

Paper 2

National Assembly for Wales

Children and Young People Committee

Education and Skills Draft Budget 2014-15

Purpose

1. To provide an evidence paper for the Children and Young People Committee on the Education and Skills proposals outlined in Draft Budget 2014-15 and updates on specific areas of interest to the Committee.

Timing

2. The Draft Budget was published on 8 October 2013.

Education and Skills Draft Budget 2014-15

3. The Draft Budget 2014-15 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 Final Budget 2013-14, to reflect recurrent baseline adjustments in First Supplementary Budget 2013-14.

Table 1: Education and Skills MEG

	2013-14	2014-15	2014-15	2014-15	2015-16
	Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
	£000	£000	£000	£000	£000
Resource DEL	1,658,658	1,696,489	-77,565	1,618,924	1,564,094
Capital DEL	202,134	153,834	0	153,834	143,834
Total DEL	1,860,792	1,850,323	-77,565	1,772,758	1,707,928
Annually Managed Expenditure	176,869	183,149	30,935	214,084	237,862
Education & Skills	2,037,661	2,033,472	-46,630	1,986,842	1,945,790

4. Compared to the restated indicative plans published in Final Budget 2013-14, the total Resource DEL allocation for Education and Skills has decreased by £77.6m or 4.6%. This decrease includes a recurrent transfer of £28.6m to the Revenue and Support Grant (RSG) within the Local Government MEG, for post-16 SEN provision in mainstream schools (£4.2m) and post-16 special schools and SEN out of county placements (£24.4m). The indicative plan for the 2015-16 Resource DEL which is published for the first time is £1,564.1m.

5. There is no change to the capital budget from previous plans published in Final Budget 2013-14, of £153.8m in 2014-15. This includes the additional £10m announced in the Final Budget 2013-14 to support the delivery of the new post-16 Further Education campus in Cardiff. The indicative capital budget for 2015-16 is £143.8m.
6. The Annually Managed Expenditure (AME) budget is primarily 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 by £24.9m in 2014-15, with an indicative budget of £231.9m for 2015-16. There is a further £6m addition to AME for 2014-15 and 2015-16 in respect of pension adjustments for Careers Wales, which became a wholly owned subsidiary of the Welsh Government from 1 April 2013.
7. The Action level budget plans for Education and Skills MEG were published on 8 October. To aid transparency a breakdown of changes to the Education and Skills MEG by Budget Expenditure Line (BEL) is provided at Annex 1.

Budget Context

8. This budget is set in the context of the constraints imposed by the UK Government in recent spending reviews. It also reflects the priorities of Welsh Government and our on-going commitment to deliver the Programme for Government and an ambitious legislative programme. All of the decisions that we face are difficult. There are no easy answers and there has been no way that we can shield services from the effect of the UK Government cuts and the implications of prioritising spend.
9. We have undertaken a line by line review of budgets to establish how the reductions of £83.9m in 2014-15 and £103.9m in 2015-16 can be managed. Whilst difficult decisions have had to be made, the review has been set in the context of continued focus on our Programme for Government commitments and shaped around the three cross-cutting delivery themes of Jobs and Growth; Educational Attainment and Supporting Children, Families and Deprived Communities.
10. 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.
11. Our spending plans have also had regard to the impact on poverty, Welsh language, children's rights and the economic, social and environmental sustainability of projects and programmes. We have ensured that policies and programmes reflect our commitment to sustainability, by considering investment that we can make now to prevent more expensive action in the future.

Programme for Government

12. The Department for Education and Skills has five strategic objectives which support the delivery of outcomes in the Programme for Government to which we have aligned our spending:
- To raise standards of education and training provision, attainment and infrastructure across Wales so everyone can reach their potential;
 - To deliver a skilled workforce with high quality opportunities for all learners contributing to the creation of growth and jobs;
 - To support individuals, families and communities to improve wellbeing by reducing inequality and increasing participation;
 - To see the Welsh Language thrive in Wales; and
 - To be a high performing department and employer of choice.
13. Given the current economic climate and with the reductions currently faced, it is vital that we are clear on our priorities and that spending decisions support our objectives. The Programme for Government (PfG) sets out the outcomes we are working towards, and the decisions taken in this draft budget ensure that our spending plans continue to be aligned to deliver our commitments. A mapping of our Actions to PfG Sub-Outcomes has been published in the Draft Budget document. The latest Programme for Government Annual Report, published in June 2013, provides an update on the actions we are taking to support our priorities. We will continue to monitor performance against PfG commitments as part of the annual reporting process, to ensure associated outcomes are monitored and evaluated to demonstrate value for money.
14. The Department for Education and Skills contributes to a number of areas within the Programme for Government, but predominantly to Growth and Sustainable Jobs (chapter 1), Education (chapter 3) and the Culture and Heritage of Wales (chapter 12). A summary of draft budget changes by Action relevant to this Committee is provided below, together with costs and associated impact on Programme for Government commitments.

