

Agenda – Children, Young People and Education Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 26 September 2019

Meeting time: 09.15

For further information contact:

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Committee Clerk

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Private pre-meeting

(09.15 – 09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Post-Legislative Scrutiny of the Higher Education (Wales) Act 2015 – evidence session 5

(09.30 – 11.00)

(Pages 1 – 22)

Kirsty Williams AM, Minister for Education

Huw Morris, Director of Skills, Higher Education and Lifelong Learning Group,
Welsh Government

Attached Documents:

Research Brief

CYPE(5)-25-19 – Paper 1

3 Papers to note

(11.00)

3.1 Letter from the Minister for Education – revised Additional Learning Needs implementation plan

(Pages 23 – 24)

Attached Documents:

CYPE(5)-25-19 – Paper to note 1



- 3.2 Post-Legislative Scrutiny of the Higher Education (Wales) Act 2015 – additional information from HEFCW following the meeting on 18 July**
(Pages 25 – 29)

Attached Documents:

CYPE(5)-25-19 – Paper to note 2

- 3.3 Letter from the Chair to the Welsh Local Government Association – Childcare Funding (Wales) Act 2019**
(Pages 30 – 31)

Attached Documents:

CYPE(5)-25-19 – Paper to note 3

- 4 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting and for item 1 at the meeting on 2 October**
- 5 Post-Legislative Scrutiny of the Higher Education (Wales) Act 2015 – consideration of the evidence**
(11.00 – 11.15)

Document is Restricted

Minister for Education Evidence Paper

Children, Young People & Education Committee

Title: Post-Legislative Scrutiny of the Higher Education (Wales) Act 2015

Date: 26 September 2019

Time: 09:30 – 11:00

Introduction and context

The previous Welsh Government's primary policy objectives in relation to the Act were to:

- a) ensure robust and proportionate regulation of institutions in Wales whose courses are supported by Welsh Government backed higher education grants and loans;
- b) safeguard the contribution made to the public good arising from the Welsh Government's financial subsidy of higher education;
- c) maintain a strong focus on fair access to higher education; and
- d) preserve and protect the institutional autonomy and academic freedom of universities.

Since the passage of the Act under the previous administration, I and my officials have maintained an effective working relationship with the Higher Education Funding Council for Wales (HEFCW), the body primarily discharged with implementation of the Act. We are fortunate in Wales to enjoy a strong working relationship with our higher education institutions. Our communication with HEFCW and the sector is generally positive and productive.

The 2015 Act was introduced by the previous administration in order to enable HEFCW to continue to regulate the Welsh higher education sector following the large reductions in HEFCW recurrent funding after the 2012 student funding reforms. Since its passage, the sector in Wales and in the rest of the UK has seen further substantial changes to the funding and policy environment. Our implementation of the recommendations of the Diamond Review has further altered the balance between direct-recurrent funding and student support. The passage of the Higher Education and Research Act 2017 has moved the regulatory framework for higher education in England towards a clearly more marketised sector. Brexit and the decline in the school-leaver population have caused some uncertainty for our universities in an increasingly competitive environment for recruiting domestic and international students.

Looking ahead, our post-compulsory education and training reforms will establish a new funding and regulatory body that will oversee higher education, further education, apprenticeships, adult learning, and school sixth forms. The new Commission for Tertiary Education and Research will replace HEFCW's functions related to the oversight of public funds awarded to universities, higher education providers and other publically funded post-compulsory education and training providers. Our reforms will be informed by the wider trends affecting post-compulsory education policy, as well as the extensive consultation we have conducted with the affected sectors.

Aims of the 2015 Act

(a) Ensuring robust and proportionate regulation of institutions in Wales whose courses are supported by Welsh Government backed higher education grants and loans

The Act was passed to ensure that HEFCW had the powers to continue to ensure robust and proportionate regulation of higher education in Wales. The Act has been essential in ensuring that HEFCW can continue to regulate the sector following significant changes to the funding of higher education since 2012. Despite the legislative change, the Act in many ways emphasised continuity in regulation, and built upon existing forms of oversight and regulation in quality assurance, financial management, fee limits, and widening access.

