

Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

3 November 2014

Meeting time:

12.30

Cynulliad
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Cymru

National
Assembly for
Wales



For further information please contact:

Bethan Davies

Committee Clerk

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Agenda – Supplementary Documents

Supplementary pack

Please note the documents below are in addition to those published in the main Agenda and Reports pack for this Meeting

5 Welsh Government Draft Budget 2015–16: Consideration of evidence received (14:30 – 15:30) (Pages 1 – 15)

FIN(4)–20–14 Paper 1

FIN(4)–20–14 Paper 2

FIN(4)–20–14 Paper 3

FIN(4)–20–14 Paper 4

FIN(4)–20–14 Paper 5

FIN(4)–20–14 Paper 6

FIN(4)–20–14 Paper 7

FIN(4)–20–14 Paper 8

FIN(4)–20–14 Paper 9

FIN(4)–20–14 Paper 10

FIN(4)–20–14 Paper 11

Y Pwyllgor Plant, Pobl Ifanc ac Addysg Children, Young People and Education Committee

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Huw Lewis AM
Minister for Education and Skills
Julie James AM
Deputy Minister for Skills and
Technology

Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff
CF99 1NA

29 October 2014

Dear Ministers

Welsh Government draft budget 2015-16

Thank you for attending the Children, Young People and Education Committee's meeting on 23 October 2014 to discuss the Welsh Government's Draft Budget for 2015-16.

The purpose of this letter is to highlight the key issues the Committee has identified during the course of its scrutiny.

This letter will be shared with the Finance Committee to aid its overarching scrutiny of the Draft Budget. The Committee would welcome receipt of the further information requested in this letter as soon as possible in order to inform the final debate on the Welsh Government's Draft Budget 2015-16.

Prioritisation and PDG

1. The Committee notes the "clear prioritisation" to break the link between under-attainment and poverty and that a significant part of your budget allocation is being used to address this issue. **The Committee requests further information on any assessment you have made on the impact of your decision to prioritise the PDG on your other two leading priorities.**

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2. The Committee notes that the allocation for the PDG in 2015-16 has been increased to £82.046 million. As a consequence, the amount each school receives per pupil eligible for free school meals will increase from £918 to £1,050. This per pupil amount will increase further to £1,150 in 2016-17.

3. Your paper states that, of the total amount allocated to the PDG, £3.8 million has been allocated to extend the programme to children under 5. **The Committee would welcome further information on who will be eligible for this provision e.g. reception class pupils, nursery class pupils, or children in other Early Years settings and the basis for the calculation of the £3.8m costs.**

4. During our scrutiny session, you reiterated your commitment to ‘clawing back’ PDG money that has been used inappropriately. The Committee notes that a draft report on the evaluation of how the PDG programme is being interpreted and implemented, as well as its impact on pupil performance and school practice, was published on 22 October. **The Committee requests an explanation in due course on the process for recovering PDG funds and an update on whether or not you have deemed it necessary to do so.**

1% funding protection for schools

5. The Committee notes the explanation provided in the documents accompanying the budget of how this Programme for Government Commitment is being met. The Committee also welcomes your commitment to produce and publish an analysis of the different funding elements that make up the 1%.

6. In your paper, you state that:

“Local Authorities are required through the monitoring returns to evidence that their budgeted spending on schools increases in line with the Local Government funding element of the 1% protection (net of specific grants and allowing for adjustments in pupil numbers). The monitoring data received from Local Authorities up to 2014-15 demonstrates that all Local Authorities have either met or exceeded the 1% commitment.”