Literacy and Numeracy Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
7,512	7,512	(476)	7,036	6,197

15. The budget for Literacy and Numeracy decreases in net terms compared to 2013-14 by £0.476m in 2014-15 and £1.315m in 2015-16. The budget funds a range of interventions to support the agenda of improving literacy and numeracy skills of children and young people. The reduction in funding does not correspond to a reduction in focus on these two priorities. Funding within this Action has already supported the

development of the National Literacy and Numeracy Framework (LNF), which was published in January 2013 and becomes a statutory curriculum requirement from September 2013. This will help achieve our aim that all children in Wales are able to develop excellent literacy and numeracy skills. The increased funding within the Curriculum and Assessment BEL of £3.9m in 2014-15 for the National Support Programme will help to ensure that the LNF is implemented effectively in schools.

16. Funding continues to be set aside in this draft budget to support our Programme for Government commitment of introducing new national numeracy and literacy tests, which commenced in May 2013. Funding reduces in 2015-16, because the majority of costs for developing the tests for 2016 will already have been met. Whilst the reading and numeracy tests in themselves will not raise standards, the data generated will be used to support effective planning, self evaluation and learner tracking.

Curriculum Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
125,060	125,060	(2,893)	122,167	116,056

17. The budget decreases in net terms compared to 2013-14 by £2.9m in 2014-15 and £9m in 2015-16. The 14-19 grant has reduced over the past three financial years, and further reductions have been made possible from the 14-19 Learning in Wales BEL in this Draft Budget as the policy becomes embedded and arrangements for the development of local curricula matured. It is not anticipated that the proposed reductions will materially impact on our Programme for Government commitment for schools and FE colleges to deliver the statutory local curriculum requirements. The prioritisation of future grant support, from April 2014, will also be considered in light of the recommendations from 14-19 Task and Finish Group – Review of Local Collaborative Provision at Key Stage 4.

18. Whilst recurrent reductions have been made to the Foundation Phase budget, approximately £1m will be identified from grant funding provided to local authorities and represents savings that can be achieved through the move to regional consortia working. The remaining £0.3m relates to the transfer of funding to Welsh in Education Action to provide Welsh language training for Foundation Phase practitioners. Consequently, there should be no impact on our Programme for Government commitment to develop and enhance practitioners' skills in delivering the Foundation Phase and we remain committed to this policy and its approach to teaching and learning.

19. The existing end of phase assessments, and the development of the Early Years Development Assessment Framework (EDAF) which is being funded via the Curriculum and Assessment BEL, will also enable us to chart a child's progress across the Foundation Phase and identify whether outcomes are being achieved.
20. To ensure the successful implementation of the LNF, additional funding has been provided in this Draft Budget to adequately resource the National Support Programme which will provide hands-on support, tailored to the needs of individual schools. Consequently, the Curriculum and Assessment budget has been increased by £3.9m in 2014-15 compared to indicative plans previously published.

Teaching and Leadership Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
19,849	20,049	(2,200)	17,849	17,849

21. The launch of a new Masters in Educational Practice (MEP) qualification from September 2012 supports our commitment to raise teaching standards and career opportunities for teachers. To date 430 newly qualified teachers (NQT) have started the programme. The recurrent reduction of £2.2m to the Teaching and Leadership Action can be achieved based on current estimates for the number of newly qualified teachers that will undertake the Masters programme. Therefore, it is not anticipated that reductions will impact on our ability to deliver this Programme for Government commitment, and we remain committed to funding every eligible NQT who wants to complete the MEP qualification.

Qualifications Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
5,045	5,045	0	5,045	5,603

22. This action funds the Welsh Baccalaureate, accreditation of qualifications and the implementation of the Review of Qualifications. Following on from the Review of Qualifications, which presented a coherent package of change required for delivering our Programme for Government commitment of simplifying the qualifications system in Wales, we are

starting to implement all of the recommendations. A project has been established to create a single body, 'Qualifications Wales', to regulate, approve and assure the quality of all qualifications available in Wales. The Review of Qualifications implementation plan has outputs, outcomes and measures of achievement for each of its 18 areas.

23. The consultation on the establishment of Qualifications Wales was launched on 1 October, and a business case is currently being developed looking at options, structures and related costs. The Qualifications budget is increasing in 2015-16 by £0.6m to contribute towards the establishment of this new body. The final level of funding required will be determined during 2014-15 and met through the re-prioritisation if required in the 2015-16 draft budget. The budget will ensure that, working with partners, we can deliver high quality, valued qualifications, which will include revised GCSEs, AS and A levels and a new more rigorous Welsh Baccalaureate.

Post-16 Education Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
578,805	583,006	(49,101)	533,905	536,693

24. This action funds post 16 education in further education institutions, school sixth forms, work based learning, adult community learning, welsh for adults centres, further education provision in higher education institutions and related policy development. The budget decreases in net terms compared to 2013-14 by £44.9m in 2014-15 and £42.1m in 2015-16.