Since commencement of the Act HEFCW has discharged its regulatory functions in respect of quality assurance through the Quality Assessment Framework for Wales, published in March 2018.¹ The framework provides for 'gateway' quality assurance for providers wishing to become regulated, arrangements for assurance of established providers, a process for dealing with student complaints, development work on degree standards, external examining, UK-wide comparability, and agreeing arrangements for transnational quality assurance. I am encouraged that Welsh universities continue to receive excellent student feedback on the quality of education they provide and outperformed the rest of the UK in the most recent National Student Survey.

HEFCW's recently published annual regulatory report, which was laid before the Assembly in July, outlines in detail how the Council has been closely monitoring the financial health of the sector. HEFCW's Institutional Risk Review (IRR) process draws on a range of information from the latest data returns, Council and officer engagements with institutions are also used to assess risk in six key areas: governance and management; finances; strategic direction; research and knowledge transfer; students and quality; and estates. HEFCW uses this information to assign a level of risk (low, medium or high) to an institution. These risk assessments are confidential and are not shared publicly. I expect the Council to take the necessary

¹ HEFCW, *Quality Assessment Framework for Wales* (July 2019).

steps to assist institutions to mitigate risk, particularly for those institutions that are rated as high risk.

In view of the challenges facing the sector in Wales and across the UK, my officials have been discussing with HEFCW how their risk review processes and the guidance provided to Governing Bodies might be strengthened.

(b) Safeguarding the contribution made to the public good arising from the Welsh Government's financial subsidy of higher education

Since the passage of the Act the Welsh Government has sought to set clear expectations for HEFCW and the higher education sector through annual remit letters. At my request, HEFCW has been able to take forward programmes of work in areas of interest to the public good including openness and transparency on senior pay, pay equality and gender pay, measures to encourage fair working practices, good governance, student mental wellbeing, and collaboration with regional skills partnerships.

Through my annual remit letter to HEFCW, I have been able to encourage and promote activity to tackle inequality and promote a fairer more equitable sector for students and staff. I have asked HEFCW to work with the sector to promote a more open approach to senior pay, to take action on pay inequality and gender pay, to promote a living wage sector and a more ethical approach to procurement. We have seen progress in these areas in the following areas:

- HEFCW has been remitted to produce an annual report to Welsh Government on senior pay levels and awards in higher education institutions in Wales.
- Welsh higher education institutions are meeting their commitment to pay the Living Wage Foundation's living wage to all directly-employed higher education staff by 2018/19, and to start implementing the living wage across their outsourced activity.
- As of the end of July 2017, Welsh universities become signatories to the Welsh Government's Code of Practice Ethical Employment in Supply Chains.

I am aware that Welsh institutions are committed to working to improve the mental health and well-being of students. There are also already some good UK frameworks, such as 'stepchange' and 'Suicide Safer Universities' by Universities UK, and the Welsh Government's 'Healthy and Sustainable Higher Education and Further Education Framework' taken forward by Public Health Wales, which provides a whole-setting approach to health and wellbeing and builds on the successful work done in our schools. There is, of course, more that can be done but it is important to recognise the work already taking place. These actions by higher education

institutions support our Wellbeing Objectives to tackle regional inequality and promote fair work.

This year's remit letter to HEFCW recognised the need for strong collaboration both between higher education institutions, further education institutions and other learning providers to meet local skills requirements. My letter asked the Council to encourage institutions to build on existing activity to further develop an entrepreneurial culture within the sector, and to contribute to this agenda within the school sector.

