

Children, Young People and Education Committee

Date: 13 January 2016

Time: 9:30 - 11:30

Title: Evidence paper - Education and Skills Draft Budget 2016-17

Introduction

1. This paper provides information to the Children, Young People and Education Committee on the Education and Skills proposals outlined in Draft Budget 2016-17, published on 8 December 2015. It also provides an update on specific areas of interest to the Committee.

Background

2. Draft Budget 2016-17 provides a one year plan for investment in the provision of education and skills in Wales. The table below provides an overview of the planned Education and Skills Main Expenditure Group (MEG).

	2015-16		2016-17
	First Supplementary Budget Revised Baseline	Budget changes and reprioritisation	Draft Budget
	£000	£000	£000
Resource DEL	1,579,609	1,201	1,580,810
Capital DEL	143,834	21,934	165,768
Total DEL	1,723,443	23,135	1,746,578
Annually Managed Expenditure	370,199	0	370,199
Total MEG	2,093,642	23,135	2,116,777

3. The First Supplementary budget figures for 2015-16 have been revised, taking out any one off allocations as part of that supplementary budget or previous budgets, to enable a like for like comparison of the 2015-16 budgets with the 2016-17 draft budget.
4. The following table shows the reconciliation from the published First Supplementary budget 2015-16 to the revised baseline budget for each element of the MEG.

Resource DEL	£000
Published First Supplementary Budget 2015-16	1,589,009
Allocation from the 2015 Autumn Statement consequential – Schools Challenge Cymru	(3,500)
Allocation from the 2014 Autumn Statement consequential – Review of curriculum implementation	(2,000)
Allocation from the 2014 Autumn Statement consequential – Apprenticeships	(500)
Allocation from the 2014 Autumn Statement consequential – Flexible Skills project	(2,400)
Increased contribution to the Local Government Borrowing Initiative	(1,000)
Revised 2015-16 baseline	1,579,609
Capital DEL	
Published First Supplementary Budget 2015-16	173,834
Allocation from centrally retained capital funds to accelerate delivery of the 21st Century Schools Capital Programme in 2014-15 final budget.	(30,000)
Revised 2015-16 baseline	143,834
Annually Managed Expenditure	
Published First Supplementary Budget 2015-16	338,804
Adjustment to bring in line with forecasts submitted to OBR in September 2015 for student loans	31,395
Revised 2015-16 baseline	370,199

5. Compared to the revised baseline for 2015-16, the total Resource DEL allocation for Education and Skills has increased by £1.201m (1.1%). The movements are set out in detail under the relevant Actions below. In summary the movements are :

	£000
Schools Challenge Cymru – transfer from Reserves to make the total available to £15m.	2,900
2015-16 Budget Agreement – Pupil Deprivation Grant (PDG) by increasing grant to £1,150 per pupil.	7,200
Additional allocation from reserves to give cash flat funding in the Education and Skills MEG to schools	2,000
2015-16 Budget Agreement – Apprenticeships	5,000
Additional allocation from reserves for Apprenticeships	5,000
Net amount transferred back to Reserves	(20,899)
Resource DEL – net increase	1,201

6. There is an increase from the revised 2015-16 baseline of £21.934m for the capital budget for some specific further education projects and to boost the 21st Century Schools Capital Programme.
7. 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 £31.935m as part of the revised baseline adjustment.
8. The Action level budget plans for Education and Skills MEG were published on 8 December. To aid transparency a breakdown of changes to the Education and Skills MEG by Budget Expenditure Line (BEL) is provided at Annex 1. As requested by the Committee, Annex 1 also includes detail on 2015-16 allocations (as at First Supplementary Budget in June 2015), revised supplementary baselines, 2015-16 projected outturns and 2014-15 final outturns.

Budget Context – Priorities

9. This budget is again set in the context of the constraints imposed by the UK Government in recent spending reviews, together with the prioritisation of funding within and across portfolios, whilst delivering the remaining commitments made in the Programme for Government and delivering 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.
10. Building on work undertaken for previous budgets, we have undertaken a continual line by line review of budgets to establish how further reductions can be managed whilst continuing to reflect our priorities. Whilst difficult decisions have had to be made, our priorities for education in Wales remain unchanged and our published spending plans reflect this.
11. *Qualified for Life – An Education Improvement Plan for 3 to 19 year-olds in Wales*, published in October 2014, sets out our vision and aim for education to 2020. It includes four strategic objectives and associated actions which will ensure we continue our improvement journey. Underpinning these strategic objectives and integral to each of them, are our priorities of improving literacy and numeracy and breaking the link between disadvantage and education attainment.
12. *Successful Futures, An Independent review of Curriculum and Assessment in Wales* was published by Professor Graham Donaldson in February 2015. All 68 recommendations have been accepted and our plan '*A curriculum for Wales - a curriculum for life*' sets out the steps that will be taken working with the education profession, to design and develop the new curriculum by 2018 for teaching from 2021.

13. Integral to this is the *New Deal for the Education Workforce* which provides teachers with the opportunity to access high quality professional learning at every stage of their career, which has been developed with the requirements of the new curriculum in mind. It is also crucial that new teachers are fully equipped to deliver the new curriculum. Professor Furlong's report in *Teaching Tomorrow's Teachers* clearly articulates the implications of the new curriculum on initial teacher training.
14. This will be a collaborative process that will involve the teaching profession, Estyn, local authorities, academics, parents/carers, businesses and a wide range of other stakeholders, experts and groups. Overseeing it will be the Independent Advisory Group which contains a wealth of experience and knowledge from across the education sector.
15. We will continue to review the funding streams going to consortia, local authorities and schools and wherever possible continue to rationalise this funding, for example £1m support for implementing the literacy and numeracy programmes has been transferred into the Education Improvement this year.
16. We continue to deliver *Rewriting the Future: raising ambition and attainment in Welsh schools*, to tackle the impact of poverty on educational attainment so that all children in Wales can achieve their full potential regardless of their family background or parental income. This Draft Budget will help deliver on this agenda, through the additional £7.2m secured as part of the 2015-16 Budget Agreement, to further boost the Pupil Deprivation Grant (PDG). The gap in attainment at Key Stage 2 between pupils eligible for Free School Meals (e-FSM) and those not eligible continues to narrow, but investment is critical to making continued improvements.
17. Schools Challenge Cymru was originally announced as a two year programme and is currently in its second academic year. International research suggests that sustainable system level reform takes a number of years. With that in mind we are continuing the programme as part of this budget, with an extra £2.9m from reserves to augment the £12.1m transferred in 2015-16. We will continue to consider whether SCC schools could benefit from capital investment. The small reduction in funding, compared to that spent in previous years, reflects the development of the programme, schools are now at a different stage of development and support needs are evolving. School level funding will continue to be based on the needs of individual schools.
18. An additional year provides an extended opportunity to consolidate the learning from the programme into that of wider school improvement and recognises that for some of our schools they are very much at the early stages of their improvement journey.
19. In recognition of the importance that education delivers to addressing inequality to employment and skills we are protecting budget provision for post 16 education in 2016-17 from cash reductions, this includes Further Education and Work Based Learning (not Higher Education). In addition, as part of the 2015-16 budget agreement and priorities for 2016-17 £10m extra funding is being

made available for Apprenticeships through our work based learning network. The plans for apprenticeships include a focussed drive on increasing the number of sixteen to eighteen year olds, a keener emphasis on higher skilled apprenticeships, particularly in the Science, Technology, Engineering and Mathematics (STEM) sector and better links between Further Education programmes and Apprenticeships.

