

**Y Pwyllgor Menter a Busnes  
Enterprise and Business Committee**

Huw Lewis AM  
Minister for Education and Skills  
Welsh Government

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales



21 October 2014

Dear Minister

**Welsh Government Draft Budget Proposals 2015–16**

Thank you for attending the Enterprise and Business Committee meeting on 16 October and responding to the requests set out in my letter to you dated 24 July 2014 for information on preventative spending, key policies, prioritisation of Programme for Government commitments and provision for legislation.

The main focus of our budget scrutiny this year has been on budget prioritisation and value for money. Our scrutiny has also concentrated on whether your policies have contributed to achieving your three cross-cutting themes of jobs and growth, educational attainment, and supporting children, families and deprived communities.

The Committee has made a number of recommendations for your considered response.

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

## **Committee's remit – Further Education**

On a point of clarification it is worth noting that Further Education sits primarily within the remit of the Children, Young People and Education Committee, which has responsibility for scrutinising 14–19 learning. However, skills, vocational qualifications, adult community learning, and work based learning are all within the Enterprise and Business Committee's remit. Further Education is therefore relevant to this Committee's scrutiny in terms of its relationship with the skills agenda and the economy.

**1. As the Further Education colleges are a key provider of work based learning the Committee would like further details about the impact that decreases in funding will have on the capacity of Further Education colleges to provide vocational courses.**

**2. We note from the Welsh Government Strategic Integrated Impact Assessment that learners aged 19+ will be more adversely affected than 16–18 year olds. The Committee has some concerns about the potential impact on the economy in Wales and the skills agenda and urges the Welsh Government to continue to consider the implications of its prioritisation of available funds.**

## **Apprenticeships**

In light of the decrease in funding for apprenticeships, the Deputy Minister and her officials estimated that the number of apprenticeship new starts will fall to a level of 17,000–19,000, from a peak of 28,000 in the academic year 2012/13. Concerns had been expressed from the National Training Federation Wales (NTfW) that new starts would fall by more than the Deputy Minister's estimated figure, but the Deputy Minister stated that the £5 million additional funds should make the estimate achievable.

3. We would like assurances that the Deputy Minister's figure of 17,000–19,000 new starts for 2015/16 has been accurately estimated and we seek clarification on how this figure will be monitored going forward.

4. The peak of 28,000 new starts recorded in the 2012/13 academic year far exceeds the number of new starts recorded in any other academic year since the apprenticeship scheme began. We would like clarification on whether a sustainable development appraisal was undertaken prior to the implementation of the Welsh Government's Apprenticeship scheme.

5. We would also like clarification on whether there is a contingency for additional funds if the estimated figure for new starts is not met in the 2014/15 or 2015/16 academic years.

6. We would like a breakdown of the estimated new starts for 2015/16 into the respective priority areas (Higher Apprenticeships and 16–24 year olds) and non–priority areas by sector.

### Equality

We are concerned with the likely negative effects of the budget proposals on apprenticeships for those aged over 25 years, especially for female learners.

The Deputy Minister said that an equality impact assessment had been undertaken to evaluate the effects of the decrease in funding for apprenticeships in 2015–16. This assessment showed some gender equalisation in traditionally female dominated non–priority apprenticeships had occurred. However, there was little evidence to show any gender equalisation in traditionally male dominated non–priority apprenticeships.

**7. We would like further details on how you propose to monitor and evaluate the impact of the budget proposals on the over 25 years of age cohort and the potential gender inequalities.**

### **Jobs Growth Wales**

The 2015–16 draft budget shows a decrease in funding for Jobs Growth Wales to £9.3 million. Your paper states that this will result in 15% or 600 fewer opportunities in 2015–16, although the Welsh Government target of providing 16,000 opportunities over 4 years has been met. During the budget scrutiny session the Deputy Minister said that the decrease in funding would result in fewer starts in 2015–16 and suggested some of these will be in-year (2014–15).

