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Cabinet Secretary for Education

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Draft Budget 2017–18

Dear Cabinet Secretary & Minister

Thank you for attending the Children, Young People and Education Committee's meeting on 10 November to discuss the draft Budget. Thank you also for providing your comprehensive paper in advance of the meeting and addressing each of the Committee's requests for specific information. The Committee felt the session was very productive.

It was helpful that your paper to the Committee reaffirmed the Welsh Government's top 10 education priorities. Understanding the link to your main priorities helps with the scrutiny of the budget across your portfolio. The Committee will be considering each of these priorities in detail during the course of this Assembly.

The Committee's comments on specific areas and programmes within your portfolio are outlined below.

1. School Reserves

Levels of reserves

The School Funding (Wales) Regulations 2010 introduced new powers to enable local authorities to intervene when school surpluses reach certain levels, which are £50,000 or more in a primary school and £100,000 or more in a secondary school or special school.



The Committee noted that you were shocked at the level of reserves being held across schools in Wales, which you confirmed was in excess of £64m. You acknowledged that holding reserves is appropriate in particular circumstances, but said you will work with local authorities to ensure they take a more proactive approach in managing those reserves.

The Committee is keen to ensure that school budgets are used to best effect and welcomes your commitment to work with local authorities on this matter. Further, can you provide details on how many schools are exceeding the reserve levels set out in the regulations? Given your concerns, the Committee believes you should consider reviewing the regulations, to satisfy yourself that the limits for reserves are appropriate.

2. Childcare offer

The Committee noted a capital budget increase from 2018-19 of £20 million annually to provide infrastructure to meet the Welsh Government's commitment to offer thirty hours of free childcare for working parents of 3 and 4 year olds for 48 weeks per year.

In his statement in Plenary on Tuesday 8 November the Cabinet Secretary for Children said that part of the childcare offer will be met by the Foundation Phase during term time. In response to a question, you told the Committee that you are confident that your budget would be sufficient to deliver the foundation phase elements of this programme. The Committee will continue to keep this under review as the programme is developed.

3. Schools Challenge Cymru

The Committee notes that you have decided to discontinue the Schools Challenge Cymru programme.

In evidence to this Committee last year, your predecessor was clear that international evidence suggests that sustainable system level reform requires a minimum of at least five years. Schools were therefore "very much at the early stages of their improvement journey".

The Committee notes that an evaluation of the programme has been ongoing. The results of phase 1 of that evaluation have been published. However, phase 2 of the evaluation, which will focus on outcomes and is arguably the most important element of evaluation in terms of gauging impact, is yet to be completed. It is unclear why the decision to end this programme was made before the completion of the final phase of the evaluation.



The Committee is extremely concerned that ending Schools Challenge Cymru now may mean that the full impact of the programme and the full value of the investment may not be realised. Could you provide details of the evidence on which you based your decision to end the School Challenge Cymru.

You told the Committee that the programme was “time limited” and funded by central reserves. However, the Committee was concerned at your confirmation that the money is being returned to the reserves and not being put to alternative use within the Education MEG. The Welsh Government took the decision in January 2014 to use a Barnett consequential to “continue to drive up educational standards”. If you have decided that Schools Challenge Cymru is not the best use of the money, then why not use the money on another means of investing in school standards?

The fact that £15 million is being returned from the Education MEG to the central reserves calls into question how much of the separate £20 million for schools standards is actually net additional funding.

4. Pupil Deprivation Grant

The Committee recognises that the Pupil Deprivation Grant (PDG) is a key Welsh Government intervention aimed at helping raise standards in schools.

We note your assertion that the PDG has helped to raise attainment levels for eFSM pupils for the second successive year. However, as has been noted in previous years, it is difficult to attribute specific outcomes to the PDG as it is one of a number of interventions in this policy area. Furthermore, the attainment gap between eFSM pupils and their peers was already narrowing before the PDG was introduced.

We remain concerned that Welsh Government cannot fully assess the value for money of this programme and, consequently, is unable to ensure that eligible pupils are getting the best outcomes from the significant funding allocated to the programme. We therefore welcome the evaluation of the PDG being undertaken both by Estyn, and by the independent Raising Attainment Advocate. We hope that this can help clarify the extent of the impact of this important programme and its value for money.

