

Senedd Finance Committee

Welsh Government Draft Budget proposals for 2022-23

26 November 2021

Introduction

ColegauCymru is a post-compulsory education charity; we promote the public benefit of post-compulsory education and learning. We also convene the further education (FE) Principals' Forum, which represents Further Education colleges and FE institutions (FEIs) in Wales. ColegauCymru also undertakes research, policy development and provides practical support to FE colleges in Wales, including on work-based learning (WBL) which is a key part of FE college activity.

ColegauCymru notes the ongoing difficulties that Covid-19 has caused for budgets and planning. For the Welsh Government 2021-22 budget proposals, it is essential that the Further Education budget is sufficient and flexible to deal with the challenges ahead. While increases over recent years are very welcome, the impact of inflation should be taken into account.

A significant part of increased funding is immediately absorbed by staff pay as the hard work and progress of those delivering for the sector is rewarded, in line with the Welsh Government priority of pay parity with teachers. Funding increases are also often the result of Welsh Government in-year additional pots of funding outside of the core allocation to FE. Again, while these are welcome and enable much positive work, they are not consolidated and so do not allow a firm basis on which to plan activity and delivery.

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2021-22 budget including funding related to COVID-19?

1.1 The primary impact of Welsh Government funding has been the ability to plan with a degree of consistency. However, this is compromised somewhat by the one year budgeting, often highlighted as a weakness and also due to the complexity of funding streams available to institutions. Some of this still encourages nugatory competition and does not always promote cooperation or put the learner at the heart of planning decisions.

1.2 The committee should be aware that current FE and wider vocational funding can be classified as follows:

- Funding via an allocation methodology defined on a demographic projections of an analysis of the 16-19 year olds and their likely destinations of study.
- Funding for adult part time provision derived from an analysis of educational achievement, English language skills and economic circumstances.
- Funding via semi-competitive bidding for specific programmes to address the skills needs of adults in the workplace e.g. the Personal Learning Accounts.
- Competitively tendered contracts for Welsh Government Apprenticeship and support programmes such as Jobs Growth Wales Plus.
- Allocation based capital funding for maintenance and improvement of the FE estate and its facilities.

1.3 The Welsh Government publishes the FE funding allocations annually and the amounts for 2021/22 can be found on its website.¹ The Senedd Research service has previously published a useful review of Further Education Funding.²

1.4 From 1st August 2021 and as a result of a competitive tender process, FE colleges became the primary provider Welsh Government backed apprenticeships. The contract allocations for 2021/22 are also available publicly. This funding now managed in most instances by FEIs allows for a more joined up approach to meeting employers' needs as well as supporting learners. However, with specific rules and requirements relating to each main funding stream, and also the continued use of competitive tendering, more can be done to ensure that post16 funding is

¹ Welsh Government Further education institutions: allocations 2021 to 2022

<https://gov.wales/sites/default/files/publications/2021-10/further-education-institution-allocations-2021-22.pdf>

² Senedd Research A quick guide to post-16 education funding, originally published 2018,

<https://research.senedd.wales/research-articles/a-quick-guide-to-post-16-education-funding/>

sustainable, supports a resilient sector and above all allows learners to be supported irrespective of their programme of study.

1.5 Entering into a third academic year impacted by COVID, the consistent demographic driven funding methodology has provided a secure base from which to address both the normal challenges as well as the specific issues of the ongoing pandemic.

1.6 It should be acknowledged that the Government has also been able to respond to other needs of the sector. During the current Welsh Government financial year, the Further Education sector is grateful for additional funding. This includes that provided to support staff pay increases and the continued and increasing investment in Personal Learning Accounts for colleges to provide training for jobs in key sectors as well as in “the green economy”. This focus on individuals who are currently working in roles that pay below the average wage complements the re-investment in traditional FE adult part time courses. Investment such as this is helpful, although needs to be set against the comments above about consolidation and planning.

1.7 The impact of this funding has been the reintroduction of adult courses and a wide provision of training identified by employers and importantly individuals with funding for FE being based on a clear demographic need.

1.8 Specific funding requests for support to address COVID specific challenges such as catch up learning and one to one support have been largely well received by Ministers and have resulted in additional sums to cover these costs.

1.9 FE funding remains complex and based on a range of budget lines. It is important that allocations reflect the demographic needs e.g. the rise in specific cohorts of learners, as well as the operational costs that do not always rise or fall uniformly with learner numbers.

