



Cynulliad
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Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

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[The Public Accounts Committee](#)

3/7/2017

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Neil Hamilton Bywgraffiad Biography	UKIP Cymru UKIP Wales
Vikki Howells Bywgraffiad Biography	Llafur Labour
Neil McEvoy Bywgraffiad Biography	Plaid Cymru The Party of Wales
Rhianon Passmore Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Lee Waters Bywgraffiad Biography	Llafur Labour

Eraill yn bresennol
Others in attendance

Iestyn Davies	Prif Weithredwr, ColegauCymru Chief Executive Officer, ColegauCymru
Geoff Hicks	Pennaeth Cyllid Ôl-16, Llywodraeth Cymru Head of Post-16 Funding, Welsh Government
Mark Jones	Pennaeth Coleg Gŵyr Principal, Gower College
Sharron Lusher	Cadeirydd, ColegauCymru Chair, ColegauCymru
Huw Morris	Cyfarwyddwr Sgiliau, Addysg Uwch a Dysgu Gydol Oes, Llywodraeth Cymru

Director for Skills, Higher Education and Lifelong Learning, Welsh Government

Matthew Mortlock Swyddfa Archwilio Cymru
Wales Audit Office

Ben Robertson Swyddfa Archwilio Cymru
Wales Audit Office

Huw Vaughan Thomas Archwilydd Cyffredinol Cymru
Auditor General for Wales

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Fay Bowen Clerc
Clerk

Claire Griffiths Dirprwy Glerc
Deputy Clerk

Katie Wyatt Cynghorydd Cyfreithiol
Legal Adviser

*Cynhaliwyd y cyfarfod yng Ngholeg Caerdydd a'r Fro, Heol Dumballs,
Caerdydd*

The meeting was held at Cardiff and Vale College, Dumballs Rd, Cardiff

Dechreuodd y cyfarfod am 14:21.

The meeting began at 14:21.

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **Nick Ramsay:** I welcome members of the committee to this afternoon's Public Accounts Committee meeting. Can I also say a particular welcome to Vikki Howells, who has joined the committee? Welcome to the Public Accounts Committee. It's good to have you with us.

[2] **Vikki Howells:** Thank you, Chair.

[3] **Nick Ramsay:** Headsets are available in the room for translation and sound amplification—translation on channel 1, amplification on channel 0. Can Members please ensure that electronic devices are on silent? In the event of an emergency, an alarm will sound and the ushers will direct everyone to the nearest safe exit and assembly point. No apologies have been received today. Do any Members have any registrable interests they would like to declare at this point? No.

14:22

Papurau i'w Nodi Papers to Note

[4] **Nick Ramsay:** Okay, item 2, and papers to note. We need to agree the minutes of the meeting held on 26 June. Happy with the minutes? Good; the minutes are approved.

Trosolwg Llywodraeth Cymru o Gyllid a Darpariaeth Colegau Addysg Bellach: Sesiwn Dystiolaeth 1 Welsh Government Oversight of Further Education Colleges' Finances and Delivery: Evidence Session 1

[5] **Nick Ramsay:** Okay. Item 3 is the Welsh Government oversight of further education colleges' finances and delivery. This is our first evidence session. The auditor general's report was published on 28 February, and the committee received a briefing during the meeting on 3 April, and we agreed to undertake this inquiry. Can I welcome our witnesses? Thank you for being with us today. Would you like to give your names and organisations for our Record of Proceedings?

[6] **Mr Davies:** Diolch yn fawr, **Mr Davies:** Thank you very much, Gadeirydd. Iestyn Davies, prif Chair. Iestyn Davies, chief executive weithredwr ColegauCymru. officer of CollegesWales.

[7] **Ms Lusher:** Thank you. Sharron Lusher. I'm chair of ColegauCymru and principal of Pembrokeshire College.

[8] **Mr Jones:** Good afternoon. I'm Mark Jones. I'm principal of Gower College, Swansea.

[9] **Nick Ramsay:** Great. Diolch. Thank you for being with us. We've got a number of questions for you, so if at any point I'm moving things on, it's purely so that we can get to as many as possible. I'll kick off with the first question. I wonder if you can tell us a little bit about the sector's expectations for future revenue settlements in light of the budget reductions over recent years. Iestyn.

[10] **Mr Davies:** Thank you, Chair. I think the sector's learnt to be, not pessimistic, but realistic perhaps, looking forward. I think the sector recognises the political context in which it's working. I think it understands that Ministers, Cabinet members and committees such as yourselves realise there's a need to continue to support funding into the further education sector, but we believe that it would be better served, in its hope and its belief for future and ongoing support, if there was a clear direction of travel being set by Welsh Government in terms of strategic direction, particularly between now and the institution of the new tertiary education and research commission, which I believe is now the term we're using for the Hazelkorn body that we've all talked about.

[11] **Ms Lusher:** Do I need to—? No?

[12] **Nick Ramsay:** They should operate automatically, I think. Yes, I should have pointed that out at the start.

[13] **Ms Lusher:** My apologies. I think Iestyn's absolutely right. I think we are realistic, as a sector, as to the future and the future of funding. We know that funding is tight, but I think what the FE sector does very well is that we are very agile. So, when there are funding restrictions, we are able to react to them very positively. I think, in terms of strategy, this is perhaps the most important thing for the Welsh Government. We're working with the Welsh Government now to look at a strategy that provides some sort of equity between further education, work-based learning, higher education and school sixth forms, so that we can be clear that we are all getting value for the public purse, first of all—value for money—and secondly, that there's a level of, as I say, equity between the different types of provider.

[14] **Mr Jones:** I think that's absolutely right, and I think, as the money gets tighter, it's important that all areas of the education sector are as efficient as we believe further education is, and if the overall quantum doesn't increase, or doesn't increase by significant amounts, that there still is flexibility in there so that, working together in different ways, more funding can be

released to the front line to make sure we continue to deliver the excellent service. So, I would certainly agree with my colleagues.

[15] **Nick Ramsay:** Is there a consensus on the need to change the funding mechanisms amongst the different organisations—the different institutions?

[16] **Mr Davies:** I think there's a consensus that it needs to change. Change to what is a bit more difficult. But that process and that dialogue is ongoing. I think it's important to recognise as well that, obviously, the picture the auditor general puts in the report, we recognise, but also we would admit the fact that, for the current year, and impacting on funding going forward for the next academic year—soon to start—generally speaking, colleges had a 1.25 per cent increase. There was some local variation, both good and bad, depending on how you looked at it. So, there has been a renewed commitment, but that commitment can't be predicated on goodwill. It should be predicated on a strategy and a vision for what we want the sector to achieve.

[17] **Nick Ramsay:** So, you would all agree on the need for, or the benefits of, a longer term funding horizon, but not complete unanimity yet on how that would work.

[18] **Mr Davies:** That's simply because the colleges are in different circumstances and different places, both metaphorically and physically, and it's important that we have a funding mechanism that meets the strategic direction, but also allows us to adapt to the changing demographic of social circumstances that, again, the report alludes to, which are not going to change, unfortunately.

[19] **Ms Lusher:** I think that's absolutely true, and I think if you look at the demographics that are described in the report, and if you look at the reduction in the 16 to 18-year-olds that there are in Wales generally, being from Pembrokeshire, we are one of the worst authorities affected in the reduction of 16 to 18-year-olds. What we're seeing at the moment is a movement between school sixth forms and the college in terms of numbers, and we need to provide flexibility and fleet-of-foot funding to be able to respond to that.

[20] **Nick Ramsay:** Good. Okay, I'll bring in some other Members now. Lee Waters.

[21] **Lee Waters:** Clearly, implicit in your view that there's been a lack of strategic direction is a criticism of the Welsh Government. To what extent do you think the sector itself should have been providing its own sense of coherence and sense of direction of travel?

[22] **Mr Jones:** I'm not sure it is a criticism—

[23] **Ms Lusher:** No.

[24] **Lee Waters:** There's nothing wrong with criticising the Welsh Government. [*Laughter.*]

[25] **Mr Jones:** No, there isn't, but I don't think it's a criticism. I think one of the bigger challenges that we have is, as the money gets tighter, we're encouraged to be more innovative, to be more flexible. So, what we're looking to do is to bring other sources of income in, and I think colleges have generally been quite positive. We've bought private training companies; we've increased work-based learning; we've looked at markets in England and a couple of colleges—Cardiff and Vale—in one way or another are looking at markets in the far east. The trouble that does is it widens the remit of colleges. It widens the kind of areas that we cover and that's a real issue. That's why the need for a strategic direction is so important, because we are looking to expand our business, to deal with the financial challenges, as we're encouraged to do. But at the same time, maybe that's taking us away from our core purpose. That debate, that discussion around, 'What are we meant to be doing?', I think, is generally overdue—but that's not a criticism.

[26] **Mr Davies:** I think, Chair, that the report identifies that colleges have shown leadership; they've adapted; they've amended their business plans. There are probably, of the 13 colleges that we now have—so, again, another example of the sector taking initiative as, when the report was written, there were 14 colleges; there's subsequently been a merger between Coleg Ceredigion and Coleg Sir Gâr, so there's further change taking place. In speaking to the principals, as I do on a regular basis, each of them has a particular vision and a plan, be that purchasing a local swimming pool—Neil and I were having a conversation earlier last week about innovations in that respect, in order to be very much grounded in the community—or whether that actually includes purchasing or taking a very strong commercial direction. So, that is happening and that's happening with the support and *sêl bendith* from the Government and it's being encouraged by Government.

But the danger, of course, is that we end up doing too many things, possibly, and not the things we should be doing, and that development then starts to impact negatively on the sector.

14:30

[27] **Nick Ramsay:** Rhianon Passmore.

[28] **Ms Lusher:** Sorry, I wonder if I can respond as well.

[29] **Nick Ramsay:** Sorry. Sharron Lusher.

[30] **Ms Lusher:** ‘Lack of strategic direction on behalf of the Welsh Government’, I don’t agree with. I think there has been strategic direction with the Welsh Government. I think what we need to see now is a direction that ties up all the elements of post 16. I think that’s really important. If you think about strategic direction within the sector, then our mission is to provide education and training. That’s what we’re there for. We need to find ways of subsidising that flexibly from other types of income, as we’ve just been through. I think we need work closely with the Welsh Government to make sure that we are well placed to be able to do that. But I think, and would welcome, the bringing together of all of the different strategies for post-16.

[31] **Nick Ramsay:** Now, Rhianon Passmore. [*Inaudible.*]

[32] **Rhianon Passmore:** Okay, thank you. So, bringing—you’ve sort of partly gone where I wanted to go anyway. In terms of bringing together those different strands post 16, what would that look like in your view, from your perspective? You’ve mentioned a few times—and others have, actually—about being fleet of foot and being agile, and we mentioned commercialisation at some point, which obviously has a health warning attached to it, but also great benefit. What would that look like for you in terms of the bringing together of those strands for post 16?

[33] **Mr Davies:** I think, just looking across Wales as a whole, I think it means different things, again, in different colleges. But it means, in the first instance, being able to deal with this quite significant demographic change that we can see—you know, that bow wave is coming our way. So, it means we can address that and the needs of Wales more widely. So, how do we support more provision that is targeted at the older learner, the more mature

learner? It means that the colleges themselves have to be resilient so that they can actually address some of the implicit critique, if I can use that word rather than 'criticism', perhaps, in the document. So, we deal with those issues. But, ultimately, it's about a sector that can really deliver outcomes that only it can deliver. Does that make sense?

[34] We have universities; we have sixth-form colleges; we have sixth forms; we have FE colleges, as we know. Well, what is it exactly that we do, that we want FE to be doing, at its core? There will be peripheral or marginal activities going on, and some activities that the college is already doing will become under stress and strain, particularly as we lose the ESF funding. So, I think we need to get to that crystallisation as to what we want the sector to do, but then that will mean that colleges such as Pembrokeshire will be different to Gower College, which will certainly be different to Grŵp Llandrillo Menai across a number of campuses. It's understanding that golden thread, I think, that we need to identify first and foremost.

[35] **Ms Lusher:** Can I amplify that from my point of view? I think, for me, it's incorporating all of the different types of post-16 education that you've got. So, actually bringing together school sixth forms, further education colleges, work-based learning, adult community learning and higher education—bringing them all together in one clear strategy. What I think that would mean for us, realistically, is that, if we could achieve it, there would be a way of funding appropriately all of the activities that each one of those individual institutions carries out. So, for example, at the moment we, as further education colleges, spend some time putting students through GCSE resits. Now, how that should work and how that could work in relationship to schools and other providers, I don't know, but that's something that we need to think of, and the funding element that's associated with that needs to be reflected in our allocations, I think, if that's the way that we continue.

[36] I think we need to collaborate more closely with schools and with other types of provider, and that goes right back, not just to post 16, but actually to post 14 and maybe post 11, where advice and guidance that's given to children at that sort of age is coherent, and is actually not predicated on a viewpoint; it's predicated on what's best for the child. So, again, we're not looking at potentially wasting public money because a child thinks they want to do something, but actually it doesn't suit their career path, so we need to look at that.