7. We note that the draft budget information for 2015-16 demonstrates an increase of 0.83% (£72.0 million) in the funding contained in the local government RSG between 2010-11 and 2015-16 for this purpose. **The Committee requests an explanation from you about the work you are undertaking with Local Authorities so that they continue to meet the 1% commitment and how you will ensure that the 1% commitment is not being undermined by reductions in other “indirect” support for schools (i.e. by introducing charges for services, such as swimming, that were previously free).**

'Pupil Offer'

8. The Committee notes your announcement of a "pupil offer" during our meeting, consisting of programmes offered by organisations (such as the Arts Council of Wales) and match-funded by Welsh Government. However, the Committee could not find any reference to the "pupil offer" in your paper and no reference to how it will be funded. **The Committee requests an update on the "pupil offer", including information on the funding available to associated programmes or projects.**

Rationalising of grants into one 'Education Improvement Grant'

9. There are several movements within resource budget Actions which your paper explains are a consequence of a new Education Improvement Grant being established. This follows the rationalising of a number of local authority grants. The Education Improvement Grant is contained in a new BEL within the Education Standards Action.

10. The Committee notes your view that the 'new simplified grant system' will 'lead to more flexibility and ultimately better outcomes for learners. However, the Committee is concerned that, while the number of grants has been reduced, the number of objectives they were designed to achieve has not reduced. **The Committee considers that there is a potential risk that some of the objectives of those original grants will not be given appropriate consideration under the new approach. The Committee requests further information from the Minister on how he will ensure that key objectives of previous grants are not "lost" in the new system.**

11. The Committee also notes your comments relating to in-year changes to the 2014-15 budget, including reductions to a number of grants. **The Committee requests an update on this issue, including information about: which grants are affected and to what degree; how these changes might impact on the 1% protection for schools; and how these reductions are reflected in the 2015-16 draft budget.**

Sufficiency of resources to deliver Qualified for Life

12. The Committee notes your comments that, in relation to the funding available to deliver Qualified for Life, "The current envelope of spend has to be the resource we use in order to implement the plan". **The Committee would welcome further, detailed information on how you anticipate Qualified for Life being delivered, based on the funding that is available and what processes you have in place to assess value for money.**

13. **The Committee requests further information on the funding that is in place for what you called “a complete remodelling of Initial Teacher Training”.**

14. The Committee notes your comments that the £1m funding allocated in the budget for the implementation of the Donaldson review is “seedcorn money for the very beginning of the process”. Donaldson is, in your view, likely to recommend profound changes to the curriculum and the Committee is concerned that implementing such changes will be costly. The Committee notes that there is no indicative budget for 2016-17 due to a Comprehensive Spending Review before then. **The Committee requests further information from you on how you are planning to meet the costs of implementing the Donaldson review.**

Post-16 education

15. The Committee would welcome further information on the following:

- a breakdown of the WGLG BEL;
- an update on the EMA scheme; and
- the availability of funding to mitigate impact on part-time / 19+ education.

Additional Learning Needs (Wales) Bill

16. The Committee notes that paragraphs 78-79 of your paper says that any costs associated with the legislation will be met from existing resources. This Bill is a significant piece of Welsh Government legislation and is intended to ensure reform of the Special Education Needs framework. **The Committee requests further information on the ways the content of the Bill has been influenced by the funding available and which, if any, proposals in the White paper have not been taken forward as a result of a lack of available funding.**

Other Issues

17. The Committee did not have the opportunity to ask questions on two specific areas of concern due to a lack of time. The Committee would be grateful if you could provide a written response to the following -

21 century schools

- Clarification of what the £43m in the ‘General Support’ BEL is for;
- The process by which business cases for projects are reviewed as and when local authorities’ financial positions change;
- How the impact of the programme can be maximised by using such schools for community purposes, particularly in the context of significant pressure on local authority resources.

Cross cutting issues / impact assessments

- Whether a Welsh language impact assessment has been carried out specifically in relation to Education and Skills;
- An explanation of how you have given 'due regard' to children's rights during the draft budget setting process, given that no Children's Rights Impact Assessment has been published.