20. In light of the growing financial pressures, we commissioned Professor Ian Diamond to undertake an independent review of higher education funding and student finance arrangements in 2014. A key priority of the review is to consider the long-term financial sustainability of the Higher Education system. The findings of this review will be published in 2016 and will help inform the next steps for higher education funding in Wales. In the interim, we are allocating an additional £10m in recognition of the pressures on student support for 2016-17. This will enable the continued delivery of our tuition fees commitment.

Programme for Government commitments

21. In preparing for future financial restraints, we have sought to target investment to maintain the focus of our spending plans on our main priorities of: health and health services; growth and jobs; educational attainment; and supporting children, families and deprived communities. The Education and Skills portfolio contributes to all of these, but predominantly, in terms of direct spend, to the final three.
22. Despite the challenges presented by the late timing of the UK Spending Review, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Well-being of Future Generations Act. The Act provides public bodies with a shared purpose through the establishment of seven well-being goals for Wales, and the five key ways of working ensure that public bodies take a long-term perspective when making decisions; that they consider what actions are required to prevent problems arising in future, or to prevent current problems from getting worse; that they take an integrated and collaborative approach to decision making; and that they involve users in the planning and delivery of services.
23. There are seven strategic objectives for Education and Skills policy development and delivery, which are aligned to our spending. These objectives supported the delivery of outcomes in the Programme for Government and are taken forward into 2016-17, to support any remaining commitments and to move towards the goals of the Well Being of Future Generations Act. The objectives are:
 - An excellent professional workforce with strong pedagogy based on an understanding of what works.

- A curriculum which is engaging and attractive to children and young people and which develops within them an independent ability to apply knowledge and skills.
- The qualifications young people achieve are nationally and internationally respected and act as a credible passport to their future learning and employment
- Leaders of education at every level working together in a self-improving system, providing mutual support and challenge to raise standards in all schools
- To deliver a skilled and employable workforce to stimulate innovation and economic growth at a local and national level, with high quality and valued opportunities for all learners
- To support individuals, families and communities in improving economic and social wellbeing and reducing inequality through education and training
- To see the Welsh Language thrive in Wales

24. The final Programme for Government Annual Report, published in June 2015, provides an update on the achievement of our commitments and progress against performance measures. The performance measures outlined in the Qualified for Life plan and other strategic plans substantially mirror indicators that were set out in the Programme for Government and this is how we continue to monitor our outcomes.

25. Further commitments have been completed in 2015-16 and the implementation of Successful Futures and the New Deal build on what has already been delivered. There are only a handful of commitments left to deliver in 2016-17 and the related funding required is included within this budget as follows:

Commitment	Description	Funding
3/006	Through the 21st Century Schools Capital Programme we will ensure state of the art ICT provision.	Band A of the 21 st Century Schools Programme is ongoing and is funded from the Strategic Investment Capital BEL.
3/011	In valuing the stability and equity that comes from national pay bargaining we will do whatever we can to try to protect the link between teachers' pay and conditions in Wales and those of their colleagues elsewhere in the rest of the UK.	The Welsh Government is currently in discussion with the UK Government on the elements of the Wales Bill relating to the devolution of pay and conditions for teachers. Budget has been included within the Teacher Development and Support BEL to fund any preparation work required during 2016-17.
3/030	Continue our support for the development of community and adult learning.	We are reviewing the provision of the newly merged WEA YMCA Community College Cymru. A revised policy on

Commitment	Description	Funding
		adult education will be published in 2016. The funding for this area of work is within the Further Education Provision BEL.
3/048	Reform the Additional Learning Needs process for the most vulnerable children and young people in either a school or Further Education (FE) setting.	See legislation section below.

26. A summary of draft budget changes by Action relevant to this Committee is provided below, together with costs and associated impact on any remaining Programme for Government commitments.

Literacy and Numeracy Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline	Budget changes and reprioritisation	Draft Budget
£000	£000	£000
4,512	(56)	4,456

27. The budget funds a range of interventions to support the agenda of improving literacy and numeracy skills of children and young people. The budget decreases in 2015-16 compared to the baseline by £56k. This is a result of two compensating movements, increasing support for development of the literacy and numeracy tests and decreasing the level of specific project work as literacy and numeracy intervention is embedded.
28. Funding within this Action specifically supports the Literacy and Numeracy frameworks, however literacy and numeracy are embedded across the delivery of education policies.
29. The Education Improvement Grant for schools has within its remit the priorities of literacy and numeracy, and adds substantially to the total support offered for these skills in schools. In addition, as noted above, the implementation of the new curriculum for Wales, the New Deal for the teaching profession and the implementation of 'Teaching Tomorrows Teachers' all focus on literacy and numeracy. Schools Challenge Cymru is an acceleration and concentration of Welsh Government school improvement policy, literacy and numeracy is a key focus for the programme.

Curriculum Action

2015-16		2016-17
First Supplementary Budget Revised Baseline	Budget changes and reprioritisation	Draft Budget
£000	£000	£000
27,906	4,644	32,550

30. The budget increases by £4.6m compared to the baseline. This action is made up of the Foundation phase BEL (policy work, the delivery funding now sits in the Education Improvement grant within the Education Standards Action), the Curriculum and Assessment BEL and the new Curriculum Review and Schools Challenge Cymru BEL.
31. The increase includes the extra £2.9m for Schools Challenge Cymru to take the total budget for 2016-17 to £15m. Additionally £4.4m has been allocated to take the total amount to support the implementation of A Curriculum for Wales, A Curriculum for Life in 2016-17 to £5.4m. The majority of the funding will support Curriculum and Digital Competence Pioneer Schools and other national and international expertise to design and develop the new curriculum.
32. A transfer of £1.0m has been made to the Educational Improvement grant to consolidate funding to Consortia, for joined up literacy and numeracy support.
33. Within the current funding climate we have to prioritise funding on areas where the interventions can make the most difference to the outcomes for young people in Wales. As we move forward with the new curriculum we are looking to embed areas that have previously been specifically funded, such as PE and science, enabling us to taper down some of these projects. These projects have run for a number of years and their principles and benefits have been recognised and embedded in schools and will continue to impact positively on children and young people. This has enabled us to redirect funding of £2m.

Teaching and Leadership Action

2015-16		2016-17
First Supplementary Budget Revised Baseline	Budget changes and reprioritisation	Draft Budget
£000	£000	£000
15,956	5,265	21,221

34. This action includes the funding for initial teacher training and continued professional development for teaching professionals. An extra £5.65m has been transferred to the Action for the New Deal Pioneer Schools. These schools will form a network of Pioneer schools with the Curriculum and Digital Competence schools and work in partnership with Consortia.

35. The New Deal schools will lead on the development and delivery of professional learning so that practitioners have the skills in pedagogy and leadership to be able to deliver the recommendations set out in Successful Futures.
36. The first phase of the Education Workforce Council's Professional Learning Passport was launched in September 2015, providing support to practitioners to reflect their professional learning needs and facilitate their career development. Welsh Government and Consortia have been working together to identify effective professional learning opportunities available across Wales so we can move quickly to establish a national framework for high quality professional learning.

Qualifications Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
7,903	266	8,169

37. This action funds Qualifications Wales which was established in September 2015. The principal aims of the organisation are to ensure that qualifications, and the Welsh qualifications system, are effective for meeting the reasonable needs of learners in Wales; and promoting public confidence in qualifications and in the Qualifications system in Wales.
38. The majority of the funding is for running costs, with the remainder for the research and development work the body undertakes to underpin its work as a regulator.
39. The budget will ensure that, working with partners, Qualifications Wales can deliver high quality, valued qualifications, which will include revised GCSEs, AS and A levels and the new more rigorous Welsh Baccalaureate.