[37] I think the final thing for me is that there needs to be some form of

consideration of how funding is ring-fenced. So, again, what I mean by that is that we all, I think, deliver higher education, for example. The relationships that we have with higher education institutions are very good, but there are constraints within that. Again, from a planning perspective, in terms of the fact that higher education institutions could remove funding from us if they wanted to. So, it's very difficult to plan when you're in that position. So, that's what I'd be looking for.

[38] **Mr Jones:** I think another example of that would be: the numbers of 17 and 18-year-olds who we see come to the college who maybe should have come when they were 16 years of age is ever increasing. I'm not saying we're all perfect, we're not, and colleges, too, will lose students who will come to us for year 1 and go back to school in year 2, but the number of students who are coming through having done one year of A-level or two years of A-level, in the main, or sometimes some vocational mix in school that just isn't coherent—that number is increasing. If you want to find a way to move money around, that's a way of doing it. That's exactly what Sharron was talking about; that's all about independent advice and guidance across the institutions. So, what does it look like? It looks like we're all sitting in one room and having an open discussion about what's best for the learners, going forward. That's what it looks like.

[39] **Rhianon Passmore:** Thank you.

[40] **Nick Ramsay:** Okay. Mohammad Asghar.

[41] **Mohammad Asghar:** Thank you very much, Chair, and good afternoon, panel. The Welsh Government have pledged to create 100,000 apprenticeships over the course of the Assembly term. So, how many apprenticeships do you believe should be created in order to meet the demand for places in industry in Wales?

[42] **Mr Davies:** I think, Chair, there's been a very good review of apprenticeship policy—not just, obviously, the state of the policy as it stands in Wales, but obviously the impact of the UK-wide levy on policy in Wales. And, again, it's fair to point out that the Welsh Government is not responsible, really, for policy outside of Wales, so we can't do anything other than respond to that, so we have to recognise the changing environment in which it works. I think the commitment to a numeric figure and a number of apprentices over a period of time risks leaving the Government held as a hostage to fortune, and there's been very little conversation around the kinds

of apprenticeships that we need at what level, rather than simply fixing that politically driven target. And we need to understand, of course, that the vocational learning that takes place via apprenticeships, which is a particularly defined status of an individual, is small compared to the wider vocational education that takes place in Wales. It is pleasing to see the Welsh Government looking to bring those two pillars, if you like, closer together, Oscar, to have a sense of cohesion. But, again, we need to think about the implications of that, and if we are to grow the number of people who have quite a prolonged work-based learning experience, how can we do that when, actually, the constraints on the number of places that are available for apprenticeships are often driven by the nature of the employment in Wales and particularly its preponderance of SMEs? So, I think what we are starting to come up against here is this notion that both the kind of vocational learning available and, indeed, the funding and the provisioning of that learning could end up acting in competition with each other. So, does the individual go for an apprenticeship or do they go to college? Does the funding then actually follow the individual or does it follow the institution? So, I think it's getting that right, because it's clear apprenticeships are vogue. They are flavour of the month at the moment, and they offer a very, very good learning opportunity for many learners, but it's unlikely that we could meet that demand for skills solely through apprenticeships.

[43] **Mohammad Asghar:** Is there any provision for NVQs also in these apprenticeships?

[44] **Mr Davies:** Yes. The outcomes, in many ways, if done correctly, of an apprenticeship and a learning area programme should deliver an individual that is work-ready at the level of their qualification and able to progress to the next level of training, as well. So, we are dealing with provision that should be complementary and, in many instances, are complementary, but the set of funding streams and the set of structures that go into them could enable those two complementary pathways to actually be competitive, and that wouldn't be helpful for the colleges, the work-based learning providers, and, more importantly, for the learner.

[45] **Mohammad Asghar:** Thanks. Chair, going back to the previous question, what example can you give of businesses and companies and others in the private sector having funding for FE colleges in Wales?

[46] **Mr Davies:** I think there are good examples where commercially driven opportunities are exploited across the colleges in Wales. I'm sure there are

examples in individual colleges that the panel can share, but this is a target that we recognise. It's a target that's been set by the Welsh Government, and something where colleges are jumping to the task. Some are perhaps more successful than others, but there are good examples that abound.

[47] **Ms Lusher:** There are some really good examples, and I think what we try to do is we try to tailor the apprenticeship provision dependent on the employer. So, again, I can only really quote Pembrokeshire examples, but one of the things that we do is we provide training for Valero, the local oil refinery. We have a certain structure with them that, because of age constraints on site, anybody below the age of 18 has to be in college for a year to start off with, so we tailor a programme for them specifically, and then they go on and they do their two- or three-year apprenticeship and then progress on to higher education. So, there's a complete continuum with a single employer, which works very, very well for them, and I guess there are probably lots of examples like that throughout Wales.

[48] **Mohammad Asghar:** In what way would a more long-term funding settlement by Welsh Government enable FE colleges to plan a more certain future for the following years?

[49] **Mr Jones:** That's almost a given, isn't it? I look at the position in my college, now—two tough years: the summer of 2015 and the summer of 2014 were very tough, and 2016 was a little better, but the staff now are waiting for an announcement as to what next year's budget is like. We had the announcement of Welsh Government in good time but staff never know from one year to another what the position looks like. Clearly, that creates difficulties: whether they've got a job or not; what's the funding going to be like; what are the targets; are we going to be cutting back more on adult learning? Staff are never quite sure because of the one year. We recognise the issues. We recognise they can't give us the settlement if the Welsh Government doesn't know what the settlement is, but, clearly, within individual institutions, there's that degree of uncertainty, and that's not ideal when you're working with students.

[50] **Nick Ramsay:** Do you think there's an attitude within the Welsh Government that, although it's not ideal, you will cope, and therefore—?

[51] **Mr Jones:** No, I don't. I think we have a really strong relationship with the Welsh Government. We really do—

[52] **Nick Ramsay:** But you would appreciate the security.

[53] **Mr Jones:** Of course we would, Chair. Of course we would, but we also realise the position that they are in as well. So, no, I think we have a really good relationship, looking for solutions all the time. So, no, I don't.

[54] **Mohammad Asghar:** On the same line, in what way do you think that the supply of funding by the Welsh Government could better match the demand for future education?

[55] **Mr Davies:** I think it's a question of—. We know what the demographic profile looks like. We know that funding at the moment, as the report has pointed out, is predicated largely on full-time 16–19, 19 to 25 year-olds—that classic group of FE learners, probably stereotypically so. It's not actually in any of your detail; that's the way they are. We need to be able to understand what impact that would have if it was to continue. Because if the funding would follow the individual and the demographic, it would go down, but the costs and the opportunities and, indeed, the challenges that the colleges are facing are growing and not going down. So, now is the time for us to look at this with a fresh pair of eyes. As Mark has said, I don't believe there is any concern or disagreement or any lack of desire to work together between officials and the FE community. I think what we really do need is a real Cabinet-level commitment to actually address this, going forward.

[56] **Mohammad Asghar:** Just listening to Mark, he just mentioned a few minutes ago uncertainty among the teachers and that future planning cannot be right, or you cannot deliver for future generations what you're supposed to be doing as teachers. So, there is some sort of problem there—.

[57] **Nick Ramsay:** I think you've identified the issues with problems of not having long-term funding.

[58] **Mr Jones:** Yes, for any organisation.

[59] **Nick Ramsay:** Can I just bring Neil McEvoy in?

[60] **Neil McEvoy:** Yes. Do I press this or does it do it automatically?

[61] **Nick Ramsay:** No, it's automatic.

[62] **Neil McEvoy:** Okay.

[63] **Nick Ramsay:** You'll probably switch it off if you touch it.

[64] **Neil McEvoy:** Right. So, a very simple question: how long has the Government been responsible for funding FE?

[65] **Mr Davies:** Since time immemorial. [*Laughter.*]

[66] **Neil McEvoy:** Excuse me for the simple question, but some people do actually watch this.

[67] **Nick Ramsay:** A lot of people watch this. [*Laughter.*]

[68] **Neil McEvoy:** I think that it's pretty clear that one-year financial settlements are not ideal, and there seems to be a reluctance to criticise the Government, but I don't share the same reluctance, because we're 18 years in now with this institution. So, can anybody think of a really valid reason why, after 18 years, we don't have, say for example, three-year settlements with funding?

14:45

[69] **Mr Davies:** They have been tried, I believe. I've only been in the sector some two years, but colleagues have much more experience than I do. I think it's been tried. I think there is a realisation that the overall budget settlement to the Government of Wales is volatile, and that goes some way to explaining how, within year, often—again, because of the commitment of officials—we can identify pots of cash and funding for particular projects that we know could and should be done. I think it's not necessarily about the individual pots of money or the budget in one year; it's about having a sense of a line of sight. Where do we want to go collectively? What role do we want FE to provide in society? And how can we ensure, then, notwithstanding those changes, that's the direction of travel we're going in? Again, I reiterate what I said to the Chair and Neil, in that I think that's a top-level, Cabinet-level commitment, and if we traced back the difficulties that the sector now faces, I genuinely believe that officials have done a sterling job in protecting and supporting the sector in the circumstances, but this was a perfect storm, if you like, that was allowed to take place at a Cabinet level some three or four years ago. Hopefully, going forward, we will have the renewed policy commitment to FE and lifelong learning from both the Cabinet Secretary and the Ministers. But, we have four Ministers: we have a Cabinet Secretary for

Education; we have a Cabinet Secretary of business; a Minister for skills; and a Minister for FE. So, we're working through a set of divided priorities—

[70] **Nick Ramsay:** Sorry to interrupt. Is it fair to say that—because you're right, this three-year funding, longer term thing has been tried before—when times get tougher financially, it's one of the first things to go, compared with other areas, and that's been a problem consistently over the years?

[71] **Mr Davies:** That would seem fair.

[72] **Ms Lusher:** I guess, that's what it feels like. It's difficult because you concentrate very much on your own sector, don't you, so I don't know about you, Mark, but I can't make generalisations against other sectors. But, I guess when the major funding reductions of two years ago, and so forth, were made, and particularly when part-time funding was cut—and the report identifies a 70 per cent drop in part-time funding over the last five years—the policy behind that we needed to be part of so we could plan for that sort of reduction rather than incurring it, if you like, overnight. And that was, actually, very difficult to cope with. We've all tried to cope through increasing our commercial activity, and I think we've probably done so fairly successfully, but it's never got back to the level that it was. That's a real worry for the future of skills in Wales.

[73] **Nick Ramsay:** Before I bring Neil McEvoy back, Rhianon Passmore, did you have a supplementary on this point?

[74] **Rhianon Passmore:** Just very basically in terms of that whole issue around in-year budget cuts, obviously, if the Welsh block grant is cut, then that's going to have a huge knock-on effect, but there's no argument that that three-year planning is very desirable in terms of optimal outcome. In terms of the co-constructive approach that you mentioned earlier on in what you said to this committee, the working group that the Government has set up so that it can potentially look at a revised funding formula, how involved are you in those early machinations, because, obviously, that's the way forward, isn't it?

[75] **Mr Davies:** We have three levels, I suppose. There is the principals' forum. Beneath that, then, Mark chairs the finance directors' group, and conversations around funding and funding models have taken place with select numbers of the principals' forum and the FDs, just trying to tease out what the pinch points and what the opportunities are. And it is going to be

difficult. The chances are we won't find one system that suits everybody and keeps everybody happy, but there is a commitment from the sector to work with officials, possibly not for the next budget settlement and the next funding round, but actually to get it right so that we can understand how best to plan. And there will be honest feedback from both sides. This is not a sector that, if you like, is dissonant in any way. It is resonant and replete with agreement about what we want to achieve, but, again, I reiterate my claim that that has to come from the very top levels of Government, and there has to be a singular commitment to skills and lifelong learning that is prioritised, in my view, in the same way as health and, indeed, general education is.

[76] We have an ageing workforce. We have a workforce that is living through dynamic and seismic changes, politically and economically, and we need to prepare that workforce for those changes, not sit back and let it happen with some sort of laissez-faire neo-liberal attitude. We need to understand the need, and that's happening at a micro level in terms of understanding local or regional skills need through regional skills planning and partnerships, but we need to start understanding what the major technological and political and social changes are that are going to impact on not just our children and our young people, but that will be impacting on all of us as we are in the workforce for much longer.

[77] **Nick Ramsay:** Back to Neil McEvoy.

[78] **Neil McEvoy:** Thanks.

[79] Pa ddewis sydd i ddisgyblion What choice is there for students who sydd ddim yn parhau i'r chweched do not remain in the sixth form in dosbarth yn ein hysgolion Cymraeg? our Welsh-medium schools?

[80] I'm just wondering what choice there is for sixth-form pupils who choose not to go to the sixth form in Welsh-medium schools. What is there for them in the sector?