25. This includes reductions to the Work Based Learning budget of £7.3m in 2014-15 and £5.3m in 2015-16. The Work Ready (formally Steps to Employment) programme is likely to cease from April 2014 which is being superseded through initiatives being developed and funded through the Employment and Skills Action. The Programme for Government sets out our commitment to tackle youth unemployment and to deliver more apprenticeship opportunities for young people throughout Wales. Delivery of high quality apprenticeships is a fundamental part of our strategy to improve the skills of workers in Wales of all age. Included in Final Budget 2013-14, and maintained in this draft budget, is an additional investment of £20m for 2014-15 to support apprenticeships in Wales. We are now extending this additional investment to 2015-16.

26. The budget for Further Education provision decreases in 2014-15 from plans previously published by £42.2m. Of this reduction, £4.2m relates to the transfer to RSG for post-16 SEN provision in mainstream schools summarised in paragraph 4. We have prioritised provision for 16-18 year

olds, which will be protected. Therefore the impact of the remaining reductions will predominately be felt in post-19 provision, which is primarily delivered at Further Education Institutions and Welsh for Adults Centres. Post 19 provision accounts for approximately £160m of the total budget, therefore a £37m reduction is equivalent to a reduction in post-19 provision of 23%.

Education Structures Action (Transformation)

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
2,943	2,943	(2,693)	250	0

27. We remain committed to the Further and Higher Education change agenda. Our transformation policy has stimulated and supported our Programme for Government commitment to encourage further mergers of FE Colleges, and we have met our target of rationalising provision to 8-12 FE Institutions a year head of target. As a result, we plan to reduce the transformation budget by £2.7m compared to indicative plans already published for 2014-15 and a further £0.25m from 2015-16. Funding of £0.25m is being sustained in 2014-15 for the remaining funding support contribution for the Coleg Harlech/WEA South Merger.

Education Standards Action (School Effectiveness Grant and School Standards Support)

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
34,350	37,284	(4,523)	32,761	34,261

28. The budget decreases in net terms compared to 2013-14, by £1.8m in 2014-15 and £0.089m in 2015-16. The SEG BEL funds a number of areas in addition to SEG grant, including School Uniform Grant, Governors Wales Grant and the Lead and Emerging School Practitioner pilot. Funding for School Uniform Grant is being maintained to provide £105 per eligible pupil towards the purchase of school uniform. The budget decrease will result in a reduction to SEG grant in 2014-15 by £0.7m from its current level, but this is considered in context of the recent £4.8m increase in the total SEG grant from £24m in 2012-13 to £28.8m in 2014-15. The School Effectiveness Grant (SEG) remains one of our principal means of providing financial support for our three national priorities: improving standards in literacy, numeracy and reducing the impact of

poverty on educational attainment. The SEG funding focuses on our Programme for Government commitment to raise the amount delegated by local authorities to schools, with the minimum delegation increasing from 75% to 80% for 2014-15.

29. The Lead and Emerging Practitioner schools project, which is aimed at promoting the dissemination of best education practice in schools across Wales, is an 18 month pilot which commenced in 2013-14. Funding will allow for the continuation of planned cohort 2 of schools; however the number of schools will be reduced compared to the number of schools in cohort 1 as a result of reductions applied of £0.8m. The pilot will be subject to an independent impact evaluation which will inform future development.

Pupil Deprivation Grant Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
36,780	38,246	33,000	71,246	34,246

30. The Pupil Deprivation Grant (PDG), introduced in April 2012, is a key opportunity for schools to provide targeted support to reduce inequalities in educational attainment. The PDG for 2013-14, which is 100% delegated to schools, stands at £33.3m. This represents an increase from 2012-13 grant levels of £32.4m, following the extension of the eligibility criteria for PDG to looked after children. The Welsh Government is currently working with the four regional education consortia to make sure that the funding is utilised in the most cost effective way which provides the highest impact, based on well evidenced approaches.

31. The creation of the PDG was for a three year period until 2014-15, but funding has been extended to 2015-16 in this draft budget in recognition of the importance placed on this grant to help address the impact of deprivation on educational attainment. The PDG budget was planned to decrease by £2m in 2014-15 as the number of pupils eligible for free school meals did not increase to the extent that was anticipated last year. However as a result of the Budget Agreement, an additional £35m has been secured which will enable us to increase the targeted support per pupil in 2014-15 from £450 to £918 per pupil.

ICT & Information Management Systems Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
7,423	7,423	5,558	12,981	6,951

32. The ICT and IMS Action has increased by £5.6m in 2014-15, to fund the revenue element to support the £39m total investment in faster broadband services in schools, announced in January 2013. This investment, which also includes £27m of targeted capital funding for the Learning in Digital Wales Grant, will provide installation of higher speed broadband to all schools in Wales to sufficient capacity for the size of the school to effectively use digital learning in the classroom and by individual learners to have access to a 21st century learning environment. This investment will allow learners to access the full functionality of Hwb (which is also funded from this Action at £2.5m) and therefore deliver our Programme for Government commitment to build foundations for an all Wales virtual learning environment (VLE), enabling every school in the country to access on line learning resources. By July 2014, all schools in Wales will have an opportunity to use a centrally-funded national learning platform.