Post-16 Education Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
507,551	5,000	512,551

40. This action includes funding for local authority sixth form provision, Adult Community Learning (ACL) provision, support for delivery in Further Education

Institutions (FEI), support for projects and quality improvement activities and investment to deliver high quality work based learning opportunities.

41. An additional £5m is allocated to apprenticeships as noted to contribute to the priorities of strengthening the delivery of higher level skills and increasing the number of 16-18 year olds.
42. We have recognised the contribution to cost savings that the further education sector has achieved in the past few years, including the considerable transformation that they have undertaken. We are therefore protecting further education budgets as cash flat.
43. Through this decision we have recognised the impacts on tackling poverty and socio-economic disadvantage and committed to realising our ambition of seeing as many learners as possible able to get the skills they need for the workplace.

Higher Education Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
129,160	(41,377)	87,763

44. The budget for Higher Education Action has decreased compared to the baseline budget for 2015-16 by £41.377m, which is made up of three elements.
45. Firstly a £21.1m transfer to the Post 16 Learner Support Action for the final element of the tuition fee grant transfer. The responsibility and associated resources for the payment of the tuition fee grant to students, via the Student Loans Company, moved from HEFCW to Welsh Government in 2015-16. The majority of the funding was transferred in the First Supplementary Budget of 2015-16.
46. However the inclusion of another cohort of students (those studying courses longer than 4 years), an increase in the number of Welsh students attending university and an increasing average fee level means that an additional amount will be transferred from HEFCW to Welsh Government. This increase is in line with expectations and is within the parameters of the estimated costs of the tuition fee grant. This additional expenditure would have been top sliced from the HEFCW budgets regardless of where responsibility for the payment of the tuition fee grant lies.
47. The second element is a £20m reduction to HEFCW programme budgets, which provide funding for the implementation of the Welsh Government priorities. In the past, this has been allocated by HEFCW to cover Quality Research, Part time, expensive subjects, Coleg Cenedlaethol and University of

the Heads of the Valley (which has now been mainstreamed). It is ultimately for HEFCW to determine how it allocates its resources in line with Ministerial priorities which will be outlined in a ministerial remit letter issued early in 2016.

48. The final element is a £0.277m reduction to the HEFCW running cost. HEFCW have been protected in the past few years from any reduction in running cost budget due to the changing nature of their purpose, from a funding body to overseeing the new regulatory framework introduced in the Higher Education (Wales) Act 2015. Now that the transitional period to the full implementation of the framework in the 2017/18 academic year has begun, HEFCW is in a position to make the efficiencies seen across the public sector in previous years.

Education Standards Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
144,123	(6,594)	137,529

49. The budget decreases from the base line by £6.594m for 2016-17. This is the net of a £1.0m transfer in from the Curriculum Action to support the implementation of the literacy and numeracy programmes through the Education Improvement grant (EIG) and a £7.539m reduction to the grant.
50. The EIG forms the main proportion of this Action and is the main grant funding available to schools, local authorities and consortia to deliver improvements in school performance. It was introduced in April 2015 following a programme of grant rationalisation within school improvement to bring funding together so that decisions on priorities could be made at a local level and administrative efficiencies made.
51. As noted above difficult decisions have had to be made around reprioritisation of funding. As part of 2016-17 budget the commitment to increase in funding to schools of 1% above the change in the Welsh Government block grant has been continued for a further year. This means that funding to schools has increased by 1.85%, the majority of this protection is going direct to frontline spending through the Revenue Support grant to local authorities. This means that they have more flexibility to make decision on greatest need and priorities at a local level. Welsh Government will also continue to work with the WLGA and Consortia to increase the flexibility within the Education Improvement Grant to manage the reductions with minimal impact on children and young people.

Pupil Deprivation Grant Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
82,046	7,200	89,246

52. 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 creation of the PDG was initially for a three year period until 2014-15, but funding was extended in Draft Budget 2014-15 for another two years in recognition of the importance placed on this grant to help address the impact of deprivation on educational attainment.
53. We are allocating a further £7.2m to support the Pupil Deprivation Grant in 2016-17 to take the amount per eligible pupil from £1,050 to £1,150.

ICT and Information Management Systems Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
6,935	0	6,935

54. This Action supports the delivery of the curriculum through providing access to a range of high quality digital teaching tools and resources, including Hwb through the Learning in Digital Wales programme and JISC (a UK shared service network for further education colleges); the unique learner number project and in house data management systems. Successful Futures sets out how important digital literacy is for the 21st century curriculum and learning and we have therefore protected this budget.

Wellbeing of Children and Young People Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
17,532	(35)	17,497

55. The majority of this action funds the specialist residential placements for post 16 students with severe learning difficulties. The budget decreases by

£0.035m in 2016-17, which is the net of a £0.045k increase in funding as part of the universal benefits protection for school milk and an £80k reduction in the School Counselling BEL. This funding had been set aside in previous years to conduct a pilot on primary school counselling, however due to the current restrained funding situation now and into the future there is no funding available to roll out the findings if a pilot were to go ahead. Additionally an extra £30m has been allocated to the Health Service to increase the funding available for Child and Adolescent Mental Health Services alongside mental health services for older people.

Post-16 Learner Support Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline	Budget changes and reprioritisation	Draft Budget
£000	£000	£000
544,674	30,299	574,973

56. The budget for the Assembly Learning Grant BEL within this Action, has increased from the baseline budget by £31.1m to £453.6m. This budget includes the demand led statutory student support programme accounts for HE and FE. The budget supports Part-Time Grants and Fees, Student Loan Company (SLC) Targeted Grants, Welsh Government Learning Grant, Tuition fee grant and Education Maintenance Allowance. Part of the increase is a £21.1m transfer in from the Higher Education Action as Welsh Government are now administering the payments for the tuition fee grant rather than HEFCW.
57. We have maintained our commitment to provide financial support to students from the lowest household incomes into 2016-17 by retaining the overall level of support available for students. An extra £10.0m has been provided as part of the budget to meet the increased demand for student support grants, from increases in the numbers of students and those that are eligible for support.
58. The budget also decreases by £0.094m in 2016-17, as a result of MEG transfer to the Invest-to-Save Fund Repayment following the recovery of investments on a transformation programme of the Student Loans Company (SLC) IT systems. The initial investment of £2m will be recovered over a 5 year period and will be funded through efficiency savings in the Company. The Student Loans Company is now providing advice, guidance and the application process for student loans, which was previously carried out by Local Authorities.
59. The budget for Further Education Financial Contingency Funds (FCF) has been reduced by 10% (£707k). The FCF allowed institutions to be flexible and accommodate exceptional circumstances for students in need. The reduction will mean a higher level of prioritisation is needed of those students who get support.

Pupil Engagement Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
658	0	658

60. This Action funds activities aimed at small projects and improving outcomes for vulnerable/ disadvantaged learners through improving wellbeing, behaviour and attendance in schools; engaging families and communities; reducing exclusions; improving the quality of provision for learners education other than at school; and supporting children and young people who are looked after.
61. No changes to the budget for 2016-17 are proposed.

Welsh in Education Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
18,599	82	18,681

62. The Welsh in Education Action increases slightly by £0.082m. This is a combination of a £0.825m transfer in from the Welsh Language Action for planning and mainstreaming work and a reduction of £0.743m.
63. The main reductions planned include £0.5m for Welsh for Adults as the National Centre for Learning Welsh are in the process of rationalising the number of Welsh for Adults providers, to give a sustainable, fit for purpose model.
64. The second reduction is £0.2m for the amount of funding available for Cymraeg i Blant (Welsh for Children, previously known as Twf). The programme is being retendered at present, and this therefore provides an opportunity to seek to reduce spend, making savings on management overheads where possible. We have protected budgets directly involved with schools.