[81] **Mr Davies:** Os caf i ymateb yn **Mr Davies:** If I could answer in Welsh, Gymraeg. Mae yna adroddiad then. There is a thematic report. thematig. Mae yna adroddiad There is a thematic report that has thematig wedi cael ei gyhoeddi gan been published by Estyn during the Estyn yn ystod y pythefnos, tair last fortnight or so that has identified wythnos diwethaf, sydd wedi nodi some of the difficulties there are in ychydig o'r anawsterau sydd yna creating educational continuity,

drwy greu dilyniant addysgol, yn enwedig i mewn i lwybrau dilyniant galwedigaethol. Eto, mae'r sector yn cydnabod hynny. Mae yna elfen o arian penodedig yn dod ac yn deillio o'r Llywodraeth er mwyn trio mynd i'r afael â hynny, ac mae yna fenter gennym ni ar y gweill, rydym yn gobeithio, efo'r ganolfan Cymraeg i Oedolion i sicrhau bod yna fwy o hyder yn y lle cyntaf gan y staff sydd gennym ni yn y colegau sy'n medru'r Gymraeg i'w helpu nhw i fedru dechrau defnyddio hynny o fewn eu gweithlu penodedig nhw.

[82] Esboniad yw hynny, ac nid yw'n esgus, ond rwy'n credu ei bod yn deg dweud ac i gytuno gydag Estyn fod yna broblem yn nhermau dilyniant ieithyddol gyda'r newid o ysgol gyfun i addysg alwedigaethol, neu hyd yn oed addysg gyffredinol lefel A, er enghraifft, yn y colegau. Nawr, nid wyf i'n credu am eiliad bod modd i ni ateb yr her hynny yn union yn ystod y blynyddoedd nesaf, ond rydym yn cydnabod bod yn rhaid i ni weithio yn llawer agosach efo'r ysgolion, ac mae'n bwysig bod yr ysgolion yn gweithio'n agosach gyda'r colegau er mwyn creu pontydd, yn hytrach na *gaps* yn y system. Ond rwy'n credu fod hon yn mynd i fod yn her fawr iawn i'r sector yn y blynyddoedd sydd i ddod wrth i nifer fawr o bobl ifanc ddewis opsiynau galwedigaethol, yn hytrach nag efallai dewis opsiynau mynd i'r brifysgol.

particularly in terms of vocational continuity pathways. Again, the sector acknowledges that. There is an element of designated funding coming through from the Government in order to try and tackle that, and we do have an initiative in the pipeline, I hope, with the Welsh for Adults centre to ensure that there is more confidence among the staff in the colleges who can speak Welsh to help them start to use that within their designated workforce.

Now, that's an explanation, not an excuse, but I think it's fair to say and I agree with Estyn that there is a problem in terms of linguistic continuity with the change from secondary school to vocational education, or even general education—A-level, and so forth—in the colleges. Now, I don't believe for a second that it's possible for us to meet that challenge directly in the next few years, but we do acknowledge that we have to work much more closely with the schools, and it's important that the schools work more closely with the colleges in order to create bridges, rather than gaps in the system. But I think that this is going to be a major challenge for the sector in the years to come as a great number of young people choose vocational options, rather than choosing to go to university.

[83] Mae yna ymrwymiad, ac mae yna gyd-fynd, a chytundeb, rhwng y gwahanol sectorau. Ond fel mae'r ddihareb yn ei ddweud yn Gymraeg, nid da lle gellir gwell. Felly, rydym yn derbyn fel sector fod yna lawer o waith i'w wneud yn y maes yma.

There is a commitment, and there is agreement, between the different sectors. But as the old saying goes in Welsh, we can always do better. So, we do accept in the sector there is a lot of work to be done in this area.

[84] **Neil McEvoy:** Is there a percentage that is known in terms of what spend goes on Welsh medium in the sector, and what goes on English medium?

[85] **Mr Davies:** It's not a figure I have at my fingertips. I'm sure, again, we could work it out. I know, for instance, the allowances that are made within the system to FE colleges, and, again, I would need to confirm some of that, and share it with you. But a lot of the additional allowance that's given to FE colleges to support the Welsh language provision is really based on better data, registering learners, and understanding those learners as they go through the system. And if I could change one thing in terms of planning—systemic planning—in FE, it would be the way that we collect views, and manipulate and understand data. Two years in, trying to understand the LLWR, which is the lifelong learning Wales record, is still a black art—it's still very difficult to get the data out of it. So, I think our understanding of data and individual progression would help, not just in terms of Welsh language, but more widely in planning as well.

[86] **Neil McEvoy:** I'm not sure whether I should have declared an interest at the beginning, because I used to work in FE. And in terms of funding, I wonder if you thought there's still a tension between gaining qualifications, the value of which sometimes may be questionable, and whether or not the funding of the overall institution is too tied to the outcome—almost payment for results, really? Do you think there's a still a tension there?

[87] **Mr Jones:** I think it isn't—*[Inaudible.]*—linked to the students doing a learning programme; the results are managed by Estyn at the end of the day. So, it's not—. Apprenticeships—maybe there is a payment at the end, but FE courses, there isn't a payment linked to the end.

[88] **Neil McEvoy:** So, GNVQs—there's a payment at the end of that, isn't there, or no longer?

[89] **Mr Jones:** No.

[90] **Ms Lusher:** No.

[91] **Mr Davies:** Work-based learning is a very different kind of delivery. And even though FE colleges deliver both mainstream FE and work-based learning, there are slight variations. And one is a procured model, and one is a provision model. So, work-based learning is procured, whereas, obviously, FE, as we're discussing, is provisioned. And I think that accounts, then, for the slight difference in how—the focus is on the well-being and around the outcomes of the learner. But because of the way they work, this learning is configured—that's about results and achieving set targets. That's the difference between the two.

[92] **Neil McEvoy:** Different subjects—probably because I was just driving, over the weekend, behind buses with adverts on for colleges. I just wondered if it was known in the sector how much was spent on marketing.

[93] **Mr Davies:** Not off the top of my head. Again, if the committee would like to, we could help sort of identify that cost. I think the important thing to recognise is that we are dealing with a sector here that's often been referred to as the 'cinderella'. There's a conversation to be had more widely, and continuously it seems, around the effectiveness of careers advice services in Wales—and not just in Wales, but more widely. And I think one of the things that has happened post the mergers and the reforming of FE is that colleges have really taken responsibility for ensuring their population groups are aware of the options that they have made available to them. Sadly, I don't think those learners always have those opportunities via formal careers guidance in school. So, I would see that increased budget in marketing as a very important role that the colleges provide, to give learners an opportunity for something different.

[94] **Neil McEvoy:** I'm not criticising the colleges, I just think, really, it's a statement of where we are in terms of the competition between sixth forms and colleges. And I think, due to the competition, actually, that there's a wasted resource there, in my view. But we are where we are, so, clearly, they have to market themselves, otherwise they don't get the bums on seats. But is that the best way of spending money, in terms of the educational budget? It's a question, isn't it?

[95] **Nick Ramsay:** And does anyone want to answer that?

[96] **Mr Davies:** My fear would be, Chair, is that if we didn't have that proactive marketing to be undertaken by FE colleges, we could potentially see more and more learners making the wrong choices. I think it is a much wider conversation we need to have around careers advice, and how we proposition a 16-year-old, 14-year-old, 13-year-old, or whatever, or, indeed, somebody in their 20s, 30s and 50s. You know, it's important to remember that a significant number of learners in Wales—and I've got the figures based on the record here: between 20 and 64, there are 107,000 learners in the FE system, who would never have careers advice because they've left school many years ago. So, we need to find a creative way of engaging those individuals in understanding the options that they have and made available to them.

[97] **Nick Ramsay:** Okay. Sorry, Karen—Sharron, sorry.

[98] **Ms Lusher:** Can I comment further? I think the marketing budget—lestyn's absolutely right—we use to promote different options. I'm going to be very controversial now and say that, in terms of some of the prizes that there could be within the education budget, that's probably a small one. There are much bigger prizes to be had in terms of value for public purses through different forms of amalgamation, which is somewhere else that we need to go and have very sensitive conversations about.

[99] **Nick Ramsay:** Okay, thank you. We need to make some progress. Did you have a very brief supplementary, Rhianon?

[100] **Rhianon Passmore:** Very briefly, because you mentioned the big one: the amalgamation potentiality. In terms of the lifelong learning record—and this is the Public Accounts Committee—if there's amendment to that, what would be the objective? Because if it's not effective in its ability to give you data, then what would work?

[101] **Mr Davies:** I think the systems that are in place work for the individual college level, so that they obviously can plan and can follow their numbers through. I suppose it's us policy wonks and political professionals being able to sit back—. So, the data that are available, for instance, publicly are for the 2015–16 academic year, and the cost of having to look at the difference between a unique learner and a learning opportunity and trying, as we step back, to make sense of the provision at a Wales-wide level is always going to be a bit more complicated than, obviously, it is at a college level. So, it's

about being able to really—. In the future, hopefully we'll have the authority that has the time and the space to actually scrutinise these numbers, and to look at them and help them for planning, but at the moment it's quite opaque. Some of it's to do with the fact that data there haven't been consistent year in, year out, so there have been significant changes in the data set over time, so you can't do an easy graph of who's done what where.

[102] **Nick Ramsay:** Sharron Lusher.

[103] **Ms Lusher:** Yes, if I can just come in again. I think the LLWR in its different complexities—as far as an individual college is concerned it gives us good information. One of the difficulties that post-16 has, not just the FE sector, is that it's comparative information between ourselves and different providers, and I think the work that's being done currently to try and bring together performance measures will address that very, very well.

[104] **Nick Ramsay:** Great. Lee Waters, did you have a very brief question?

[105] **Lee Waters:** Yes, I just wanted to ask Sharron Lusher to expand on her views about the potential for amalgamations.

[106] **Mr Lusher:** Yes. Clearly one of the most sensitive areas that we could go to—. In Pembrokeshire recently we've been through an exercise with school reorganisation in the north of the county. We as an FE college have a view that to have a number of institutions delivering the same sort of education within a 1-mile radius of each other is not best value for the public purse, and that's the strong argument that we have put forward. Now, that's an argument for Pembrokeshire, but it may well be an argument that can be adapted more widely throughout Wales. I recognise that the closing of sixth forms, for example, is a very, very difficult subject to approach, and yet, if you take our example, we have an FE college and two sixth forms within a mile of each other and, again, I'm not sure that provides best value either for the student or for the public purse.

15:00

[107] **Lee Waters:** There's a degree of special pleading there, isn't there? Further education colleges saying, 'Take away the competition to give us more pupils.' What about the potential for—? I think that's an interesting—*[Interruption.]* Well, there is a degree of special pleading—you may disagree with the—. It may be a perfectly correct case of special pleading, but special

pleading nonetheless. What about the case for amalgamations within the FE sector?

[108] **Ms Lusher:** Absolutely. I think—

[109] **Lee Waters:** So, what further potential is there there? I'm talking about prizes.

[110] **Ms Lusher:** The FE sector's done a lot so far to amalgamate its different types of provision. I think, again, in the report you'll read that it's gone from 25 colleges down to 14, and, as Lestyn said, down to 13, so I think there's an awful lot of work that has gone on there. I think, when you talk about special pleading, I'm not suggesting here that an FE college is the only answer here—it could be different models that I used—but I think it's something that we have to look at, realistically have to look at. So, it may be a sixth-form college-type of element that may be a solution. I'm not advocating that it's FE or school sixth forms, what I am saying is that I think it's something that we need to look at really very strongly.

[111] **Lee Waters:** And that wasn't looked at in the case of Pembrokeshire.

[112] **Ms Lusher:** It was looked at in the case of Pembrokeshire, yes. It was looked at in the case of Pembrokeshire. The decision was not to amalgamate, and that's a decision that clearly we as an FE college will respect and work with whatever outcome is determined within Pembrokeshire.

[113] **Lee Waters:** Okay. I'm confused, sorry—you said it should be looked at, and then you said it was looked at, but you just didn't like the conclusion.

[114] **Ms Lusher:** No. I mean, it needs to be looked at generally.

[115] **Lee Waters:** Right. But you don't think there should be one model.

[116] **Ms Lusher:** Not necessarily, no. I think there are different—. It's dependent upon the community that you're in. I think they can be different models. So, in a rural community, you might want a very different model from that in an urban environment.

[117] **Lee Waters:** Clearly, I don't know the situation in Pembrokeshire, but isn't that what they decided to do there?

[118] **Ms Lusher:** I'm sorry, I'm not following. Decided—?

[119] **Lee Waters:** You said that in rural communities, there may be a different model necessary, and, from what I understand, that's what Pembrokeshire reached a conclusion on.

[120] **Ms Lusher:** Yes, sorry, I'm with you.

[121] **Lee Waters:** But you don't agree with the conclusion they've reached.

[122] **Ms Lusher:** No, we don't agree with the conclusion they've reached, but we've said we'll work with the outcome.