Wellbeing of Children and Young People Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
22,848	47,423	(24,940)	22,483	22,733

33. The budget decreases in net terms by £24.9m in 2014-15 compared to previous plans published. The transfer of responsibility for the funding of post-16 special school and SEN out of county placements to local authorities has seen funding totalling £24.4m transferred to the Revenue Support Grant (RSG) within Local Government MEG recurrently. The remaining reduction in 2014-15 of £0.5m has been identified from the Additional Learning Needs BEL for the National Support Programme which will ensure that teachers become better equipped to meet the needs of some of the most vulnerable learners in their teaching of literacy and numeracy.

34. Funding for School Milk is being maintained at £3m within the Food and Drink BEL, as part of our Programme for Government commitment to continue our free breakfast and free school milk programmes for young people up the age of seven. School breakfast funding of £14.7m

transferred from Education and Skills MEG to RSG in last year's draft budget.

Pupil Engagement Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
12,758	12,758	(500)	12,258	12,758

35. Funding for Gypsy and Traveller's children, who have been identified as having the lowest attainment of any pupil group and the group most at risk of disengagement from school, is being maintained for 2014-15 and 2015-16. The grant has been increased by 22% over the last three years from £0.9m in 2011-12 to its current level of £1.1m.

36. Our funding to support ethnic minority children, who are learning English as an additional language and who may be under achieving, has been returned to the 2012-13 level of £10m for 2014-15. Funding will return to its current level of £10.5m in 2015-16 to take account of the expected increased demand on this budget when access limitations cease for Romanians and Bulgarians. Active steps are being taken to ensure MEAG is outcome focussed and represents value for money. A 'Strengthening MEAG Governance' project is underway which aims to improve governance and ensure that funding is directed towards activities that have the maximum impact in improving educational achievement for minority ethnic pupils.

Welsh in Education Action

2013-14	2014-15	2014-15	2014-15	2015-16
Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
£000	£000	£000	£000	£000
16,212	16,212	(750)	15,462	14,462

37. The budget decreases in net terms compared to 2013-14 by £0.75m in 2014-15. The reductions will be achieved through a reduction in the number of practitioners trained through the Sabbatical Scheme, together with reductions in the number of Welsh-medium training resources commissioned and 14-19 forums. The funding for Welsh in Education Grant (WEG) to local authorities is being maintained. Activity within this Action contributes towards Programme for Government commitments, specifically to deliver the Welsh-medium Education Strategy and to seek to increase the number of people seeking and using Welsh in our

education system. There remains a focus on delivery of Programme for Government commitments by prioritising resources and targeting activity to those actions where the greatest outcomes can be achieved.

Estate and IT Provision Action

Budget	2013-14	2014-15	2014-15	2014-15	2015-16
	Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
	£000	£000	£000	£000	£000
Capital	202,134	153,834	0	153,834	143,834
Revenue	0	0	1,750	1,750	4,000
Total	202,134	153,834	1,750	155,584	147,834

38. There are no changes proposed to the capital budget from the plans previously published for 2014-15, which includes the additional £10m outlined in paragraph 5. The transition phases to the 21st Century Schools programme are now coming to an end and the first wave of investment, which amounts to some £1.4bn will commence, in the main, from 2014-15. The 21st Century Schools programme is contributing towards our delivery of the Programme for Government commitment to fund high quality buildings and ensure state of the art ICT provision. All projects are currently assessed in line with the HM Treasury 5 case business model, to ensure outcomes are monitored and value for money is achieved. In addition to investment in schools, we are also developing forward investment programmes for both the Further and Higher Education sectors.

39. The extension of the Local Government Borrowing Initiative (LGBI) to the 21st Century Schools programme will seek to accelerate the delivery of the programme, by bringing forward approximately £180m of investment, with the aim of delivering the 21st century schools programme in 2018-19, two years ahead of schedule. We are investing additional revenue of £1.75m in 2014-15 and £4.0m in 2015-16 to support this initiative. This additional revenue stream will address the affordability of the 21st Century Schools programme by local authorities, and represents a long term commitment to local authorities.

Legislation Priorities

40. This budget takes account of the Welsh Government's current legislative programme, which comprises a number of Bills which fall within the Education and Skills portfolio. An update on our legislative programme relevant to the remit of this committee is provided below.

41. The **School Standards and Organisation (Wales) Act** received Royal Assent on 4 March 2013. The Act legislates in a number of areas that

will help to sharpen the accountability of schools by bringing together, updating and tightening standards and management.