The Committee has become increasingly concerned that there is a lack of clarity in schools about how the PDG should be used. We welcome your commitment to issue new guidance to ensure that the PDG is spent in the most effective way.



Early Years Provision

Given that early intervention and prevention are such prominent aspects of the Welsh Government's programme for Government, the Committee believes you should consider exploring the potential impact of "front loading" the PDG, so that more money is available to early years pupils, rather than older pupils. You told the Committee you would of course welcome more money for the Early Years PDG but the question is how to reach an optimum balance for using the existing resources for the PDG.

As part of that consideration, you may wish to reflect on whether it would be appropriate for eligibility for the higher rate of PDG to be extended down a school year, so that pupils in reception year attracted the full PDG allocation.

Reception class is arguably the first year in which targeted interventions can make the most tangible impact, given this is when children generally begin attending school on a full-time basis. The Committee would be grateful for more detail about the rationale for paying the Early Years £600 rate for Reception age children (first year of Infants, age 4 at start of year) rather than the higher school-age £1,150 rate? This is particularly relevant given your emphasis on early intervention.

Availability of PDG to Armed Forces Children

The Committee believes that the PDG should be targeted at all disadvantaged groups, and one group that has been recently highlighted is the children of Armed Forces personnel. Given the often disrupted nature of their education, some of these children can find themselves disadvantaged in their learning.

In response to a question, you confirmed that you would explore whether the PDG could be extended to Armed Forces children. The Committee would be grateful if you would report back to the Committee in due course on this matter.

Looked After Children

You told the Committee that the PDG funding for looked after children and adopted children is allocated to Regional Education Consortia, and they use their experience and understanding of the needs of local schools to make best use of the funding. You confirmed that you regularly challenge Consortia on their use of the funding.

However, the Committee remains concerned that it is difficult to assess whether funding allocated to looked after children and adopted children is actually reaching those in need. It is also difficult to monitor the impact of the funding.



The Committee looks forward to seeing the results from your evaluation for looked after children, which you confirmed would be published in the New Year.

The Committee would also be interested in how you are assessing the impact of extending the use of the PDG to adopted children, particularly since the allocations to regional consortia have not been increased to account for the numbers of adopted children.

5. School Standards

The Committee notes the inclusion in the budget of an additional £20 million in 2017-18 (as part of the £100 million pledge over five years) for raising school standards. You told the Committee that your intention was to focus this spending on four main areas:

- £3.5m in building capacity in education leadership;
- £2m as part of the curriculum and assessment strand;
- £10m under pedagogy for the development of the workforce;
- £4m in developing the school-to-school working.

You confirmed that it was your intention to work with the OECD to look at these four areas, to ensure that you were taking the right approach. You told us that you were expecting early feedback from the OECD on this, and that formal feedback would follow at a later date. The Committee would welcome sight of the OECD's feedback when it is available.

The Committee understands why you have focussed the additional £20 million funding on four specific areas, but urges you to keep this under review, and to refocus funding where necessary in future years.

School budgets

In the Fourth Assembly, the Welsh Government had a policy of protecting school budgets so that they received a change that was 1 percentage point above the change in the overall Welsh block grant. This was met through a combination of funding in the RSG for local authorities to pass on the protection and specific budgets supporting learners within the Education MEG. According to the Welsh Government's figures, this resulted in an additional £106 million for schools between 2010-11 and 2015-16.

The Committee notes that you have decided not to protect individual school budgets in the same way during the Fifth Assembly. Instead, you have allocated £100m for school improvements over the five years of this Assembly.



The Committee would be grateful if you would explain your rationale for this decision. Did you consider continuing with the approach taken in the Fourth Assembly?

6. Infant Class Sizes

Reducing Infant class sizes is listed as one of the top 10 education commitments for Welsh Government. The Committee notes the allocation of £1 million from the 'School Improvement Grant' BEL for piloting work. This does, however, appear to be at the expense of a £1 million reduction in the Education Improvement Grant issued to local authorities and regional consortia. The Committee would be grateful for clarity on this.

In terms of the policy, you told the Committee that Welsh Government officials are scoping out implementation, focusing initially on schools with high eFSM rates and an improvement/support category of red or amber who have classes containing 29 or more pupils. You have also said that you will not set budget allocations for the policy until the scoping work has been completed.