2. How do you think Welsh Government priorities for 2022-23 should change to respond to COVID-19?

2.1 As the effects of the loss of European structural funds start to be felt ever more keenly, the Welsh Government should prioritise ways to ensure continuity of support.

2.2 With Covid-19 recovery and the impact of Brexit on employers, there is considerable anxiety that, at a time when there is evidence of emerging increased need, many of the existing programmes are about to cease. This is likely to have a particularly negative impact on vulnerable learners – many of whom are supported by these programmes – who are also the most likely to have been hardest hit by the effects of Covid-19.

2.3 Similarly, Welsh Government should continue to make efforts to ensure that all learners can continue to achieve their full potential in the face of challenging and uncertain times. This needs

to take account of reports such as the recent Wales Audit Office ‘Picture of Higher and Further Education’ which noted that “The effect [of the pandemic] seems to have been most negative for those in the vocational sector, especially at lower qualification levels, and for learners who are already vulnerable due to deprivation, circumstances at home or learning disabilities”.³

2.4 Ongoing disruption to both vocational and academic learners must be addressed as the specific needs of cohorts of learners who have experienced disruption continue to emerge.

3. How financially prepared is your organisation for the 2022-23 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

3.1 The FE sector in Wales is responsibly managed and has negotiated the ongoing initial shock and ongoing disruption of COVID-19 as well as could be expected. However, there is uncertainty regarding revenue streams in the FE sector, with the loss of EU funds being especially challenging.

3.2 Although FEIs share common goals, the nature of the institutions is extremely diverse and therefore there are differences among colleges over financial preparation amid COVID-19. A flexible approach to supporting the FE sector from Welsh Government in its future budget is essential.

3.3 At the same time, to provide more certainty in planning and managing budgets, Welsh Government should explore how to deliver a three year funding model as outlined in the 2017 Wales Audit Office report, or what longer-term assurances it can give to the sector. This would allow for better planning provision across the sector.

4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?

4.1 Any changes to budget and scrutiny processes must be proportionate and should not hamper the ability of the Welsh Government to respond quickly to changing circumstances. Members of the Senedd should be given sufficient time to ask questions of Ministers on financial and budgetary issues, and major statements or announcements should be made to the Senedd where MSs can ask questions and provide scrutiny.

³ Audit Wales, *A Picture of Higher and Further Education*, October 2021, paragraph 57 page 31. Available at: https://www.audit.wales/sites/default/files/publications/POPS-HE-and-FE-Eng_0.pdf

4.2 The reduction in Senedd Committee meetings should be re-examined with a view to reinstating more regular meetings as this allows for improved scrutiny.

5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits, £150 million and £1 billion respectively, to current Welsh Government capital borrowing within this Framework?

5.1 There should be some flexibility around the existing Fiscal Framework as the ongoing costs and impact of COVID-19 continue to emerge and to be understood. The Welsh Government should have all necessary channels available, including more flexible annual and/or overall limits to Welsh Government borrowing, to respond to the public health emergency and to adequately provide support should lockdowns or restrictions for example, continue to be a feature of 2022 and beyond.

5.2 Funding through the Barnett Formula disadvantages Wales. Although public spending levels have consistently sat above the national average, the formula does not take adequate account of the economic and social conditions in Wales.⁴ 27.43% of the Welsh population are aged 60+ whereas this figure is 29.95% in England.⁵ Additionally in Wales, 9.5% of the population hold no qualifications with 25.6% of residents holding a degree or equivalent. These figures in England are 7.9% and 30.2% respectively.⁶

5.3 The figures above indicate that there is a demographic skills gap in Wales which needs addressing, and the cumulative cost of reskilling and upskilling the population post-COVID is going to be higher than the UK average. Therefore, there should be a revision of top level funding in Wales to address the disadvantages caused and undoubtedly extended as a result of COVID-19 in Wales.

⁴ Dr Gillian Bristow, *The Barnett Formula and its Consequences for Wales, Final report for the Independent Commission on Funding and Finance for Wales*, <https://llyw.cymru/sites/default/files/publications/2018-09/barnett-formula-and-its-consequences-for-Wales.pdf>.

⁵ EMSI Analyst Tool

⁶ EMSI Analyst Tool

6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2022-23 budget?

At present, we have no further comments beyond made in response to those in earlier questions.

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