Yours sincerely

A handwritten signature in black ink that reads "Ann Jones". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Ann Jones AC / AM
Cadeirydd / Chair

Y Pwyllgor Plant, Pobl Ifanc ac Addysg Children, Young People and Education Committee

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Lesley Griffiths AM
Minister for Communities and Tackling
Poverty

29 October 2014

Dear Minister

Welsh Government draft budget 2015-16

Thank you for attending the Children, Young People and Education Committee's meeting on 23 October 2014 to discuss the Welsh Government's Draft Budget for 2015-16.

The purpose of this letter is to highlight the key issues the Committee has identified during the course of its scrutiny.

This letter will be shared with the Finance Committee to aid its overarching scrutiny of the Draft Budget. The Committee would welcome receipt of the further information requested in this letter as soon as possible in order to inform the final debate on the Welsh Government's Draft Budget 2015-16.

Impact Assessment processes

1. The Committee notes that a Child Rights Impact Assessment (CRIA) has not been undertaken for this draft budget. The Welsh Government has referred to its [Strategic Integrated Impact Assessment](#) for the draft budget 2015-16 saying that it 'jointly considers equality, tackling poverty and socio-economic disadvantage, children's rights and Welsh language'. In relation to the requirement to have "due regard" to children's rights, your paper states that:

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“The process of having due regard can range from thinking about the impact of decisions on children in the course of day-to-day work activity, through to the formal application of a structured impact assessment tool accompanied by a record of the outcome results”.

2. Given that a CRIA has not been prepared, the Committee would like your reassurance that children’s rights have been given appropriate consideration as part of the budget setting process. **The Committee requests a detailed explanation of the decisions relating to children and young people that have changed as a result of your impact assessment process.**

Flying Start

3. The Committee notes that the draft budget 2015-16 shows an increase of £4.8m revenue from the 2014-15 budget (from £72.1m to £76.9m) and a decrease of £1.1M capital from the 2014-15 budget (from £8m to £6.9m).

4. The National Evaluation of Flying Start was published in December 2013. Its findings included:

- ‘There was no statistically significant difference between Flying Start and non-Flying Start areas in terms of child cognitive and language skills, their social and emotional development and their independence/self-regulation.’
- ‘[...] no difference between parents in Flying Start areas and parents in comparison areas on parenting self-confidence, mental health or home environment measures’;
- ‘[...] no statistical difference between Flying Start and the matched comparison areas on immunisation rates’; and
- Children in Flying Start areas are no more likely to have been referred to or received help from professionals than those in matched comparison areas.

5. The Committee notes your view that it is difficult to assess the full impact of social policy, in particular where a large number of individuals are experiencing programmes. Nevertheless, the Welsh Government’s own evaluation report outlines a number of key areas of concern.

6. Further to this, it is clear that the Welsh Government does not know how many children have benefited from all four elements of the programme. Your paper states that:

“Officials investigated the feasibility of collecting information which would show how many children had benefitted from all four elements of the programme. It was concluded that this information could not be collected

without a significant extra burden on local authorities with little benefit in terms of added insight into the successful operation of the programme.”

7. The Committee is concerned that the Welsh Government is not able to assess the effectiveness of this programme and whether it is providing value for money.

Flying Start take-up rates

8. In response to a question relating to the number of children in a Flying Start area who are not benefiting from Flying Start, the official accompanying you said that the information was not collected.

9. Again, we are concerned about the lack of data and information available relating to Flying Start. The lack of information in this instance means that it is not possible to determine the effectiveness of programmes in reaching all members of the community who are eligible. It also makes it difficult to compare and assess the reach of programmes in different areas.