[123] **Mr Davies:** So, that would be the view, Chair from one college, in one environment, looking at its specific needs. I think, standing back from the specifics of individual colleges, we would agree with the auditor general, where the report calls for a better and more constructive working relationship—one that's as least contentious as it possibly can be, bearing in mind that we accept that, on so many levels, this is going to be a contentious area of conversation. And then, in order that much more collaborative, discursive rather than performative approach to understanding the policy needs in those areas, things like common indicators and the ability to share data between schools and sixth forms would allow that to become a demilitarised zone, to a degree, and more of a green zone rather than a red zone. And I think that's what we want as a sector, and I think all college principals would agree with that, because being involved in those conversations—be it Torfaen, north Wales, west Wales, south Wales, you name it—it's a hot potato. The only place where it seems to have worked, and has now gone into the annals of history is, of course, Coleg Sir Gâr, where it's been established over a period of time, and it's worked and it's supported the development of learners and the economy and businesses locally.

[124] So, that's where I think the report is germane to this conversation. It talks about establishing better working relationships, open and honest relationships, based on better dialogue and better shared data. And, of course, the report also notes the fact that the overall policy governance within the Welsh Government of post-16 education is split between two—. It's a house divided against itself if you're not careful. So, I think that's where the report actually puts its finger on it, and that's what we would support as ColegauCymru, and then recognising that individual colleges have their tales

to tell about what is happening on the ground.

[125] **Lee Waters:** Can I just ask very briefly?

[126] **Nick Ramsay:** Yes, briefly.

[127] **Lee Waters:** So, what practically can be done to make sure there are those evidence-based local discussions, which cut through this tension?

[128] **Mr Davies:** I think, from a policy point of view, it starts at a Wales-wide level, and one of the responsibilities I think we have as ColegauCymru is to ensure we have a debate around provision, not providers. That's equally the case about work-based learning, private training provision versus FE versus sixth form, and indeed, increasingly, in an area where there are questions being asked about the relationship of HE to FE, and the crossover between higher level skills and higher level apprenticeships in particular. What we don't want to have is a land grab in any space, because that will distort the provision. One option, obviously, is to follow the English model of opening it up to market and to deregulate it. I wouldn't think that would be appropriate for Wales, given the kind of college provision that we've currently got and the communities that we've got. So, that starts at that level.

[129] I think, locally, there has to be a framework that ensures that data and information are passed to parents, and to young people, about the choices that are available. And I think where that has been proved to happen—Caerphilly comes to mind and north-east Wales comes to mind—then you find a solution that is potentially less toxic in the short to medium term, particularly for the young people, who are forced to make decisions and have decisions made for them, perhaps by generations who don't really understand the challenges that they will face as young people.

[130] **Nick Ramsay:** Okay. We need to make some progress. Focusing on capital funding and the FE estate—Neil Hamilton.

[131] **Neil Hamilton:** One of the ways of coping with cuts to budgets, of course, is to take it out on your capital budget—upgrades of buildings and routine maintenance and that kind of thing. A survey was done on the condition of FE properties last year, and 29 per cent were regarded as being in poor or bad condition. I wonder if you could give me your perspective on the current state of the FE estate.

[132] **Nick Ramsay:** Who wants to take that?

[133] **Neil Hamilton:** Obviously here we're at the top end of the market, aren't we? [*Laughter.*] So, if everything was like this, we wouldn't be asking these questions.

[134] **Mr Jones:** I think there's been significant investment. It would always be nice for there to be more. But you look at Cardiff and Vale College, Nantgarw, the one up in Blaenau Gwent, the work up in Cambria—there's a number of new colleges coming through that are looking great. But I think it's taken a large amount of that percentage out. I still feel we've got strong campuses and weaker campuses. It would be great if there was more money available, but we're in discussions with Welsh Government officers to look at creative ways by which we could get some capital funding back in. In some cases, colleges are making their own decisions. I've got building work going on at three campuses at the moment; only one is funded by Welsh Government. So, you know, within the overall budget, we're looking at what we can do as well, but certainly, no criticism there. Some of the college estates at the moment are spectacular.

[135] **Neil Hamilton:** It's not about criticism; it's about an evaluation of the current state of the sector on this sort of physical/environmental basis. If there are questions of safety, and accessibility, legislative and regulatory obligations obviously change and become tighter over time, if a conditions survey shows that roughly a third of the buildings that you occupy are in poor or bad condition, isn't that something we should be concerned about rather than taking a Panglossian view of it?

[136] **Mr Davies:** I think that—[*Inaudible.*] The major source of Government revenue—or capital funding I should say, rather than revenue, but it could well end up being some form of revenue support going forward—is, of course, the twenty-first century schools band B programme. And, again, that's a highly competitive and, shall we say, disputed territory. I mean, sitting around those meetings is much less pleasurable than sitting around a public accounts committee such as this, because, you know, we are dealing with a finite pot of cash. But if we aren't looking to understand how we support the ecology of education provision through schools, sixth forms and, indeed, primary schools, if we don't think in those creative terms, we will still be trying to spread the jam very thinly, so to speak. Now, obviously, colleges have the opportunity to borrow, because of their status as non-profit institutions serving households. So, that helps the overall position, you know,

regarding capital and investment. And, clearly, going back to the previous model, that would constrain how we can invest in capital in the FE sector. But I think we have to think holistically, not, again, competitively, because there's only one capital cake to go round.

[137] **Neil Hamilton:** Yes, but the figures are these, aren't they: £192 million to restore the whole estate to good condition; the Welsh Government's funding to support the sector's capital expenditure has dropped from an average of £34 million a year in the two years to July 2011 to half that, £17 million, in the subsequent five-year period? So, what I'm interested to find out is whether we have the balance right here in the funding streams that you've got, and to what extent, therefore, in talking about a collaborative means and other forms of revenue raising to deal with this issue, given that the background is inevitably going to be that the Welsh Government's block grant is not something over which it has any control and it has to cut its coat according to its cloth, you know, what can we do about this in practical terms, working together?

[138] **Mr Jones:** Well, I think we are looking for creative solutions. So, for example, I think £22 million was released to the FE sector in the last 12 months for a range of projects. A maximum of £3 million was spent across a whole range of colleges, too. So, that £22 million, I think, is bigger than the figure you quoted. So, we're constantly working with Welsh Government to look at solutions to bring some capital money back in. Twenty-first century schools is one, but there are other approaches, and those discussions are ongoing, as we see. I have to say, I don't think there's any—. I'll speak to my college: if there are any legislative or health and safety requirements, then we'll sort those out within our own maintenance budget. So, what you're talking about is the look and feel of the campuses—bits of Gower College Swansea don't look like this. But, you know, we're doing our best with the support available.

[139] **Ms Lusher:** I think this goes back to Rhianon's question a little while ago about what this big holistic thing looks like, and I think we've got a really good example here with the twenty-first century schools, where both FE and schools have got access to this budget. It's a case, then, of prioritisation within the Welsh Government, which seems the right way of doing it. But, as Mark has rightly said, I think all institutions would say that any health and safety or access issues we would deal with immediately.

[140] **Neil Hamilton:** The £22 million was for small-scale works, wasn't it?

[141] **Ms Lusher:** Small-scale works, yes.

[142] **Neil Hamilton:** And that was because funds became available at short notice, unexpectedly, which goes back to the same question that we started off with.

[143] **Mr Davies:** And no college principal is going to be saying, 'We don't want a share of that', or, 'We couldn't spend it.' And, you know, we are grateful for the sterling work that officials do in order to identify those pots of funding in-year and to put schemes together that allow colleges to bid for them.

[144] I think, if you think of it at the sort of—. At the next level, of course, is any change in revenue position and the asset base of the colleges to do with changes in pensions and all other kinds of factors, and that will impact on the ability of the college then to borrow its own capital, which has been a model—a part-financing model—that has been used in the last few years. So, we need to make sure that the revenue position and the annual revenue grant don't start to undermine the ability of colleges to invest in their own capital through borrowing themselves. That's a very, very delicate balancing act that we need to pay much more attention to, because it's not just, 'Can we make the books balance this year?', but actually, 'What does that mean in the context of the pension commitments that colleges have, and the ongoing infrastructure and campus estates that they have to maintain?' That, in the one-year funding cycle, often gets overlooked because you're running to meet a particular financial cash target before the end of the year.

[145] **Neil Hamilton:** Yes. Well, the twenty-first century schools and education programme is key to all this, and I'd like to get your views, or what your expectations are for the future, or what your needs are likely to be when you're making your case for more funding. FE has not done very well out of this, relative to schools. Obviously, I'm in no position to judge whether that was a sensible distribution of resources, but as FE got only 6 per cent of the budget—£38 million—that seems a very, very small proportion. Obviously, I wouldn't want to call it special pleading, but you would naturally want to have a bigger slice of that cake than you've had recently.

[146] **Mr Davies:** At the risk of being either kicked under the table or shot and dismissed afterwards, I wouldn't say, necessarily, that FE wants more money from that pot. I think what we need is the right allocation across

educational infrastructure that gives us the estate that we need going forward. I think one of the challenges of the first round of twenty-first century schools—again, there’s a separate report, obviously, which the auditor general has undertaken, that highlights some of this. In our evidence to that report, we are at pains to point out that, as it was then, the European regional development funding that was available, which sadly will no longer be available because we’re leaving the European Union—I’ll get that point in, obviously—

[147] **Neil Hamilton:** We’ll make these decisions in Cardiff then, rather than in Brussels.

[148] **Mr Davies:** Yes. So, if those decisions are made in Cardiff, London or wherever, then that might help develop the position. So, there’s that funding source. It is the borrowing, obviously, from the colleges themselves and then, of course, there are the schemes, which are the twenty-first century schools or other successor programmes that might come. The challenge there, of course, is that there are many, many people trying to bid for that money, and it is a highly competitive process. My feeling is that, in many ways, FE—with the exception of one or two cases perhaps—have said, ‘Well, we’ll leave that to one side because, actually, we need to be able to plan more effectively and do our own thing.’ That was the kind of evidence that we gave, if I recall, to the auditor general’s report when they looked into twenty-first century schools.

15:15

[149] **Nick Ramsay:** Okay. Neil McEvoy, did you have a very brief supplementary on that?

[150] **Neil McEvoy:** Just very brief, just to comment, really, that Wales is a net beneficiary of EU funding.

[151] **Nick Ramsay:** Okay. That was a comment rather than a question. You don’t have to agree with him.

[152] **Neil Hamilton:** It’s all our money anyway—*[Inaudible.]*

[153] **Nick Ramsay:** Are you finished with questioning?

[154] **Neil Hamilton:** No, I wanted to ask one further point about the extent

to which you can supplement your income from commercial activities, et cetera, so that you're not entirely dependent upon the Welsh Government's largesse. Obviously, they have competing obligations. It's not easy to make these decisions on an annual basis. If you are in control, more or less, of your own income stream, then it's much easier for you to plan. So, to what extent do you think you can develop the degree of commercial activity that you've got?

[155] **Mr Jones:** That's a really difficult one because I think we do it really well. I can give you some examples, but the more examples we put on the table, the more likely some are going to say, 'Well, you don't need the funding, then.'

[156] **Neil Hamilton:** Ah, right.

[157] **Mr Jones:** Let me just—

[158] **Neil Hamilton:** Just whisper it then.

[159] **Mr Jones:** Okay. If you take Gower, our non-recurrent grant funding, we still get apprenticeship money from the Welsh Government and our non-recurrent grant has gone up from £10 million to £19 million in two years. We bought a private training company whose work is mostly in England. We TUPE-ed a work-based learning contract from the City and County of Swansea across to us, and the 35 staff, and took the money. We've managed to grow apprenticeships since then as well, with some help from the Welsh Government. We've looked at the international numbers and have increased them with fees coming in. We looked at HE numbers where students are paying the fees. So, we've increased our non-Welsh Government recurrent grant from £10 million to £19 million in two years. There are loads of opportunities. The difficulty is that it brings us back to the question of: to do that kind of work, we're now keeping an eye across the border in England because we want to deliver the apprenticeship levy, and we're looking at opportunities abroad, but what is FE about? So, we can do all of that stuff, and I think we do it really well, but there is, I suppose, a time where you get this mission drift in terms of what you're doing.

[160] **Nick Ramsay:** At that point, we need to move on, if that's a full answer to Neil Hamilton's question. Vikki Howells.

[161] **Vikki Howells:** Thank you, Chair. I'm interested in your relationships

with key stakeholders, so if I can start with Welsh Government first of all. You've all alluded to your strong working relationship with Welsh Government, but what about the fact that there's a division of ministerial and departmental responsibilities for policy that impacts upon the sector? Have you come up against any problems with regard to that?

[162] **Mr Davies:** I think it has the greatest potential to cause problems. I think we are very fortunate in as much as, at the ministerial level, there's a cohesive approach, and we were assured of that about a year ago when the Minister and Cabinet Secretaries were appointed. I think, so far, that's held together. My fear would be that when it comes to difficult choices being made, is that going to give us a stronger voice around the Cabinet table or a weaker voice? I'm hoping it would be stronger.