The 2015 Act requires that institutions who wish to apply to HEFCW for approval of a fee and access plan in order to become a regulated institution must be charities. A key benefit of regulated institution status is that any qualifying courses offered by the institution will automatically be designated for Welsh Government student support, which means any student is in principle eligible for tuition and maintenance loans and grants. The Act also includes recognition for higher education institutions' charitable status, and demonstrates our commitment to higher education operating as a public good in Wales. During development of the Bill, officials worked closely with the Charity Commission to ensure that the law did not affect institutions' ability to comply with charity law.

The Welsh sector's commitment to viewing higher education as a common good and the support from university leaders to working together for national priorities has been particularly welcome. HEFCW's publication, *Innovation Nation: On Common Ground*, demonstrates how higher education providers pursue their civic mission and act as corporate citizens both locally and globally. Projects have provided opportunities to promote local access to the arts, sport, culture and heritage, engage the interest and raise the aspirations of learners of all ages, and contribute to the sustainability of local communities.

(c) Maintaining a strong focus on fair access to higher education

The 2015 Act strengthened HEFCW's monitoring and enforcement role in respect of fee and access plans by requiring HEFCW to evaluate the effectiveness of approved plans both individually and generally. Through their fee and access plans institutions have a range of measures in place aimed at promoting and safeguarding fair access to higher education. The fee and access plan process ensures institutions in Wales commit to activity which supports the promotion of higher education and equality of opportunity in access to higher education. In the 2017/18 academic year HEFCW reported total fee and access plan investment in equality of opportunity and the promotion of higher education of £105,727,000, a sector total investment of 17% of fulltime undergraduate and PGCE total fee income. I note that HEFCW has recently

reported that “no regulated institution has failed to comply with the regulatory requirements associated with a fee and access plan”.²

We are beginning to see this additional investment deliver results. 13.2% of first degree undergraduates at Welsh universities are from low-participation neighbourhoods, ahead of the UK average of 11.6%.³ However, due to the nature of fee and access plans it will take more time before the full effects of this increased investment in equality of opportunity in Welsh higher education will be able to be fully assessed. HEFCW, and subsequently the new Commission for Tertiary Education and Research, will, in due course, be able to conduct research and analysis to evaluate the effectiveness and impact of fee and access plans. The intention is that HEFCW will utilise the findings of such evaluations to develop good practice information and advice on the most effective fee plan activities and investments, with the aim of improving fee plan outcomes.

Nonetheless, I have noted the evidence provided to the Committee by HEFCW and higher education institutions in regards to the operation of fee and access plans. Our preparation for the TETR Bill has included consideration of ways in which we can maximise the effectiveness of higher education providers’ obligations in widening access and opportunity, whilst minimising unnecessary administrative burden. I will be bringing forward proposals in the Bill to allow fee and access plans to be more strategically focused, for plans to incorporate consideration of access to part-time and postgraduate courses, and to emphasise positive outcomes for students from underrepresented groups as well as institutions’ upfront investment.

(d) Preserving and protecting the institutional autonomy and academic freedom of universities

Higher education institutions continue to enjoy substantial rights of autonomy. I am confident that the implementation of the Act has not infringed on that autonomy, despite the concerns raised by some stakeholders prior to passage of the Act.

I am further confident that the Act has not, nor could have, infringed on academic freedom, and have no evidence to suggest that it has. I note the evidence from Cardiff University which states that “the autonomy and academic freedom of the institution has not been in question since the enactment of the bill, with no adverse effects arising”.⁴

² HEFCW, *Annual Regulatory Report, 2017/18* (July 2019), p.12.

https://www.hefcw.ac.uk/working_with_he_providers/he_wales_act_2015/Annual_Regulatory_Report.aspx

³ HESA, *Participation of under-represented groups in higher education (Table series T1 and T2)* (February 2019),

<https://www.hesa.ac.uk/news/07-02-2019/widening-participation-tables>

⁴ Cardiff University, *Response to call for evidence – CYPE Committee Post-Legislative Scrutiny of the Higher Education (Wales) Act 2015* (2019).

