

# Agenda – Children, Young People and Education Committee

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Meeting Venue:	For further information contact:
<b>Committee Room 1 – Senedd</b>	<b>Llinos Madeley</b>
Meeting date: 20 March 2019	Committee Clerk
Meeting time: 09.15	0300 200 6565
	<a href="mailto:SeneddCYPE@assembly.wales">SeneddCYPE@assembly.wales</a>

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## Private Pre-meeting

(09.15 – 09.30)

### 1 Introductions, apologies, substitutions and declarations of interest

(09.30)

### 2 Inquiry into School Funding – evidence session

(09.30 – 10.30)

(Pages 1 – 46)

Chris Llewelyn, Chief Executive – WLGA

Jon Rae, Director of Resources – WLGA

Dilwyn Williams, Chief Executive, Gwynedd Council and member of Distribution Sub Group

Anthony Hunt, Leader of Torfaen Council and WLGA Spokesperson for Finance & Resources

Paula Ham, ADEW Strategic Lead – Finance and Director of Education, Vale of Glamorgan Council

Attached Documents:

Research Brief

CYPE(5)–10–19 – Paper 1



## **Break**

(10.30 – 10.40)

## **3 Inquiry into School Funding – evidence session**

(10.40 – 11.40)

Debbie Hartevelde, Managing Director – Education Achievement Service for South East Wales (EAS)

Arwyn Thomas, Managing Director – GWE

Geraint Rees, Managing Director – Education through Regional Working (ERW)

Esther Thomas, Interim Managing Director – Central South Consortium (CSC)

## **4 Paper to note**

(11.40)

### **4.1 Letter from the Minister for Education – Draft Additional Learning Needs Code**

(Pages 47 – 48)

Attached Documents:

CYPE(5)-10-19 – Paper to note 1

## **5 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting and the whole meeting on 28 March**

(11.40)

## **6 Inquiry into School Funding – consideration of the evidence**

(11.40 – 12.00)

Document is Restricted

## INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales. The three national park authorities and the three fire and rescue authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA is pleased to be able to respond to the Committee's *Inquiry into School Funding in Wales*. This is a joint consultation response on behalf of the WLGA and the Association of Directors of Education in Wales (ADEW), informed by the views of the ADEW Finance Group and the Society of Welsh Treasurers (SWT) Executive. Individual local authorities may submit their own responses reflecting their own views.

### **The sufficiency of provision for school budgets, in the context of other public service budgets and available resources**

4. Public spending on education across the OECD has lagged behind the growth of GDP since 2010. Local Government spending on education in Wales has reduced by 8% over the past 10 years after adjusting for inflation. The Welsh Government's policy of 'protecting' education during the fourth Assembly term never afforded any real terms increases to schools' budgets over that period. Other services have fared better than schools over a similar period; social care spending has remained approximately cash flat and spending on health has increased by a fifth after adjusting for inflation. However, spending on most other local public services has fallen precipitously and in some cases by up to 60%. In an era of prolonged austerity, local

authorities have tried to protect schools as far as possible (and social care) and this has been at the cost of other local services.

5. The WLGA estimates that education pressures for 2019-20 will total £109m for workforce costs, general inflation and increasing school rolls. There is also a cut in 2019-20 that means the true budget gap is around £127m. The local government settlement eases some of the gap with funds that partially fund the pay deal and the gap is reduced to £105m before applying any additional income from council tax. There is no additional funding for schools next year to cover pay awards for teaching assistants or other staff, or to cover other inflationary pressures.
6. Moreover, at the time of writing, there have been no funds provided to pay for the increased costs of Teachers' Pensions estimated at £41 million for 2019-20 and £70 million in a full year. This means that education services and schools in particular will be facing extremely difficult decisions to balance their budgets with compulsory redundancies being inevitable unless significant new monies are invested in the service.
7. School balances are one potential indicator of a school's financial resilience. Over a ten-year period, the real terms reduction in schools' balances has reached 40%. The number of schools in deficit positions has increased by 4% and the deficit has increased nearly threefold after adjusting for inflation.
8. The adequacy of the absolute level of funding for statutory education provision has been repeatedly challenged by comparison with other parts of the UK. It is acknowledged that it has become difficult to make such comparisons due to the increasing divergence in national education systems. The Welsh Government has defended its funding for Local Government and Education by drawing a parallel to the extent of the cuts to funding in England which, it claims, have been higher. Irrespective of how funding in Wales compares with that of our neighbours, it is absolutely clear that there continue to be significant real-term cuts in the level of core funding available over time once funding changes are compared with the scale of cost increases and growing expectations and responsibilities / policy initiatives placed on local authorities and schools.

