, liaison between education colleagues and the Bill team since the decision was taken by Cabinet to bring sixth form provision within the ambit of the new Commission. This has included ongoing engagement with the Union Partnership group.

Officials from the PCET Bill team have been in discussion with their EPS colleagues to ensure any impact of current proposals on the 14-19 local curricula is assessed. The education legislation management branch which has an overview of all EPS

legislation also liaises with the PCET Bill team to ensure developments are shared and taken into account where necessary.

Agenda Item 3.1

Kirsty Williams AC/AM
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education

Eich cyf/Your ref
Ein cyf/Our ref KW/02167/18

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Llywodraeth Cymru
Welsh Government

27 September 2018

Dear Lynne

Thank you for your letter of 13 September regarding the Welsh Government's proposals on revised eligibility criteria for free school meals in Wales. The consultation on these proposals ended on 14 September and responses, including that submitted by the Children's Society, are now being analysed; a report summarising the responses will be published later this term.

I await the views of the Children, Young People and Education Committee following their meeting on 20 September. However, in the meantime, if Committee members require further information about our proposals, please let me know.

Yours sincerely

Kirsty Williams AC/AM
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Huw Irranca-Davies AC/AM
Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care

Ein cyf/ Our Ref: MA - L/HID/0440/18

Lynne Neagle AM
Chair
Children, Young People and Education Committee
National Assembly for Wales
Ty Hywel
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Llywodraeth Cymru
Welsh Government

17 September 2018

Dear Lynne,

Childcare Funding (Wales) Bill

Thank you for the committee's consideration of the Childcare Funding (Wales) Bill during Stage 1. I am pleased the committee, with the exception of one Member, has agreed the general principles of the Bill.

In light of the time you have taken to consider the content of the Bill and some of the wider aspects of the childcare offer, I wanted to write to you ahead of the general principles debate on 18 September, setting out our detailed response to the committee's recommendations. In doing so, some of the points raised rest within the portfolios of the Cabinet Secretary for Education and the Minister for Welsh Language and Lifelong Learning, both of whom are copied into this letter.

I have divided my detailed response, which accompanies this letter, between those recommendations which deal with the Bill and those which address the wider offer and issues relating to the childcare sector.

I will deal first with the recommendations that relate specifically to the Bill. The Finance and Constitutional and Legislative Affairs committees also considered the Bill at Stage 1 and they made a number of recommendations about its content and the balance of provisions between primary and secondary legislation. I have tried to strike a balance between all three committee reports, but there have inevitably been occasions when I have had to fall on one side rather than the other.

Consequently, it has not been possible for me to accept all of the Children, Young People and Education Committee's recommendations in these areas in full, however, I have carried the principles and underpinning reasoning through as far as possible.

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In respect of the larger set of recommendations about the wider childcare offer and the childcare sector, I value the evidence the committee gathered during the inquiry and thank the committee for its diligent and detailed work.

However, at the current time, it is important that I draw a distinction between those recommendations which require immediate action and legislation and those which are less time sensitive. I would welcome the opportunity to work with the committee as the childcare offer develops to ensure we are able to maximise its benefits, within the terms of the commitment we have given to the Welsh public.

In particular, with your permission, I would relish the opportunity to return to the committee in the spring, with a draft administrative scheme and to discuss some of the operational details it will cover. I would welcome the committee's views on ways we could simplify the early years system for parents, childcare providers and children so all families can easily identify the programmes they will benefit from. This could, for example, include consideration of where we go next, once the offer is in place.

The final report of the independent evaluation of the first year of early implementation of the childcare offer is not scheduled for publication until the end of November and will not be finalised until shortly before that date. Officials are working with the independent evaluators and the committee clerk to establish what can be shared ahead of this date.

I would also like to make you aware of a change in delivery arrangements for the second year of early implementation. In the first year, each local authority undertook the full process themselves, including the assessment of applications and processing of payments to childcare providers.

For the remaining period of early implementation until the national roll out in 2020, we are asking local authorities to work in partnership with one authority accepting and processing applications on behalf of others and making relevant payments. This is intended to minimise the sunk costs in an approach we are not taking forward in perpetuity and to maximise efficiencies for taxpayers.

This approach will be added to the Bill's Regulatory Impact Assessment as a fifth option. The data will be shared as soon as it becomes available, although it is not expected to make a significant difference to the balance of costs between our preferred option of using HMRC and the other options.

I look forward to the general principles debate.

I am copying this letter to the Cabinet Secretary for Education, the Minister for Welsh Language and Lifelong Learning and to the chairs of the Finance and Constitutional and Legislative Affairs committees.

Yours sincerely



Huw Irranca-Davies AC/AM

Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care

Childcare Funding (Wales) Bill – Stage 1

Children, Young People and Education Committee Report Recommendations

Recommendations relating to the Bill

Recommendation 1

That the Welsh Government, as a matter of course, share all information detailing the grounds on which UK Government consent is provided to a Bill with Assembly committees. This information should be shared on the Bill's introduction (or as soon as it becomes available if consents are not gained in advance of introduction) to enable full and appropriate scrutiny of a Bill's provisions.

I accept the principle of this recommendation.

Our approach to sharing information about consents is set out in our Legislation Handbook, which is available at:

<https://gov.wales/docs/legislation/170830-legislation-handbook-en.pdf>.

The handbook states: "When the Bill is sent to the Llywydd for her determination (see Chapter 14), the covering letter from the First Minister should identify where consents are required and provide copies where available. It would only be in exceptional circumstances, outside the Welsh Government's control, that it might not be possible to signify all consents at this stage."

The First Minister's letter of 16 March, which sought the Llywydd's determination about whether the Bill was within the competence of the National Assembly set out that the consent of the Chief Secretary to the Treasury to the provision in section 8 of the Bill relating to the amendment to section 18 of the Commissioners for Revenue and Customs Act 2005 and to the relevant provisions relating to data sharing and onward transmission of data had been secured. A copy of the consent was subsequently shared as part of the determination process.

The Welsh Government will work with the Assembly Commission to review working arrangements for sharing consents.

Recommendation 2

That the Welsh Government, in advance of the Stage 1 debate, outline its understanding of the "separate agreements" that would be required between itself and HMRC should the current proposed childcare offer change.

I accept this recommendation.

HMRC will act as our agent in relation to the determination of eligibility for our childcare offer (the offer). The various powers and rights established by the Bill will be vested in the Welsh Ministers, who will appoint HMRC to undertake certain tasks on our behalf. Consequently, we will need certain arrangements in place to enable them to take this work forward as follows:

- A Memorandum of Understanding with HMRC covering the work required to incorporate our offer within their digital and non-digital platforms;
- An agreement under Section 83 of the Government of Wales Act 2006 enabling HMRC to undertake the functions of the Welsh Ministers; and
- A further Memorandum of Understanding covering ongoing administration of the digital platform and non-digital services.

Both Memoranda of Understanding will set out the service delivery arrangements and the terms and conditions of the working arrangements between Welsh Government and HMRC, along with any notice requirements should we want to make changes to our offer. The reference to separate agreements in the letter from the Chief Secretary to the Treasury is to the potential need for a new or amended Memorandum of Understanding, or revised arrangement under the Government of Wales Act 2006, should such changes occur.

Recommendation 3

That the National Assembly agree the general principles of the Childcare Funding (Wales) Bill. Llyr Gruffydd AM does not support this recommendation on the grounds outlined in paragraph 57 of this report.

I **note** this recommendation.