10. **The Committee requests an update on the processes you have in place to evaluate the impact of Flying Start, including any plans you have to address the current lack of data in certain areas.**

Flying start capital programmes

11. Your paper states that:

“There are currently more than 70 ‘live’ capital projects and more will come on line when the additional capital funds are confirmed. Within the next six months almost 90% of the ‘live’ capital projects are due for completion, and the remaining projects will be completed in 2015-16”

12. The Committee recognises that premises may need to be provided or refurbished to ensure that Flying Start is delivered effectively, particularly in some communities where there is a lack of facilities. However, the Committee is concerned that there may be cases where capital projects are not necessary and that existing facilities can be used. The Committee is concerned about the robustness of the Welsh Government’s assessments in this regard. **The Committee requests more information on the assessment process for such projects.**

Families First

13. The Committee notes that the Welsh Government has reduced the budget allocation for this programme from £46.9m in the 2014-15 budget to £43.7m in the draft budget for 2015-16.

14. The Committee also notes that the evaluation of the Welsh Government's child poverty strategy indicated that the scale of current programming may not be enough to achieve the scale of changes needed. The Committee recognises that one of the ways that change can be achieved on a large scale is through additional funding. However, such funding is not available. Therefore, **the Committee requests further information about how you will approach this challenge differently, given the lack of additional funding.**

15. The Committee also noted that the 2014 national evaluation showed that of the "Team Around the Family" cases closed in the first 9 months of 2013, only 53% had a successful outcome in relation to their outcome plan. **The Committee requests further information on the steps you are taking to address the areas of concern identified in the evaluation.**

Child poverty strategy

16. The draft budget allocation for 'child poverty policy' for 2015-16 is £140,000, which is unchanged in cash terms from 2014-15.

17. The Welsh Government's final evaluation of its Child Poverty Strategy (July 2014) found that more could be done to link economic growth strategies with poverty objectives; that there is no strong evidence that the scale of programming is enough to make the scale of change that is necessary (as mentioned in paragraph 14, above); and that the duties placed on Local Authorities and other Public Bodies has had a limited impact in terms of new programming or allocation of additional resources to meet child poverty aims.

18. **The Committee requests further information about how you will approach this challenge differently, given the lack of additional funding.**

Children and Families Delivery Grant

19. The Committee notes that the recipients of the Children and Families Delivery Grant were announced in July 2014, with a number of organisations being told that they would no longer receive funding, including Play Wales and Funky Dragon.

20. The Committee notes that funding of £50,000 has subsequently been allocated to Play Wales. **The Committee requests further information on the nature of the grant award and what it is intended to be used to deliver. The Committee would also welcome an explanation about the process for awarding the Children and Families Delivery Grant, given that a further award was required after the Grant had been awarded.**

21. The Committee notes that Children in Wales has been awarded £1,874,527 to create a centre of excellence for children's rights. Its work will include ensuring

that the voice of the child is heard in decisions that affect them, raising awareness, establishing and promoting best practice and provide evidence based advice to issues related to children's rights.

22. The Committee requests further information on the steps you are taking to ensure that participation levels increase, in the light of the discontinuation of funding for Funky Dragon.

Yours sincerely

A handwritten signature in black ink that reads "Ann Jones". The signature is written in a cursive style with a large initial 'A' and a long horizontal stroke.

Ann Jones AC / AM
Cadeirydd / Chair

Pwyllgor Cymunedau, Cydraddoldeb a
Llywodraeth Leol

Communities, Equality and Local Government
Committee

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Carwyn Jones AM
First Minister

29 October 2014

Dear First Minister

Welsh Government draft budget proposals, 2015-16

Thank you for attending the Committee on 23 October 2014 to answer questions on the Welsh Government's draft budget proposals for 2015-16, specifically in relation to the Welsh language.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations, where appropriate. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

1. Reprioritisation of budgets

We note the reduction in the draft budget for the Welsh Language and the Welsh Language Commissioner Budget Expenditure Lines. We also note the “like for like” reduction of £600,000 for Welsh in Education Budget Expenditure Line. We appreciate the clarification you provided that, while there has been additional funding for certain Welsh language programmes, this has been as a result of reprioritisation and that there has been an overall reduction in funding for the Welsh language.