42. As part of the implementation and to streamline current processes, last year's Draft Budget has already seen ring-fenced grants totalling £21.8m for the provision of primary free school breakfasts and school based counselling transfer to the Revenue Support Grant from 2013-14 onwards.
43. The Act will reform the statutory process for school organisation so that decisions are taken at the local level wherever possible. The operation of local determination panels may result in some modest extra costs to local authorities, however they will not be a mandatory element and the onus will be placed on local authorities to determine whether they should put in place a panel to determine these matters. However, it is expected that the costs associated with the operation of panels will be outweighed by efficiency savings resulting from a more streamlined process.
44. Under the Act, local authorities will be accountable for planning Welsh-medium provision by the placing of Welsh in Education Strategic Plans on a statutory basis from April 2014. Funding is already being provided via the Welsh in Education Grant (£5.63m at current levels) within the Welsh in Education Action to support local authorities in the production of their plans. All local authorities have submitted their revised Welsh in Education Strategic Plans which are monitored and outputs reported in an Annual Report.
45. The schools causing concern guidance is due to be published later this year and administrative costs associated with the production are being met from existing delegated running costs budgets within the department.
46. The **Education (Wales) Bill** was laid before the Assembly on 1 July 2013. The Bill will introduce: a new registration system for the wider education workforce; reform of the process for registration and approval of independent schools in respect of special educational needs (SEN); provide for better transition for SEN learners from school into further education by placing a responsibility for assessing the needs of, and securing specialist post-16 educational with the local authority; and to provide for better consistency in school term dates by changing the way they are set so that they may be harmonised across all maintained schools in Wales.
47. Through registration of the wider education workforce, we will build on the experience of the existing General Teaching Council for Wales (GTCW), to create a reformed body (the Education Workforce Council) from April 2015 to support the wider education workforce in Wales. This will continue to be a self financing body. If fees and subsidies remained at current levels then early estimates are of an additional cost of £1m, therefore a robust economic fee model is currently being developed for formal consultation in early 2014. A small sum, estimated at £0.1m, will

also be required for the advisory committee and associated costs of any legal advice to set up the new body. It is anticipated therefore that all costs will be met from the Council fee generation or the current Teaching and Leadership Action in 2014-15 and 2015-16.

48. The transfer of functions for post 16 learners with learning difficulties to local authorities will remove the current need to apply for funding to the Welsh Government and should speed up decision making. Its core objective is to bring about a less complex and bureaucratic system that better meets and protects the needs of learners whilst delivering value for money. A transfer of funding to RSG from the Specialist Placements and Students with Learning Difficulties BEL within the Wellbeing of Children and Young People Action will take place to coincide with the introduction of new duties on local authorities. Detailed discussions to agree the quantum and formula for distributing the funding to RSG, which will consider both historic and planned levels of activity, will take place in January 2014.
49. The final element of the Bill is the standardisation of school term dates, which has an estimated minimal staff cost impact of £0.031m over two years which will be met from the DfES running costs budget.
50. The **Further and Higher Education (Governance and Information) Bill** was introduced in April 2013. The provisions within the Bill transfer certain powers from the Welsh Ministers to individual Further Education Corporations (FECs) and remove a number of existing powers that the Welsh Ministers exercise over FECs. The proposed changes are being sought to enable the Office for National Statistics (ONS) to reclassify colleges as non profit institutions serving households (NPISH). This follows the decision by the ONS in October 2010 to classify FECs as part of central government for the purpose of National Accounts.
51. Subject to Royal Assent, the policy intention is to update the FE Guide for Governors, which was published in 2001 by the Further Education Funding Council for Wales (FEFCW). The document will provide guidance to FE corporations on their new responsibilities. Costs incurred by the Welsh Government in relation to FE Governance will be met from within the existing Further Education Policy Development budget within the Post-16 Education Action. The Bill is estimated to have financial implications of £0.077m per annum.
52. The Learning and Skills Wales (Measure) 2009 received Royal Assent in May 2009. This Measure was to make provision for the entitlement to education of children in the last two years of compulsory schooling and young persons who have not attained the age of nineteen; to make provision by maintained schools and institutions within the further education sector of services related to education; to make provision for the disclosure of curriculum information; and for connected purposes.
53. There is no direct impact on the portfolio as a result of the Learning and Skills Wales (Measure) 2009. The development and implementation of

the Youth Engagement and Progression Framework will strengthen the provision in the 2009 Measure. The educational landscape in Wales has evolved since the introduction of the Measure in 2009. As the 14-19 Learning Pathways have matured the level of direct grant support to implement the policy and secure wider choice has reduced. Currently all schools and FE colleges are meeting the requirements of the Measure.

54. We are also involved in monitoring a number of UK Bills, which as a Department we have a specific interest in. These include; the Deregulation Bill; Education (Information Sharing) Bill; Consumer Rights Bill; Anti-Social behaviour, Crime and Policing Bill; and the Children and Families Bill. We will continue to work with Whitehall to understand the implications to the Department, including the full budgetary impact, if any. However, at this stage, it is anticipated that any additional costs if there are any will be minimal and can met from within the MEG if necessary.