Delivery Support Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
3,702	(167)	3,535

65. This Action funds marketing and communications, research and the international education programme. It also includes funding for the Remploy programme, which is funding from the Education and Skills MEG but the policy is under the Minister for Communities and Tackling Poverty's portfolio.
66. The reduction is a combination of £0.726m funding for Remploy and a transfer of £0.25m to the Curriculum Action to fund modern foreign languages, offset by savings of £0.4m from the research budget due to the profile of the PISA test funding.
67. There is also a 10% (£0.113m) cut to the marketing and communications budget, which will be managed by maximising the use of digital media and a small drop in activity. Additionally there is a drop of £0.166m in the budget available for the international education programme. This will be managed by reducing activity with the British Council, where programmes are not performing as envisaged and can be brought to a natural conclusion.

Capital – Estates and IT Provision Action

2015-16	Budget changes and reprioritisation	2016-17
First Supplementary Budget Revised Baseline		Draft Budget
£000	£000	£000
143,834	21,934	165,768

68. This budget support band A of the 21st Century Schools programme, which represents a £1.4bn investment over the five year period ending 2018-19. All local authority areas will benefit from this major improvement programme, which will see the rebuilding and refurbishment of 150 schools and colleges.
69. The increase from the baseline will fund four further education projects. The remainder will boost the available funding for the schools programme.

Preventative Spending

70. Within the Education and Skills portfolio we continue to put significant resources into areas of preventative spend 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 ongoing education which in turn increase their chances in the labour market.

71. The *Building a Brighter Future: 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. That is why we are continuing to fund the Foundation Phase to support the early years, through the Education Improvement Grant. By providing a statutory curriculum for all children aged 3 to 7 year olds, the Foundation Phase is directed to ensure that children have the best possible start in life enabling them to achieve their full potential.
72. The Pupil Deprivation Grant (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. Through the extra £7.2m for PDG in 2016-17, secured as part of the 2015-16 Budget Agreement, 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.
73. Within the Literacy and Numeracy Action which totals £4.5m for 2016-17, 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. 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.
74. The Education Improvement Grant for schools (School Improvement Grant BEL £134m) is considered to be preventative, and combines grant funding for a number of areas including Foundation Phase, SEG, Gypsy and Traveller children and ethnic minority children.
75. The implementation of *A Curriculum for Wales: A Curriculum for Life* is preventative at its core. By improving the curriculum, and the delivery of that curriculum, so that young people have the best chance of being equipped with the knowledge and skills they need further learning and entry into the workplace. The four purposes of the curriculum have the potential to have a positive long term impact on health, well-being, the environment and the economy.
76. Our spend on the 21st Century Schools programme, which includes total investment of nearly £1.4bn, 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.

77. 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. 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.

Legislation

78. The budget continues to take account of our current legislative programme. A table setting out the costs for 2016-17, of both previously enacted legislation and anticipated costs of Bills at published RIA stage or enactment, has been published alongside the Draft Budget narrative, Annex D. A more detailed update on the costs of our legislative programme relevant to the remit of this Committee is provided below.

School Standards and Organisation (Wales) Act 2013

79. The School Standards and Organisation (Wales) Act received Royal Assent on 4 March 2013. As part of its implementation, and actioned in Draft Budget 2013-14, funding of £21.8m for school based counselling and school breakfasts transferred to the Revenue Support Grant within Local Government MEG from 2013-14 onwards. This funding continues to form part of RSG allocation for 2016-17.
80. Under the Act, local authorities are accountable for planning Welsh-medium provision and Welsh Education Strategic Plans became statutory from April 2014. The implementation of the WESPs will continue to be supported through funding for the Welsh in Education Grant which has been transferred into the new single amalgamated Education Improvement Grant for schools from 2015-16.

Further and Higher Education (Governance and Information) (Wales) Act 2014

81. The Further and Higher Education (Governance and Information) (Wales) Act 2014 received Royal Assent on 27 January 2014. There are not expected to be any costs to the Welsh Government in 2016-17.

Education (Wales) Act 2014

82. The Education (Wales) Act which received Royal Assent on 12 May 2014, renames and reforms the existing registration body, the General Teaching Council for Wales (GTCW) to create the Education Workforce Council (EWC), extends the registration, qualification and training requirements of the education

workforce, and makes provision for the determination of school term and holiday dates in Wales.

83. The final fee model for the Education Workforce Council should be in place for registration in April 2016, following a transitional year. The new EWC will continue to be a self financing body.

Higher Education (Wales) Act 2015

84. Detail on this Act is given in the Higher Education section below.

Qualifications (Wales) Act 2015

85. The financial implications for the Qualifications Wales Act were set out in the Regulatory Impact Assessment. These costs have been updated slightly as further information has become available and the budget for the Qualification Action in 2016-17 represents the full costs needed.

Additional Learning Needs (Wales) Bill

86. The latest cost forecasts for the Additional Learning Needs (Wales) Bill are those contained in the RIA. The Bill has been consulted on, with the consultation closing on 18 December 2015. The responses are currently being review. There will be no costs as a result of this bill in 2016-17.

UK Legislation

87. There have been Welsh education related provisions in a number of UK Parliament Acts, before this year's General Election. These are :
- *Small Business, Enterprise and Employment Act 2015* – sharing information and public sector employee repayment of exit repayments if they return to work in the same part of the public sector. There are no financial implications for the Welsh Government in consenting to these provisions.
 - *Deregulation Act 2015* – simplification of apprenticeship legislation, Reduction of burdens to the further and higher education sectors. LCM sought to the amendment to the Deregulation Bill, Repealing of amendments to require schools to have a Home School Agreement with parents and pupils. There are no financial implications for the Welsh Government.
 - *Consumer Rights Act 2015* - extending the scope of the Office of the Independent Adjudicator's (OIA) higher education complaints scheme. The legislation itself does not give rise to any financial commitments for the Welsh Government. However the legislation results in some providers of higher education, namely FE institutions and alternative providers being brought into the scheme for the first time. Members of the OIA scheme are required to pay an annual subscription based on the number of students at the institution.

There will also be some resource implications for these providers to become compliant with the scheme.

- *Counter-Terrorism And Security Act 2015* - contains a duty on specified authorities to have due regard to the need to prevent people from being drawn into terrorism. The UK Government produced 3 separate guidance documents for specified authorities including Schools and registered childcare providers, further education institutions and higher education institutions which they must have regard to when complying with the duty. We anticipate some additional burden and cost for Welsh bodies however there is a continued absence of detail which should become available following consultation with Welsh Government and stakeholders in Wales on the implementation guidance. Until then, it is not possible to make a robust assessment of those potential financial costs. This will be kept under review as the detail becomes clearer and further advice provided in due course.

88. During this current UK Government, we have also been monitoring number of UK Bills, which we have a specific interest in or may impact on the Education and Skills remit indirectly. These include:

- Charities (Protection and Social Investment) Bill
- Enterprise Bill
- Housing and Planning Bill
- Immigration Bill
- Trade Union Bill
- Welfare Reform and Work Bill
- Draft Investigatory Powers Bill

89. As the Bills progress through the UK Parliament's legislative process as clauses are amended, removed and added, 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.

Subordinate legislation

90. There are no significant cost implications for the Education and Skills in 2016-17 as a result of subordinate legislation, with any costs of implementation being met from the existing departmental running costs budget.

Cross-cutting considerations

91. An Integrated Impact Assessment (IIA) is attached at Annex 2 to this evidence paper.

92. The assessment covers the equality impact of our spending decisions on the protected characteristics together with the impacts on Welsh Language, Rights of the Child, Tackling Poverty aligned under the umbrella of well-being, as set out in the *Well-being of Future Generations (Wales) Act 2015*. 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.