9. Schools are facing increased demands relating to Additional Learning Needs and curriculum reform, however these areas are not being funded sufficiently. Early intervention and preventative provision should be prioritised with increased funding for areas relating to Early Years and the Foundation Phase. Similarly, there are many barriers to learning that pupils from ethnic minority backgrounds, those with English/Welsh as an additional language and children and young people from traveller families, face throughout the course of their education. Equality of opportunity for these pupils cannot be achieved without targeted support which should be adequately funded.
10. At present, the majority of preventative funding appears to be allocated to the Health Service. Although partnership working enables particular initiatives to be implemented in schools, if local authorities and schools were funded adequately, support could be differentiated and more appropriately targeted resulting in a greater impact on the wellbeing of individual pupils.
11. Local authorities do not receive sufficient funding for pupils with complex needs who require specialist provision. There is a grey area in relation to the education needs of these pupils as compared to their health needs. This results in Special Schools having to foot the bill for medical and nursing costs which should be met by Health Boards.

**The extent to which the level of provision for school budgets complements or inhibits delivery of the Welsh Government's policy objectives**

12. Wales has an ambition that all schools develop as learning organisations in keeping with OECD principles. It is thought that schools that are learning organisations have the capacity to adapt more quickly and explore new approaches, with a means to improving learning and outcomes for all learners. However, without adequate funding to provide appropriate levels of system capacity and support to vulnerable groups of pupils and those with additional or complex needs, coupled with insufficient core funding for schools, it is difficult to be optimistic about the likelihood of this ambition being achieved.
13. Core statutory education provision is fundamental to the delivery of the Welsh Government's longer-term policy objectives and needs to be consistently recognised as such. Short term / time limited initiatives, however

well intentioned, can have only a limited impact without maintaining an adequate level of core resourcing and provision.

14. Attracting and retaining an adequate teaching workforce is a policy imperative. Teachers are the most important resource in schools and the quality and effectiveness of their teaching is essential for pupil learning (Rockoff, 2004; OECD, 2005). The recently announced £15 million grant funding across Wales for professional development is well intentioned but will be subject to specific criteria. It will be made available to schools at a time when reductions to core funding and the need for schools to balance their budgets will inevitably lead to redundancies. This funding would have been better used for ensuring appropriate core funding of teachers' pay and pensions. If schools received appropriate levels of core funding they would be able to afford to access professional learning opportunities without grant funding and the restrictions and bureaucracy that accompany it.
  
15. Data shows the number of pupils with SEN has increased year-on-year since 2015 and since 2012 there has been an increase of over 2,000 learners identified as having SEN. There has been a year on year cash increase in spend on SEN with a gradual increase in spend on special schools with core and mainstream funding staying more or less the same in cash terms. Local authority spend on supporting pupils with SEN has grown year-on-year and in 2018-19 there was an increase of £8.8m or 2.4% as compared to the previous year. Spend per pupil across Wales has increased from £789 in 2015-16 to £844 in 2018-19: an increase of £55 per pupil. Centrally held funding has reduced from 30% of the total funding in 2014-15 to 27% in the current year. Funding allocated to Special Schools has increased from 24% of the total funding in 2014-15 to 27% in the current year.
  
16. With the introduction of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 there will be considerable demand on staff time for extensive professional development and upskilling in preparation for the implementation of the new Code of Practice. There will be a requirement to train staff at all levels as well as more intensive training and development for Additional Learning Needs Coordinators. Although there will be common national training packages, these will need to be delivered locally by local authorities and/or schools who will need appropriate time and resources to

ensure effective roll-out. With the extension of the statutory age range from 0 to 25, and transfer of responsibility of Post-16 specialist placements to Local authorities there could be additional costs in meeting the needs of learners with additional learning needs.