<http://senedd.assembly.wales/mgConsultationDisplay.aspx?id=348&RPID=1015905352&cp=yes>

The challenge ahead for the coming TETR Bill will be to ensure the appropriate balance between maintaining autonomy for the higher education sector as well as ensuring that the sector is subject to appropriate accountability and operates in a manner that aligns with the social, economic and civic needs of Wales. I am confident that our proposals will achieve the right balance, and are steadfast in our commitment to academic freedom and institutional autonomy within our higher education sector.

Costing and value for money

The Act did not incur significant new costs for Welsh Government. Those costs that were incurred related primarily to the preparation of secondary legislation and ministerial guidance in 2016-17. However, we acknowledge the additional recurring costs to HEFCW in ensuring implementation of the Act since 2016-17, which has been estimated at £250k per annum.

I have given assurances to HEFCW that their income will continue to increase in each year of this Government, as we phase in the reforms to higher education and student support. The final allocations provided to HEFCW in the last three financial years and the 2019-20 Budget demonstrate that we are delivering on that commitment. The final allocations to HEFCW rose from £120m in 2017-18 to £151m in 2019-20.

The 2019-20 remit letter to HEFCW requested further assurance on how Welsh higher education provides quality education, maintains standards and upholds its world-class reputation. It asked the Council to consider whether the current arrangements for monitoring professional accreditation, the classification and awarding of degrees and other measures to assure the quality of provision and academic integrity need strengthening and to provide a report on these issues to ensure that institutions are taking these matters seriously.

In my letter to HEFCW I also asked the Council to work with the HE sector to consider how it can increase openness and transparency around the use of fee income. Students make a significant contribution to institutional income through their tuition fees, and it is fair for students to expect institutions to be accountable for how that fee income is invested. I also expect HEFCW to continue its monitoring of fee levels across the sector for postgraduate and part-time provision in order to protect students from disproportionate and unwarranted fee increases.

Implementation

I would direct Assembly Members to HEFCW's first annual regulatory report for details on the full implementation of the Act.⁵ The report sets out how, during the 2017/18 academic year, the Council has exercised its functions in relation to the Higher Education (Wales) Act 2015 in line with the requirements set out in the legislation and guidance I have issued.

Outcomes from the Welsh Government's formal reviews of the Act

In the explanatory memorandum to the Act published at introduction, I proposed to undertake formal reviews of the Act approximately one, two and three years after implementation. The intention was that such reviews would be timed to follow shortly after the submission of annual reports by HEFCW. Full implementation of the Act did not conclude until the 2017/18 academic year due to a two year transitional period which ended on 31 August 2017. This period was designed to allow a smooth transition from the previous arrangements to the new regulatory system with the aim of minimising disruption for HEFCW and institutions. HEFCW's first annual report was submitted to officials on 30 May 2019. I will take account of this report and subsequent developments in determining the extent, nature and timing of a formal review.

Good practice and lessons learned from both the Act and its preparation (i.e. the process by which the Act was formulated, drafted, consulted on and so forth).

Secondary legislation

I note that a number of concerns were raised during the passage of the Act regarding the use of subordinate legislation. I am confident that the implementation of the Act has demonstrated that the Act is not a 'framework Act', and that the regulatory framework in operation is primarily determined by the primary legislation. Although the Act contains a number of regulation making powers, we consider such powers to be essential to prescribe matters of procedural detail and to provide for future flexibility with regard to matters which may change from time to time.

There were good reasons for the inclusion of each of the regulation making powers and these were set out in the Statement of Policy Intent which accompanied the Act when introduced to the Assembly. In addition, it is worth noting that the 2015 Act did not create a substantially different system (in effect) to that which operated under the Higher Education Act 2004.

Transitional arrangements

⁵ HEFCW, *Annual Regulatory Report, 2017/18* (July 2019).

https://www.hefcw.ac.uk/working_with_he_providers/he_wales_act_2015/Annual_Regulatory_Report.aspx

A phased approach to implementation of the 2015 Act was considered to be necessary to ensure a smooth transition to the new regulatory framework. The legislation was drafted and commenced accordingly, arrangements were made for a two-year transitional period. This approach allowed sufficient time for HEFCW and institutions to successfully adapt to the new regulatory requirements and minimised any risk that might have been incurred by the change to a new legislative basis for regulation.