[163] But I think the most significant tension lies around the division between post-16 general education and A-level and, of course, then, the wider piece of post-compulsory education and training division. So, I think that's the one fault line that concerns us most, and that, again, is largely around data.

[164] **Vikki Howells:** Thank you. And if we move on, then, to looking at your relationship with higher education institutions, I know that this is an area where FE has increasingly developed its links. So, how would you like to see that relationship develop further now, in light of the Hazelkorn review?

[165] **Ms Lusher:** I think our relationships with higher education institutions are very good. The ability that we have at the moment is that we can develop relationships with any of the HE institutions within Wales—outside as well—that we want to in order to develop what's right for the curriculum in our area. I think, looking to the future, again it needs to be that collaborative approach, where certain levels of qualification can be delivered by further education institutions, and can be done affordably, and that we have to get the balance right between what we're delivering in an FE college and what we're not delivering in an FE college, to make sure that we all stick to our own expertise, so to speak. So, we just need to work through that to see which sits best where. So, that's not really a full answer, but it's what sits best where is what we need to work through.

[166] **Mr Jones:** So, in my own college, we have partnership arrangements with the University of Wales Trinity Saint David's, University of South Wales, Swansea University and Wrexham Glyndŵr University, and we're looking at

opportunities across the border as well. So, you're looking at what the best mix is for those students to give the right course. Sometimes, that isn't available locally and that's where we'll start. Sometimes, there are opportunities to look a bit wider, but I think the partnerships are very strong. I think what we're looking for now is a more mature discussion going forward in terms of a longer term strategy, rather than, in a way, trying to respond to the needs that come in one year, but may well disappear in three or four years' time. So, I think there are huge opportunities to do that.

[167] **Mr Davies:** I think it's important to mention, Chair, that some colleges, as the report points out, have roughly 10 per cent of their income bound up in what we call 'HE and FE provision'. That, potentially, could cause problems if there was a shift in provision, or if the universities in question that they work with decided to pull courses or change course provision. So, it's an increasingly important part of FE funding and income, but one again that will only really benefit from better joined-up planning, and just an acceptance, really, of who does what best. Ultimately, what we don't want is just to sign off on a revenue stream to support a college; we want better outcomes for learners. That's what we're aiming for, not just simply a diversification of income.

[168] **Vikki Howells:** And finally, then, with regard to relationships with schools, already you've said, Sharron, that this can be an area of sensitivity, particularly if you've got schools with sixth-form provision. What lessons do you think can be drawn from the sector's experience, both positive and negative, of working with schools?

[169] **Ms Lusher:** I think working with schools, for us, is the absolute key thing. If you look at the 16 to 18-year-old provision, it's the biggest part of what we do—what all of us do. Again, I can speak for the Pembrokeshire experience; what we've done there is make sure that we very carefully align all of our timetables, so that children can be flexible about what they take and where they take it. So, we're ensuring the maximum choice, but for best value wherever we can, and that's a really important lesson. I think advice and guidance from a very early age is something that we really need to get to grips with, because it's through inappropriate advice and guidance that sometimes children will make decisions that aren't in their own best interests. So, that's something that's particularly important. I think, for us, it's about concentrating on the individual, on the learner, rather than our own individual views. So, if we think about the learner and put their needs first and what their future employment prospects may be, that's where we

need to focus our discussions.

[170] **Nick Ramsay:** Iestyn Davies, did you want to come in briefly before Mark Jones?

[171] **Mr Davies:** Yes. Perhaps to finish, the last comment from me on that subject is: since we're here in Cardiff and Vale College, it'd be wrong for me not to thank them for hosting this event, but more importantly to state the fact that tomorrow there's an event where we celebrate what we've called 'creative solutions', or one of the creative solutions that the sector came up with following the difficult cut in funding. That celebration event is looking at how schools and colleges such as Cardiff and Vale—and it happens elsewhere; Sir Gâr is another example—are actually working together on 14–16 pathways that can open up opportunities and solutions for learners that will help the school and help the college. So, it doesn't have to be this loggerheads position, and in many instances it's not that. We can, through being creative, actually charter a new course for both FE and general education more widely.

[172] **Nick Ramsay:** It was remiss of me at the start not to thank Cardiff and Vale College for this fantastic location and hosting the meeting. We are very grateful. Mark Jones.

[173] **Mr Jones:** Just to give another example—I don't want you to think that there's tension here—in my college next year we have 40 groups of 14 to 16-year-olds on one-day or two-day vocational programmes with every one of the 14 secondary schools in Swansea. We have the Seren programme, we work with the schools in getting them into Cambridge and Oxford, and that works really well together. Today, back at Swansea, there are three schools that have sent their whole year 10s in for the whole day to do a whole range of taster programmes. We have partnerships with the schools that you'd never believe. When it comes to open evenings and whether the schools invite us in to post-16 open evenings, some will, some won't. We understand why, but there's an opportunity to build on the strong partnerships, I think, to just finish that job. It still isn't quite right in some areas.

[174] **Nick Ramsay:** Okay. Thanks, Vikki. Rhianon Passmore.

[175] **Rhianon Passmore:** Thank you. We've touched on Hazelkorn. Around the Welsh Government's proposals to set up a single oversight body, what is your view and your perspective?

[176] **Mr Davies:** We are 100 per cent supportive. Like lots of initiatives, I think the journey will be as important as the destination. Where we end up in policy terms might not necessarily be where we said collectively, as a sector and as the Government, we would end up. Experience of being involved in other bodies that are much smaller—in setting them up with Welsh Government—has proven to me that if you start with the right intent, you'll end up in the right destination, even if it does look a bit different. But wholehearted support, I think, from the sector, and definitely from ColegauCymru, and a willingness to work with whomever in order to bring that body to fruition. But remember, it'll be 2021 at least before that body is in place, so we've got three difficult years—four or five difficult years, in fact—to work through. That's why we need collaboration and strategic direction now, not just when the Hazelkorn body is in place.

[177] **Rhianon Passmore:** To build upon that, I take it that you don't dissent from that—that there is sector buy-in.

[178] **Mr Jones:** Yes.

[179] **Ms Lusher:** Absolutely.

[180] **Rhianon Passmore:** In terms of that transition period, which is going to be very critical in terms of funding and in terms of planning and ideology across a joined-up sector thought process, how are you impacting now—and it's a slight remake of what I asked earlier, but it's still relevant—how are you impacting as a sector in terms of Welsh Government preparation around such bodies?

[181] **Mr Davies:** That is a very good question, and if I was sitting with you I'd ask that question too. But the reality is, I think, that there are many stakeholders who want to be involved in that process at this point in time and lead on it, and I think what we need as FE is a clear signal as to who is driving that process. Then we can support it and be part of it. What we can't have, if you like, are various agendas emerging from different parts of the stakeholder community all saying 'This is what it should look like'. We need to be together and we need to work together on it.

[182] **Ms Lusher:** I think we've got the first stage in that process, actually, this week when we have a Welsh Government official-led discussion with FE colleges, HE institutions, work-based learning and so forth, bringing us all

together to talk about how the strategy and the transition will work.

[183] **Rhianon Passmore:** Thank you. I'll move on to the next question: the impact around policies such as the Welsh baccalaureate in terms of GCSE resits—we've touched upon these—and what seems to be some emphasis on higher-level skills. What impact is that having in terms of college direction?

[184] **Mr Jones:** Well, within the fixed budget, that's our planning every year. So, we start our planning within Gower back before Christmas in terms of what next year's courses look like. We're taking in local market intelligence, we're taking in demand, we're taking in the drive for priorities in the Welsh baccalaureate, looking to see that we're doing more. And that's how we plan our curriculum. We're also, at the same time, looking at drop-offs in courses that maybe weren't as popular. In some cases we're able to balance them, and in some cases we're not. Many colleges now are over-delivering because we know we have to move in some directions, particularly around level 4 and level 5, although that's outside the funding—that's funded slightly separately. So, in some areas that gives us opportunities for growth.

[185] **Rhianon Passmore:** So you see this just as core business.

[186] **Mr Jones:** Absolutely. That's annual planning for us.

[187] **Rhianon Passmore:** Okay. We touched very briefly earlier on in some of the questions around the importance of those big areas that can be moderated in terms of spend. I'll just go off script slightly. In terms of the impact of sixth-form provision, some say that there is patchy provision in terms of quality of curriculum in Wales, and we've also touched upon areas around marketing. What can facilitate a more qualitative offer to pupils in this regard? Is there a sector view?

[188] **Mr Davies:** It does vary, because there are examples, even with group structures, where there is very good collaboration. I think there are situations where—for example, in Gwent, we are coming to an end of a period of negotiation and setting up new provisions in an area of Torfaen. So it's not as if there's one level of provision. It's like a heat map, if you like, so there are some areas that are more difficult to look at than others. Hopefully we will see a resolution that actually brings about better results for learners and for business.

[189] In planning, I think each of the colleges makes use of the available

data via the regional skills plans and contributes to the conversations around regional skills planning. They make use of their own data, as Mark has alluded to. But also, at the same time, of course, they have to plan in their curriculum for the effect of problems emerging in key stage 4, particularly around essential skills and numeracy and literacy. Planning for x number of plumbers or carpenters at y level of grade also has to accommodate what's happening when people make a transition from key stage 4 into what is effectively key stage 5. So, I think it's not as simple as being driven by market intelligence—'x number is required'—but actually understanding really what the learner needs, and what their desires are too.

[190] **Nick Ramsay:** Sharron Lusher.

[191] **Ms Lusher:** Thank you. I think it goes back to a comment that I made to Lee Waters earlier this afternoon. I think it's about local models—different local models will work in different areas. The type of model that we've developed in Pembrokeshire is very much about, 'What's the national demand for A-levels?' for example, looking at that national demand: 'What are we actually supplying in Pembrokeshire, and where in Pembrokeshire are we best placed to deliver those A-levels, be it the school or be it the college?' We actually plan our provision now based on that. I think that sort of—I'll call it local authority planning, if you like, together with the FE college, is absolutely critical in this. Because that's what will deliver the right curriculum for the learners, if we can.

[192] **Mr Jones:** I think there is a sector view. I think the sector view is that we need a discussion. I think the solutions are very different. Next year we offered to deliver four A-levels and two vocational programmes in a struggling sixth form in Swansea. After discussions with the students, all the students for the two vocational courses are all coming to the college, because they're saying that the resources are better and it's one bus, but we'll be delivering four A-levels.

15:30

[193] That's a solution for that school. I don't think that I can find a solution to all seven sixth forms in Swansea, I really don't, but I think there are solutions to be found in each individual region that aren't about an FE college. It's about a tertiary solution, and that could be very different in different areas. I think that's our approach: we need to have those discussions.

[194] **Nick Ramsay:** Thank you. The committee always likes it, Iestyn Davies, when the witnesses approve of our line of questioning. So, clearly we're hitting the spot. Lee Waters, briefly.

[195] **Lee Waters:** Can I ask you about the section of the auditor general's report about the guidance the Welsh Government issues via the remit letters to the sector? There were a number of concerns from the sector, and there were two that I particularly wanted to ask you about. One is the Welsh bac and one is the encouragement/requirement of GCSE resits. I wonder if you could just tell us a little bit about your thinking about the Welsh Government's push in these directions and your anxieties.

[196] **Mr Jones:** I think that push is right. With GCSEs, it goes without saying that there's a need for greater literacy and numeracy—that's the way they're recognised at the moment—although we are looking at things like the Wales essential skills toolkit test when students come in to assess how strong their literacy and numeracy is and to improve it. It's all about improving.

[197] The Welsh bac is an interesting discussion as well. I think it's right for some students; I'm not sure it's right for others. Our encouragement is to increase it. I think that's right, but not for it to be across the board to everybody, which, again, I think is the right strategy at this moment. I don't think it's right for all children. I think the rationale of it is spot on, but I think there is more work to do. So, we're on a journey—that's not the end solution. We're being pushed in a general direction, which we're all trying our best to do, and we'll continue to work with Welsh Government to find solutions to that, going forward.

[198] **Nick Ramsay:** It's a process, not an event, as a politician once said.

[199] **Mr Jones:** It's definitely a process.

[200] **Lee Waters:** The auditor summarises the concerns of the sector by saying that the policy, in the Welsh bac, is unduly prescriptive. Do you agree with that?

[201] **Mr Jones:** There's been pull-back there. We have more flexibility than we did when that was—

[202] **Lee Waters:** So, is it right now?

[203] **Mr Jones:** Personally—

[204] **Mr Davies:** It's probably fair to say that we are in the process of writing to the officials and the Minister on Welsh baccalaureate, GCSE resits and essential skills because consistently it crops up as a barrier and an issue that has to be addressed. Obviously, you would say that the best way to deal with it is to deal with it at source in key stage 4. That's an ideal world. We recognise that there'll always be issues that are carried forward to the next level of education and learning, but it eats into the time, essentially, that is available. If you're not careful, it deflects away from the core qualification or the core vocational training that's required.