The Deputy Minister said in her evidence:

“we believe that the in-year cuts will cause around 1,000 fewer starts and around 600 otherwise; so, around 1,500 or 1,600.”

**8. We would like clarification on the estimated number of fewer starts; how many of these are in-year 2014–15 and how many will be in 2015–16.**

**9. The Committee is interested in how the reduction in the number of opportunities will be applied to the different elements of the programme. We would also like a breakdown of the estimated number of fewer opportunities into the respective private sector, third sector, self-employment and graduate strands and clarification on whether any of these strands have been prioritised in the 2015–16 funding.**

**10. In addition, have any particular industry sectors been prioritised in terms of creating Jobs Growth Wales opportunities?**

## European Funding

The Deputy Minister said that discussions have been held with the Welsh European Funding Office (WEFO) and that they agreed to an increase in intervention rates that will lever in more money from European Structural Funds than would have otherwise been the case. The Deputy Minister said that a large scale review of European Social Fund projects had been undertaken which resulted in a refocusing of funds on certain projects.

**11. The Deputy Minister agreed to provide further information on the potential for improved intervention rates that were re-negotiated with WEFO and we would also welcome further information on how European funds have been used to achieve greater value for money following the review of European Social Fund projects.**

## Work Based Learning in the Social Care sector

The Committee wishes to highlight the importance of developing the social care workforce and attracting young people in particular to work in the sector. The Committee is aware of action being undertaken in respect of co-investment between government and employers into post-19 skills and training but believes the 16 to 18 age group should also be targeted for Work Based Learning and apprenticeships in the social care sector. The Deputy Minister provided a positive response to the suggestion of working with Care Forum Wales on this issue and stated her commitment to develop discussions with Health and Social Care colleagues within the Welsh Government.

**12. We would appreciate updates on any future discussions held with Health and Social Care sector organisations and within the Welsh Government on the issue of targeting the 16-18 age group for Work Based Learning and apprenticeships.**

## **Higher Education**

We are aware of the review currently being undertaken by Professor Sir Ian Diamond into Higher Education funding in Wales, as well as the Higher Education (Wales) Bill that proposes changes to governance.

**13. We would still like further clarification on how the Welsh Government is ensuring and monitoring, with the Higher Education Funding Council (HEFCW), that the Minister's priorities for the Higher Education sector are being delivered, in particular post graduate study, research funding, STEM and expensive subjects and widening access initiatives and monitoring how value for money is being achieved.**

## **Youth Entrepreneurship**

The Ministers will be aware of the importance of Youth Entrepreneurship to this Committee having undertaken an inquiry and published a report on this topic in November 2013.

Although we appreciate that funding is in place, from the information provided by the Minister, there is no dedicated budget to support the Youth Entrepreneurship Strategy Action Plan.

**14. We would appreciate further details on how the Welsh Government will ensure that Youth Entrepreneurship is prioritised in other budgets and how the impact on promoting Youth Entrepreneurship is evaluated.**

## Carers Wales

The budget for Careers Wales has seen a significant decrease of £10.5 million in 2015–16 (–34%) compared with the Supplementary Budget 2014–15. As a result of the budget proposals both you and the Deputy Minister have referred to the necessity for a change in the remit of Careers Wales with a refocus on web based and online services.

**15. With Members’ concerns raised about a shift away from face-to-face services towards greater online provision, we welcome the Deputy Minister’s agreement to reassess the situation if demand for face-to-face services exceeds Welsh Government estimates.**

**16. We would like further details on how you propose to evaluate and monitor the impact of budget cuts on those groups that utilise Careers Wales services, especially with the refocus to web based and online services.**

Thank you for assisting the Committee in our scrutiny 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 that reads "William Graham". The signature is written in a cursive, flowing style.

William Graham AM  
Chair, Enterprise and Business Committee

cc Jocelyn Davies AM, Chair, Finance Committee