I am grateful for the consideration given to the Bill by the three committees which contributed to its scrutiny, and am pleased that, with the exception of one Member, the Children, Young People and Education Committee has been able to recommend the general principles of the Bill are agreed by the National Assembly for Wales.

Recommendation 6

That the Bill be amended to require the Welsh Ministers to make the administrative scheme by subordinate legislation, to ensure that it is placed on a statutory footing

I **do not accept** this recommendation.

The administrative scheme will set out the operational details of the offer. These details are not suited to appearing in either the Bill or in regulations as they could be subject to change as the offer develops.

I am committed to transparency and I would value the committee's views as the scheme develops. I will aim to share an initial framework scheme with the committee ahead of stage 3, although there will be some aspects of the operational delivery model, which will not be fully developed and agreed with stakeholders by the end of October. I would welcome the opportunity to return to the committee to discuss the scheme in more detail in the spring.

Recommendation 7

That the Bill be amended to extend its provisions beyond working parents, to include parents who are seeking work by undertaking education and training linked to securing employment, to be defined in regulations.

I **do not accept** this recommendation.

The offer is aimed at supporting working parents. We have other support programmes in place designed specifically for parents in training and education or for those who require support to return to work.

Welsh Ministers already have the necessary powers to bring forward additional programmes of support as required, subject to relevant funding being available.

I do, however, appreciate that it may be confusing for people to understand what support is available and will commission a piece of internal work to examine this further and look at options to reduce any confusion and complexity. I would welcome the opportunity to bring this work to the committee at a future date and would also welcome the committee's support and input into how best to draw the various schemes together, outside of the parameters of this Bill.

Recommendation 8

That the Bill be amended to provide the Welsh Ministers with a regulation-making power to extend its provisions to other categories of parent in the future. Any such regulations should be subject to the super-affirmative procedure.

I do not accept this recommendation.

The offer is aimed at supporting working parents. The Bill has been introduced to put in place the necessary legislative framework to access and assess information necessary to determine eligibility for this offer.

A range of other programmes are in place to provide support to other categories of parent, such as PaCE and Flying Start. Welsh Ministers also have the necessary powers, under Section 60 of the Government of Wales Act 2006, to bring forward additional programmes of support as required.

Recommendation 9

That the Bill be amended to require the Welsh Ministers to fund childcare for qualifying children of working parents for, or for a period equivalent to, 30 hours in each of 48 weeks in any year (to include the early years education already funded through local authorities). The Bill should also include provision enabling the amount of childcare to be amended in the future by regulations subject to the super-affirmative procedure.

There is a strong correlation between this recommendation and the recommendation four made by the Constitutional and Legislative Affairs Committee, which called for the Bill to include a commitment to provide the offer.

I am **continuing to explore the options** available to me to meet these recommendations and the principles which sit underneath them.

I will write to the committee to update it as proposals develop further.

Recommendation 10

That the Welsh Government keep under review the age of the “qualifying children” to whom the Bill’s provisions should apply. This is with a view to ensuring that either:

- the Bill can be amended at a later stage to include the details of the age of a “qualifying child”, if the evidence received from the evaluation of the pilot is unequivocal; or

- the eligibility regulations reflect the lessons learned in the specified age of the “qualifying child”, if the results of the evaluation are ambiguous in this regard.

I **accept** this recommendation.

In its report, the Constitutional and Legislative Affairs Committee has asked that I include more detail about a “qualifying child” on the face of the Bill. I have asked officials to look at options to meet this recommendation – and to bring forward government amendments – but have made clear we must retain the flexibility to amend the age of a “qualifying child” should a future Welsh Government wish to do so.

I believe that this would have been possible within the Bill as introduced and I am keen this is not lost.

Recommendation 11

That the Bill be amended to require regulations made under it to make provision for a temporary exemption period (also referred to as a “TEP” or “grace period”).

I **do not accept** this recommendation.

I remain of the belief that details such as this are operational in nature, and better accommodated within an administrative scheme. The Bill is concerned with the framework and data-sharing necessary to determine a person’s eligibility for the childcare offer.

The application of a temporary exemption period would happen after a person had been found to be eligible for the offer, and at such time as a change in circumstances resulted in them falling out of eligibility.

I will aim to provide the committee with an initial framework administrative scheme ahead of stage 3 and I would welcome the opportunity to return to the committee in the Spring to discuss the scheme in more detail.

Recommendation 12

That the Bill be amended to provide that:

- regulations made under section 1 should be subject to a super-affirmative procedure rather than the affirmative procedure; and
- any revisions to regulations made under section 1 should be made using the super-affirmative procedure.

I **do not accept** this recommendation.

The Constitutional and Legislative Affairs Committee recommended that more detail regarding a “qualifying child” and a “working parent” be placed on the face of the Bill, and that only if this were not done should the regulations under section 1 be subject to the super-affirmative procedure.

I have asked my officials to prepare government amendments in line with the Constitutional and Legislative Affairs Committee recommendation.

Recommendation 20

That the Welsh Government ensure that any new obligations imposed on local authorities in relation to this Bill are accompanied by the necessary amount of funding to deliver them.

I **accept** this recommendation.

The Welsh Government has previously committed to meet the costs of new burdens on local government.

Wider recommendations

Recommendation 4

That the Welsh Government make available, before the start of Stage 3, the results of the evaluation of the childcare offer.

I **accept the principle** of this recommendation.

We are working with the independent evaluators to confirm what information could be made available to the committee before the start of Stage 3, including whether a confidential technical briefing could be arranged ahead of the publication of the final report. Officials will liaise with the committee clerk about these arrangements.

The evaluation of the first year of early implementation is not scheduled for completion until late October, with the findings scheduled for publication in November. The committee will note that this timescale does not fit with their recommendation.

At this early stage it will not be possible to evidence whether or not the offer is achieving its intended outcomes in full. The evaluation will cover only one year of early implementation in seven local authorities. Further evaluation work is planned for the remainder of the early implementation programme and into the national roll out, which will provide more conclusive evidence.

I will provide further details about the longer-term evaluation when the contract specifications are completed.

Recommendation 5

That the Welsh Government does not finalise the detail of the regulations that will be made under this Bill until the findings of the evaluation of the childcare offer pilots have been fully analysed and published.

I **accept** this recommendation.

Subject to the Bill receiving Royal Assent, my intention is to bring forward two sets of regulations in spring 2019.

The first set will set out who would be a qualifying child of working parents, along with the information required to support an application.

The second set will cover the sharing of information between Welsh Ministers and third parties, along with the onward disclosure of that information. This second set of regulations will be subject to the consent of an “appropriate Minister” on behalf of a UK Government department or Minister of the Crown.

Draft regulations will not be available before the publication of the findings from the independent evaluation in November.

Recommendation 13

That the Welsh Government work with HMRC to outline, before the Stage 1 debate, what arrangements will be in place to ensure that HMRC is able to deliver a fully-bilingual application and eligibility checking system (both online and on the telephone) under the provisions of this Bill.

I **accept** this recommendation

HMRC has committed to providing a fully bilingual service in respect of the offer. Officials have met HMRC on several occasions and detailed discussions regarding our expectations and the Welsh Language Standards requirements are ongoing. Officials have also met the Welsh Language Commissioner's office to discuss this and a number of other matters relating to the offer.

We are working alongside HMRC and its delivery partner National Savings and Investments, to develop the bilingual service. This will include the digital aspects of the application process and the provision of Welsh-speaking telephone operators to support the elements of the offer delivered by HMRC.