[205] **Mr Jones:** And we would do that with any education course. With all education courses, their quality and their outcomes are looked at. I think that some of us are a bit worried this year that maybe some of the grades in some of the courses might be impacted because the Welsh bac is a big machine at the moment—it's a fourth A-level—and the students are spending time on that and we're worried, in some cases, that it might impact on their other grades. But that's the same that we would do with any other course: look at how it's performing and look at the ways in which we can improve it. So, it is a journey—you're absolutely right.

[206] **Lee Waters:** I'm still not entirely clear whether you're concerned or you're not concerned. Is progress sufficient or are you calling for more progress? I'm getting mixed signals.

[207] **Nick Ramsay:** This is the final point and the final answer.

[208] **Mr Jones:** It's always a journey and there are always things that could be done to improve it. I think that a lot of improvements have happened and I think that further improvements are needed, but that's the same approach with any course that we do.

[209] **Nick Ramsay:** Okay. That's a good point on which to finish. We're completely out of time. I thank Iestyn Davies, Sharron Lusher and Mark Jones for being with us today. That's been very helpful. I should say that we will send you a draft transcript of today's proceedings so that you can check for accuracy before it's finalised. But thank you for being with us—it was really helpful.

[210] We'll take a quick five-minute break now—I believe that coffee has been provided outside—while we get our next set of witnesses in.

*Gohiriwyd y cyfarfod rhwng 15:34 a 15:46.
The meeting adjourned between 15:34 and 15:46.*

**Trosolwg Llywodraeth Cymru o Gyllid a Darpariaeth Colegau Addysg
Bellach: Sesiwn Dystiolaeth 2
Welsh Government Oversight of Further Education Colleges' Finances
and Delivery: Evidence Session 2**

[211] **Nick Ramsay:** I welcome the committee back. Can I also welcome our witnesses? Thank you for being with us today. Would you like to give your name, position and organisation for the Record of Proceedings?

[212] **Mr Morris:** I'm Huw Morris. I'm the director for skills, higher education and lifelong learning in Welsh Government.

[213] **Mr Hicks:** I'm Geoff Hicks, post-16 funding.

[214] **Nick Ramsay:** Great. Thanks for being with us. I'll kick off with the first question. In terms of the outlook for future revenue funding settlements, do you expect these to match or exceed the rate of inflation?

[215] **Mr Morris:** I think it's a little bit early to specify future settlements until we've got greater clarity on the MEG allocations, the expenditure group allocations, for 2018-19 and 2019-20 and so on. I think one of the themes in the report that we're talking about this afternoon is a desire for there to be longer-term planning. I think what we'd indicated in our response to the report was that that's something that we would accept in principle, but there is quite a lot of uncertainty about the future. So, we're working towards being able to provide greater certainty, but at the moment it's a bit early to tell.

[216] **Nick Ramsay:** Would that be three-year budgeting?

[217] **Mr Morris:** That's our aspiration. In the letter I wrote back to the Wales Audit Office, when we received their report, I said that we accepted that proposal in principle, so we're working towards a three-year budget, but we obviously work with colleagues in other departments in Welsh Government,

and we're all bound by the amount of money that's made available to Welsh Government by colleagues in the UK Government.

[218] **Nick Ramsay:** When you say you're 'working towards' it that could mean two things, couldn't it? Either it's effectively an aspiration or it's close at hand. Do you think it is a viable, reasonable way that the Welsh Government will be able to proceed?

[219] **Mr Morris:** We've been collecting together planning figures that would enable us to do that, so it's not just an aspiration, it's a physical reality, but the certainty about later years is not yet clear cut. There's been debate, and you'll all be more familiar with it than me, in the press and media about what might or might not happen with budget statements at a UK level. So, I think that guides Ministers' thinking about what's appropriate, and that thinking is not something that happens just within the Minister's briefs that we work to, it's an all-Cabinet responsibility.

[220] **Nick Ramsay:** And, finally from me, before I bring in Mohammad Asghar and Neil McEvoy, what about ring fencing and the Welsh Government's approach to that? Do you intend to keep ring fencing at a relatively low level?

[221] **Mr Morris:** We've been trying to reduce the level of ring fencing over recent years, and I expect that to continue. Whether we'll see significant evidence of that in the next budget round for this area, I'm not yet sure on. But, again, it's an aspiration that we are physically planning for.

[222] **Nick Ramsay:** Great, thanks. Mohammad Asghar.

[223] **Mohammad Asghar:** Thank you very much, Chair. Following the Chair's question, I would like to ask the panel: how does operational and managerial independence from the Welsh Government impact on FE colleges?

[224] **Mr Morris:** Okay. So, obviously, a theme in the evidence that you've gathered is about the NPISH status of colleges. We're keen for that to be maintained. NPISH—not for profit institutions serving households. There are strict tests, overseen by the Office for National Statistics and the Treasury, about what Government is and isn't allowed to do in the influence it has over colleges. So, we seek to enable the colleges to maintain their independence. We work and meet with them regularly to talk about what's happening and what might happen with budget settlements and what Welsh Government

would like to see achieved through the grants that are made available and other funding streams. But we're very conscious that our role is not to direct, is not to control; it is to recognise and respect their independence. So, I'm not sure if that's answered your question.

[225] **Mohammad Asghar:** Thank you very much for that. My question to you is: the Welsh Government pledge for 100,000 apprenticeships over the course of the Assembly term, do you believe that there should be 'create-to-order' to meet the demand for places in industry?

[226] **Mr Morris:** We've spent a lot of time thinking about the numbers, but not just the numbers but the quality of apprenticeships that are provided. That's a theme in the apprenticeship policy document that came out in February of this year. I'm reasonably confident that the 100,000 target can be achieved and we monitor progress towards the achievement of that target on a monthly and quarterly basis and I can assure you that, at this point in time, we're well on track to achieving that.

[227] A key theme in the apprenticeship policy statement was to change the mix of types of apprenticeships that young and older people are studying for or learning in the workplace in order to achieve, and I'm also confident that we'll be able to do that. So, what we are seeking to do there is to focus on priority sectors and occupations in the different regions of Wales and to, where possible, increase the level of achievement. We're doing that because there is good evidence that that leads through to improved productivity for organisations, greater value added for the companies and the Welsh economy as a whole, but, most importantly, it leads to better outcomes for the individuals: they're more likely to earn more, have more satisfying careers, and be more socially and politically active in their communities for the benefit of everyone.

[228] **Mohammad Asghar:** Thanks for that. But what effect has the Welsh Government's spending reduction had on the quality of education provided in FE colleges?

[229] **Mr Morris:** Okay. So, in the report, it says it's too early to tell, but, since the report was published, there have been a number of Estyn inspections, which I'm very pleased to say, as far as colleges are concerned, have demonstrated very high levels of achievement. So, I won't list all of them for you, but a number of colleges have achieved double 'excellent' in the Estyn inspections. This was the theme in the First Minister's speech back

in February, when he congratulated the colleges on the high standards that they'd achieved when he went to Coleg Cambria in Deeside.

[230] **Mohammad Asghar:** For my final question: in what ways do you think that the supply of funding by the Welsh Government could better match the demand of further education?

[231] **Mr Morris:** That's a very good question. I think what we're trying to do is to make sure that the supply of education in the post-compulsory area meets the demands of learners and of business and of public service organisations. So, for the regional skills partnerships, we're asking them to play a role in bringing together providers with employers and other stakeholders to plan what needs to be done.

[232] As you will have noted, quite a significant proportion of the funding for further education providers at the moment comes from the public purse, but there are increasing proportions coming from private sector sources and that's why that degree of co-ordination is needed to make sure that what we're doing—public sector funding—matches and complements and supports what the private sector is doing. At the moment, we get good feedback from the regional skills partnerships and we pay quite a lot of attention through them to studies of the skills needs of Wales. There's a report, which I'm holding up, which is one that came out recently, 'Employer Skills Survey for 2015: Wales'. What that indicates is that skills gaps and skills shortages at the period that study was taking place had reduced and that employers had tripled their expenditure on training and development over the previous four years. So, it's up above £200 million a year now, significantly greater than the figure recorded in 2011. So, the regional skills partnerships help us to do more of that analysis and to focus on the needs of particular areas. The needs of Cardiff are different from the needs of Anglesey. The needs of Pembrokeshire are different from the needs of Wrexham.

[233] **Mohammad Asghar:** Thank you.

[234] **Nick Ramsay:** Thank you, Oscar. Neil McEvoy.

[235] **Neil McEvoy:** I just wondered what you thought the outlook for future revenue funding is—above inflation, matching inflation, or below inflation.

[236] **Mr Morris:** So, what we've said to the colleges in the conversations

we've had with them is that our working assumption is there will be a cash-flat settlement for 2018-19. We have an aspiration for a longer period of planning. We are conscious that the budgets are tight and under pressure. The draft budget will be published in October of this year and doubtless there'll be some discussion in the Senedd and in committee about how the allocations have been made.

[237] **Nick Ramsay:** We do tend to do that.

[238] **Mr Morris:** Yes, there we go. So, that's our working set of assumptions.

[239] **Neil McEvoy:** Cash-flat?

[240] **Mr Morris:** Cash-flat, meaning that there would be no real increase and it would be essentially the same figures as the previous year. Obviously, we are aware that there is inflation affecting the spending power of money that's allocated.

[241] **Neil McEvoy:** Okay. I asked it earlier, but I wondered if you could shed light on the percentage of the budget spent on Welsh-medium provision in FE?

[242] **Mr Morris:** I'm afraid I don't have those figures readily to hand, but I'm very happy to provide them to you to reassure you that that is an issue of significance to us, along with other things like the age of learners, gender of learners, and ethnicity of learners. Last week, at the National Training Federation Wales's annual conference, we shared with them monitoring data that we take from LLWR to make them easily digestible, which monitor the proportion of learners on different courses, at different levels, in different places, who are studying through the medium of Welsh. So, we can let you have that and then perhaps we can also see what we can provide for you for the FE colleges more generally.

[243] **Neil McEvoy:** Do you monitor the gender of students?

[244] **Mr Morris:** Yes, we do. Yes. And I think, when I've sat beside Ministers who've said in other committees, particularly the Economy, Infrastructure and Skills Committee recently, that there's a desire to improve the gender representation on different programmes. Some of the old stereotypes persist in terms of where you might expect that there would be large numbers of

women learning and where you might expect there to be large numbers of men. I think we're conscious to try and change some of those perceptions, or at least challenge them, for the benefits of the learners.

[245] **Neil McEvoy:** Is gender monitoring onerous in terms of bureaucracy?

[246] **Mr Morris:** I don't believe so. We have quite well-established data monitoring systems and the colleges and other providers return regularly. We're working to improve that and to add other benefits to the way in which we collect data. So, a key theme in that is connecting the data with destinations information—what jobs do people get—and also what earnings do they get.

[247] **Neil McEvoy:** So, it doesn't really take up much time or resource to monitor.

[248] **Mr Morris:** No.

[249] **Neil McEvoy:** Okay. That's not really for this area, but another area of Assembly work.

[250] **Nick Ramsay:** Okay, thank you, Neil. A couple of supplementaries. Lee Waters first.

[251] **Lee Waters:** Yes, thank you. I'm interested in the funding mechanism. The auditor general report details that the current funding allocations are based on an overall percentage uplift, which doesn't take into account the demographic changes. We know that there's a projected decline in the number of 16 to 18-year-olds currently until 2020, when they're set to recover, and the current mechanism doesn't take that into account. I believe you've set up a working group with the sector to look at a more sophisticated funding model. I just wonder if you could tell us how that's going, what the likely roll-out is, is there consensus for it, and so on.

[252] **Mr Morris:** Thank you. A very good question, and it's something, as you've noted, that is covered in the report. The working group has been set up. It is meeting. It's met on a number of occasions. It meets next on 18 July. At that meeting there's an options paper that will be presented that maps out different ways in which these challenges can be dealt with. To date, I think it would be fair to say there hasn't been consensus because some of these changes are likely to mean that certain institutions will gain and others will

lose. You'll be familiar that across Wales there seems to be some growing urbanisation of the population. So, we tend to see populations in Cardiff and Wrexham growing and in more rural locations declining. But I'm confident that those options can lead to a solution that will enable us to make sure that the funding of provision shifts slowly over time to reflect the needs of learners and organisations in different parts of Wales.

[253] **Lee Waters:** But if there are losers you're unlikely to get a consensus.

[254] **Mr Morris:** Well, indeed, yes. So, I've suggested it's best to talk to the winners rather than the losers, but there we go. We'll see what happens on the eighteenth.

[255] **Lee Waters:** Okay, thank you.

[256] **Nick Ramsay:** Rhianon Passmore.

[257] **Rhianon Passmore:** Just very briefly, then, to follow that up in terms of how that working group is made up. I tried to ask this earlier. Is it being co-constructed in terms of the partners in the sector?