Preventative Spending

55. Within the Education and Skills portfolio we are putting significant resources into areas of preventative spend, such as Foundation Phase, Pupil Deprivation Grant and School Effectiveness Grant in order to raise standards of literacy and numeracy and reduce the impact of deprivation on attainment. These early intervention programmes will impact a child early in their learning and give them solid foundations for their on going education which in turn increase their chances in the labour market.
56. The Early Years and Childcare Plan launched in July 2013, recognises that investing in the early years through education has a significant influence on a child's development. There is widespread agreement that early childhood experiences are crucially important for children's long term development and their achievements later in life. Reducing the inequality of educational outcomes between different groups is one of the main objectives we need to achieve in order, in the medium to long term, to lift children and young people out of poverty, reduce the likelihood of them becoming not in employment, education or training (NEET) or entering the criminal justice system and to give them the best opportunity to have improved health and life outcomes.
57. The Foundation Phase budget of £99.8m is considered to be preventative. By providing a statutory curriculum for all children aged 3 to 7 year olds, it is directed to ensure that children have the best possible start in life enabling them to achieve their full potential and take their full place in society. The Foundation Phase encourages children to become self-reliant, enjoy challenge and acquire positive attitudes to learning. It is about developing children's aspirations, motivation and socialisation. The Programme for Government Annual Report published in June 2013 confirmed that over 80% of pupils achieved outcome 5 or more in the mandatory areas of learning, the headline measure of performance at the end of the Foundation Phase. This indicator will become more useful over time as more data becomes available and progress can be tracked.

58. The Foundation Phase is currently going through a longitudinal evaluation which will focus on value for money. In addition, the stocktake being undertaken concurrently will identify best practice across the whole of the Foundation Phase which will help to inform and strengthen practice across all settings and schools.
59. Within the Literacy and Numeracy Action of £7m for 2014-15, funding provided for the national reading and numeracy tests is expressly intended to inform and support preventative actions and early interventions around learners' literacy and numeracy. The tests provide a nationally consistent and objective measure of learner's progression in developing their literacy and numeracy skills. As these are key skills for life, and the lack of sufficient skills is a barrier to children reaching their full potential, all of the expenditure on tests is in itself preventative. The provision of funding on the National Support Programme of £5.8m in 2014-15, which is funded from the Curriculum Action, will also support schools to increase literacy and numeracy attainment at an early stage, thus preventing the need for intervention programmes.
60. Similarly the SEG budget, totalling £28m within the Education Standards Action, is considered to be preventative spend. The SEG supports our key priorities of improving literacy and numeracy and focuses on breaking the link between deprivation and lower levels of educational outcomes. Approximately 20% of the distribution formula for the SEG grant is based on actual numbers of pupils aged 5-15 in each local authority eligible for free school meals, thereby seeking to address the impact poverty has on educational attainment.
61. The PDG, is a key intervention in preventing poverty, and provides funding directly to schools to invest in effective ways of tackling the impact of poverty on children's attainment. By extending the funding for PDG in this draft budget until 2015-16, together with the additional £35m in 2014-15, we are focussing on achieving key targets set out in the Tackling Poverty Action Plan including that of improving the overall attainment levels of students eligible for free school meals.
62. Our grants totalling £11.1m in 2014-15, to support the education of Gypsy and Traveller children and ethnic minority children is directly allocated to preventative spending measures, particularly as this group are at a higher risk of being in poverty.
63. Our spend on the 21st Century Schools programme, which includes investment of nearly £1.4 billion, is seen as preventative with investment targeted towards those schools that are in the poorest condition and being used inefficiently. Funding for replacement and or refurbishment will in the long run reduce backlog maintenance costs, future maintenance and revenue running costs through rationalisation of the school estate. Projects require full business case approval evidencing value for money which are assessed along with financial appraisals over the lifetime of the building.

64. The Youth Engagement and Progression Framework, funded from the Youth Engagement and Employment Action, is built around the needs of young people and the accountability of different agencies, thereby strengthening and delivering better outcomes for young people.

Wales Audit Office report – Educational attainment of looked after children

65. As part of Programme for Government, we have a commitment to help everyone reach their potential, reduce inequality and improve economic and social well-being. This includes improving arrangements for looked after children so they have more stable lives. The educational attainment of looked after children is significantly lower when compared to the rest of the school population but stronger when compared to all other 'children in need'.

66. The Welsh Government already has in place programmes and legislation aimed at improving the educational outcomes for looked after children. These include 'catch-up support', the requirement to have a designated person in schools for looked after children and Higher Education Bursaries for care leavers. However, progress to date has been slow and we recognise that more needs to be done if inequality is to be redressed, and this includes strengthening strategic links both internally and externally with our partners.

67. The Wales Audit Office (WAO) report published in August 2012 concluded that we should set clear targets for improving education attainment for looked after children; strengthen the strategic framework; and improve potential data weaknesses to take account of the use and analysis of evidence. Improving educational outcomes for looked after children is a priority for the Welsh Government. Officials are currently considering the WAO recommendations alongside other evidence and strategies including our Improving Schools Plan to see how we can positively impact on the educational outcomes for this group.

68. The 'Improving Schools' plan published in October 2012 made a commitment to work with Health and Social Services colleagues to develop a framework to ensure a coherent and strategic approach to improving the educational outcomes for looked after children.

69. A Looked after Children (LAC) in Education Plan is currently being developed in full consultation with stakeholders – statutory and voluntary sector partners including looked after children and care leavers, and is scheduled to be published in September 2014. This will set out key actions for the short, medium and long term and will be the main delivery vehicle for taking forward the commitment to improve our educational outcomes for looked after children.