We are aware that funding for some Welsh language programmes has been reduced in order to prioritise the delivery of the *Bwrw Mlaen* policy objectives. You made clear that the Welsh Government intends to focus its efforts on “young people and ensuring that the next generation can speak Welsh and use it”, as well as promotion of the language through digital technology. While we recognise that these are important components of the work required to sustain the Welsh language, we have some concerns about the impact of this reprioritisation on the support available to Welsh learners, in particular adult learners. We expect you to monitor this impact closely and we will return to this issue at an appropriate time.

You will be aware that, subsequent to your appearance before the Committee, we took evidence from the Welsh Language Commissioner (the Commissioner) on her Annual Report 2013-14. During the session, she emphasised the need to ensure that any strategic, budgetary or policy decisions relating to the Welsh language were based on sound evidence and a clear understanding of the potential impacts of those decisions. We share this view and believe that these are fundamental to the budget planning process. You told us that the decision to reprioritise funding to deliver on the *Bwrw Mlaen* objectives was “based largely” on the outcome of *Y Gynhadledd Fawr*. While we acknowledge this, we would have liked to have received more detailed information about the evidence you have used to reprioritise budgets for the Welsh language. On a related issue, you highlighted the need to ensure effective spend, particularly within the context of the current financial climate. As such, we would like you to provide further details on the outcomes you expect as a result of the reprioritisation and the timeframes within which you expect these to be achieved.

2. The Welsh language in mainstream budgets

We recognise that, in addition to the Budget Expenditure Lines specifically relating to Welsh language funding, there will be expenditure within other Ministerial portfolios that is used to support or protect the Welsh language. When asked to provide the total expenditure available for 2015-16 in this regard, you told us that “it is very difficult to disaggregate the figures in every department, particularly with public services and health”. Notwithstanding this, we are disappointed that you were not able to provide us with a clearer picture of funding for the Welsh language across Ministerial portfolios. We were encouraged by the Commissioner’s evidence on the steps that have been taken by the Welsh Government to improve the mainstreaming of the Welsh language into decision making. However, we note that the Commissioner also suggested that this is not yet being done in a comprehensive way, and so we would like you to consider how

improvement can be made in relation to this. In addition, we believe you should consider how mainstream funding for the Welsh language can better be identified to help inform scrutiny of next year's draft budget. We would like you to report back to us on these issues.

3. Impact Assessments

The need to better assess the impact of budget decisions on the Welsh language across Ministerial portfolios has been a continuing theme in our budget scrutiny work. This is something that the Welsh Government identified as an area for improvement in the Equality Impact Assessment accompanying last year's draft budget. Therefore, we were encouraged to hear that all departments were issued guidance to assist in preparing their draft budgets this year. We were also encouraged by the report from your official that "departments are already making [improvements] in terms of how they review and assess [Welsh language] spend". Nevertheless, we were disappointed about the lack of detail contained in the Strategic Integrated Impact Assessment (SIIA) about the work that was undertaken in this respect. Without such information, it is difficult for us to form a view on the robustness of the assessments and the extent to which they have influenced budgetary decisions. We would like to reiterate the point made during the meeting that we expect future SIAs to better reflect the work undertaken across departments to assess the impact of budget decisions on the Welsh language. In addition, we would like SIAs to include an assessment of the cumulative impact of those decisions on the Welsh language.

4. Welsh language Standards

We note your assertion that the introduction of Welsh language Standards (the Standards) in March 2015 under the *Welsh Language (Wales) Measure 2011* will serve to strengthen the impact assessment process and to ensure consistency of approach across departments. This is something that we will wish to test further when we look at next year's draft budget.

You told us that a regulatory impact assessment (RIA) had been carried out on the proposed Standards and that the estimated compliance costs provided by organisations affected by the Standards had "varied". You also told us that these organisations are already subject to costs associated with their statutory Welsh Language Schemes, which the Standards will replace. Therefore, you "would expect [them] to absorb the cost [of complying with the Standards] within their own budgets". While we have not considered the cost estimates set out in the RIA, we have some concerns about this assumption, particularly given that you "will not be able to finalise the expected impacts until [...] the standards [are in place]". As such, we would like you to keep the compliance costs under review and we will return to this issue at an appropriate time. Further to this, we would welcome clarification from you on the outcomes you expect to be achieved as a result of the Standards over and above those of the existing regulatory regime.

