

Enterprise & Business Committee

Date: 17 October 2012

Time: 9:30-10:30

Venue: Senedd

Title: Education and Skills Draft Budget 2013-14

Purpose

1. To provide an evidence paper for the Enterprise and Business Committee on the Education and Skills budget, priorities for 2013-14 and updates on specific areas of interest to the Committee.

Timing

2. The draft budget was published on 2 October 2012.

The 2013-14 Education and Skills Draft Budget

3. The 2013-14 Draft Budget provides a two year plan for investment in the provision of education and skills in Wales. Table 1 provides an overview of the planned Education and Skills budget or 'main expenditure group' (MEG) together with the changes made to the indicative budget since the publication of the last Supplementary Budget in June 2012.

Table 1: Education and Skills MEG

	2012-13 Supplementary Budget June 2012 £000	2013-14 Indicative Plans Final Budget £000	2013-14 Changes £000	2013-14 New Plans Draft Budget £000	2014-15 Indicative Plans Final Budget £000	2014-15 Changes £000	2014-15 New Plans Draft Budget £000
Revenue DEL	1,676,529	1,694,824	-21,025	1,673,799	1,702,459	-20,825	1,681,634
Capital DEL	178,293	143,834	33,300	177,134	143,834	10,000	153,834
Total DEL	1,854,822	1,838,658	12,275	1,850,933	1,846,293	-10,825	1,835,468
Annually Managed Expenditure	178,309	161,285	15,584	176,869	153,310	29,839	183,149
Education & Skills	2,033,131	1,999,943	27,859	2,027,802	1,999,603	19,014	2,018,617

4. Revenue funding for 2012-13 decreases by £21m compared with the indicative budget published in the Final Budget in November 2011 which equates to 1.2%. The indicative budget for 2014-15 also decreases by £20.8m (1.2%) compared to published indicative plans. The decrease in revenue budget is the result of transfers of funding to other portfolios rather than a budget cut. The School Standards and Organisation (Wales) Bill will transfer responsibility of the funding for the Free School Breakfast Initiative, Appetite for Life and School Counselling budgets into the local authority Revenue Support Grant. That results in a recurrent transfer to the Local Government and Communities MEG in 2013-14 of £21.8m.

5. The capital budget increases by £33.3m to £177.1m in 2013-14 and £10m in 2014-15 compared to published indicative plans.
6. The Annually Managed Expenditure (AME) budget is wholly related to student loans which are demand led and sensitive to interest rate and other macro-economic factors and therefore difficult to forecast. This budget is agreed with the Treasury each year and is fully funded. The budget increases £15.6m in 2013-14 and £29.8m in 2014-15.
7. The Education and Skills MEG was re-aligned in the last budget round to match resources to departmental strategic outcomes and improve the transparency of budgets. The Action level budget plans were published on 2 October. A BEL table is provided at Annex 1 which provides more detail.

Budget Context

8. This budget is set in the context of the constraints imposed by the UK Government in the last spending review, whilst planning to deliver the commitments made in the Programme for Government and delivering an ambitious legislative programme. No new revenue funding is available and so this budget rolls forward unchanged many of the indicative budgets approved by the Assembly in February. However, the Education and Skills MEG has secured additional capital allocations totalling £33.3m in 2013-14 (£10m in 2014-15) to support delivery of the priorities in the Wales Infrastructure Investment Plan for Growth and Jobs and for specific projects from the Centrally Retained Capital Fund:
 - Investment in **21st Century Schools**: £15m in 2013-14 and 2014-15;
 - the extension, refurbishment and **new build of secondary schools in the Dinefwr region** in Carmarthenshire: £7m in 2013-14;
 - **Gateway to the Valleys project** to build a new school in the Tondu area of Bridgend: £2.1m in 2013-14;
 - **Merthyr Learning Quarter project** bringing sixth forms in Merthyr Tydfil together with Merthyr College, University of Glamorgan and the University of the Heads of the Valleys Institute: £3m in 2013-14;
 - **Ysgol y Bont project in Anglesey** to support the construction of a new state of the art green school: £4.7m in 2013-14; and
 - **New North Wales Welsh Medium School in Wrexham**: £1.5m.
9. A further £1.3m will transfer out of Welsh Language to the Central Services and Administration MEG to cover administration costs of the former Welsh Language Board which was abolished earlier in the year.