17. The 'Tier 2' level of the national mission is too broad and lacks clarity and transparency, particularly regarding regional consortia and 'top-slicing' of available funding that is increasingly being channelled through consortia. Consequently, there is a risk that the impact of such funding will be ineffective and it limits funding that could otherwise support front line provision within schools.
18. There appears to be inconsistency between the Welsh Government's objectives to reduce surplus places on the one hand but at the same time to increase Welsh-medium places beyond identified current demand and the protection of small and rural schools. These policy initiatives require significant additional funding if they are to be realised. Some grant funding has been made available to small rural schools but again, this can only be used in line with prescribed criteria and in any event only totals £2.5 million per annum (£10 million over 4 years) across Wales.
19. Unlocking every child's potential is at the heart of the Welsh Government's strategy for education and reflects article 29 of the United Nations Convention on the Rights of the Child. The Welsh Government has high aspirations for all learners in Wales, and is committed to supporting the success of pupils from all backgrounds. This vision is equally true for our ethnic minority pupils who may need English and/or Welsh language support, or face the risk of underachieving for other reasons. It is recognised that some pupils need additional support to embrace fully the educational opportunities available in Wales, yet funding for this essential support has been cut and could be removed altogether after 2019/20.
20. The decision by the Cabinet Secretary for Education, as part of the 2017/18 budget, to stop the Minority Ethnic Achievement, Gypsy Roma and Travellers Grant (MEAG) funding failed to take into account the current Government's priorities. For example: 'Prosperity for All; the National Strategy' sets out Welsh Government's vision for Wales as a vibrant, tolerant and welcoming place to live and work, a country which is outward looking and where people of all



backgrounds are respected and valued. It states a commitment to continue to work to counter discrimination and ensure opportunities for all.

21. Building community cohesion and breaking down barriers in our society have been positive outcomes that the MEAG funding has delivered for many years across our communities, in particular our urban areas. The Welsh Government is shortly to publish its Community Cohesion plan and it is expected to have four themes:
- Work at a strategic level to build community cohesion and inclusion.
  - Work at a local level to break down barriers to inclusion and integration for particular groups and communities.
  - Support for migrants, refugees and asylum seekers and settled communities during the integration process.
  - Support for communities to prevent and manage community tensions, hostility and extremism.
22. Again, these themes are directly compatible with the objectives and outcomes of the MEAG funding.

**The local government funding formula and the weighting given to education and school budgets specifically within the Local Government Settlement**

23. The formula used for education funding and indeed the weighting of education as opposed to other services is a largely mechanistic construct that was last reviewed in 2001 although some of the formulae were not finalised in their current form until a few years later.
24. The design of the formulae could probably occupy a whole Committee Inquiry but in essence the method of weighting indicators by statistical analysis has been questioned by the local government members and independent members who sit on the Distribution Sub Group. They have been keen to explore whether a more transparent method might be found. In essence this would involve looking at school spend from a 'bottom up' perspective establishing the true drivers of need, given the number of pupils and education outcomes to be achieved, what are the basic inputs (costs). The question for the Distribution Sub Group is whether such a model might be developed and agreed by all stakeholders or should the Welsh Government work on updating the current methodology?

25. Any Government contemplating changes to formula at a national-level or local-level should commit to transitional funding and be aware that this does not impact on outcomes.
26. In terms of whether education is sufficiently 'weighted' within the SSA framework, then this is largely done in an evidential and mechanistic way. Education's £2.24bn share (nearly 40%) of Total Standard Spending of £5.66bn is determined by historic out-turn and budget expenditure data collected by the Welsh Government from local authority returns. One important aspect of the formula is that it is a framework for apportioning cash-limited sums of money; if there is not enough money in the system then it does not matter how good the formula is.

**The relationship, balance and transparency between various sources of schools' funding, including core budgets and hypothecated funding**

27. The WLGA on behalf of local government has lobbied consistently for all education funding to be transferred into the Revenue Support Grant (RSG). This would not only ensure that schools receive appropriate levels of core funding but would also eliminate the significant bureaucratic burden that accompanies hypothecation. In recent years we have seen an increase in the number of individual grants for schools being introduced by Welsh Government. These have often been introduced with limited prior notification and with a narrow timeframe for local authorities to formulate time-consuming bids, the success of which tends to reflect the ability to put a bid together rather than the equitable delivery of policy objectives.
28. Certain grant funding streams have been provided for a number of years resulting in schools' reliance on this funding to deliver the core offer, e.g. Foundation Phase and Pupil Development Grant. Regional Consortia School Improvement funding used to be sufficient to deliver Foundation Phase ratios as well as some elements of school improvement. This has been cut to such an extent that it is now insufficient to cover even the Foundation Phase recommendations.