[258] **Mr Morris:** Yes. So, I think, remembering other things that were being said, there's a principals' group, which involves all the principals, and Welsh Government officials regularly go to that—not to every meeting, but maybe one in two or one in three—and the one on 18 July is one of those meetings. A sub-group of that brings together some of the principals with some of the finance directors, who've got particular expertise in this area. So, the options will have come from that small working group and it will go to the bigger principals' group for broader discussion.

[259] **Rhianon Passmore:** And when will that report?

[260] **Mr Morris:** I would hope that that will produce some proposals that Ministers can consider for the start of the autumn session.

[261] **Rhianon Passmore:** Okay. And you mentioned very, very briefly earlier on—a slight tangent, probably not for this committee, but you talked about data in terms of aggregation and collation. You mentioned something around that you were going to look at possibly something to do with STEM strategies for gender balancing across subjects. Could you just briefly—if the Chair will allow me indulgence—give just a quick outline as to what that means?

[262] **Mr Morris:** So, STEM is a priority for a number of areas of Government policy, not least in the apprenticeship area. So, we're monitoring that, and in a number of the regions of Wales, the regional skills partnerships have said they want to see more STEM provision. You will know that the chief scientific adviser has been working for some time on women in STEM and working with schools, colleges and universities to achieve that. So, there is join-up there in terms of pushing those numbers forward.

[263] **Rhianon Passmore:** Okay, thank you.

[264] **Nick Ramsay:** Thanks, Rhianon. Neil Hamilton.

[265] **Neil Hamilton:** You'll have heard the question that I asked earlier on about capital programmes for FE and the first round of funding under the twenty-first century schools programme. FE was the cinderella because of long-standing problems in schools requiring priority in that area. The second round of funding is about to begin. Can you give us some idea of the outlook, from the Welsh Government's perspective, for capital spending funding in the second round?

16:00

[266] **Mr Morris:** Yes, I think I can. We expect there to be significant investment. I would need to check with colleagues before I could release figures to you in advance of the draft budget, but I think there are plans for significant sums. But also I should emphasise that Welsh Government capital funding is not the only means by which capital investment can be made. So, I think, as you'll have heard earlier, there are a number of ways in which we seek to work with colleges to encourage them to think about the ways in which they fund capital activity. We have significant sums historically devoted to invest-to-save initiatives, and in a parallel area for higher education, the Cabinet Secretary for Education wrote to universities back in November, releasing funds to them for estates rationalisation.

[267] There's a view that not all estate is best used, and that there could be scope for bits of the public sector to share estate with one another. That's a theme in some of our interactions with colleges and other institutions. So, to give you an example—I think it was a year ago—I and a couple of colleagues from the Welsh Government visited Coleg Ceredigion and talked to them about the close proximity of the college in Cardigan with the jobcentre, with

the Careers Wales office and with a Ceredigion vocational training company, all within literally a few hundred yards, if that, of one another, and the scope for co-location and co-activity. That's a theme I take in the Well-being of Future Generations (Wales) Act 2015: co-ordination, integration, collaboration, involvement. They're things that we actively want to promote and encourage. If I've not gone on too long here, I'll just emphasise that there is a theme within Welsh Government, through our estates division, of one public estate to try to encourage that, and work is going on in particular local authorities to see what join-up can be made and that further education colleges are a significant contributor to that.

[268] **Neil Hamilton:** Well, that seems very sensible. How far do you think that FE colleges can raise funds from other sources for capital investment? This was something that I touched on earlier on as well.

[269] **Mr Morris:** I think there is scope for that. As was touched on earlier, their NPISH status allows them to do that. Their financial status is different. It's variable, so some are in a better position to do that than others. Some have taken on significant capital commitments in the recent past. We're sitting in an institution that's benefitted from that. Others have significantly lower levels of borrowing. Others are part of group structures already where they may be able to do things in partnership with other parts of the group, whether that be an HE provider or a work-based learning provider. So, I think it's something that we should be further exploring.

[270] **Neil Hamilton:** Okay. And what do you think you can do as a Government to support colleges in raising finance in this way?

[271] **Mr Morris:** Well, one of the things we haven't touched on so far is leadership development and governor development. Certainly, for the FE sector, that's something that we've put quite a lot of effort into, and it's picked up in the report as far as leadership development: three years of a significant leadership programme helping people in middle and senior management positions in those institutions to get a better understanding of what's going on across the sector and in other sectors. In parallel with that, colleagues have been spending time with the governing bodies of further education colleges helping them to see how the competitive landscape is changing and what scope there might be for investment. Now, we're doing that in a supportive and developmental way, conscious that we don't want to overstep the mark in terms of NPISH status.

[272] **Neil Hamilton:** There's now a single funding stream for capital, both for schools and for FE, and our further education institutions cover a wider proportion of the population than schools do, obviously, and different kinds of academic qualifications as well. So, what's the rationale behind having this single funding stream for two relatively disparate areas of education?

[273] **Mr Morris:** I think it's to reflect how their fortunes might be interdependent in different geographies. So, I think you touched on tertiary provision earlier. You touched on mixed models of provision. I think the hope is, from twenty-first century schools, that when we're planning what we should focus capital moneys on, it's done with an understanding of the broader context of what's going. So, I think Sharron Lusher spoke to you about what was happening in Pembrokeshire; some of the conversations that happened there were about capital investment in schools versus in FE provision for sixth-form provision. If we go to another corner of the country, in the north east, the development of the sixth-form centre at Coleg Cambria is done in the context of what's happening at other schools. So, it's to get that broader understanding.

[274] I would say one other thing, which is that as we're all—or certainly I am—getting older every year, and the population is getting older, some of the needs of learners and businesses are changing. The way in which staff in FE institutions engaged in apprenticeships need to engage with their learners is very different from the traditional classroom-based activities. So, staff from Cardiff and Vale College are supporting Bouygues, the construction firm at Hinkley Point. That will mean that they're there some of the time. They're also supporting the inward investment of Aston Martin, which means that they're up in Coventry some of the time. Similarly, Coleg Cambria is developing offender learning provision at the prison in Berwyn. So, they're not in the building, and a lot of our employer colleagues have spent significant sums on developing their own training facilities. So, we need to be thinking of these things in the round, not just, 'That building is in a state of disrepair. We need to have another one identical'. I think that we need to reflect how the technologies and demands are changing also.

[275] **Neil Hamilton:** And is it your intention as a Government to continue the improvement of the FE estate entirely through the twenty-first century programme? Do you think that your experience of it so far shows you that that is the way to do things, or, given the point you've just made about the needs of institutions within the FE sector being very different, for historical reasons, is that a flexible enough way to deal with this problem?

[276] **Mr Morris:** Well, I would say, prior to coming into Welsh Government four years ago, I spent a lot of time working in HE and FE, and I must say I've been extremely impressed with the system through which capital planning and management is done—the twenty-first century school system of using the five-case business model from the Treasury, I believe, assures very good outcomes and very good use of public money. Now, in terms of whether that is the only way, and Government money being the only way, I think that's unlikely to be the case because I think, increasingly, FE colleges are going to be in group structures. So, I've mentioned some of those things. In the report, there's a comment on Neath Port Talbot college group, which has a language training school, based in Portsmouth. Now, clearly, Welsh Government is not part of the capital provisioning for that, and similarly with the training centres based in companies or in public service organisations. So, I would hope that the governing bodies, as a whole or through specialist estates committees, will be looking at their capital plans and estates plans in that slightly more sophisticated manner than might have been the case, say, 20 or 30 years ago.

[277] **Neil Hamilton:** And so what's your general overview—last question—for the rest of this Assembly term to 2021, for the improvement of the FE estate generally?

[278] **Mr Morris:** We constantly are in dialogue with the sector about a range of things, and we have effectively asked them to bring forward proposals to feed into the band B process. I'm confident that the colleges will be in better repair and the percentage of institutions that have estate that is deemed to be of low quality will have reduced by the end of the band B process. I can't give you precise figures, but I am confident that there will be significant sums allocated to capital.

[279] **Nick Ramsay:** Okay, thanks Neil. Rhianon Passmore.

[280] **Rhianon Passmore:** Thank you. You've mentioned the way of working now, in Welsh Government, around a one public estate model. How is that disseminated in terms of—? You've mentioned the Cardigan example—how is that being disseminated down to a local level in terms of governance? Also, in terms of the austerity agenda and the £1.2 billion that's been cut already from Wales within that, have colleges got the ability, in terms of the NPISH model, to be able to borrow effectively, and can that be improved upon?

[281] **Mr Morris:** Okay. So, on the one public estate, we have conversations with colleges and others about what they could do, and there is a pilot project—which is slightly beyond the remit of my area, but I’m aware of it—that is connected to the Valleys taskforce and what’s happening at Rhondda Cynon Taf, and I believe it’s Merthyr, where there’s been a pilot study to look at what could be done. A number of colleges are involved in those conversations, principally Coleg y Cymoedd, but I think the hope is that, through that, other similar types of activities might be taken forward in other parts of Wales.

[282] In terms of capital planning, one of the things that I think we’re conscious about is institutions not over-borrowing and not getting themselves into a situation where they’re over-leveraged. I don’t believe any of the colleges are in that situation, but through the financial health monitoring process, we keep an eye on that and we will have conversations with them about their capital aspirations. So, we have a few rules of thumb about that, which we talk to colleagues in the college sector about, but, clearly, circumstances shift a bit. It may be better to ask a trained accountant or auditor colleagues to comment.

[283] **Rhianon Passmore:** So, the colleges, from your perspective, are satisfied that they have enough of an ability to do so.

[284] **Mr Morris:** I’ve not heard any college say to me, or to any of my colleagues that have been reporting to me, that they feel they’re constrained in terms of their capital borrowing.

[285] **Rhianon Passmore:** Okay, thank you, and very, very briefly if I may: in terms of the security of twenty-first century schools money, I believe the next tranche would have been European funded. Could you give me a brief overview as to the sustainability of that successful programme, moving forward?

[286] **Mr Morris:** At a Welsh Government level, through Welsh European Funding Office, various assurances have been received in writing about European funding through to March 2019, and there are various planning assumptions about how much money might be available beyond that point. In terms of the detail of how that impacts on capital, I think I would need to write to you to outline that.

[287] **Rhianon Passmore:** I’d be interested to hear, Chair.

[288] **Nick Ramsay:** Did you have any more questions you wanted to ask, Rhianon?

[289] **Rhianon Passmore:** I've got the ones that I've been given.

[290] **Nick Ramsay:** Do you want to follow through with them? I'll bring Vikki Howells in afterwards.

[291] **Rhianon Passmore:** I'll just do those, then, in terms, then, of guidance from Welsh Government around the Welsh bac, GCSE resits and the emphasis on higher-level skills. How do you respond to these issues that have been highlighted to you from the sector?

[292] **Mr Morris:** Well, we engage in dialogue with them through the principals' meetings and in parallel. You heard, I thought, a very accurate account of where we are with the Welsh baccalaureate and also with GCSEs earlier. In terms of higher-level skills, it's been easier in many respects because Welsh Government has made it clear that that's what it believes, through the regional skills partnerships, learners and employers want, and, as a consequence of the apprenticeship levy being introduced, we're finding numbers of large employers talking directly to us and to the colleges about how provision can be expanded in that area. So, that seems to me to be less contentious than the push to increase the proportion of young people who are able to study and complete the Welsh baccalaureate.

[293] **Rhianon Passmore:** Okay. Thank you. In terms of whether you, as Welsh Government officials, have any further information about Welsh Government thinking around the institutional review process that we've mentioned a few times already today—. So, for example, have you any detail that you can give us around the areas that it's going to cover, the frequency of the review, any other sources of information?

[294] **Mr Morris:** So, there is a draft institutional review process, following on as a consequence of the report recommendation. The proposal is that that will happen on an annual cycle. We have piloted that institutional review process into colleges, and there are plans to move to a more fully-fledged implementation in 2018. One of the things that we're keen to do, in the wake of Hazelkorn, is to align, where possible, that procedure with similar procedures that already operate within the HE area, and so we will be taking that forward through conversation with HEFCW and the universities.

[295] **Rhianon Passmore:** Okay. Thank you for that. In regard to the future generations Act—I'm conscious that I'm only speaking to one person; I don't know if you want to dip in or out—how do officials expect to implement the Act through policy direction, in terms of oversight and funding—[*Inaudible.*]?

[296] **Nick Ramsay:** Feel free to dip in. [*Laughter.*]

[297] **Rhianon Passmore:** I just think that you—.

16:15

[298] **Mr Morris:** Okay. So, from memory, on the back of the Well-being of Future Generations (Wales) Act 2015, there is a list of institutions and organisations directly affected, and those that have NPISH status are less clearly covered directly by the remit of that legislation than those that are fully-fledged public sector organisations. However, I am pleased to report that we've had very strong and meaningful dialogue with both FE institutions and universities about how that agenda can be taken forward, and I would be looking to, or we would be looking to, the institutional review process and the remit letters and other things to reinforce the importance of the five principles and the seven outcomes that are the cornerstones of that Act.

