

Y Pwyllgor Menter a Busnes  
Enterprise and Business Committee

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



Leighton Andrews AM  
Minister for Education and Skills  
Welsh Government

22 October 2012

Dear Leighton

Welsh Government Draft Budget Proposals 2013-14

On behalf of the Enterprise and Business Committee I should like to thank you, the Deputy Minister and your officials for attending the Enterprise and Business Committee meeting on 17 October as part of our scrutiny of the Welsh Government Draft Budget Proposals 2013-14.

Our scrutiny this year was supported by an engagement event we held on 27 September where we spoke to a range of organisations about the priorities they would like to see reflected in the Government's Draft Budget. Organisations from the education and skills sectors also made a significant contribution to the consultation carried out by the Finance Committee into indicative budget allocations for 2013-14.

We note that your paper provided details of the Draft Budget for all areas within your portfolio. We shall concentrate our scrutiny only on those areas that fall within our remit.

The Committee would like to make a number of recommendations for your considered response. These are in addition to the notes that you agreed to

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provide on issues such as Y Coleg Cymraeg Cenedlaethol, on which there has been separate correspondence with your offices.

We are sending this letter to the Assembly's Finance Committee to inform its overarching strategic scrutiny of the Draft Budget. Both our letter and your reply will be published on our website.

Transparency in the budget

The Committee welcomes the improvements made this year in the presentation and clarity of the Welsh Government's budget documents and the paper and annexes you have submitted to the Committee. We also welcome the fact that the figures used as the 2012-13 baseline are those from the Supplementary Budget 2012-13 (June 2012), which makes it easier to track and compare the figures.

We are pleased to note that your department has worked to reprioritise funding within the Education portfolio to align better with commitments in the Programme for Government.

There are still certain "unknowns" in your budget, however, and it was unclear to us where and why funds are being transferred between some budgets. For example, the work-based learning budget line shows an apparent significant decrease of approximately £22 million between 2012-13 and 2013-14, yet your officials informed us that this was a presentational issue.

We should like you to explain in greater detail why funding from the work-based learning budget line has been reallocated to the post-16 receipts budget line; how it balances out with monies from the European Structural Funds; whether there have been any other changes to the budgets for work-based learning; and how this may impact on work-based learning provision and outcomes.

Accountability

Given the uncertainties still surrounding some budgets, our Committee is keen to carry out post-spend scrutiny and budget accountability in addition to our annual scrutiny of budget proposals.

We should like to invite you to appear before the Committee during the **next 12 months to enable us to scrutinise how your last year's budget**

and subsequent expenditure delivered against identified inputs, outputs, outcomes and value for money.

#### Affordability

**During the scrutiny session on 17 October we discussed the provision made in your 2013-14 budget plans in relation to the Further and Higher Education (Wales) Bill. You informed us that plans were at an early stage as consultation on the Bill has only recently concluded.**

As soon as the Bill is published we should like you to clarify the financial implications of implementing the Further and Higher Education (Wales) Bill and, in particular, how the budget will need to accommodate any change in the future role and emphasis of the Higher Education Funding Council for Wales (HEFCW).

**We also discussed the complexities surrounding the financial modelling for tuition fee support and how numbers and cross-border flows of students will affect the affordability of the new tuition fee grant. You reassured us that the system is in fact “affordable”, but we should still like to know what the impact of funding the tuition fee grant will be on HEFCW’s other budgets.**

You offered to send the final figures on student enrolment to us when they are available in December/January. We should like you to discuss with us the implications of those figures for funding the tuition fee grant, whether they will affect the modelling that has been undertaken, and any impact they may have on other HEFCW and Welsh Government budgets. If a gap in the budget does become apparent, we should like to know how it will be filled and from where.

**We did not focus on higher education restructuring with you during the scrutiny session on 17 October but we were interested in the comment you made about the recent merger of several universities.**

Could you tell us what evidence you have of cash savings that have resulted from, or are likely to result from, the recent mergers of Welsh universities?

### Prioritisation

**We discussed the £3.3 million decrease in the Employment and Skills budget in net terms compared with 2012-13, and you agreed to provide a note on this issue. Employment and skills are highly significant and they lie at the heart of Programme for Government priorities.**

We should like you to clarify in your note which specific programmes will be affected by the decrease in the Employment and Skills budget, the rationale that you are using to decide which programmes to fund or not, and the impact the reductions will have.

### Value for Money

**We spent some time on 17 October discussing the planned budget for Youth Engagement and Employment. Given the constraints on funding and the fact that the numbers of young people who are not in education, employment or training remain stubbornly consistent, we appreciate the frustration you expressed about the lack of effectiveness of programmes in this area, and we are assured that you are committed to improving outcomes from future spend.**

We should welcome more information on how the Government plans to simplify and improve the effectiveness of programmes for young people not in education, employment or training and how the budget will be affected as a result. We should also welcome details of how you will be galvanising other sectors to help you deliver your Programme for Government commitments in this priority area.

**We also discussed the decrease in funding for Educational and Careers Choice and in particular the impact this will have on the ability of the restructured Careers Wales (Career Choices Dewis Gyrfa) to deliver its services.**

We should like you to outline what outcomes you have identified for Careers Wales and how you will assess its performance in delivering against its objectives.

### Budgetary processes

**You mentioned that you review the spending progress of your budgets at monthly policy board meetings.**

Based on the findings of your regular monthly reviews, we should welcome a quarterly report that provides a detailed analysis of the **outputs achieved against expenditure within your Department's** budget.

Thank you for assisting the Committee in its work, and we look forward to receiving your response to the points raised in this letter as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick', with a horizontal line underneath.

Nick Ramsay AM  
Chair, Enterprise and Business Committee

c.c. Jocelyn Davies AM  
Chair, Finance Committee