Recommendation 14

That the Welsh Government produce a revised Regulatory Impact Assessment should the eligibility criteria for access to funding of childcare change from those outlined on the face of the Bill and in the Explanatory Memorandum. This work should be undertaken and published in time to inform Members' consideration of the Bill at later stages or, if decisions are not made on eligibility until the Bill has completed its passage through the Assembly, in time to inform the scrutiny of the relevant regulations.

I **accept** this recommendation.

At this point, there is no intention to change the eligibility criteria in relation to the offer. However, it has always been the intention to review and amend the Regulatory Impact Assessment as any new information becomes available or should anything change.

As I set out in my covering letter, I will be adding a fifth option to the Regulatory Impact Assessment to reflect the revised delivery model for early implementation. Essentially this is a refinement of our baseline option, which sees some local authorities working in partnership to deliver the offer. As this approach has only just started, we need some time to gather the relevant data but we do not expect it to impact on our preferred approach of working with HMRC (which remains the least expensive approach).

I will share the data when it is available – and no later than the point at which Standing Orders require a revised Explanatory Memorandum, including a revised Regulatory Impact Assessment, to be laid before the Assembly ahead of Stage 3.

Recommendation 15

That the Welsh Government make more explicit its commitment to ensuring that the risks of digital exclusion are addressed, managed and monitored as part of any agreement with any delivery agent for the administration of the application and eligibility checking system created by this Bill.

I **accept** this recommendation.

I am very aware of the challenges of digital exclusion across Wales. While it is right and appropriate to prioritise the use of digital systems for the offer, ensuring there are alternative routes for accessing the offer is important to the Welsh Government and to HMRC.

The platform HMRC will be using to manage applications for the offer is already accepting and processing applications for the HM Treasury-led Tax Free Childcare programme and the DfE-led English childcare offer. People who cannot access the digital system can make an application by telephone and can request that they are contacted by telephone or by post according to their preferences. HMRC has agreed to implement the same service for the Welsh childcare offer.

Communication will be central to ensuring parents are aware of the options available to them to make an application. HMRC is working with stakeholders across the UK to raise awareness of their childcare offer among those who could potentially be digitally excluded. It has produced a leaflet, aimed at digitally-excluded customers, which is available from childcare providers, citizen advice bureaux and others. I expect a similar approach to be taken in relation to our childcare offer.

Recommendation 16

That the Welsh Government work with HMRC and local authorities to outline, before the Stage 1 debate, what arrangements will be put in place to ensure that HMRC is able to signpost clearly parents to the other support they may be eligible to access. This should include an assessment of the feasibility (in terms of timescales, costs and clarity of information) of updating HMRC's Childcare Choices website to include details of the Welsh offer.

I **accept** this recommendation.

Communication is key to the success of the childcare offer. We know there is confusion among parents about the services and support available to them nationally and locally, and within the childcare sector, about how the various funding streams work.

This is why we are working with HMRC to design the journey for parents as they apply for the offer. This includes considering how to signpost parents to the tools they need to find out about other support they can access.

HMRC is already updating Childcare Choices to make it more accessible for users in the devolved nations – this is not work it would charge the Welsh Government for. However, Childcare Choices was designed to have a limited lifespan and cannot be guaranteed beyond March 2020. Consequently, we are looking at other options, including changes to the Childcare Calculator currently available on the gov.uk website, which parents can use to quickly gauge which scheme is best for them financially. HMRC is currently scoping costs.

We will undertake a Wales-wide communications campaign ahead of the national roll-out of the offer in 2020, setting out the details of the offer and how to apply. Work to scope that campaign, which will be subject to a tender exercise under our procurement processes, is underway. We envisage messages being distributed across a range of media, as well as working with the Family Information Service, and I would be happy to share details of our proposals with the committee in the Spring when they are more developed.

Recommendation 17

That the Welsh Government make available, before the start of Stage 3, a revised Child Rights Impact Assessment (CRIA). This CRIA should consider the Bill's impact on *all* children, not just those eligible under its provisions for the childcare offer. This is particularly important in light of the Children's Commissioner's concerns that an unintended consequence of the Bill's focus on qualifying children of working parents could be an increase in the child development, school readiness and educational attainment gap between our most advantaged and disadvantaged children.

I accept the principle of this recommendation.

I understand the committee believe this is important, particularly in light of the Children's Commissioner's concerns that an unintended consequence of the Bill's focus on qualifying children of working parents could be an increase in the child development, school readiness and educational attainment gap between our most advantaged and disadvantaged children.

The Children's Rights Impact Assessment published alongside the Bill focuses on the provisions of the Bill itself and therefore relates to those children eligible for the childcare offer.

Impact assessments are being carried out for the childcare offer, and in line with best practice are being regularly updated. We are in the process of drawing these together into an integrated impact assessment. I would be happy to share this with the committee when complete, but this will be on the basis the impact assessment is a live document and that further changes will be made as the evaluation of our programme of early implementation continues.

Recommendation 18

That the Welsh Government ensure that, as part of the evaluation of the childcare offer pilot's roll-out, information to assess the impact of its arrangements on summer-born children is gathered, analysed, and used to inform the shape of the childcare offer that is eventually rolled out nationally.

I accept this recommendation.

Measuring child development is complex, not least because there is a myriad of influences which may have a bearing on development. It is for this reason that the impacts of the offer on child development were not included in the specification for the evaluation of the first year of early implementation, let alone the impacts on summer-born children as a specific cohort. Consequently it will not be possible to include this within the report relating to the evaluation of the first year of early implementation as we cannot retrospectively collect the data with confidence.

It is, however, something we will ask the evaluators to consider for the second year of early implementation, the report we would expect in November 2019.

In addition to this, we are starting to scope out the detail of the evaluation of the offer in the longer term, following national roll out in 2020. We are working with the Secure Anonymised Information Linkage (SAIL)¹ databank to access a secure infrastructure for data linking. This should enable us to analyse information on children befitting from the offer against other data about them. Assuming the data is available, we should be able to consider whether the term in which a child is born is statistically likely to have an influence on their outcomes.

It will take time to put in place the data systems and requirements, and for the intended outcomes from the offer to be realised. We may not have conclusive evidence by the time of the full national roll out but this is something we can return to as the offer becomes more widely available.

Recommendation 19

That the Welsh Government set out in advance of the Stage 1 debate:

- how the number of children that would be eligible in terms of their parents working was calculated to be 40,000, as stated in the Explanatory Memorandum; and
- whether an attempt was made to estimate the number of children who would be eligible in the term after their third birthday, or whether only the total number of three year olds (plus four year olds) was used.

I **accept** this recommendation.

Gartner, the independent consultancy we used to provide the costings within the RIA, has estimated we will receive around 40,000 applications – this includes applications for eligible children and ineligible applications, which will be rejected. This figure has been applied consistently across all the costed options in the Regulatory Impact Assessment so reliable comparisons can be made between scenarios.

We have drawn on a number of datasets as follows:

- To understand the number of children aged three and four, we used the most recent official statistics of population estimates for Wales (2016) as published by the Office of National Statistics (68,000).
- To estimate the number of parents likely to be eligible we considered data from the Annual Population Survey, which provided the employment rate and earnings of parents of three and four-year olds (approximately 60%).

The figure of 40,000 was reached by considering the population of three and four-year-olds in Wales at any time and the number of those children whose parents are likely to be eligible.