Consultation

The Welsh Government adopted a two stage approach to consultation on the policy proposals for the 2015 Act comprising a White Paper followed by a Technical Consultation which set out the extensive detail of the proposed regulatory system. Additionally, officials conducted extensive engagement with stakeholders as well as with the UK Government to make arrangements for the continued regulatory oversight of cross-border provision by HEFCW. It is worth noting that the consultation process resulted in several decisions *not to proceed*, including a statutory duty for HEFCW in relation to quality enhancement (as opposed to assurance), and formalising existing processes to strengthen the learner voice.

Future legislation

Looking ahead, I am keen to ensure that HEFCW's successor body, the Commission for Tertiary Education and Research (CTER), is constructed in a way which allows it to be flexible and adaptable as the world changes around it. The new body will have responsibility for funding and regulation across a range of sectors as well as higher education.

I am encouraged by the level of engagement stakeholders have demonstrated with these reforms, which reflects the passion many have for the post-compulsory sector in Wales and its contribution to cultural and civic life. My Officials will continue to engage with and listen to all partners and in particular with learners and their representatives. The detailed feedback provided has helped us refine our thinking as the policy develops within the legislative process.

Agenda Item 3.1

CYPE(5)-25-19 - Paper to note 1

Kirsty Williams AC/AM
Y Gweinidog Addysg
Minister for Education



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA(L)/KW/0685/19

Lynne Neagle AM
Chair
Children, Young People and Education Committee
National Assembly for Wales
Ty Hywel
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17 September 2019

Dear Lynne,

I am writing to thank you for your response to the public consultation on the draft Additional Learning Needs (ALN) Code and proposed related regulations which closed on 22 March 2019. As a statutory consultee under section 5(1) of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 (the Act), the views you have expressed are invaluable in ensuring that the ALN Code is fit for purpose.

I was pleased with the considerable number of responses we received and the level of participation at the regional stakeholder events. I am confident that together we can deliver a truly transformative system which improves the educational outcomes for some of our most disadvantaged children and young people.

In June, I published three reports summarising the many issues that have been raised in response to the consultation. Since then my officials have given detailed consideration as to what changes may be needed to the Code and regulations. In the course of this analysis, it has become clear that, due to the time required to consider and make the needed changes to the Code, it is necessary to revise the timetable of the implementation plan.

Ahead of setting out an updated implementation guide, I can confirm that:

- The statutory roles created by the ALN Act are to commence in January 2021 but the new ALN system will commence, on a phased basis, from September 2021. This will provide time for further dedicated training and development.
- I expect, in line with their existing statutory obligations, that local authorities, health boards and schools ensure that they are meeting the needs of children and young people with special educational needs.
- I will lay the Code and regulations for National Assembly approval in 2020. This additional time provides for further consideration of potential improvements that can

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

be made to the Code in light of the extensive feedback received from stakeholders, learners and families.

I am committed to ensuring that the Code is as clear as possible so that those with functions under the Act fully understand their statutory obligations and are able to operate the new system effectively. In addition, we will be considering some complex policy issues, to ensure that the new ALN system is fair, clear and manageable for the practitioners implementing it.

In introducing new duties and expectations for schools, further education institutions and local authorities there is always a need to take account of the academic year timetable and provide the necessary lead-in time. This is particularly true when we are supporting our most vulnerable learners. There is insufficient time to both issue the Code and regulations in 2020 and for all schools, further education institutions and local authorities to prepare properly to meet their operational requirements by the original date planned for implementation to start.

Rolling out the new system from September 2021 will ensure services are fully prepared for the new system, which in turn will lead to a smoother and more successful implementation. Commencing the statutory roles earlier in January 2021 will also support a smoother and more successful implementation.