93. Under the Rights of Children and Young Persons (Wales) Measure 2011, we have given balanced consideration to the rights set out in the UNCRC. A separate Children’s Rights Impact Assessment for the overall Draft Budget 2016-17 and for Education and Skills MEG has not been published separately, but forms part of the IIA.

Specific areas

94. This section provides an update on specific areas requested by the Committee.

1% budget protection for schools

95. We are pleased to announce as part of the Draft Budget, that we are able to extend the Programme for Government commitment of increasing schools budgets by 1% above the increase in the block grant, which was originally for the life of the Assembly term, for a further year for 2016-17. Throughout the current Assembly term we have made available an additional £106million over as a result of our protection commitment. Our commitment on schools funding has been important in laying the foundations for major improvements in the education system over the last five years.
96. The commitment has been calculated on the same budgets as in previous years from the schools budgets element of the Revenue Support Grant in the Local Government MEG and schools related budgets from the Education and Skills MEG.
97. The baseline for the calculation is the budgets noted in Annex E of the 2015 Draft Budget document. The increase in the Welsh Block grant is 0.85% and therefore the protection is 1.85%. As with previous years the Pupil Deprivation grant funding is additional to this protection. The protection has been calculated as follows :

	2015-16 £000	2016-17 Increased funding £000	2016-17 Total £000	2016-17 Increase %
Education and Skills MEG	361,442	4,900*	366,342	1.36%
Revenue Support Grant	1,779,920	34,801	1,814,721	1.96%
Total	2,141,362	39,701	2,181,141	1.85%

*£2.9m for Schools Challenge Cymru, £2m gives cash flat protection for schools funding within the MEG.

98. The funding streams within the Education and Skills MEG that make up the protection remain the same. They are:

BEL	Draft Budget 2015-16 £000	Draft Budget 2016-17 £000
Literacy & Numeracy	4,512	4,456
Foundation Phase	1,851	1,851
Curriculum & Assessment (split into this and BEL below)	26,055	10,299
Curriculum Review and Schools Challenge Cymru (NEW BEL)	-	20,400
Teacher Development and Support	10,387	21,221
Initial Teacher Training (amalgamated with BEL above)	5,569	-
Qualifications	7,903	-
Qualifications Wales	-	8,169
Further Education (school sixth forms)	106,133	106,133
School Improvement Grant	141,021	134,782
School Governance	1,738	1,353
School Standards Support	1,364	1,394
Food & Nutrition in Schools (excludes additional school milk funding)	3,185	3,230
Additional Learning Needs	2,246	2,786
Tackling Disaffection	658	658
School Based Counselling	80	-
Welsh Education Strategy	2,500	3,370
Total	315,202	320,102
RSG Transfer Adjustment*	46,240	46,240
DfES Schools (adjusted Total)	361,442	366,342

* Transfer to RSG from 2013-14: Breakfasts, Appetite for Life, WLGA, School Based Counselling, Post-16 SEN (to ensure comparison with 2010-11 baseline)

99. The RSG is unhypothecated and we cannot dictate how Local Authorities spend their budgets, however we can and do work with local government to influence spend. Education is a priority for local government and they have pledged to deliver the additional funding we have provided as part of the 1% protection commitment to schools.

100. Local Authorities have been required through the monitoring returns to evidence that their budgeted spending on schools increases in line with the Local Government funding element of the 1% protection (net of specific grants and allowing for adjustments in pupil numbers). The monitoring data received from

Local Authorities up to 2014-15 demonstrates that all Local Authorities have either met or exceeded the 1% commitment. We expect this to continue.

101. Whilst the protection for schools within RSG rests with the Minister for Public Services, Welsh Government education officials continue to work with local government officials to discuss the results of local authority monitoring data, and with the WLGA to understand the potential impact on education, schools, and the wider council services.

Pupil Deprivation Grant (PDG)

102. Ipsos Mori/WISERD has a four year contract to evaluate the effectiveness of the Pupil Deprivation Grant giving an indication of the value for money of the programme. The Year 1 report was published in autumn 2014 and the Year 2 report was published on 2 December 2015.
103. In the Year 1 report authors stated that too few schools were using evidence based interventions. In response to this, the Rewriting the Future implementation team drafted a comprehensive communications strategy which included a poster about the 10 most effective interventions, regular hints and tips posted in Dysg, the e-bulletin for schools in Wales and a refreshed PDG guidance; "PDG: Essential Guidance" which was reduced to 9 pages of key points focussing on what it is essential for practitioners to know. The Year 2 report (plus a report this year from Estyn) indicates that more schools are using evidence as a basis on which to make their PDG spending decisions, including gathering and using their own monitoring evidence. The Year 2 report also found that the way in which schools use PDG has evolved over time, with schools that initially invested in data monitoring systems now moving on to delivering interventions and training staff to deliver those interventions well.
104. The Year 1 report also indicated that schools were using a wider definition of deprivation and were using the grant to support learners who were not eligible for free school meals (eFSM). Officials looked into this and discovered that many schools were matching PDG with other funding to provide interventions for a wider group of disadvantaged learners; however this is compliant with the grant conditions. In order to clarify this, a decision making flow chart was produced to help practitioners decide what is or is not an eligible use of the grant. The Year 2 report (plus a report this year from Estyn) indicates that the vast majority of schools are making eligible decisions on how to spend the grant.
105. A recurring issue which the Year 1 report picked up on is the use of the grant to employ teaching assistants. The Rewriting the Future team have been working with colleagues in the Education and Public Services Group, Welsh Government, to ensure the effective deployment and training of teaching assistants. The Year 2 report found that PDG was being used not just to employ teaching assistants, but also to train them to implement and evaluate the PDG interventions, and reported that teaching assistants are becoming highly valued members of the school staff.

106. The Year 1 report said that there was insufficient engagement between schools and families and communities. In response to this, officials have mounted a concerted campaign to encourage engagement. A Families and Communities Engagement (FaCE) toolkit for practitioners was developed and officials have been visiting schools, consortia and attending events to promote the use of this. The Year 2 report (plus feedback from our Raising Attainment Advocate, Sir Alasdair MacDonald) suggests that there is now an increasing PDG investment in family engagement and community engagement.
107. Finally, the Year 2 report says that there is 'less evidence' that the PDG has affected classroom teachers' practice to the same degree as teaching assistants in most schools, although this may be because schools had used the Schools Effectiveness Grant on developing teaching and learning. The Rewriting the Future team will now be adjusting our communications strategy around the programme to encourage more schools to use their PDG for continuous professional development that will allow them to deliver the pedagogical approaches that are known to be most effective for learners from deprived backgrounds.
108. It is too early for any analysis of the impact and value for money of the Early Years Pupil Deprivation Grant (EYPDG). There is however, an evaluation currently being undertaken on the grant allocation mechanisms and this will report early in mid January (unfortunately after the date of the next committee though).
109. A formative impact assessment of the EYPDG will shortly be put out to tender and should be in place by January 2016, and report back in summer 2016.
110. Since April 2015, the regional education consortia has been responsible for managing and administering the looked after children element of the grant to deliver strategic support and ensure improved educational attainment for these learners. We are working closely with consortia to ensure the new arrangements run smoothly. However, at this stage it is too early for any analysis of the impact and value of the PDG in respect of this group.
111. In our forthcoming strategy: Raising the ambitions and educational attainment of children who are looked after in Wales, due to be published by the end of December, we have identified further action to strengthen the funding arrangements. To reinforce the consortia accountability for delivering results, we will introduce a new reporting process to better track and monitor expenditure. From April 2016, we will introduce a rapid review process to evaluate the effectiveness of the first year of the funding arrangements.
112. The regional consortia distribute and manage the pupil deprivation grant for the Welsh Government; they have Challenge Advisors who work with schools to ensure that the PDG is being appropriately spent and that their spending proposals are captured in each school's School Development Plan. The consortia provide the Welsh Government with 6 monthly reports on the

activities and outcomes delivered in their region by schools through use of the PDG.