We have also accounted for the month in which children are born (again based on ONS data), and modelled the number of weeks they could be eligible for the offer based on the term they turn three and the way Foundation Phase Nursery Provision is provided in their local authority area (as the offer is up to 30 hours, and varies depending on the early education entitlement provided locally).

Recommendation 21

¹ <https://saildatabank.com/>

That the Welsh Government set aside a proportion of its budget for the childcare offer to provide additional support between now and the offer's roll-out to facilitate an increase in the co-location of childcare and early years education provision. This should include incentives for the non-maintained sector to increase its provision of early years education.

I accept this recommendation.

We have undertaken extensive engagement work with parents and childcare providers in relation to the offer. One of the issues regularly raised by parents is the challenges they face in transporting children from their early education entitlement to their childcare provider, where they are not available in the same setting. This is also a concern for childcare providers, which are often keen to deliver both the education and childcare aspects of the offer.

I am committed to ensuring the offer is as clear and easy as possible for people to access – a key part of this is ensuring it operates seamlessly.

In July 2018, I announced a £60m capital grant programme, which will be spread over three years (2018-21). The primary purpose is to facilitate and support the co-location of the early education and childcare provision wherever possible. This is in line with our *Prosperity for All* commitment to “introduce a new model of community learning centres, providing extended services with childcare, parenting support, family learning and community access to facilities built around the school day”.

I expect to make announcements about funding allocations later this year and would welcome the opportunity to return to committee with more detail at that point. I would also be happy to facilitate a visit by the committee to settings funded through other Welsh Government capital programmes, such as Flying Start, so they can see the model we hope to replicate.

Recommendation 22

That the Welsh Government undertake a review of the cost/rates of payment across maintained and non-maintained settings for childcare, early years education, and the childcare element of Flying Start. Particular attention should be given to increasing the consistency between the hourly rate paid for early years education and childcare.

I do not accept this recommendation.

I am not proposing a review to harmonise the rates of pay for the delivery of Flying Start childcare services in Wales, but I will continue to monitor the situation.

Of the three programmes mentioned, only the rate paid in respect of the childcare element of the offer is directly set by the Welsh Government. The hourly rates paid to non-maintained settings delivering Flying Start and early education are negotiated by individual local authorities and, as such, can vary significantly across Wales. Local authorities delivering Flying Start childcare services in maintained settings pay staff salaries, rather than hourly rates, and therefore are often unable to attribute an hourly rate of pay. This is similar to the position for local authorities delivering early education through maintained settings, where the funding forms part of the overall school budget.

Comparing the rates of pay paid to Flying Start childcare providers with other providers of early years education and childcare can be problematic for the following reasons:

- The increased staffing ratios required for the delivery of Flying Start childcare services for children aged two to three.
- Flying Start services are expected to be higher in quality than generic provision and are delivered on a part time basis of 2.5 hours a day.

Additional work to inform the offer rate is planned. Care Inspectorate Wales (CIW) has previously collected data from providers on how much parents or guardians are charged for childcare for under-fives and future requirements for cost/rate information across settings is being considered by the Welsh Government in partnership with CIW.

We will also learn from cost case studies undertaken in England by the Department of Education, which are expected to report in Autumn 2018.

Recommendation 23

That the Welsh Government issue revised guidance to local authorities defining the meaning of “sufficient nursery education”, to guard against any risk of less than the current amount of early years education being offered by each local authority once the childcare offer is in place.

I **accept** this recommendation.

Responsibility for the delivery of early education through the Foundation Phase Nursery provision is a matter for the Cabinet Secretary for Education.

The legislative basis for early education has not changed since the original guidance was issued; however, we accept that the policy context has changed significantly with the introduction of the offer. To reflect the changing policy context, the Cabinet Secretary for Education issued revised guidance under section 118(2)(b) of the School Standards and Framework Act 1998 on 14 September 2018.

<https://beta.gov.wales/foundation-phase>

The revised guidance clearly states that part-time education means a minimum of 10 hours a week during school terms.

No local authority is delivering less than the 10 hours minimum amount of hours of early education, as set out in the original guidance and many are delivering more.

Recommendation 24

That the Welsh Government work with Care Inspectorate Wales and Estyn to reflect and implement the lessons learned from the evaluation of the joint-inspection framework, with a view to considering more streamlined arrangements.

I **accept** this recommendation.

Officials have met Estyn and CIW to discuss the pilot of the joint inspection system for non-maintained settings funded by local authorities to provide education for three and four-year-olds. Estyn and CIW report the pilot was successful with experiences largely positive for both providers and staff and this is supported by the evaluation undertaken by Arad Research and the Welsh Institute for Health and Social Care, University of South Wales.

CIW and Estyn will conduct a joint inspection of non-maintained providers once in a period of six years and will use a common joint inspection framework to enable greater alignment in inspection arrangements. The whole process from the inspection visit, feedback to providers, and quality assurance will be integrated and undertaken jointly by CIW and Estyn. The inspection outcomes will be published on both CIW and Estyn websites in a single report and will include judgements against each theme. This will streamline arrangements but not compromise the inspectorates' legislative duties and obligations. Roll-out is anticipated from January 2019.

Recommendation 25

That the Welsh Government, in advance of the Stage 1 debate, accept the Equality, Local Government and Communities Committee's recommendations relating to the childcare offer in its report on its inquiry into pregnancy, maternity and work.

I do not accept this recommendation

The Welsh Government will be responding to the recommendations of the Equality, Local Government and Communities Committee, including to those recommendations relating specifically to childcare. The response be published in line with Standing Orders.

Recommendation 26

That the Welsh Government remove the right for providers to apply additional charges

I do not accept this recommendation.

The childcare market across Wales is a diverse one, with a variety of providers offering a range of services based on local needs. At any one time around 50% of providers registered with CIW are childminders, but around 62% of childcare places for children under five are within day nurseries². Providers offer different services, with variations dependent on their operating hours; the services available on their premises and the business model they use.

The provision of food and snacks is a good example of this. While a significant majority of day nurseries have the facilities in place to provide food and snacks on site, the same is not always true of sessional care settings, such as Cylch Meithrin, which may be operating from a church hall without fully-licensed and approved catering facilities. Some childminders may not want to register their domestic kitchens with the Food Standards Agency and so may also choose not to provide a catered service. This will be reflected in the rates they charge. The same is true of transport costs, which will vary depending on distances, fuel costs and methods of transport.

When we were considering the evidence on rates, it became apparent that we had three choices:

- Pay a rate in respect of the childcare, and allow providers to charge parents for additional services offered such as food and transport;
- Pay a rate which included food and transport to all providers, regardless of whether or not they offered that service; or
- Pay different rates to providers depending on the services they offered.

² Based on CIW SASS 2016 data.

We discussed these options with the childcare sector and with local authorities. We also looked at the lessons emerging from England, where a variable rate is paid depending on the location of the setting, but parents are still charged additional sums for food and transport. Our conclusion was that a single rate was more transparent, and easier for the sector and parents to understand.

However, in allowing additional charges for food and transport, we were mindful that could leave parents facing significant costs and this is why we issued guidance setting a maximum rate for food. This is very different from England where there is no guidance in place and there has been anecdotal evidence of parents facing additional charges of more than £15 per day.

Removal of the right to charge additional fees for items such as food and transport would mean these charges would have to be factored into the rate paid to providers by the Welsh Government. Furthermore, a variable rate would be required to ensure what we pay reflects the service offered, bringing additional complexity at a point when we are also facing calls to standardise rates across a range of early years programmes.

