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Y Dirprwy Weinidog Sgiliau a Thechnoleg
Deputy Minister for Skills and Technology



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-04-644
Ein cyf/Our ref JJ/00420/15

William Powell AM
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Chair - Petitions Committee

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17 June 2015

Dear William

Thank you for your letter of 5 June to Huw Lewis AM regarding the petition you have received from UCU Wales about The Future of Further Education. As this falls within my portfolio I am replying to the concerns that have been raised

I appreciate that members of UCU Wales are very concerned about the cuts to the Further Education (FE) budget. From my own discussions with UCU over recent months, I am well aware of the difficulties the funding rationalisation has had on individuals and institutions in the sector. I can assure you that there is not a single person working in Welsh Government who would choose to make these cuts if they didn't have to, however, this, unfortunately, is the reality of the situation we find ourselves in.

As mentioned by UCU, the cuts imposed on Wales by the government at Westminster mean that the Welsh Government's budget is around 8% lower in real terms than it was in 2010/11. We have been clear with everyone working in every public service in Wales about the financial challenges we face.

The decisions made on budget are guided by the priorities we were elected on in 2011. For example, we said we would protect school spending by 1% above the Welsh block and we have done this by ensuring an additional £100m has been made available for Welsh schools since the election. We said that we would invest in our NHS and that is why we will invest an additional £500m in the Welsh NHS over the next two years. These priorities for funding have necessitated difficult decisions in other areas of the Welsh Government's budget; and I acknowledge the significant difficulties this has caused FE.

The Post-16 FE budget has had to be reduced by £14 million and, as a consequence, part time provision delivered in Further Education has been the hardest hit; with a 50 per cent reduction in funding. We have striven to protect learners as much as possible, and have protected provision for our 16-19 year olds. As we work through these difficult times, it is more important than ever that we focus not just on the resources that are available, but also how we use them to best effect to achieve the best outcomes for young people.

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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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The Welsh Government has statutory duties, one of which gives primacy to the educational facilities made available for learners aged 16-18. Therefore, the funding cuts have been designed to protect these learners as much as possible. We have also protected our most vulnerable learners, so Adult Basic Education (ABE), English for Speakers of Other Languages (ESOL) and discrete provision for learners with moderate or profound learning difficulties has not been subject to the 50 per cent cut.

My officials are working closely with the post -16 sector to evaluate options and to minimise the impact of any reductions on learning. Officials and colleges have worked together, via a Welsh Government convened working group, to look to develop proposals to minimise the impact of these reductions, which is a good example of how the FE sector and Welsh Government can work together to ensure we continue to offer first class learning opportunities to Welsh learners.

We have worked hard to protect provision for those aged 16-18. In fact, we have gone beyond our statutory duty and protected provision for those aged 19. In addition, we have been able to maintain funding for Traineeships, and are continuing to fund Apprenticeships for those aged 16-24 as well as all-age Higher Level Apprenticeships. We fought hard in the recent budget settlement to mitigate some of these cuts and we secured an additional £5m funding for additional apprenticeships in 2015-16 and 2016-17. Looking ahead, the Policy Statement on Skills is designed to prioritise funding for learners aged 16-24 as well as ensuring continued support for all-age Higher Apprenticeships. Part of this is a recognition that we simply cannot continue with a situation where the Government is the sole source of funding for skills training.

The Skills Strategy we have put in place is focused on getting employers to make a greater investment in the training of their workforce through co-investment. I agree that this long-term challenge requires cultural change, but is something which must be tackled if we are to achieve our key goal of a financially sustainable skills system in Wales over the next decade.

Our new *Flexible Skills Programme* will receive £3.9 million to support the skills and employment needs of companies that play a strategic role in the economy. It is estimated that 60 companies will receive funding, and benefit 3,200 individuals.

The development of projects to deliver essential skills support to employed and unemployed adults in Wales is well underway. Officials are now working with partners in the Further Education Sector to continue the development of regional skills projects to incorporate workplace essential skills activity and to explore potential match funding arrangements. Officials are also progressing an extension to the Work Ready programme offering essential skills and employability support to unemployed adults to 31 March 2016. This will enable officials to further develop the Skills for Employment Wales programme listed above, in particular to ensure the new programme takes into account the outcomes of current discussions regarding the future delivery and administration of the UK Government's Work Programme.

In parallel with the arrangements to address lower level skills for employed adults, officials are also working with the FEI sector to incorporate higher level skills activity within the regional skills projects currently being developed. These arrangements will build on existing developments throughout 2014-15 and 2015-16 as part of the Skills Priorities Programme (SPP) aiming to address the growing shortage of highly skilled individuals across Wales. SPP has two main aims: 1) to further extend the development and delivery of industry relevant higher level skills provision; and 2) to support a shift towards more co-invested

skills delivery. Whilst some progress has been made through initial pilot activity in 2014/15, additional investment is needed to further support and incentivise the sector to make this shift. From April 2016, it is intended that this activity will be incorporated within the three FE-led regional skills ESF projects and it is envisaged that DfES will allocate match funding to these projects, with stringent criteria attached, for delivery of higher level skills activity in line with regional employer demand. Officials are also working with these regional skills projects to explore options for common branding. Clearly, we will continue to provide support where we can, but we need to see employers increasing their level of investment.

Against the backdrop of reducing public sector budgets that I have outlined, Welsh Government is working with Regional Skills Partnerships to develop the robust evidence base to prioritise employer skills needs in the three regions linked to key investment priorities/transformational projects.

Regionally focused skills demand and supply assessments, due at the end of September 2015, will:

- Influence where future Department for Education and Skills (DfES) investment should be focused
- Act as a mechanism for regional partners to steer and prioritise their own budgets to support economically focused regionally important priorities.

I have tasked each individual college to look for opportunities for establishing diverse income streams. There are some very good examples in the sector where a college has established a business development team to generate privately funded income through engagement with local businesses to ensure courses meet employer and student need. Being responsive to employers' needs and building on the good practice is more important than ever.

We do value adult education, but we are in the position of having to prioritise where our funds are spent. We have protected our young people from the worst of the cuts we have had to endure from Westminster; and we will continue doing this over the next few years. We also remain committed to FE and look forward to working with colleges in the coming months and years to achieve the best outcomes for learners.

Our aim over the next few years is to help create a sustainable funding framework for Further Education in Wales that can allow the sector to grow and prosper. We are looking carefully at how we can strengthen the relationships between FE Colleges and our schools and universities so we have the seamless, diverse and world class system of Welsh education that can cater for all learners at all levels, as outlined in our Qualified for Life Strategy.

The views of UCU and other stakeholders will be central to realising that vision and so I want to put on record my thanks for the contribution they have made.

Yours sincerely



Julie James AC / AM

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