113. Where Welsh Government officials have concerns about inappropriate use of the grant, a senior officer within the consortia is asked to investigate. If the concerns are proven to be true, then the Welsh Government has an arrangement to recover the money from the lead banker local authority for the consortium, they in turn will recover this from the local authority in which the school is and that LA should then recover the grant or part of it from the school.

Schools Challenge Cymru

114. Schools Challenge Cymru began in September 2014. On 16 November 2015 a written statement was issued setting out the funding for the first academic year of 2014/15. Up to £20m was made available for the programme, however the funding identified as needed to support its delivery totalled £16.35m (revenue and capital) with an eventual spend of £16.088m. This amount reflects the levels of support identified by Pathways to Success Schools and their Advisers during year one of the programme (2014/15), to begin securing them on their journeys of improvement, and to start building capacity for improvement more widely in the system.
115. For the 2015/16 academic year funding requirements total £18.6m. Funding is split over 2 financial years.
116. Schools Challenge Cymru was originally announced as a two year programme which is currently in its second academic year.
117. International research suggests that sustainable system level reform requires a minimum of at least five years to achieve. With that in mind the additional year announced in this budget provides an extended opportunity to consolidate the learning from the programme into that of wider school improvement. It also recognises that for some of our schools they are very much at the early stages of their improvement journey.
118. The following table shows the source of funding for the programme from 2014-15 to 2016-17.

Financial Year	Source – reserves	Source E&S MEG (revenue and capital)	Total
	£m	£m	£m
2014-15 Actual	12.10	3.99	16.09
2015-16 Budget	9.40*	3.00	12.40
2016-17 Budget	15.00	0.00	15.00

*£12.1m was received as part of the 12015-16 draft budget from reserves, a further £3.5m was allocated from the autumn statement 2015 consequentials and transferred to the Education and Skills

MEG in the 2015-16 first supplementary budget. Based on the profile of expenditure in schools and a approximately a third of the 2015/16 academic year spend falling into 2016-17 financial year, £6.2m will be transferred back to reserves in the second supplementary budget 2015-16.

119. Funding for the Pathways to Success schools is identified and defined in each individual School Development Plan and is done with rigorous challenge and support from the SCC adviser. The School Development Plan is then agreed by the school and SCC adviser before being put forward to the expert Champions group for detailed scrutiny and approval. Ensuring value for money and sustainable improvement is at the heart of this process.
120. The Schools Challenge Cymru Programme has been designed to ensure sustainable rapid improvements in our Pathways to Success schools and more broadly across the system which will in turn ensure value for money. This principle has been adhered to throughout the delivery of the programme with the regional consortia and schools.
121. The SCC Programme seeks to nurture and utilise the best expertise that already exists within the system by placing an emphasis on effective collaboration to drive sustainable improvement and move knowledge to where it needs to be. In this respect Schools Challenge Cymru can act as a catalyst for wider, system-wide change.
122. Using proven expertise to rapidly drive up standards in our Pathways to Success Schools, our SCC advisers have a key role to play in working with the schools to ensure they improve and that their improvements are sustainable.
123. The Schools Challenge Cymru programme has been designed to respond to the unique circumstances of each school, by providing tailored packages of support to help respond to their challenges. Resources, therefore, are allocated where they would make greatest impact, rather than on set criteria. The process for achieving this is through the individual School Development plans described above.
124. The overall success of the programme will be measured by how effectively the attainment of their pupils is raised, including those pupils eligible for Free School Meals. This is most obviously measured by the attainment of Level 2, and Level 2 inclusive of English and Maths, by their pupils.
125. Pathways to Success Schools' will also have their own success measures. Other key indicators that will be used to gauge Pathways to Success Schools' improvement will include:
 - Attendance levels
 - Estyn Inspection ratings
 - School Categorisation
 - School and SCC Advisers' self-assessments, including leadership and school capacity to improve
 - Pupil feedback, including self evaluation surveys.

126. On 2 December 2015 a written Ministerial Statement was published which set out the summer 2015 GCSE performance of the Pathways to Success Schools. The 40 schools have historically struggled to keep pace with schools in less challenging circumstances. More than two thirds of them have recorded improvements since embarking on the first year of their improvement journey with the programme. In addition to the majority of the 40 schools recording improvements on last year's results, some did so in the double figures; while others recorded their best ever results. Given that many of these schools had previously experienced considerable difficulties in bringing about improvements in their performance, it is extremely encouraging to see the progress that has been made after only one year.
127. With regards to the financial implications of the Pupil Offer, an initial £200k was made available for Pathways to Success schools to begin piloting new ways of working during the spring and summer terms of 2014/15. This amounted to £5k per school.
128. The intention of this investment was to give schools space and resources to innovate, in order to find out what worked best for them and their pupils. It was also intended to generate learning. This investment led to Pathways to Success schools forming, and building on, a wide range of partnerships with organisations from across Wales and beyond.
129. Pathways to Success schools were also asked to explore and develop low cost or no cost options, make better use of the knowledge and resources that exist within Wales, and embed new ways of working as part of their day to day business.
130. In terms of year two of the programme, there were no ring-fenced funds allocated specifically for the purposes of delivering Pupil Offer activity.
131. The majority of schools have embraced the intended aims of this area by strengthening and embedding Pupil Offer activity into their wider ways of working. This is evident in their School Development Plans for the 2015/16 academic year, in which Pathways to Success schools have articulated their Pupil Offers and are delivering them in a variety of ways, including the delivery of 'Pupil Offer-type' activity through and across a range of funding streams (this includes, for example, the Pupil Deprivation Grant, the Education Improvement Grant, Schools Challenge Cymru and the Physical Literacy Programme for Schools). It is not, therefore, possible to cleanly disaggregate the financial implications of the Pupil Offer for Schools Challenge Cymru revenue funding.
132. The intention of the Pupil Offer is to foster a culture whereby schools and their partners see the benefits of working together to deliver a range of opportunities and experiences for learners that widen horizons and raise aspirations. This approach is starting to bear fruit and the learning will go on to inform the delivery of a national Pupil Offer, as set out in 'A Curriculum for Wales; a curriculum for life'.

Education Improvement grant

133. The Education Improvement Grant for Schools is the result of a significant grant rationalisation within Education. It comprises of a number of school improvement focused grants with related outcomes, all of which support Qualified for Life.
134. The arrangements were put in place to provide funding flexibility, simplified systems and a reduction in the bureaucracy involved in drawing down grant funding. Through these arrangements we put a maximum administration level of 1.5% of the grant to encourage a reduction in the administration and management element and a clearer focus on outcomes. This is in line with what the Commission on Public Services Reform tells us about the need for dehypothecation of grant funding and providing funding flexibility to better focus on achieving outcomes.
135. Equality impact assessments were undertaken prior to the introduction of the EIG and more importantly, in giving Local Authorities and their consortia the means to determine their priorities and the resources to support them, we have continued to see funding for non-statutory priorities such as support for ethnic minority and gypsy traveller children continue. We continue to work with consortia towards an outcomes frame work that will ensure that the needs of all groups of learners are met.
136. It is too early to compare outcomes under the new EIG and the previously ring fenced grants. In addition there are always difficulties identifying the individual impact of one element of a far broader programme of change and improvement. However, we do know performance is improving from the evidence in the results both from improvements overall and a narrowing of the gap between those in receipt of free school meals and those who are not. The systems and support we have put in place through the National Model, Schools Challenge Cymru, the EIG and the Pupil Deprivation Grant are making a difference.
137. There are no plans to undertake a specific exercise to compare the new and old funding regimes at present. We continue to monitor the impact of our overall programme of change.