I will keep the matter of additional charges under review, and will look at this again as part of the review of the rate ahead of the national roll out. However, I have no plans to remove them at this time.

Recommendation 27

That the Welsh Government assess, as a matter of priority, how many providers are applying additional charges within the existing Early Implementer Local Authorities (EILAs) and for what reason.

I **accept** this recommendation.

Information on additional charges is being collected as part of both the parent and provider surveys which are being undertaken for the evaluation of the first year of early implementation. We will be in a better position to assess whether or not additional charges are being applied, and the level of any charges, in the autumn. I will provide an update on this issue as the work on the offer develops, and as stated above, I will keep the matter of additional charges under review.

Recommendation 28

That the Welsh Government consider, based on learning from the EILAs about the extent to which additional charges are being applied by providers, raising the proposed hourly rate of £4.50 if necessary for providers' sustainability and to ensure they are reimbursed for the true cost of their provision

I **accept** this recommendation.

The rate set for early implementation of the offer was based on information about charging and rates in 2016. We will be reviewing this ahead of the national roll out of the offer in 2020, taking account of a host of factors, including the impact of the national living wage and wider market conditions. I will keep the matter of additional charges under review.

Recommendation 29

That the Welsh Government outline, in advance of the Stage 1 debate, the discussions it has held with HMRC about the likely costs and timescales associated with any change

to the income cap, and the basis on which the Minister has stated that such a change could be possible in future.

I **accept** this recommendation.

Officials have discussed the current upper earnings threshold of £100,000 with HMRC and the implications of a reduced upper earnings limit. In principle, HMRC has no issue with a different rate. However, there are practical considerations which must be taken into account.

Our intention in using HMRC as our agent for the processing of application for the offer is to use the existing digital and non-digital platforms it has in place for applications for both Tax Free Childcare and the English childcare offer. Both of those platforms are constructed around an upper earnings threshold of £100,000. At the time of our discussions, HMRC indicated that making the necessary changes to the digital and non-digital platforms would incur additional costs in the region of £1m. This would be an initial one-off cost. However, it was a very rough estimate, heavily caveated as requiring additional work to fully scope the extent of the changes required, which included increased compliance and telephone calls due to parent's confusion. We have not returned to HMRC for a more detailed analysis of the cost implications of applying a different cap in Wales.

More recently, HMRC has confirmed that such a change may also result in a delay of up to 12 to 18 months in the delivery of the digital and non-digital platforms to support the offer.

Parents accessing the offer in Wales will also be able to access Tax-Free Childcare at the same time. Aligning our eligibility criteria with those applying to the English childcare offer and Tax-Free Childcare reduces the risk of confusion among parents and providers on both sides of the border and creates a sense of parity and equality.

If there are lessons to be learned from the first year of early implementation or when we roll out our offer nationally, we will review the eligibility criteria and consider adjustments as appropriate.

Recommendation 30

That the Welsh Government roll out the childcare pilot offer to a handful of the more affluent wards within existing EILAs, to test the extent to which the offer remains one that is taken up largely by those earning less than the median average salary.

I **accept** this recommendation.

The offer is now available in 13 local authorities across Wales, with delivery starting in, Ceredigion, Conwy, Neath Port Talbot, Newport, Torfaen and Wrexham in September 2018. Delivery in Cardiff will begin later this term. This includes some of the more affluent wards in Wales, using the Wales Index of Multiple Deprivation as a basis for that assessment. This will provide further evidence about the hourly rate which is currently applied to the offer.

Plans to start delivery in the remaining authorities are well advanced and I hope to make an announcement on timing later this month, subject to finalising those discussions.

Recommendation 31

That the Welsh Government, based on the findings of the forthcoming evaluation (and, if accepted, any data emerging as a consequence of recommendation 30), review the income cap of £100,000 per parent.

I **accept** this recommendation

I have previously committed to keeping this matter under consideration. If we feel this needs to be revisited at any point, then I am happy to do so. This would require discussion with HMRC about both the cost and time involved in making changes to the digital and non-digital platforms for assessing eligibility, as outlined above.

Recommendation 32

That the Welsh Government monitor closely the take up of the childcare offer pilot in EILAs and publish detail of the expenditure from March – August 2018 in advance of the Stage 1 debate in September.

I **accept the principle** of this recommendation

The Welsh Government is closely monitoring early implementation. However, financial claims from authorities for August will not be received until after the General Principles debate. I am happy to share data with the committee as it becomes available and will write again with the details of take up and expenditure for the first year of early implementation as soon as possible.

Analysis of the monitoring data will be published as part of the early implementation evaluation report in November 2018.

Recommendation 33

That the Welsh Government, as a matter of urgency, reconsider the ability of schools to deliver the full childcare offer directly.

I **accept** this recommendation.

The restrictions around the registration of schools for the provision of childcare are set out in the Child Minding and Day Care Exceptions (Wales) Order 2010. I will be issuing a call for evidence in relation to this Order in the autumn and would expect more information regarding these concerns to come forward as a part of that review. I would welcome the opportunity to share the responses with the committee.

It is possible for schools to register to provide on-site childcare at present, subject to the identification of a responsible person.

Recommendation 34

That the Welsh Government make public the findings of its review of the Child Minding and Day Care Exceptions (Wales) Order 2010 before the start of Stage 3, to inform Members' tabling and consideration of amendments.

I **do not accept** this recommendation.

I will be issuing a call for evidence in relation to the Child Minding and Day Care Exceptions (Wales) Order 2010 in the autumn. I would welcome the opportunity to

share the responses with the committee. However, I do not expect the call for evidence to be completed ahead of Stage 3.

Recommendation 35

That the Welsh Government ensure an appropriate balance is struck between capital support for both the maintained and non-maintained sectors.

I **accept** this recommendation.

Local authorities have been asked to co-ordinate bids for capital funding in respect of the offer, working with both the maintained and non-maintained sectors. While the capital programme will meet 100% of the costs, priority will be given to funding childcare settings which form part of a much larger project (where appropriate) which use other sources of funding such as 21st Century Schools and Education Programme or Welsh language funding.

Where a new setting is to be developed (even within existing school grounds) this should be done in consultation with the childcare sector and should only be a local authority maintained setting where there is no other viable option. Funding will not be available for provision which would be in direct competition with the non-maintained sector and private providers will only be funded where there are robust processes in place to ensure the security of the investment.

Recommendation 36

That the Welsh Government respond in detail to Social Care Wales's calculations of the workforce deficit as detailed in paragraph 324 of this report. This response should be provided before the Stage 1 debate, to inform Members' consideration of the extent to which the Bill's stated purpose of encouraging more people back to work will be affected if the sector does not have the capacity to deliver childcare to all eligible families.

I **accept** this recommendation.

In December 2017, the Welsh Government published its 10-year *Childcare, Play and Early Years* workforce plan. It aims to professionalise the childcare sector to become one which society recognises as offering high-quality, flexible and affordable childcare and recognises the sector's workforce as highly skilled.

It is widely acknowledged that the sector is often seen as low skilled and low paid and that parents place a value on which they are prepared to pay for their childcare. In recognition of the need to encourage a culture change across the sector and in recognition of the vital role the sector plays as an economic enabler – ensuring parents and carers can access and remain in work – the plan provides a commitment to prioritise investment support to encourage the sector to build its capacity and capability and grow more sustainably.