Specifically we intend to commence the provisions in the Act requiring the appointment of: an additional learning needs co-ordinator for every mainstream maintained school, pupil referral unit and further education institution; a designated education clinical lead officer for every health board; and an early years additional learning needs lead officer for every local authority.

I am keen that the additional time is used to support all delivery partners to prepare as fully as possible for implementation through continued engagement with the ALN Transformation Leads and multi-agency partners on a regional basis. My officials will therefore be in touch in due course in order to continue to work closely with you on this.

In the meantime, learners' needs must continue to be met under the current system. It is imperative that local authorities, health boards and schools adhere strictly to their existing statutory obligations to ensure that they meet the needs of children and young people with special educational needs.

Yours sincerely



Kirsty Williams AC/AM
Y Gweinidog Addysg
Minister for Education

Agenda Item 3.2

CYPE(5)-25-19 - Paper to note 2

Supplementary information from HEFCW for the Children and Young People Education Committee following the July 2019 meeting

Analysis of the Welsh Higher Education sector's reserves

The Welsh Higher Education sector over the last four years has had total reserves of between £1.5 billion and £1.6 billion, as analysed below. Only the income and expenditure reserve represents realised and unencumbered reserves, and this ranges from 56.2% to 61.7% of the total reserves over the four years. The breakdown by Higher Education Institution (HEI) is provided in **Annex A**.

	Audited 2014-15 £'000	Audited 2015-16 £'000	Audited 2016-17 £'000	Audited 2017-18 £'000
Restricted reserves	103,203	108,892	116,143	104,964
Unrestricted reserves				
Income and expenditure reserve - before pension provisions	1,275,650	1,396,905	1,451,401	1,486,262
LESS: Pension provisions	(397,504)	(541,087)	(493,768)	(425,381)
Income and expenditure reserve - per financial statements*	878,146	855,818	957,633	1,060,881
Revaluation reserve	580,213	554,058	497,804	486,001
Total restricted and unrestricted reserves	1,561,562	1,518,768	1,571,580	1,651,846

**£198.487M of additional revaluations were merged into the income and expenditure account on implementation of the accounting changes introduced by the financial reporting standard FRS102 in 2015/16 as 'deemed cost' and are therefore not disclosed separately. A further £28.511M was merged into the income and expenditure reserve in 2016-17.*

Reserves of HEIs represent their total assets less their liabilities and, in very broad terms, can be used as a proxy for the overall value of an institution. These reserves are the accumulated surpluses of an institution over its lifetime and most of these have been invested in fixed assets used by the HEI such as land, buildings and capital equipment. Reserves are not the same as cash and should not be regarded as an indicator of the financial health of an institution in terms of its available cash. Although an institution could dispose of an asset if it was surplus to operational requirements (thereby converting it to cash), the assets are accounted for at original cost or their value to the institution as opposed to their disposal value and the cash proceeds can therefore be different to the asset value.

Reserves are categorised as restricted or unrestricted. Restricted reserves have conditions attached to them that limit or narrowly define how an institution can use the funds, such as endowments and donations designated for a specific purpose. Unrestricted reserves represent the value of the institution's accumulated funds through surpluses reported in its income statement, on whose use there are no restrictions.

Unrestricted reserves include revaluation reserves, which arise when an institution reflects the current value of an asset, as opposed to its original cost, in its financial statements. These "gains" are therefore unrealised as property values can fluctuate over time and the institution will not necessarily intend to crystallise the gain, or even achieve the accounting value should the gain be crystallised. Outside the charity sector, such gains are deemed undistributable.

Unrestricted reserves are also required to absorb the pension provisions for defined benefit schemes which is a very material figure for individual HEIs.