We note your intention to make an announcement in January about how this policy will work over the life of the Fifth Assembly. However, before that announcement could you provide an early indication of how the £1 million will be spent on the pilot for the programme, including: how many schools are included within your target criteria; whether you will be piloting alternative models of delivering the provision; how you will assess the outcomes of the pilots; and how you will assess the effectiveness of the pilots.

7. Higher Education (HE) and Further Education (FE)

The Committee notes that £30 million has been allocated for Higher and Further Education, but that of that £5 million of this has been allocated to Further Education.

When questioned about why the allocation appeared to be relatively low for FE, you told the Committee that you were taking a coherent approach to improve the whole education system. You also wanted to ensure a coherent flow from statutory education to Post 16 learning, and between HE and FE. You also talked about HE and FE learning having no borders.

You confirmed that you will be including within the Annual Remit Letter you will be issuing to the Higher Education Funding Council for Wales (HEFCW) for 2017-18 direction that HE and FE must enhance their relationship, with the ability of the learner to move between HE and FE.



Could you expand on this and how you expect HEFCW to reflect this in the way they allocate the funding? Could you outline your vision for how HE and FE will work together to deliver a more coherent learning experience, and how this might impact on their budgets in future years?

Diamond review

The Committee has recently written to you to outline a number of outstanding areas relating to the review that need more clarity. The Committee will continue to keep this matter under review.

Adult Part-time Learning

The Committee remains concerned about the adequacy of funding for adult Part Time learning. The reductions in funding for FE over recent years have had an impact on the sector that should not be underestimated.

In your paper to the Committee you state that “due to the protection of this budget line, no further reductions are expected to be imposed on part time learning”. However, you acknowledge that following the significant reductions in 2014/15 and 2015/16, part-time provision was significantly affected.

You said you are confident that funding for part-time learning is adequate, but the Committee is concerned that the sector was so severely impacted by previous budget reductions that a significant intervention will be required to restore provision to previous levels. Do you have a vision for the future delivery of part time learning and how will this be monitored?

In previous years, the Welsh Government has asked the FE sector to prioritise and protect provision for 16-19 year old learners. The Committee is keen to understand how the FE sector will continue to do this and impose no further reductions on adult and/or part time learning.

8. Welsh for Adults

The Committee welcomes the additional £5 million for Welsh for Adults provision. In your paper to the Committee you also state that decisions on how the money is used will also be informed by the priorities of the new Welsh Language Strategy, on which the Welsh Government finished consulting on 1 November 2016. You told the Committee that you would be meeting with the sector to help ensure the best use of the additional funding.

The Welsh Government has emphasised the critical role of expanding Welsh-medium education in meeting its vision of a million Welsh speakers by 2050. Although you could not give details on the new Welsh Language Strategy, you



confirmed that you were working to ensure Welsh in Education Strategic Plans (WESPs) are clear and ambitious, and that you would work with local authorities on their new plans.

The Committee would be grateful if you would provide an update in due course on the development of the Welsh Language Strategy and how Welsh Government is supporting local authorities' implementation of their Welsh in Education Strategic Plans.

9. Capital Funding

The Committee notes that the BEL which funds 21st Century Schools is affected by the Welsh Government's calculation of a revised baseline. £32 million has been taken out from the Supplementary Budget 2016-17 level for one-off allocations for FE projects which are presumably considered to be untypical of the annual level of expenditure. £43 million, which funded local authorities' general capital works, has been moved to the Local Government MEG (Revenue Support Grant) as party of a move to demonstrate the un-hypothecated nature of this funding.

Therefore, if the £43 million which has transferred out of the budget is disregarded, the capital budget has either remained the same, compared to the revised baseline, or has reduced by £32 million, if compared with the 2016-17 level.

Can you provide a further explanation of the accounting methodology for the removal of £32 million 21st Century Schools funding for the purposes of calculating the revised baseline? Can you also confirm that the movement of the £43 million general funding to the Local Government MEG is merely presentational and that local authorities' budgets will not be adversely affected?

I am copying this letter to the Chair of the Finance Committee to inform its overarching scrutiny of the Draft Budget.

Yours sincerely



Lynne Neagle AC / AM
Cadeirydd / Chair

cc. Chair of Finance Committee