In the first three years of its implementation, the workforce plan will therefore develop a targeted approach to business support and skills assistance. This approach is underway and a few examples of the work currently being considered are:

- The Welsh Government's apprenticeship programme will retain access to level 2 as a progression route to higher-level qualifications, supporting both employers and employees to train and develop in the skills appropriate for the sector;

- A new suite of childcare qualifications is being developed ready for introduction in September 2019 across levels 2 to 5 and the apprenticeship programme will support new and existing workforce to access these qualifications;

To support the skills required for the sector, the Progress for Success (PfS) programme (supported by the European Social Fund), was developed to help increase the capacity and capability within the childcare, play and early years sector by providing support for existing practitioners to up-skill across levels 2 and 3. Building on this achievement, my officials are exploring the best use of the European Social Fund to ensure the programme complements and enhances the provision already available via apprenticeships and other skills programmes and continues to support existing practitioners in raising and broadening their skills levels.

We have also been working on new ways to encourage diversity across the workforce and have, in partnership with the National Day Nurseries Association (NDNA) run the Childcare Works project. Childcare Works targets those who are currently economically inactive but who have the right skills and personal attributes to work with our young children. The project has produced a number of successful outcomes and consideration is being given to a second phase.

The sector is a mixed economy made up of private and third sector organisations as well as some in the public sector. It is ultimately for private and third-sector organisations to determine how best to create jobs within their businesses and recruit and train their workforce.

However, job creation within the sector is dependent on a number of factors and Welsh Government fully recognises the financial challenges the sector currently faces in this economic climate. That is why the 10-year workforce plan provides a commitment to prioritise investment in the sector this Assembly term.

I am working with my Cabinet colleagues on the levers Welsh Government has to support business growth within the sector -, for example, I am discussing with the Cabinet Secretary for Finance about further Small Business Rate Relief support for the childcare sector and the Cabinet Secretary for Economy and Transport has offered £100,000 grant funding to support new business start ups and existing nurseries to expand.

We will continue to monitor how these plans can be improved to best support the sector to be able to take full advantage of the childcare offer commitment.

Recommendation 37

That the Welsh Government, in accordance with the Welsh Language Commissioner's recommendations, work to integrate the childcare offer with the Cymraeg 2050 strategy, use Welsh in Education Strategic Plans (WESPs) to specify targets in relation to Welsh language childcare provision, and reform the way childcare data is collected and shared to ensure that all planning is based on reliable information.

I accept the principle of this recommendation.

Matters relating to language planning are the responsibility of the Minister for Welsh Language and Lifelong Learning. The Welsh in Education Strategic Plan Advisory Board has started to consider how to strengthen the links between planning of Welsh-medium childcare provision and statutory education. This runs across a number

of programmes and initiatives and is broader than the offer in isolation. Access to better data will be key to taking this work forward and we have been discussing this with a number of stakeholders including the Welsh Language Commissioner and CIW.

Huw Irranca-Davies AC/AM
Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care



Llywodraeth Cymru
Welsh Government

Our Ref: MA - L/HID/0441/18

Mick Antoniw
Chair
Constitutional and Legislative Affairs Committee
National Assembly for Wales
Ty Hywel
Cardiff
CF99 1NA

17 September 2018

Dear Mick,

Childcare Funding (Wales) Bill

Thank you for the committee's consideration of the Childcare Funding (Wales) Bill during Stage 1 and for the report which was published on 28 June 2018.

I have noted the committee's concerns about the way the Bill has been constructed and the committee's view the government has not succeeded in striking the right balance between what is on the face of the Bill and what is left to subordinate legislation.

I have asked my officials to review the balance between what is on the face of the Bill and what is left to regulations. Consequently, I shall be bringing forward government amendments, which will help to respond to the committee's recommendations and which will help to clarify the Bill's intended purpose.

By including more information about who is a "qualifying child" on the face of the Bill, I hope the committee's concerns about the potential for the Bill, as drafted, to be "used to pursue an entirely different policy to that which is contained in the Explanatory Memorandum, for example after-school care for 8 to 13-year-olds, will be alleviated.

I have balanced the committee's views in this respect with recommendation 10 from the Children, Young People and Education Committee which makes the case for maintaining flexibility for the future around the age of qualifying children.

In responding to the recommendations of the three committees which have scrutinised the Bill, I have tried to strike a careful balance, but there have inevitably been occasions when I have had to fall on one side rather than the other.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I also note the committee's concerns about the administrative scheme not being subject to the scrutiny of the National Assembly. In my response to the Children, Young People and Education Committee, I have offered to share an initial framework administrative scheme with the committee ahead of Stage 3. I have also said I would welcome the opportunity to return to the committee in the Spring with a draft scheme.

I would like to take this opportunity to make you aware of a change in the delivery arrangements for the second year of early implementation of the childcare offer which will have an impact on the options in the Bill's Regulatory Impact Assessment.

In the first year, each local authority undertook the full process themselves, including the assessment of applications and processing of payments to childcare providers. For the remaining period of early implementation until the national roll out in 2020, we will be asking local authorities to work in partnership with one authority accepting and processing applications on behalf of others and making relevant payments. This is intended to minimise the sunk costs (costs already incurred and non recoverable) in an approach we are not taking forward in perpetuity and to maximise efficiencies for taxpayers.

This approach will be added to the Bill's Regulatory Impact Assessment as a fifth option during Stage 2. The data will be shared as soon as it becomes available, although it is not expected to make a significant difference to the balance of costs between our preferred option of using HMRC and the other options.

Annex A provides a more detailed response to the recommendations made by the Constitutional and Legislative Affairs Committee during Stage 1 scrutiny.

I am copying this letter to the chairs of the Children, Young People and Education and Finance committees for information.

Yours sincerely

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

Huw Irranca-Davies AC/AM

Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care

Recommendation 1

The Minister should update the National Assembly on the progress of the consent discussions with the UK Government during the Stage 1 debate.

I **accept** this recommendation.

I am pleased to report that all necessary consents for the information sharing provisions in sections 4 and 5 of the Bill have been secured. The consent of the Chief Secretary to the Treasury had been secured in advance of the Bill's introduction and the consent of the Home Secretary and the Secretary of State for Work and Pensions were secured, via the Secretary of State for Wales, on 28 June. My letter of 9 July to the Presiding Officer, copied to the chairs of committees, confirmed this. I shall provide an update, as requested, during the Stage 1 debate.

Recommendation 2

We are not satisfied with the balance between what is on the face of the Bill and what is left to subordinate legislation. The Minister should undertake a fundamental review of the balance ahead of Stage 2 proceedings, with the objective of tabling amendments at Stage 2 to ensure that the Bill's policy intent is much clearer.

I **accept** this recommendation.

I have listened to the concerns of this committee and those of the Children, Young People and Education Committee about the balance of what is on the face of the Bill and what is left to subordinate legislation and have undertaken a review.

I consider there to be a strong case, as this is a technical Bill, for placing most of the operational detail in regulations and in an administrative scheme rather than on the face of the Bill. However, I recognise that it is important the Bill is clear about its intended purpose, while maintaining a degree of flexibility to accommodate any slight adjustments that may be required in the light of evidence emerging from the evaluation reports or to accommodate the policy aspirations of future administrations. With this in mind, I am considering bringing forward an amendment to the Bill, with a view to also addressing recommendation 5.