[299] **Rhianon Passmore:** Okay. Thank you, Chair.

[300] **Nick Ramsay:** Thank you, Rhianon. Vikki Howells.

[301] **Vikki Howells:** Thank you, Chair. How does the Welsh Government ensure that it maintains a consistent policy on post-16 education, given the fact that, although both schools and FE colleges deliver it, they're managed by different groups within the Welsh Government?

[302] **Mr Morris:** So, what happens there is that the funding of sixth forms and FE is managed by the same group within Welsh Government. So, that's run through a division called the further education and apprenticeship division, and that ensures there is consistency in the funding and the briefing for funding. In terms of the oversight of curriculum, that is overseen by two separate divisions, but they're in regular dialogue. So, if we take, for example, A-level results, there are groups of staff who meet to consider A-level pupil or student performance regularly, and to ensure that what's being said to FE colleges by Welsh Government, or to schools through the consortia

and local authorities, is consistent, coherent, and co-ordinated.

[303] **Vikki Howells:** Okay. Thank you. Moving on to higher education institutions, then, how does the Welsh Government believe that FE colleges can work with HE institutions to deliver value, particularly in situations where colleges are part of groups that are led by HE institutions?

[304] **Mr Morris:** Well, I think we're blessed in Wales to have quite a lot of very good FE and HE collaboration, as you've indicated, both through groups like University of Wales Trinity St David, which has got Coleg Sir Gâr in it and Coleg Ceredigion, but also, closer to here, the University of South Wales with Merthyr. But, beyond those formal group structures, I think 11 of the 13 colleges in Wales have significant formal relationships with universities, predominantly in Wales, but not exclusively in Wales. So, the only two that don't, at present, are St David's—it's a sixth-form college, so its extent of engaging in HE education is limited—and the other would be Cardiff University, which works well with FE colleges, but doesn't have the degree of formal relationships that you see with other institutions. Now, I think it's that recognition of that richness and strength of connection that is part of the driver behind the Hazelkorn review and the proposal that we bring these things together in a more substantial way than perhaps we have done recently.

[305] **Vikki Howells:** Thank you. And lastly, then, looking at the relationship with schools, it's been something that's been noted in the evidence session here today, that there's the potential for FE institutions to work more closely with schools. And it's also something that's arisen with my work on the economy committee as well, looking at the role of careers provision, and things like that. So, is there anything that the Welsh Government can be doing to try and develop those key relationships between colleges and schools, which would, obviously, if it worked well, deliver better value for money also for the public purse?

[306] **Mr Morris:** So, there's quite a number of things that do happen. I'll mention one of them, and then Geoff will mention some of the others. So, a key one for us, I think, has been the creation of the Seren networks, which bring together FEs and universities and schools, to raise the aspirations of people to achieve as best they can, not just academically but also vocationally. But, Geoff, do you want to say something about some of the other networks?

[307] **Mr Hicks:** Yes, sure. Thank you. Through the funding and planning system, we actually meet with all the local authorities, and all the colleges, at the point of them planning for their next year's delivery. What we're beginning to do now—this started in 2014–15, and, at the moment, we've had individual meetings with local authorities, and individual meetings with colleges. Through the last year, we've been bringing those together, and facilitating meetings between colleges and local authorities. Coleg y Cymoedd, Merthyr College, and Rhondda Cynon Taf is a very good example of how that worked this year. So, they're all talking together about what they plan, and, 'Is this the best place to deliver it? Are there, coming together, bigger class sizes, maybe?', and that's how we're working with them through the planning.

[308] **Vikki Howells:** And do you see that as being a model that could be rolled out elsewhere?

[309] **Mr Hicks:** It's definitely a model we're considering rolling out elsewhere. At the moment, we're working with the colleges and local authorities that want to participate in that, as active volunteers. And I think, once we can show the good outcomes from working like that, we can impress that upon the others.

[310] **Vikki Howells:** Thank you.

[311] **Nick Ramsay:** Great. Thanks. In terms of the wider financial position of the sector, how do you assess the sector's efforts to reduce and control costs, and what more is the Welsh Government looking for in that regard?

[312] **Mr Morris:** So, the report makes reference to the financial health check process, and that's an annual process. Since the report was published, I'm pleased to say that the situation has improved for a number of the colleges. I think it's nine rather than eight that are now graded as A. There was one college graded, briefly, at D—Coleg Ceredigion—and there's been some work being done there. So, we use that assessment tool to have conversations with individual institutions. And I, and some of my colleagues, will go and visit and talk to the executive, and maybe, occasionally, a representative from the governing body, about what might sensibly be done to deal with these challenges.

[313] Part of the challenge that's identified in the report is a consequence, not just of changing physical conditions; it's also a consequence of changing

financial reporting standards, so, FRS102, and the SORP that came from that—I can't remember what SORP stands for.

[314] **Mr Hicks:** I can't remember either.

[315] **Mr Thomas:** Standard statement of recommended practice.

[316] **Mr Morris:** Yes. The standard statement of recommended practice has meant that the way in which various liabilities and assets are treated on balance sheet, and the consequences for recording of income and expenditure, have changed. So, there's been quite a lot of work being done, in conversation with colleges and others, about how that is best dealt with.

[317] **Nick Ramsay:** Lee Waters, did you have a supplementary question?

[318] **Lee Waters:** I have a couple of areas I want to dip into, if I might, Chair.

[319] **Nick Ramsay:** Yes, go for it.

[320] **Lee Waters:** So, just to start, to take us back to the discussion we were having earlier about the Welsh bac, we heard from the sector witnesses earlier a slightly confused picture, I thought. But they did say that there were concerns, and they were writing to the Welsh Government about them, echoing the concerns that the auditor general reports. It would seem to me that, where there are pupils with an academic background, then the Welsh bac has its place. But, for those who are studying purely vocational—say they're doing building skills, for example—it does seem that many in the sector feel that it's inappropriate to insist that they do the Welsh bac. Is the Welsh Government going to be flexible on this point?

[321] **Mr Morris:** Well, we've already had informal conversations with them at official level. I think that what might next happen is more formal conversations about what's happening. I think that the policy intent remains, at this point in time, unchanged, that Ministers would like to see young people completing the Welsh bac, and the recent review of the Welsh bac demonstrated, I think, the benefits of doing that, but, clearly, we have had feedback that says that there are practical challenges in certain circumstances. I think that the desire, with any change, is to do it in a co-ordinated and managed way rather than to move to a different position for particular institutions or particular courses without thinking about what the results of a more systemic evaluation are telling us.

[322] **Lee Waters:** Okay. Can I move on to outcome measures? There are two interesting aspects to the auditor's report, I thought: one is on this issue of added value, that this is measured at pre-16, and it doesn't seem to be measured post 16. You are doing some work to look at that and I wonder if you could just update us on that, please.

[323] **Mr Morris:** Okay. So, there are plans for a number of measures to improve the ones we currently look at—measures of learning achievement, added value, and destination. The added value would look at the achievement of people when they enter in at 16 and what they're able to obtain by the time they are 18 or 19. I think that the report refers to the challenges that exist at the moment, with the data being looked at in one-year blocks rather than a typical two-year cycle for people completing those courses. But I'm pleased to say that that work is going well and we're looking forward to the results of the pilot studies for that.

[324] Another key component of added value is taking account of context. So, clearly, people who are in environments that are more socially and economically disadvantaged may find that there are more challenges. We are engaged in debate about how we give appropriate account for that. So, that's a feature of the added value measure.

[325] **Lee Waters:** Right. So, you're committed to putting something in place that captures that. You touched on the destinations work. Because, from what I understand, we don't really know what happens to the students when they leave FE, but the English department has offered to include this within the longitudinal education outcomes study, which tracks this. Can you just update us briefly on what's happening with that?

[326] **Mr Morris:** So, two weeks ago, the UK Government published the longitudinal educational outcomes data for HE students for the last nine years, and it included Welsh students. The aspiration is to be able to do something similar, maybe not with quite such a long time horizon, for students from an FE background or work-based learning. What's driving that is a perception that different courses provide different amounts of value added by that financial measure.

[327] **Lee Waters:** Can you envisage any reason why we wouldn't be part of that work?

[328] **Mr Morris:** No. Because of the devolution of responsibility for education and training, that proposal to link up data was contained, I think, and I might have this wrong, in the Enterprise Bill 2015, which went through the Houses of Parliament in England last year. So, we, at Minister's instruction, pushed forward a legislative consent motion to ensure that those provisions would also have effect in Wales. I think something similar happened in Scotland.

[329] **Lee Waters:** Okay, thank you.

[330] **Nick Ramsay:** Can I ask you, Huw Morris, about the risk posed by rising pension liabilities and the impact of the liabilities? I believe that this has been an issue for colleges across the border in England. Is there the same level of concern here in terms of the ability to raise commercial finance?

[331] **Mr Morris:** Well, it's touched on in the report. I think the report talks about different types of pension schemes—funded and unfunded—and draws attention to the local government pension scheme and the liabilities that are associated with that, not least as a consequence of changed financial regulations. It's something that is monitored. I don't believe that anybody has signalled that this is an issue that requires urgent action, but, obviously, it's something that needs to be kept under review. The scale of liability varies according to the state of stock markets and other such things.

[332] **Nick Ramsay:** How confident are Welsh Government officials about the financial standing, and, if appropriate, recovery plans of individual colleges? I'm especially thinking about Coleg Ceredigion and the situation there.

[333] **Mr Morris:** I think we're very confident about Coleg Ceredigion. There was a very good conversation between all of the staff there—well, the managers—and colleagues in Welsh Government that's led to a successful set of proposals for Coleg Ceredigion to effectively come together with Coleg Sir Gâr within the University of Wales Trinity Saint David group. So, that's good. Amongst the other colleges, from memory, nine are reported as being in band A, in financial health, and three are in band B, so there is action planning going on for the band B institutions, but the nine in band A I think are viewed as being in good health.

[334] **Nick Ramsay:** And does the Welsh Government envisage any further consolidation in the sector to secure colleges' financial position?

[335] **Mr Morris:** There is none that we are actively engaged in conversation about, nor would encourage the sector to consider, but it's not impossible to imagine that there could be consolidation. I'm conscious that, in England, there are five pilots going on at the moment in terms of FE and HE closer collaboration. We will watch those sorts of things with interest.

[336] **Nick Ramsay:** Great. Does anyone else have any further questions? Mohammad Asghar.

[337] **Mohammad Asghar:** Thank you very much, Chair, and thank you, Huw, for all the knowledgeable answers you've given. One area we haven't covered yet in the FE and HE sector is people with disabilities and Gypsy/Travellers and black and ethnic minorities—there are quite a few in south-east Wales, and the number is not decreasing; it's increasing. What provision have you got for them in the funding sector there, in the education system?

[338] **Mr Morris:** Well, as I alluded to earlier, we will monitor the proportion of people registered on programmes from BME backgrounds. I'm afraid I'm not fully au fait with the position with regard to Traveller communities, but I can check and we can write to you with further detail of that and the good practice that exists to support those communities. I'm aware that one of the young people who did particularly well in the Seren programme last year and, I think, from memory, secured place at Oxford was from a Traveller community in north Wales and had been supported by, from memory again, I think it was an FE college. So, I'm conscious that there is great achievement there. In terms of the broader spread of activity, I would need to refresh my memory.

16:30

[339] **Nick Ramsay:** Very finally from me, we spoke earlier to ColegauCymru about the different challenges affecting provision in rural areas vis-à-vis urban areas. We've got a mixture of AMs representing both urban and rural here today. Do you recognise the challenges there, and have you given any guidance on how those could be dealt with?

[340] **Mr Morris:** We certainly recognise those challenges and it's part of the conversation that we have with institutions. Within the funding formula, there is provision. There's a sparsity factor, which recognises that, and that's part of the conversation that we have with colleges in terms of our support for

them in those activities.

[341] **Nick Ramsay:** Great, thank you. Well, everyone is happy. I thank our witnesses, Huw Morris and Geoff Hicks, for being with us today. Thank you for the succinct—for the succinctness—more succinct than my phrasing—of your answers as well; that’s really helped me in my job today and got me back on track with the timings. So, thank you so much for being with us. We will send you a transcript for you to check for accuracy.

[342] Okay, I propose, in accordance with—. Oh, actually, before I do that, I would like to thank—. Before we go into private session, I would like to thank the staff here for all they’ve done for us today. We’ve been looked after incredibly well. You really have shown this building and the staff in the best light, so thank you so much for that.

16:31

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o’r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting**

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in 17.42.

accordance with Standing Order 17.42.

Cynigiwyd y cynnig.

Motion moved.

[343] **Nick Ramsay:** Okay, I move 17.42, the Standing Order, to resolve to exclude the public from today’s meeting—the one who’s left. [*Laughter.*]

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 16:31.

3/7/2017

The public part of the meeting ended at 16:31.