70. The current year's budget allocations reflect steps taken to improve the support available for looked after children. Within Draft Budget 2013-14,

funding for the Pupil Deprivation Grant (PDG) Action was increased from 2012-13 levels by £4.4m to £36.8m in 2013-14, which enabled the grant to be extended to provide support for looked after children. As a result, in 2013-14 there is approximately £1.67m support within the PDG to raise educational attainment of looked after children. The LAC element of the PDG is allocated to each school on the same basis as for free school meals, at £450 per looked after child, but for children aged 4-15 based on Social Services SSDD data from the previous year. The PDG, including LAC element must be 100% delegated to schools. Activities to support looked after children are also eligible under the SEG, which increased to £28.829m in 2013-14. Consequently, LAC activities undertaken under both funding streams should complement each other. For example, in their spending plans for 2013-14, the North Wales Consortium have identified an additional £0.172m from their SEG allocation to support looked after children.

71. Within Draft Budget 2014-15, we have extended funding into 2015-16 for PDG. As a result of the Budget Agreement, additional funding of £35m in 2014-15 will allow funding for PDG to rise from £450 to £918 per eligible pupil, including looked after children. Schools must be able to demonstrate the gap in attainment between LAC and all pupils has decreased over the initial 3 year period of the PDG (2012-13 to 2014-15). The evaluative reports from consortia will include an analysis of how expenditure has impacted on educational outcomes.

Summary

72. The Education and Skills Draft Budget for 2014-15 is presented to the committee for consideration.

EDUCATION AND SKILLS MAIN EXPENDITURE GROUP (MEG)								
REVENUE BUDGET - Departmental Expenditure Limit								
SPA	Actions	Budget Expenditure Line (BEL)	2013-14 Supplementary Budget June 2013 £000	2014-15 Indicative Plans Final Budget (Restated) £000	2014-15 Changes £000	2014-15 New Plans Draft Budget £000	2015-16 New Plans Draft Budget £000	
Education & Training Standards	Literacy & Numeracy	Literacy & Numeracy	7,512	7,512	-476	7,036	6,197	
		ACTION Total	7,512	7,512	-476	7,036	6,197	
	Curriculum	14-19 Learning in Wales		15,759	15,759	-5,518	10,241	8,000
		Foundation Phase		101,051	101,051	-1,300	99,751	99,751
		Curriculum & Assessment		8,250	8,250	3,925	12,175	8,305
		ACTION Total		125,060	125,060	-2,893	122,167	116,056
	Teaching & Leadership	Teacher Development and Support		19,849	20,049	-2,200	17,849	17,849
		ACTION Total		19,849	20,049	-2,200	17,849	17,849
	Qualifications	Qualifications inc Welsh Bacc		5,045	5,045	0	5,045	5,603
		ACTION Total		5,045	5,045	0	5,045	5,603
	Post- 16 Education	Further Education Provision		451,531	455,732	-42,201	413,531	414,319
		Work Based Learning		126,608	126,608	-7,300	119,308	121,308
		FE Policy Development		666	666	400	1,066	1,066
		ACTION Total		578,805	583,006	-49,101	533,905	536,693
	Higher Education	HEFCW-Running Costs		2,768	2,768	0	2,768	2,768
		Higher Education Revenue		350,832	351,032	-20,859	330,173	330,173
		Higher Education Receipts		-2,798	-2,798	0	-2,798	-2,798
		For Our Future - Coleg Ffederal & UHOVI		31,400	31,400	904	32,304	30,498
		HEFCW Depreciation		82	82	0	82	82
		ACTION Total		382,284	382,484	-19,955	362,529	360,723
	Education Structures	Transformation		2,943	2,943	-2,693	250	0
		ACTION Total		2,943	2,943	-2,693	250	0
	Education Standards	School Effectiveness Grant		32,101	35,035	-4,468	30,567	32,067
		School Standards Support		2,249	2,249	-55	2,194	2,194
		ACTION Total		34,350	37,284	-4,523	32,761	34,261
	Pupil Deprivation Grant	Pupil Deprivation Grant		36,780	38,246	33,000	71,246	34,246
		ACTION Total		36,780	38,246	33,000	71,246	34,246
	ICT & Information Management Systems	ICT & IMS Programme		7,423	7,423	5,558	12,981	6,951
		ACTION Total		7,423	7,423	5,558	12,981	6,951
	Estate & IT Provision	Strategic Investment		0	0	1,750	1,750	4,000
	ACTION Total		0	0	1,750	1,750	4,000	
	SPA Total		1,200,051	1,209,052	-41,533	1,167,519	1,122,579	