29. There is a need to increase trust in school leaders' ability to fund teaching and learning sustainably through core budgets thereby reducing reliance on hypothecated grants. Funding for the Foundation Phase should be restored to previous levels and transferred into the RSG. A transfer would remove the associated administrative burden and cost along with the unnecessary delay in schools being notified of their funding allocation. This would not only be more efficient, it would improve the adequacy of core funding and flexibility for schools over how they utilise available funding to deliver key priorities shared with the Welsh Government.
  
30. Indicative grant allocations are sometimes provided late in the financial planning cycle and sometimes with no forward visibility beyond the next financial year. Together, these issues lead to greater than necessary bureaucracy and administration throughout the system and sometimes result in pre-emptive or reactive decision-making, where more flexible allocations and / or earlier warning would lead to better planning and improved outcomes. Schools need longer term funding commitments allowing them to plan improvement over at least a three-year period with greater certainty on budgets.
  
31. A fundamental need should be evidenced before announcements of specific funding tied to new initiatives and responsibilities, however good these ideas might seem (e.g. small and rural schools grant, school business managers, reducing class sizes funding etc.). The top slicing of funding for these initiatives has eroded schools' core funding resulting in schools seeking 'top ups' for the basics. This position cannot be justified.
  
32. Lack of transparency over the treatment of funding for MEAG in 2018/19 and continuing uncertainty over the future of this funding is undermining the planning of provision for these vulnerable groups of learners as well as placing large numbers of staff at risk of redundancy.
  
33. The Welsh Government claimed that this funding was cut from the Education Improvement Grant (EIG) and contributed to the additional £170m which went in to the settlement for education and social care. However, this would have simply had the effect of reducing the overall cut to local authority funding. It later became apparent that the funding to support these

vulnerable learners had not transferred into the RSG. A reduced level of funding has been restored for 2018/19 through a grant. The Welsh Government has committed the same level of funding across Wales for 2019/20 but has not yet informed LAs of their allocations. Again, this makes it difficult for local authorities to plan services for the year ahead and prolongs uncertainty for staff. The Welsh Government has requested that regional services are developed but has not guaranteed any funding beyond 2019/20 for regional provision.

34. This situation outlined above was not helped by the announcement in March 2017/18 of £14m for schools' building maintenance. It was clear that the Welsh Government's intention was to allocate funding directly to schools to assist with their overall funding pressures, however, some of this funding could have been allocated to local authorities to maintain specialist support over the coming year. The requirement for schools to offset maintenance costs incurred in 2017/18 using this funding had the effect of increasing the amount being carried forward to 2018/19 in schools' balances. Whilst the impact of this was not particularly significant at individual school level the artificial increase was marked both at both local authority and all-Wales level. This course of action was not helpful given the Welsh Government's previous criticism of the level of school balances in Wales.
35. There appears to be a growing reluctance to fund schools through the RSG. This is evidenced by growth in the number of grants whether allocated to consortia, schools or local authorities. This reduces the flexibility of local authorities to target resources appropriately to meet both national and local priorities and, more importantly, it reduces the core funding available to schools.
36. This approach is incomprehensible when one considers the priority local authorities have afforded to education in recent years and the increase in the percentage of education funding being delegated to schools.

***Welsh Government oversight of how Local Authorities set individual schools' budgets including, for example, the weighting given to factors such as age profile of pupils, deprivation, language of provision, number of pupils with Additional Learning Needs and pre-compulsory age provision***