5. Welsh Language Commissioner's budget

We note the proposed reduction of 8 per cent in the draft budget for the Welsh Language Commissioner in 2015-16. This follows the 10 per cent reduction in funding for the Commissioner in 2014-15. We were pleased to hear from the Commissioner that she had been given more advanced notice of the proposed reduction from your officials than in the previous year.

Taking account of existing financial constraints, we accept that some reduction in funding for the Commissioner is inevitable. However, we understand from the Commissioner that her budget will have been reduced by 24.8 per cent, in real terms, by 2016, which will be just four years after her office was established. She told us that this year's proposed reduction would have a "significant impact" on the work of her office, in particular its non-statutory work, including innovative projects within the third and private sectors. We would welcome a response from you on this. More specifically, we would also welcome clarification from you on whether the impact of the proposed reduction on the Commissioner's non-statutory work was considered as part of the budget decision process.

On a wider point, the Commissioner questioned the extent to which it is constitutionally appropriate for her budget to be allocated by the Welsh Ministers given that she will shortly be responsible for regulating the Welsh Government's compliance with the Standards. We would welcome your views on this.

Finally, we were concerned to hear from the Commissioner about the delay in the publication of the Welsh Government's Annual Report for 2013-14 on its own Welsh Language Scheme. We are aware that you published the Report shortly after the Commissioner's appearance before the Committee. While we are pleased that the Report is now available, it would be helpful if you could provide an explanation for the delay.

6. Welsh in Education budget

We are concerned about the transfer of £5.13 million from the Welsh in Education Grant, which you told us will reduce the support available from local authorities to schools for the Welsh language and Welsh second language teaching. We also note the "like for like" reduction of £600,000 for the Welsh in Education Budget Expenditure Line. In particular, we are concerned about the impact of this on the delivery of the Welsh Government's *Welsh-medium Education Strategy*, especially since some of its main targets already look set to be missed. In responding to this concern, you referred to the Government's one per cent funding protection for schools. However, we note that this protection will apply equally to English and Welsh schools. Taking account of these factors, we are unclear about how the Government expects to make progress towards targets in the *Welsh-medium Education Strategy*. We would welcome a more detailed explanation from you on this issue and how you have assessed the likely impact of the funding decisions you have made in this respect on outcomes. Linked to this, we would also like information on your understanding of the extent to which local authorities are actually meeting the demand for Welsh-medium education.

7. Planning (Wales) Bill

We are aware that, contrary to the recommendation by the Welsh Language Commissioner, the Planning (Wales) Bill does not make provision that would oblige planning authorities to consider the Welsh language when making decisions. We are also aware that the Environment and Sustainability Committee is in the process of considering the Bill and, as such, we would not wish to pre-empt any conclusions it may come to in relation to the Welsh language. However, we were encouraged to hear that the Welsh Government is “open to suggestions as to the structural aspects of the Bill, which could be strengthened as far as the language is concerned”.

On a related issue, you told us that local authorities are expected to [take account of TAN 20 and carry out Welsh language impact assessments] when developing and reviewing their Local Development Plans (LDPs). You also told us that you had developed an impact assessment toolkit for authorities to assist them in undertaking this work, which we welcome. We would like clarification on the extent to which the toolkit is being used by authorities in the development and revision of LDPs. We would also like your views on whether you believe that TAN 20 and the toolkit is a strong enough mechanism to ensure that local authorities and planning inspectors give sufficient consideration to the Welsh language in the planning decision process.

Yours sincerely



Christine Chapman AC / AM

Cadeirydd / Chair

cc Jocelyn Davies AM, Chair, Finance Committee