SPA	Actions	Budget Expenditure Line (BEL)	2013-14	2014-15	2014-15	2014-15	2015-16
			Supplementary Budget June 2013	Indicative Plans Final Budget (Restated)	Changes	New Plans Draft Budget	New Plans Draft Budget
			£000	£000	£000	£000	£000
Skilled Workforce	Employment & Skills	Employment & Skills	25,157	26,512	-6,715	19,797	24,157
		ACTION Total	25,157	26,512	-6,715	19,797	24,157
	Youth Engagement & Employment	Youth Engagement & Employment	19,746	19,746	-1,000	18,746	19,746
		ACTION Total	19,746	19,746	-1,000	18,746	19,746
	Educational & Careers Choice	Careers Wales	30,000	30,000	500	30,500	27,000
		ACTION Total	30,000	30,000	500	30,500	27,000
		SPA Total	74,903	76,258	-7,215	69,043	70,903
Improving Wellbeing, Reducing Inequality & Increasing Participation	Wellbeing of Children & Young People	Spec. Placements/Students with Learning Difficulties FEIs	16,002	16,002	0	16,002	16,002
		School Based Counselling	500	500	0	500	500
		Food & Drink in Schools	3,050	3,185	0	3,185	3,185
		Additional Learning Needs	3,296	3,296	-500	2,796	3,046
		Post 16 Inclusion & Supp for Learning SEN	0	24,440	-24,440	0	0
		ACTION Total	22,848	47,423	-24,940	22,483	22,733
	Post-16 Learner Support	Assembly Learning Grant	198,232	198,232	-1,699	196,533	186,870
		SLC/HMRC Administration Costs	7,338	7,338	0	7,338	5,838
		Maintenance Loans Res Budget Prov	103,949	106,849	0	106,849	106,849
		Targeted Awards	9,454	9,454	-78	9,376	9,004
		ACTION Total	318,973	321,873	-1,777	320,096	308,561
	Pupil Engagement	Tackling Disaffection	1,158	1,158	0	1,158	1,158
		Grants for the education of travellers children	1,100	1,100	0	1,100	1,100
		Minority Ethnic Achievement Grant	10,500	10,500	-500	10,000	10,500
		ACTION Total	12,758	12,758	-500	12,258	12,758
		SPA Total	354,579	382,054	-27,217	354,837	344,052
Welsh Language	Welsh in Education	Welsh Language Development Unit	16,212	16,212	-750	15,462	14,462
		ACTION Total	16,212	16,212	-750	15,462	14,462
	Welsh Language	Welsh Language	8,864	8,864	50	8,914	9,049
	ACTION Total	8,864	8,864	50	8,914	9,049	
		SPA Total	25,076	25,076	-700	24,376	23,511
Delivery Support	Delivery Support	Strategic Communications	1,483	1,483	0	1,483	1,483
		Education Research & Services	2,566	2,566	-900	1,666	1,566
		ACTION Total	4,049	4,049	-900	3,149	3,049
		SPA Total	4,049	4,049	-900	3,149	3,049
Education & Skills Revenue (including non-cash) DEL			1,658,658	1,696,489	-77,565	1,618,924	1,564,094

SPA	Actions	Budget Expenditure Line (BEL)	2013-14 Supplementary Budget June 2013 £000	2014-15 Indicative Plans Final Budget (Restated) £000	2014-15 Changes £000	2014-15 New Plans Draft Budget £000	2015-16 New Plans Draft Budget £000
CAPITAL BUDGET - Departmental Expenditure Limit							
Education & Training Standards	Estate & IT Provision	General Support	43,021	43,021	0	43,021	43,021
		Strategic Investment	159,113	110,813	0	110,813	100,813
		ACTION TOTAL	202,134	153,834	0	153,834	143,834
		SPA Total	202,134	153,834	0	153,834	143,834
Education & Skills Capital DEL			202,134	153,834	0	153,834	143,834

REVENUE & CAPITAL BUDGET - Annually Managed Expenditure							
Economic & Social Wellbeing & Reducing Inequality	Post-16 Learner Support	Student Loans Capital AME	264,130	285,702	30,936	316,638	361,489
		Student Loans Revenue AME	-87,261	-102,553	-6,001	-108,554	-129,627
		ACTION Total	176,869	183,149	24,935	208,084	231,862
		SPA Total	176,869	183,149	24,935	208,084	231,862
Skilled Workforce	Educational & Careers Choice	Careers Wales	0	0	6,000	6,000	6,000
		ACTION Total	0	0	6,000	6,000	6,000
		SPA Total	0	0	6,000	6,000	6,000
Education & Skills AME			176,869	183,149	30,935	214,084	237,862

Education & Skills MEG - SUMMARY						
Revenue DEL	1,658,658	1,696,489	-77,565	1,618,924	1,564,094	
Capital DEL	202,134	153,834	0	153,834	143,834	
Total DEL	1,860,792	1,850,323	-77,565	1,772,758	1,707,928	
Annually Managed Expenditure	176,869	183,149	30,935	214,084	237,862	
Education & Skills	2,037,661	2,033,472	-46,630	1,986,842	1,945,790	

Resource tables – The baseline used for Resource DEL in 2014-15 is as at Final Budget 2013-14, restated to reflect Ministerial portfolio changes as announced by the First Minister in March and adjusted to reflect recurrent baseline adjustments included in the First Supplementary Budget 2013-14. These baseline adjustments are set out in Annex D of the Draft Budget narrative.

Capital tables – The baseline used for Capital DEL in 2014-15 is as at Final Budget 2013-14, restated to reflect Ministerial portfolio changes as announced by the First Minister in March.