Other relevant indicators of an institution's cash reserves and financial health are a combined consideration of:

- a) liquid assets (cash and short term investments) considered as a percentage of cash expenditure ; and
- b) net operating cash flows

Surpluses and deficits can be impacted by non-operational cash items such as receipts from donations and endowments or large capital receipts. Cash flow from operating activities represents a more reliable indicator of financial operating performance. Cash flow here means an HEI's cash resources that have been generated from operations to meet day to day obligations, before the costs of capital invested and debt servicing costs (both interest and capital repayments).

Total reserves	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
University of South Wales	72,950	62,419	60,669	94,117
Aberystwyth University	162,712	149,748	148,991	154,964
Bangor University	229,829	213,887	210,879	237,731
Cardiff University	696,887	707,468	718,393	704,914
University of Wales: Trinity Saint David	145,260	126,931	113,138	115,131
Swansea University	137,463	169,621	206,913	215,090
Cardiff Metropolitan University	92,784	73,202	89,466	99,398
Wrexham Glyndŵr University	23,677	15,492	23,131	30,501
Sector total	1,561,562	1,518,768	1,571,580	1,651,846

Restricted reserves	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
University of South Wales	2,292	3,635	4,029	4,199
Aberystwyth University	50,341	52,025	57,849	43,586
Bangor University	6,207	7,041	7,234	7,773
Cardiff University	29,390	30,991	33,623	35,179
University of Wales: Trinity Saint David	9,099	9,174	7,069	7,591
Swansea University	5,674	5,826	6,139	6,436
Cardiff Metropolitan University	-	-	-	-
Wrexham Glyndŵr University	200	200	200	200
Sector total	103,203	108,892	116,143	104,964

2014/15	2015/16	2016/17	2017/18
As a % total reserves			
3.1%	5.8%	6.6%	4.5%
30.9%	34.7%	38.8%	28.1%
2.7%	3.3%	3.4%	3.3%
4.2%	4.4%	4.7%	5.0%
6.3%	7.2%	6.2%	6.6%
4.1%	3.4%	3.0%	3.0%
0.0%	0.0%	0.0%	0.0%
0.8%	1.3%	0.9%	0.7%
6.6%	7.2%	7.4%	6.4%

I&E reserve	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
University of South Wales	60,476	48,602	46,458	79,736
Aberystwyth University	37,078	25,255	21,499	46,146
Bangor University	223,622	206,846	203,645	229,958
Cardiff University	309,318	324,595	339,184	330,445
University of Wales: Trinity Saint David	93,457	75,714	81,451	83,038
Swansea University	67,282	114,823	152,999	161,859
Cardiff Metropolitan University	92,784	73,202	89,466	99,398
Wrexham Glyndŵr University	(5,871)	(13,219)	22,931	30,301
Sector total	878,146	855,818	957,633	1,060,881

2014/15	2015/16	2016/17	2017/18
As a % total reserves			
82.9%	77.9%	76.6%	84.7%
22.8%	16.9%	14.4%	29.8%
97.3%	96.7%	96.6%	96.7%
44.4%	45.9%	47.2%	46.9%
64.3%	59.6%	72.0%	72.1%
48.9%	67.7%	73.9%	75.3%
100.0%	100.0%	100.0%	100.0%
(24.8%)	(85.3%)	99.1%	99.3%
56.2%	56.3%	60.9%	64.2%

Pensions provision	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
University of South Wales	98,421	123,634	138,766	118,107
Aberystwyth University	26,270	36,980	37,264	23,440
Bangor University	18,413	25,127	20,098	12,533
Cardiff University	84,391	110,467	103,285	97,933
University of Wales: Trinity Saint David	31,996	48,386	39,750	29,091
Swansea University	75,171	101,182	77,082	77,057
Cardiff Metropolitan University	40,283	63,085	51,393	47,061
Wrexham Glyndŵr University	22,559	32,226	26,130	20,159
Sector total	397,504	541,087	493,768	425,381