Qualifications Wales

138. The review of Qualifications for 14-19 year olds in Wales made 42 recommendations which the Welsh Government accepted. In January 2013 a programme to implement these recommendations was launched, running until March 2015. As at 31 March 2015 all recommendations had been implemented or were close to completion.

139. Going forward the Welsh Government and Qualifications Wales will work together to ensure that the recommendations of the Review of qualify actions continue to underpin and shape the national qualifications system.
140. The total annual budget for Qualifications Wales for 2016-17 is anticipated to be £8 million and will be met from the Qualifications Wales Budget Expenditure Line.
141. In 2012 when Welsh Ministers accepted the Review of Qualifications' recommendation for the creation of an independent body to strengthen regulation, it was inevitable that this would incur additional costs. The Regulatory Impact Assessment within the Explanatory Memorandum for the Qualifications Wales Act shows the estimated additional cost of the new system is £15.7 million over the next five years (2015-16 until 2019-20) compared with the realistic status quo option. In proposing the budget, which was accepted by the Assembly, all education priorities were reviewed and an appropriate budget provision made.

Curriculum

142. £5.4m funding is included within the Curriculum Review and Schools Challenge Cymru BEL to deliver the first year of the Curriculum review following the preparatory work this year. The element relating to the New Deal has been separated and is funded through the Teacher Development and Support BEL.
143. The ambition is for the new curriculum to be available by 2018, with full use of the curriculum framework to support learning and teaching by 2021. This realistic and achievable timeframe strikes the right balance between pace and ensuring that professional practice is developed to support the introduction of new approaches to learning and teaching. The development of this new curriculum is a priority Ministerial commitment which has received cross party support as well as support from the wider education sector including practitioners.
144. Funding for the implementation of Successful Futures was found from reprioritisation across the Education and Skills MEG. The budget for future years will be reviewed as part of the first budget in the next Assembly term.

Qualified for Life

145. Qualified for Life is the overarching strategy for education from 3-19 in Wales. This strategy forms the basis of the department's business plan which is updated each year in order to deliver our desired outcomes. This year's budget has been set following a line by line review of all our activities and related budgets, to prioritise the areas that are or will have the highest positive impact for children and young people. The budget for the Education Improvement Plan crosses the following Actions: Literacy and Numeracy, Curriculum, Teaching and Leadership, Qualifications, Post 16 Education, Education

Standards, Pupil Deprivation Grant, ICT and Information management systems, Youth Engagement and Employment, Educational and Careers Choice, Wellbeing of Children and Young People, Pupil Engagement, Welsh in Education and Delivery Support.

Regional consortia and Hill Review

146. The National Model for Regional Working was initially developed and agreed in 2013 to accelerate changes already underway. It reflects a commitment to regional working and articulates the structures and approaches needed to embed these changes.
147. In November 2015 the Welsh Government refreshed the National Model for Regional Working, reflecting the developments over the past year or more with the implementation of Successful Futures, the New Deal for practitioners and the school improvement knowledge gained through Schools Challenge Wales.
148. It is important that the National Model is seen as a guiding document to ensure that we continue to improve outcomes for learners but acknowledging that flexibility is necessary to ensure local authority regional consortia can properly service the needs of their schools.
149. Funding arrangements are articulated in the National Model for Regional Working. Regional consortia are funded in the main by their local authorities who provide their core funding. A number of Welsh Government grants, such as the Education Improvement Grant for Schools and Pupil Deprivation Grant are also administered through consortia arrangements. There may also be funding generated by consortia as a result of charging for some of the programmes and interventions that they commission.
150. Consortia are expected to demonstrate openness and clarity in the use of their funding, and they provide regular updates on their budgets and expenditure to their joint committees.
151. The arrangements in place through the National Model are delivering savings to local authorities and increasing value for money. We know some local authorities have reduced their staff in response to delivery through consortia. We know some consortia, like Central South have had an early focus on their structures to lean them and improve their efficiency. There is clear evidence of local authority partnership working within their consortia, but also of consortia working across regions, thereby reducing duplication of effort. Sharing good practice between the regions has improved.
152. Ultimately, Local Authorities and their consortia will be held to account through Estyn, who will be undertaking an inspection of consortia in 2016. They will need to respond to Estyn and the WAO on how they are achieving value for money.

153. Robert Hill's review of *The Future Delivery of Education Services in Wales* had more than 80 actions coming from it. This work was embedded into Improving Schools and now in Qualified for Life. As with that strategy the actions included within Robert Hill's review and Improving Schools have been part of the business plan for Education and Skills and this budget and previous ones have been set to deliver that plan. The majority of the recommendations from Robert Hill have been now been completed, any outstanding actions remain in the business plan and will be taken forward as part of the ongoing reform in education in Wales. The budgets to do this are included within the budget provision for the New Deal and A Curriculum for Life: A Curriculum for Wales.

Initial teacher Training

154. The costs of provision of courses of initial teacher training and education (ITET) are met by the Higher Education Providers, through the fee system. Most of the reform agenda set out by Professor Furlong affects the quality of delivery of programmes and so can be met from the existing funding provision. Existing funding can be redirected and used differently to deliver redesigned programmes of teacher training.
155. The legal framework and governance arrangements in place will need to change significantly to bring about change. We will be consulting on the proposal to establish an Accreditation Board within the Education Workforce Council to approve new courses but there are currently accreditation arrangements for courses so there is scope to redirect funding to cover the costs of the accreditation work.
156. Additional funding provided within the Teacher Development and Support BEL to cover the work of Pioneer schools will also contribute to a strengthened partnership arrangement between ITET and schools for the delivery of ITET programmes and to provide enhanced research capacity to support the work of both ITET and Pioneer schools.

Teachers continuing professional development

157. Additional funding for Pioneer schools of £5.65m has been allocated in this budget. This will enable the Pioneers to gather evidence about the development needs of the workforce and to develop and deliver provision to meet these needs as part of the New Deal. This work will also take account of the future needs of the workforce to prepare for the new curriculum and start to develop pedagogy and leadership ready for implementation from 2021.
158. It is estimated that the cost of the enhanced version of the Professional Learning Passport will be around £0.35m, we have made provision within the baseline to fund this through the Education Workforce Council budget.

159. The EWC core registration function is funded from the fees paid by registrants. They also undertake a number of functions on behalf of Welsh Government including paying induction and masters funding to schools, hearing induction appeals and issuing QTS letters. The funding for these is transferred to the EWC from government through an annual grant.
160. A commitment has been given that before any change to the functions of the EWC took place they would be subject to consultation. I am planning to launch a consultation in due course on the role of the EWC as a professional I body but no decisions will be made until I have heard the views of stakeholders.

Capital funding for school building improvements

161. The 21st Century Schools programme seeks to target investment to those schools in the poorest conditions with surplus capacity. However, the programme also aims to deliver sustainable, cost-effective buildings that are fit for the 21st Century.
162. The budget comprises two elements; a baseline capital budget of £100.8m per annum, additional capital allocations, which have come through Centrally Retained Capital and revenue enabled borrowing budget, which will contribute £172m over the lifetime of the programme.
163. In 2016-17 our baseline position for 21st century schools is £100.8 m, with addition money allocated from reserves of £21.9m.
164. Our overall target for Band A of the programme is for 150 schools and colleges to be refurbished or rebuilt as a result of the investment by the end of April 2019. To date, approval has been received for 86 Business Justification Cases / Full Business Cases, which represents 57% of the overall Programme target.
165. At present, construction is underway on 44 projects, representing 29% of the Programme target. Twenty 21st Century School and Further Education Schemes have been completed to date, which is 13% of the Programme target.
166. Each Local Authority is required to submit cash flow information for their respective Programmes, which is updated annually. This document includes details of both the Welsh Government and local authority contributions and is signed off by the S151 Officer, to confirm that the information is accurate.
167. In addition, all schemes are subject to individual Business Cases. These are completed in accordance with Treasury best practice and go through assessment for strategic fit, affordability, value for money, project management and commercial approach. Following assessment, these cases are taken to a capital panel before final approval by the Minister. When the offer letter is issued, the local authority must sign up to this agreement.

