

**Leighton Andrews AC/AM**

Y Gweinidog dros Blant, Addysg & Dysgu Gydol Oes  
Minister for Children, Education & Lifelong Learning



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Ein cyf/Our ref  
SF/LA/0011/2010

Angela Burns,  
Chair, Finance Committee,  
Cardiff Bay,  
Cardiff  
CF99 1NA

12<sup>th</sup> January 2010

Dear Angela,

**Efficiencies in Higher Education and Further Education**

Thank you for your letter of 14 December requesting a note on the 2010-11 budget for Further and Higher Education.

In line with all Departments across the Welsh Assembly Government, the DCELLS overall budget allocation for 2010-11 reflected a requirement to make further efficiencies and savings compared to previous indicative plans for 2010-11 of 1.6 per cent, as a first step on the path towards longer term efficiencies.

Taking account of other adjustments and allocations the DCELLS Final Budget was as follows:

Table 1: Children, Education, Lifelong Learning and Skills MEG

	2009-10	2010-11
	Supplementary Budget	Final Budget
	£000	£000
DEL Revenue	1,677,816	1,692,892
DEL Capital	264,841	182,892
Total DEL	1,942,657	1,875,784
AME	163,660	175,598
<b>Total</b>	<b>2,106,317</b>	<b>2,051,382</b>

The reducing resource base necessitated tough decisions, which are exacerbated in the CELLS portfolio by the imperative to address unemployment and skills needs in times of economic downturn. The budget faces up to these tough decisions and provides increased resource in the places where the need is most pressing – in particular to tackle youth unemployment.

The allocation of budgets across the DCELLS portfolio was prioritised using a number of criteria:

- One Wales commitments;
- Statutory and contractual commitments;
- Tackling the recession; and
- Other Ministerial priorities.

As a result of this process it was decided to protect the Learner Provision Budget Expenditure Line (BEL), which includes Further Education, and the Higher Education BELs from the 1.6% saving. Accordingly, the following budgets were agreed:-

Table 2 : BEL allocations

	2009-10	2010-11	% Increase
Learner Provision	545,440	552,014	1.2%
Higher Education	423,660	429,510	1.4%

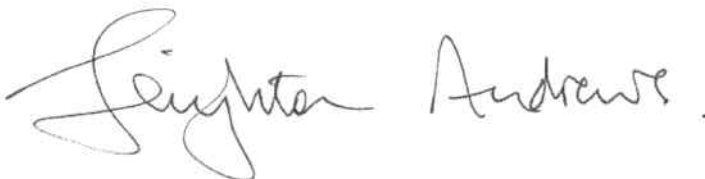
Therefore, the budget allocations have not been reduced in cash terms. However, in setting the Further and Higher Education budgets the requirement to achieve efficiencies, estimated to be about 5 per cent, was built in.

For Higher Education the 2010-11 budget assumes that the institutions will meet the costs of any pay and non-pay cost increases and that there will be potential for up to 2 per cent of the budget to be used to fund activities related to the implementation of the new For our Future strategy.

The 2010-11 budget for Learner Provision assumes that providers will absorb the cost of any pay and non-pay cost increases and will also absorb some growth in student numbers. This budget does not include £19.743m of additional funding prioritised towards youth unemployment measures. My officials are currently calculating the Learner Provision allocations for 2010-11, using the final learning activity from the LLWR<sup>1</sup> and the September 2009 PLASC<sup>2</sup>. These will be notified to colleges and local authorities before the end of January.

In conclusion, there is no reduction in funding, however, the Assembly Government expects further and higher education institutions to continue to seek efficiencies to release resources for the delivery of front line services and this is particularly important in the current economic climate.

Yours Sincerely



**Leighton Andrews AM/AC**

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<sup>1</sup> The system used to collect data for post-16 learners

<sup>2</sup> The system used to collect data for pre-16 learners