Recommendation 3

The Minister should consider including in the Bill provisions that would require the Welsh Government to review and repeal the legislation (should it be enacted and commenced). Such provisions should ensure that:

- **the review takes place after an appropriate period and its conclusions are enclosed within a report laid before, and debated by, the National Assembly;**

- **in the event that the review shows the legislation is (for example) not operating as intended, it should be repealed. This sunset provision should follow the approach included in the Public Health (Minimum Price for Alcohol) (Wales) Bill.**

The Minister should update the National Assembly of the outcome of his consideration during the Stage 1 debate on the Bill.

I am **continuing to explore the options** available in respect of this recommendation. I do not believe that review provisions such as this are appropriate for all legislation or that this would be apt in the context of a power to provide funding. However I do recognise that, in some cases, there can be a benefit in including them.

I am considering how best to address the points you have made in relation to recommendation four, together with those made by the Children, Young People and Education Committee. I see this recommendation being linked to how those matters are taken forward.

I will write to the committee to update it as proposals are developed.

Recommendation 4

The Bill should, on its face, commit the Welsh Government to providing its Childcare Offer.

There is a strong correlation between this recommendation and recommendation nine made by the Children, Young People and Education Committee, which calls for the Bill to require Welsh Ministers to provide funded childcare within the terms of the offer.

I am **continuing to explore the options** available to me to meet these recommendations, and the principles which support them. I will write to the committee to update them as proposals are developed.

Recommendation 5

The Bill should be amended so that the core eligibility criteria concerning who is a “qualifying child” or a “working parent” appear on the face of the Bill. The Bill should consequentially include provision enabling these criteria to be amended in the future by regulations which are subject to the affirmative procedure.

I **accept** this recommendation.

I’m proposing to bring forward amendments during Stage 2 to provide more clarity in relation to who is a “qualifying child”.

I am mindful of the Children, Young People and Education committee’s recommendation 10 around the need to ensure a degree of flexibility around the age of eligible children and therefore will be seeking to strike a balance between the recommendations of the two committees in this respect.

Recommendation 6

Should the Minister not accept Recommendation 5, the regulations made under section 1 should be subject to a superaffirmative procedure, as opposed to the

affirmative procedure, to provide a counterbalance to the breadth of power being sought.

I do not accept this recommendation.

This recommendation is linked to recommendation 5; I intend to provide more clarity in relation to who is a “qualifying child” and that the policy intention of the Bill will be made clearer as a result. I therefore do not intend to make the regulations under section 1 of the Bill subject to the super-affirmative procedure.

Recommendation 7

We do not consider that either the hourly rate payable for the childcare or who can provide such care are matters that should be decided without scrutiny by the National Assembly and amendments should be brought forward at Stage 2 to ensure that such provision will be made in regulations subject to the affirmative procedure.

I do not accept this recommendation.

The hourly rate sits outside the scope of this Bill.

The Bill’s purpose is to provide the legislative basis necessary to develop a digital application and eligibility checking process for the childcare offer. It does not extend to issues relating to the hourly rate, and it was not our intention that such matters should be included in the remit of secondary legislation flowing from the Bill. Instead they would be within the administrative scheme. Issues such as who can provide the childcare, what rate is payable to them and how and where parents can access the offer are important elements of how the scheme will operate in its entirety and it is important Assembly Members have an opportunity to consider these issues in greater depth.

I would welcome an opportunity to return to the Children, Young People and Education Committee in the Spring to discuss an initial draft administrative scheme, which will cover these issues in more detail.

The hourly rate is subject to ongoing testing as part of the early implementation of the childcare offer. New areas in Cardiff, for example, are being added to the offer to see whether the hourly rate is workable in areas where the cost of childcare is higher than in other parts of Wales.

By placing details of the hourly rate in the administrative scheme, rather than in regulations, we will be in a better and more agile position to keep the hourly rate under regular review.

Recommendation 8

The Minister should justify during the Stage 1 debate why he has chosen to publish an administrative scheme rather than issue statutory guidance to local authorities.

I accept this recommendation.

In developing this Bill it was determined that the best approach this was to keep this technical Bill short and focused on giving Welsh Minister’s the power to make arrangements for the administration of the scheme, with regulation-making powers only where legislation is necessary, for example in respect of permitting third parties to provide information and appeals to the First Tier Tribunal.

We are proposing an administrative scheme to be established under the powers in section 1 of the Bill, setting out the operational details of how the offer will work – this will cover such details as the split between childcare and early education, how the offer works during school holidays; which providers can deliver the offer and how providers are to be paid, for example.

It is envisaged that guidance relating to the scheme (whether statutory or otherwise) will be issued to various audiences. However this will supplement the scheme. I do not consider that guidance can be used as an alternative to having an administrative scheme: this would not achieve the certainty and consistency that we need parents across Wales to benefit from.

Guidance will also be required, targeted at different audiences. It will explain to each party their specific role in delivering the childcare scheme and to provide advice on application of the scheme. We will work with local authorities as we develop the guidance.

Recommendation 9

The Minister should, during the Stage 1 debate, provide a further explanation as to why he believes the UK Government will not have, in effect, a veto over the proposed childcare funding arrangements should the UK Government refuse to provide the necessary consent for any regulations which make provision under sections 4 and 5 of the Bill.

I **accept** this recommendation.

The Bill will enable us to set up a system for applications and eligibility checking for the childcare offer. Our preferred approach uses HMRC as the delivery agent and requires access to specific datasets held by HMRC, the Department for Work and Pensions and the Home Office.

Officials have been working with HMRC, the Wales Office and other UK Government departments for many months and I have been confident the necessary UK Government consents would be secured.

These initial consents have been obtained and my officials are now engaging with the relevant UK departments on the next stage, which will involve securing the consents of Ministers of the Crown to subordinate legislation where there is an impact on third parties.

I do not foresee the issue of consents being a barrier to us delivering on the proposed arrangements.

Recommendation 10

The Minister should provide during the Stage 1 debate a further explanation regarding the use in section 11 of the wording “to confer a discretion on any person”.

I **accept** this recommendation.

The wording “to confer a discretion on any person” is a standard form of words frequently used in legislation and is intended to ensure there is sufficient legislative cover and flexibility built into any administrative arrangements to ensure any exceptional circumstances can be dealt with as effectively as possible.

Recommendation 11

The Explanatory Notes which will accompany the legislation should make clear the intention and effect of the wording “to confer a discretion on any person” in section 11.

I **accept** this recommendation and the Explanatory Notes will be amended to address this recommendation during Stage 2.

Recommendation 12

The Bill should be amended so that any Order made under section 12(1) of the Bill is subject to scrutiny and the negative procedure.

I **do not accept** this recommendation.

The making of commencement orders is not normally subject to any procedure, as they bring into force what the National Assembly has approved. The Welsh Government's position on this issue has already been clarified. I see no reason, therefore, to deviate from the current convention in relation to commencement orders.

Agenda Item 3.4

Huw Irranca-Davies AC/AM
Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care



Llywodraeth Cymru
Welsh Government

Ein cyf/ Our Ref: MA - L/HID/0442/18

Finance Committee
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17 September 2018

Dear Members,

Childcare Funding (Wales) Bill

Thank you for the committee's consideration of the financial implications of the Childcare Funding (Wales) Bill during Stage 1 and for the report, which was published on 16 July 2018.

Annex A provides a more detailed response to the recommendations and conclusions in the report. I am pleased the committee support our preferred option of using the expertise of HMRC and building on an existing system, while recognising the potential in the Bill to develop a bespoke Welsh solution in the future.

I very much value the committee's words of caution about escalating costs and am keen to emphasise my continued commitment to monitoring costs very carefully and to updating the committee in light of any new information.