10. Conversely, funding of £2.1m (£2.3m in 2014-15) will transfer into Education and Skills from the Health, Social Services and Children MEG to cover payments to Cardiff University to support medical and dental training.
11. As part of the budget setting exercise a review of budgets identified £5.7m in potential savings which have been re-prioritised to other commitments such as support for students with learning difficulties in FE colleges and extending the entitlement to the Pupil Deprivation Grant to looked after children.
12. In preparing for the Final Budget 2012-13, we undertook an alignment exercise to ensure that spending plans were matched to our strategic objectives which encompass the commitments made in the Programme for Government (PfG). In this budget we undertook a comprehensive review of budgets which examined whether key commitments, including those in the PfG, were adequately funded. This has resulted in a number of changes to spending proposals including those described in paragraphs 26 and 27 which aim to focus resources on reducing the number of young people not in employment or training. We are confident that the commitments made in the Programme for Government are adequately resourced by this budget. A mapping of our Actions to PfG Sub-Outcomes has been published in the Draft Budget document. We will continue to monitor performance against PfG commitments as part of the annual reporting process.
13. This budget takes account of our legislative programme. In terms of the School Standards and Organisation (Wales) Bill, we have made provision in this budget to transfer a total of £21.8m to the Revenue Support Grant in 2013-14. Any further costs in association with the development and implementation of the Further and Higher Education (Wales) Bill and the Education (Wales) Bill will be met from within these plans. However, it is not anticipated that there will be any significant costs associated with this legislation.
14. Equality considerations have been central to the development of our spending plans, and, as in previous years, the funding changes arising from this budget have been assessed against their impact on people with protected characteristics. We have also been mindful of our commitments under the Welsh Government's Strategic Equality Plan, specifically with regards reducing the number of young people not in education, employment or training.

Summary of Draft Budget Changes

15. A summary of draft budget changes for each Action level budget is provided below together with updates on specific areas of interest as identified.

Education and Training Standards: “To raise the standards of education and training provision, attainment and infrastructure across Wales so that everyone can reach their potential.”

**Literacy and Numeracy:
2013-14 Budget £7.5m**

16.No changes to the literacy and numeracy budget are proposed in this budget round. However the 2013-14 budget increases by £2m compared to the 2012-13 final budget.

2012-13	2013-14	2014-15
Supplementary Budget June 2012	Draft Budget	Indicative Budget
£000	£000	£000
1,166,961	1,184,252	1,189,052

Curriculum: 2013-14 Budget £125.1m

17.The budget increases in net terms compared to 2012-13 by £2.4m. The budget includes 14-19 Learning and the Foundation Phase. We plan to reduce the budget by £0.9m compared to indicative plans already published. Recurrent savings of £0.2m have been identified against the 14-19 Learning budget from our review of budgets. A further £0.7m has been transferred recurrently to the Education Research and Evaluation Services budget in Delivery Support. This is as a result of a consolidation exercise where international research and evaluation budgets were brought together to create a single programme. The foundation phase budget increases by £3.9m when compared to 2012-13.

Teaching & Leadership: 2013-14 Budget £19.8m

18.The budget decreases in net terms compared to 2012-13 by £0.1m. We plan to reduce the budget by £0.1m compared to indicative plans already published. An amount of £0.1m has been transferred recurrently to the Education Research and Evaluation Services budget in Delivery Support. This is as a result of a consolidation exercise as mentioned in paragraph 17.

Qualifications: 2013-14 Budget £5m

19.The budget decreases in net terms compared to 2012-13 by £3.8m. We plan to transfer £4.7m to Post-16 Education to enable further education colleges to deliver the Welsh Baccalaureate. This transfer was already reflected in the 2012-13 budget. In addition, recurrent savings of £3.8m have been identified from our review of budgets.

Post-16 Education: 2013-14 Budget £563m

20.The budget increases in net terms compared to 2012-13 by £7.1m. The budget includes mainstream funding for school sixth forms, further education colleges, work based learning (including ESF funding received) and adult community learning. In this budget round we plan to increase the budget by £4.6m (net). This includes a recurrent transfer in of £4.7m from Qualifications to enable further education colleges to deliver the Welsh Baccalaureate (already reflected in the 2012-13 budget). Also included is a recurrent transfer of £0.1m to Education Research and Evaluation Services budget in Delivery Support. This is as a result of a consolidation exercise as mentioned in paragraph 17.

Higher Education: 2013-14 Budget £382.3m

21. The budget decreases in net terms compared to 2012-13 by £0.1m. In this budget we have included transfers in of £2.1m in 2013-14 and £2.3m in 2014-15 from the Health, Social Services and Children's MEG to cover payments to Cardiff University to support medical and dental training. An equivalent transfer of £2m is already included in the 2012-13 budget.

Education Structures: 2013-14 Budget £2.9m

22. The budget decreases in net terms compared to 2012-13 by £1m. This budget relates to the transformation agenda in further education. We plan to reduce the budget by £1m from recurrent savings that have been identified from our review of budgets.

Education Standards: 2013-14 Budget £34.4m

23. The budget increases in net terms compared to 2012-13 by £6.6m. No significant changes are planned in this budget. However, increases of £6.6m in 2013-14 and £2.9m in 2014-15 are included from previous budget rounds which were identified through efficiencies.

Pupil Deprivation Grant: 2013-14 Budget £36.8m

24. The budget increases in net terms compared to 2012-13 by £4.7m. An increase of £3.3m was included in previous budgets. A further £1.4m increase is included in this budget and will allow us to provide vital funding for looked after children of school age.

ICT & Information Management Systems: 2013-14 Budget £7.4m

25. The budget decreases in net terms compared to 2012-13 by £0.1m. The reduction relates to efficiency savings identified in previous budgets. No changes are proposed in this budget.

Skilled Workforce: "To deliver a suitably skilled workforce with high quality opportunities for all learners."