37. Welsh Government oversight of how local authorities set individual school budgets includes the review of the annual return of various information from local authorities such as the Section 52 Budget Statement. Local authorities are required to comply with the School Funding Regulations and the contents of their own Financing Schemes and Schools Funding Formulae when producing their annual school budget allocations.
38. The Welsh Government recently requested that local authorities complete a detailed ad-hoc financial return which suggests that the information required could not be extracted from the standard annual returns completed by local authorities. The content, consistency and comparability of the current annual returns and the information provided by LAs through them would benefit from review to determine whether a more streamlined, informative method of data collection could be developed.
39. The ADEW Finance Group enables the sharing of detailed information about the compilation of individual local authority funding formulae and school expenditure. Examples of good practice include:
- Local authorities reviewing and implementing fundamental changes to their funding formulae with the full engagement of schools.
  - Regions working together to review and compare their individual school funding formulae.
  - ADEW is continuing to develop school financial benchmarking across Wales. While this is not available as a complete data set as yet, the ability of LAs and schools to compare expenditure (and in the future funding and income) is improving.
40. It is clear that a shared understanding is being developed of individual local authority school funding formulae. It is important to note that this learning is considered together with contextual factors resulting in a funding formula that effectively meets local needs. It is also apparent that local authorities are developing their own intelligent approach to monitoring and review which is based on discussion rather than a mechanistic compliance model that does not account for local need.
41. Increased responsibility of schools over their own budget further needs to be accompanied by effective school self-evaluation and accountability

mechanisms. More flexible regulations are needed to prevent schools from accumulating excessive balances and to enable such funds to be effectively reallocated.

42. While the Welsh Government's monitoring function is well embedded it is thought that too much funding is hypothecated for particular initiatives without the necessary understanding of local context and priorities. It is national government's responsibility to set policy and it should be for local government to decide on how policy can be implemented most effectively and efficiently in partnership with schools. Too many directly funded projects have resulted in resources being used inefficiently with limited impact, e.g. Schools Challenge Cymru. This funding should have been transferred into the Revenue Support Grant to support classroom provision for all pupils.
-

Kirsty Williams AC/AM  
Y Gweinidog Addysg  
Minister for Education



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref MA-L-KW-0963-19

Lynne Neagle AM  
Chair, Children, Young People Education  
Committee National Assembly for Wales  
Cardiff Bay  
CF99 1NA

12 March 2019

Dear Lynne,

### **Draft Additional Learning Needs Code**

Thank you for your letter of 26 February in relation to the draft Additional Learning Needs Code ('the draft Code'), requesting clarification on a number of specific points relating to sections 68 and 69 of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 ('the Act').

#### Section 68: Arrangements for the avoidance and resolution of disagreements

Paragraphs 25.3 – 25.33 of the draft Code set out the requirements and guidance which relate to these arrangements. The arrangements will include a wide variety of activities relating to both avoidance of disagreements on the one hand, and also the resolution of disagreements, and so it is important to note that these arrangements are not a 'service' in themselves, although a service or services may form part of them. Whether these arrangements are provided directly by the local authority or by a third party would be a matter for the local authority to determine.

Paragraph 25.36 of the draft Code deals with the independence of persons helping to resolve disagreements, and sets out the way in which "independent person" should be interpreted for the purposes of s.68(3) of the Act. At this stage, I do not feel it would be appropriate for me to provide the Committee with a further interpretation beyond that which has been included in the draft Code for consultation. However, I would welcome the views of the Committee, along with those of other respondents to the consultation, about whether this interpretation is appropriate or sufficient, including views on whether the Code should impose any additional requirements (in accordance with the power to do so in s.4(5)(a) of the Act) in relation to this matter).

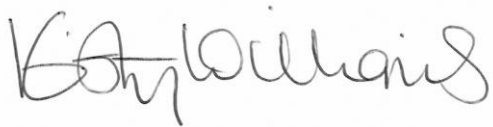
#### Section 69: Independent advocacy services

Paragraphs 25.66 – 25.68 of the draft Code set out the requirements and guidance relating to the independence of advocacy services. As I have said in response to your request for further clarification of the section 68 provisions above, I do not consider it appropriate at this stage for me to go further than that which is set out in

the draft Code. However, I would very much welcome the views of the Committee on how the Code might provide guidance on the interpretation of s.69(3) of the Act or indeed what further requirements might be imposed through the Code in regards to this matter.

I am determined that we achieve the overarching objectives of the Act, including the creation of a fair and transparent system for providing information and advice and for resolving concerns and appeals. The Committee has an important role in contributing to ensuring that the Code reflects the Act and its intentions. I am grateful to the Committee, and the stakeholders working with it, for their time and commitment to scrutinising the draft Code and look forward to receiving your consultation response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kirsty Williams'.

**Kirsty Williams AC/AM**  
Y Gweinidog Addysg  
Minister for Education