I would like to take this opportunity to draw your attention to a forthcoming change to the delivery arrangements for the second year of early implementation.

In the first year, each local authority undertook the full process themselves, including the assessment of applications and processing of payments to childcare providers. For the remaining period of early implementation, until the national roll out in 2020, we will be asking local authorities to work in partnership – with one authority accepting and processing applications on behalf of others and making relevant payments. This is intended to minimise the sunk costs (costs incurred and non recoverable) in an approach we are not taking forward in perpetuity and to maximise efficiencies for taxpayers.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

This approach will be added to the Bill's Regulatory Impact Assessment as a fifth option during Stage 2. The data will be shared as soon as it becomes available, although it is not expected to make a significant difference to the balance of costs between our preferred option of using HMRC and the other options.

I have also noted the committee's points about digital exclusion and the committee may wish to refer to my response to recommendation 15 of the Children, Young People and Education Committee's report, which addresses this issue.

I look forward to the general principles debate and continuing to work with the Finance Committee as the Bill progresses.

I am copying this letter to the chairs of the Children, Young People and Education and Constitutional and Legislative Affairs committees for information.

Yours sincerely

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

Huw Irranca-Davies AC/AM

Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care

Recommendation 1

The Committee recommends that the Welsh Government provides an update on the HMRC costs for developing and delivering the Welsh Childcare Offer within its existing platform as the proposal moves forward.

I **accept** this recommendation.

I am committed to updating the Bill's Regulatory Impact Assessment as HMRC provide more refined estimates on costs.

HMRC provided a high-level cost estimate to deliver the Welsh childcare offer in November 2017. We will continue to work with HMRC to ensure the costs reflect our full requirements and to enable it to engage suppliers in more detailed work to support the provision of costs. I will keep the Finance Committee and the Children, Young People and Education committees updated about HMRC costs over the course of the programme.

The committee may also be interested in my response to recommendation 29 of the Children, Young People and Education committee report which relates to the potential impact of a change in eligibility criteria on HMRC costs.

Conclusion 1

The Committee urges the Welsh Government, as part of its negotiations with HMRC, to require the Welsh service to operate in Wales, securing Welsh jobs and supporting Welsh language standards.

I agree with this conclusion. I will be encouraging HMRC to operate the non-digital aspects of, and back office support for, the Welsh language element of the 30-hours application and eligibility checking service from one of their offices in Wales.

One of the options HMRC is considering for delivering the bilingual service is to use their existing contact centre in Porthmadog.

The Porthmadog contact centre delivers a range of Welsh language services for HMRC customers who wish to communicate in Welsh, including Welsh-language telephone and correspondence services and is staffed by a team of 23 highly-trained full-time customer services agents.

In relation to the Welsh Language Standards, HMRC is committed to providing a fully-bilingual service in respect of the offer. Officials have met HMRC on several occasions and detailed discussions regarding our expectations and the Welsh Language Standards

requirements are ongoing. Officials have also met the Welsh Language Commissioner's office to discuss this and a number of other matters relating to the offer.

We are working alongside HMRC and its delivery partner National Savings and Investments, to develop the bilingual service. This will include the digital aspects of the application process and the provision of Welsh-speaking telephone operators to support the elements of the offer delivered by HMRC.

Conclusion 2

The Committee encourages the Welsh Government to involve the Welsh Revenue Authority in an advisory and oversight capacity, building expertise and experience in the Welsh context, in case there is a need to develop a bespoke Welsh system in the future.

I agree it makes sense for there to be close working between officials and the Welsh Revenue Authority (WRA). These arrangements are already in place.

WRA is represented on the official level Project Board established to oversee the development of the digital and non-digital application arrangements for the administration of the childcare offer. This Board, along with other relevant projects, such as implementation work for Welsh rates of income tax, are overseen by the Welsh Tax Devolution Programme Board which comprises Welsh Government and HMRC officials. The Programme Board was established to ensure a consistent approach to the operational work HMRC delivers for the Welsh Government, including lessons learned and joined up thinking.

The preferred option for delivery of the application and eligibility checking system for the childcare offer has been tested with WRA colleagues and officials have discussed the lessons and experiences from the establishment of the WRA and the working arrangements which were in place with HMRC at that time.

While we have concluded that developing a bespoke Welsh system would not be the best way forward at this point, this remains a potential option for the future and we are committed to maintaining an open dialogue with the WRA on this matter. The WRA maintains robust digital expertise and capabilities but new legislation would be required to enable the WRA to administer Wales' childcare offer.



Vaughan Gething
Cabinet Secretary for Health, Social Care and Sport
Ysgrifennydd y Cabinet dros Iechyd a Gwasanaethau Cymdeithasol

Kirsty Williams
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education

Welsh Government
5th Floor
Tŷ Hywel
Cardiff Bay
CF99 1NA

By email only

13 September 2018

Dear Cabinet Secretaries,

Re: Joint Ministerial Task and Finish Group on a Whole-School Approach to Mental Health

I write to you both in acknowledgement of your recent announcement to establish a Joint Ministerial Task and Finish Group on a Whole-School Approach to Mental Health and Wellbeing, and to recognise this development as part of improving our collective response in meeting the mental health needs of children and young people across Wales.

Nationally, over time, we as Mind are expanding our work to support anyone facing a mental health problem from childhood through to adulthood. We're working with children and young people throughout England and Wales to make sure we listen and understand the unique problems they are facing.

Given your recent announcement, I wanted to let you know that we're building on our local expertise and expanding our work in schools. We're piloting a new way of supporting the mental health of everyone involved in school life: pupils, the entire school workforce and parents. This will be our 'whole school approach to mental health', informed by in-depth research and input from young people, teachers and parents.

We're currently working with our local Minds to test, evaluate and refine our whole school approach to mental health across a diverse range of secondary schools, ensuring that it gives people choice and meets their needs.

Our approach has the potential to help thousands of young people get the help they need, at a time and place that's right for them. It's with all of this in mind that I write to you to offer a meeting to share further details of our approach and a visit to our local Mind in Wales who will be piloting this approach for us. I also write to formally request membership of either your Task and Finish Group or your soon-to-be-established Stakeholder Reference Group, as appropriate.

We currently hold membership of and contribute to the Resilience and Early Intervention Work stream, as part of the Together for Children and Young People Programme. This remains a valuable method of engagement for us and we look forward to continuing to input into its future work plan. However, given the proposed focus of the forthcoming Stakeholder Reference Group in establishing a whole school approach to mental health, our membership would ensure that we keep you updated with our pilot developments, learning and future expansion work, and therefore avoid duplication of effort.

In addition to this, and as a major information service provider, with millions of people receiving advice and support from our helplines and specialist information across England and Wales, we will be developing information resources aimed at young people and would welcome your input here.

We would very much appreciate the opportunity to meet with yourselves and/or the new and bespoke team of officials established to drive this agenda forward to update you further and distinguish the appropriate links. Please do contact Nia Evans by emailing n.evans@mind.org.uk to arrange this.

Yours sincerely,



Sara Moseley
Director, Mind Cymru

c.c. Lynne Neagle, Chair, Children, Young People and Education Committee

Prof. Sally Holland, Children's Commissioner for Wales

Carol Shillabeer, Chair, Together for Children and Young People Programme

Nichola Jones, Chair, Resilience and Early Intervention Workstream

Agenda Item 6

By virtue of paragraph(s) vi, ix of Standing Order 17.42

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