Employment and Skills: 2013-14 Budget £31.7m

26. The budget decreases in net terms compared to 2012-13 by £3.3m. The former Skills Development and Workplace Learning and Employability budgets have been reorganised to better align with the Programme for Government. As a result the Skills Development and Workplace Learning BEL becomes Employment and Skills with £3.7m transferred in from the Employability budget. In last years final budget additional one-off funding of £7.2m was found for the Young Recruits Programme and Skills Growth Wales as part of the economic stimulus package which is not included in future budgets. An amount of £0.2m has been transferred recurrently to the Education Research and Evaluation Services budget in Delivery Support. This is as a result of a consolidation exercise as mentioned in paragraph 17.

2012-13	2013-14	2014-15
Supplementary Budget June 2012	Draft Budget	Indicative Budget
£000	£000	£000
89,649	81,403	81,403

Youth Engagement & Employment: 2013-14 Budget £19.7m

27. The budget increases in net terms compared to 2012-13 by £1.1m. This budget focussing on our commitment to reduce the number of young people not in education, employment or training. We have also created a new Youth Engagement and Employment Division to take forward this important agenda. As a result the former Supporting Young People budget of £5m has been transferred in and £3.7m of this budget has been transferred to Employment and Skills. There is also a reduction of £0.2m from previous published plans due to transfer of international activities to Education Research & Services as part of streamlining exercise.

Educational & Careers Choice: 2013-14 Budget £30m

28. The budget decreases in net terms compared to 2012-13 by £6m. The decreases relate wholly to changes made in previous budgets where savings will be delivered through reconfiguration of the delivery method of the Careers Service.

Economic & Social Wellbeing & Reducing Inequality: "To support individuals, families, communities and businesses in improving economic and social wellbeing and reducing inequality through education and training."

Wellbeing of Children & Young People: 2013-14 Budget £47.3m

29. The budget decreases in net terms compared to 2012-13 by £15.3m. This budget includes funding for Placements for Students with Learning Difficulties in FEIs, Post 16 SEN, Additional Learning Needs and School Milk. Responsibility for funding of £21.8m for Free School Meals, the Appetite for Life Programme and School Based Counselling has been transferred to Local Government and Communities MEG recurrently. The budget benefits from an increase of £4.2m to meet demand led pressures on the Placements for Students with Learning Difficulties in FEIs budget which was identified in the review of budgets and is funded from efficiency savings across the MEG. Increases of £2.3m were included in previous budgets.

2012-13	2013-14	2014-15
Supplementary Budget June 2012	Draft Budget	Indicative Budget
£000	£000	£000
390,752	379,019	382,054

Post-16 Learner Support: 2013-14 Budget £319m

30. The budget increases in net terms compared to 2012-13 by £8m which was included in previous budgets. The budget supports student finance and includes the Assembly Learning Grant, Education Maintenance Allowance, Targeted Awards and the non-cash element of student loans.

Pupil Engagement: 2013-14 Budget £12.8m

31. The budget increases in net terms compared to 2012-13 by £0.6m which was included in previous budgets. The budget includes the Minority Ethnic Achievement Grant, Grants for the Education of Travellers' Children and Tackling Disaffection.

Welsh Language: “To see the Welsh language thrive in Wales.”

**Welsh in Education:
2013-14 Budget £16.2m**

32. The budget decreases in net terms compared to 2012-13 by £0.2m which was included in previous budgets. The budget supports the ongoing delivery of the Welsh Medium Education Strategy which is a key commitment in our Programme for Government.

2012-13 Supplementary Budget June 2012 £000	2013-14 Draft Budget £000	2014-15 Indicative Budget £000
24,976	25,076	25,076

Welsh Language: 2013-14 Budget £8.9m

33. The budget decreases in net terms compared to 2012-13 by £0.3m which was included in previous budgets.

Delivery Support: “Resources are managed and support the delivery of outcomes.”

**Strategic Communications:
2013-14 Budget £1.5m**

34. No significant changes are proposed are proposed to this budget.

2012-13 Supplementary Budget June 2012 £000	2013-14 Draft Budget £000	2014-15 Indicative Budget £000
4,191	4,049	4,049

Education Research & Services: 2013-14 Budget £2.6m

35. The indicative budget is increased by £1m from previous published plans due to transfer in of international activities to Education Research & Services as part of streamlining exercise. However, the change is already reflected in the 2012-13 budget.

Capital

36. The budget decreases in net terms compared to 2012-13 by £1.1m. However, the budget benefits from an additional £33.3m in new money (£10m in 2014-15).

2012-13 Supplementary Budget June 2012 £000	2013-14 Draft Budget £000	2014-15 Indicative Budget £000
178,293	177,134	153,834

37. Funding of £15m to enable acceleration of a number of schemes under the 21st Century Schools programme in line with the investment priority to ‘Improve the quality of the educational estate’ as set out in the Wales Infrastructure Investment Plan for Growth and Jobs.

38. An additional £18.3m from the Centrally Retained Capital Fund for specific projects as described in paragraph 8.

Summary

39. The Education and Skills Draft Budget for 2013-14 is presented to the committee for consideration.