2014/15	2015/16	2016/17	2017/18
As a % total reserves			
134.9%	198.1%	228.7%	125.5%
16.1%	24.7%	25.0%	15.1%
8.0%	11.7%	9.5%	5.3%
12.1%	15.6%	14.4%	13.9%
22.0%	38.1%	35.1%	25.3%
54.7%	59.7%	37.3%	35.8%
43.4%	86.2%	57.4%	47.3%
95.3%	208.0%	113.0%	66.1%
25.5%	35.6%	31.4%	25.8%

Revaluation reserve	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
University of South Wales	10,182	10,182	10,182	10,182
Aberystwyth University	75,293	72,468	69,643	65,232
Bangor University	-	-	-	-
Cardiff University	358,179	351,882	345,586	339,290
University of Wales: Trinity Saint David	42,704	42,043	24,618	24,502
Swansea University	64,507	48,972	47,775	46,795
Cardiff Metropolitan University	-	-	-	-
Wrexham Glyndŵr University	29,348	28,511	-	-
Sector total	580,213	554,058	497,804	486,001
Approximate additional merged in I&E	198,487	198,487	226,998	226,998

2014/15	2015/16	2016/17	2017/18
As a % total reserves			
14.0%	16.3%	16.8%	10.8%
46.3%	48.4%	46.7%	42.1%
0.0%	0.0%	0.0%	0.0%
51.4%	49.7%	48.1%	48.1%
29.4%	33.1%	21.8%	21.3%
46.9%	28.9%	23.1%	21.8%
0.0%	0.0%	0.0%	0.0%
124.0%	184.0%	0.0%	0.0%
37.2%	36.5%	31.7%	29.4%

Agenda Item 3.3

CYPE(5)-25-19 - Paper to note 3

Cynulliad Cenedlaethol Cymru

Y Pwyllgor Plant, Pobl Ifanc ac Addysg

National Assembly for Wales

Children, Young People and Education Committee

Chris Llewelyn

Chief Executive

Welsh Local Government Association

18 September 2019

Dear Chris

Childcare Funding (Wales) Act 2019

We are writing to request information from the WLGA following a letter sent to us on 13th August 2019 by the Deputy Minister for Health and Social Services which stated that work had been 'suspended' between Welsh Government and HMRC on the Childcare Offer 'for the time being'. (see attached)

You will be aware that during this Committee's scrutiny of the Childcare Funding (Wales) Act 2019, your **written evidence** welcomed both 'the way in which WG has worked closely with the Early Implementer Local Authorities to develop the arrangements for the operation of the Childcare Offer in Wales' and 'the ongoing commitment by WG to learning the lessons from early implementation'.

The **Explanatory Memorandum** for the Childcare Funding Act said that the 'end result' of this legislation would be 'one consistent, national online application and eligibility checking system' and that 'this should help avoid a situation in Wales where all local authorities approach the task of eligibility checking in a different way'.

At that time then Deputy Minister also told us that in terms of the 'administration of the scheme, there is a real preference to get to an all-Wales national approach that will take away the complexity and bureaucracy. He also told us that 'the feedback that we have had from the early implementers over the bureaucracy and the complexity of the current system, and that has been very strong to say, 'We do not want to provide it in this way on an ongoing basis [...]'. In particular there was also an emphasis on the need to remove the administration from local authorities given 'many of these families being in quite complex situations.



We would therefore be grateful to hear the views of local authorities in respect of:

- the Welsh Government's decision to 'suspend' the work with HMRC and continue with each local authority administering the scheme individually
- what, if anything, has changed since May 2018 which has led to local authorities changing their views on what we understood to be the bureaucracy and complexity associated with the current system
- whether local authorities are now confident that they can efficiently process all the cases they need to including the most complex
- what assessment has been made of the risks associated with continuing with the current system and how these will be mitigated

We will be raising these issues with the current Deputy Minister during a security session on 2 October 2019 and would therefore be grateful to receive your response by **26 September 2019**.

Yours sincerely



Lynne Neagle AM
Chair

Cc Julie Morgan, Deputy Minister for Health and Social Services