168. Grant payments are carried out based on works done. Payments are made on a quarterly basis and monitored against expected profile. Regular contact is maintained with the local authorities to ensure that no issues with the project, including affordability, are encountered.

Welsh-medium education

169. Local authorities use funding from a number of sources to implement their Welsh in Education Strategic Plans (WESPs). Since April 2015, delivery of Welsh-language training and support for practitioners, language centres, late immersion projects and projects aimed at increasing rates of linguistic continuity, on a regional, local and school level form part of the programme of activities delivered through the Education Improvement Grant. Local authorities are asked to ensure that the programme of activities funded by the EIG reflect the priorities set out in their WESPs.

170. The Welsh-medium Education Strategy sets out the ambition of the Welsh Government for a country where Welsh-medium education and training are integral parts of the education infrastructure and a place where all learners develop their Welsh-language skills to their full potential.

171. The Welsh-medium Education Strategy included a five-year Implementation Programme, and fixed five-year and indicative ten-year targets based on outcomes, which have been used to monitor progress in implementing the Strategy. The fifth annual report on progress in implementing the Strategy was published in July. Not all targets have been achieved, however, progress has been made against four of them, and the highest numbers of seven year old children now receive Welsh-medium education.

172. A comprehensive evaluation of the Strategy has been undertaken and the final report is expected to be published in March. This evaluation will set the future direction and the allocation of budget in the next Assembly term will need to take account of this.

173. We are protecting our funding to education, including Welsh medium and bilingual schools, who receive their main funding from local government. Welsh language is an integral part of the implementation of the Curriculum review and Welsh medium, and bilingual schools are part of the Pioneer network of schools developing the curriculum and New Deal. We have made reductions in certain areas where activities are outside of schools where the impact will be manageable, to enable prioritisation of spend to schools

174. A ministerial review, Raising our Sights: Review of Welsh for Adults was published in July 2013. The principal recommendation was to establish a national entity to lead Welsh for Adults strategically at a national level. The University of Wales Trinity Saint David was successful through a competitive grant process and they are now hosting the new Canolfan Dysgu Cymraeg Cenedlaethol (National Centre for Learning Welsh).

175. The Review Group also identified the need to reduce the number of providers in order to avoid duplication, improve value for money and ensure that all providers have sufficient volume of provision to develop expertise and benefit from increased efficiency through economies of scale. This rationalisation process is currently being undertaken by the Canolfan Dysgu Cymraeg Genedlaethol.
176. The total budget allocated to support Welsh for Adults in 2016-17 is £10.535m. This is a reduction of £0.5m against our original allocation for the sector. During the current transitional period the budget supports the existing six Welsh for Adult centres until July 2016 and the new Canolfan Dysgu Cymraeg Genedlaethol. From August 2016, this budget will support the activities of the Canolfan Dysgu Cymraeg Genedlaethol only, therefore the reduction is expected to be manageable.

Additional Learning Needs

177. Approximately £76,000 was budgeted in 2015-16 for activity associated with the introduction of a draft Bill, but this was subsequently used to support the cost of conducting consultation, etc. We envisage a similar budget provision will be required for 2016-17 to support the further development of the draft Bill, draft secondary legislation and the associated draft Additional Learning Needs Code in readiness for introduction to the National Assembly at the earliest available opportunity.
178. Regardless of the introduction and successful implementation of the ALN Bill, significant investment is needed to support the implementation of the wider reforms across Wales. We have recently concluded two critical studies to better understand the workforce development requirements of the general education workforce; and assess the capacity of specialist support services in supporting learners with SEN. Our policy development activity is focussed on meeting these existing needs as well as ensuring the right foundation is in place to support a new legislative system of ALN.
179. Work is now progressing, linked to our approach for the New Deal Pioneer Schools, to ensure our workforce develops knowledge and skills in relation to differentiation, assessment, meta-cognition and SEN. We have also commenced the roll-out of person centred practice to give our workforce the skills needed to ensure learners are at the centre of any planned provision of support.
180. Ensuring our workforce has the necessary tools, and confidence to use those tools, will reduce the need to refer to specialist support services. This in turn, will also improve the capacity of specialist services to focus on those learners with more complex needs.
181. The Welsh Government has placed a lot of emphasis on getting the legislative reforms right for Additional Learning Needs – we are proposing a radically new and different system. The new approach needs to be fully informed, workable

and supported by those that will be affected by it and required to operate it. As such, the engagement we have and continue to take during the consultation period is significant.

182. Around £46,000 will be spent specifically on consulting on the draft Bill. The costs which would have arisen had the Bill been introduced to the National Assembly during 2015-16 have not been calculated but it is likely that the funding allocated for the purposes of consultation would have been instead used to support the costs associated with the Bill's passage.
183. The Deloitte study that informed the Regulatory Impact Assessment for the draft Bill has not directly influenced budgetary provision for ALN in 2016-17. The primary purpose of the Deloitte study was to establish current baseline expenditure on SEN to serve as a starting point for the modelling of future costs in the event of a new legislative framework being introduced. Whilst the study has proven helpful in many respects, it has also highlighted very clearly the difficulties in identifying detailed and specific spend in relation to SEN provision.
184. We do know, however, that some local authorities are already operating many of the elements of the proposed new model within the current legislative framework and within existing budgets. The ALN budget provision for 2016-17 will therefore be used to undertake activity to identify best practice case studies that illustrate this and that will support other authorities to transition to the new system. This activity is designed to build upon the information identified within the Deloitte study.
185. The Welsh Government recognises the important role that Educational Psychologists play in tackling the challenges encountered by children and young people in education within Wales. Their work helps to support the wellbeing and enhance learning
186. In September the Welsh Government agreed to directly fund the provision of the DEdPsy programme at Cardiff University. Our funding will secure the ongoing provision of training for educational psychologists in Wales for the next three years, with a possibility to extend this arrangement for a further two years. This will ensure a minimum of three new cohorts of prospective trainees entering onto the DEdPsy programme from September 2015.
187. Funding to Cardiff University will be through the award of a grant that will cover both the course fees and a specific bursary of £12,600 per trainee, up to a maximum of 10 trainees.
188. Discussions with HEFCW are continuing on how a sustainable model for the longer term provision for Educational Psychologists can be developed. However this needs to be considered alongside our proposals for legislative change and the provision for all types of specialist training needed to support learners with SEN.
189. Consideration is now being given to what a strategic and sustainable model for specialist training provision should look like; including what support is needed

by prospective trainees to undertake that specialist training. A new system will consider a range of specialists and focus on ensuring we have the right people, with the right skills in the right places at the right time to support our learners and our practitioners.

Inclusion and pupil support

190. The Inclusion and Pupil Support guidance is currently being revised and is expected to be published in March 16. The document brings together policy from across education and will not seek to introduce any new financial responsibilities, or new policy obligations, on schools or local authorities. Any financial implications associated with implementing the advice contained within the document should continue to be met via the funding streams specific to that policy area.
191. Education Otherwise than at School (EOTAS) provision should continue to be met via the local authority Revenue Support Grant. An EOTAS task and finish Group has been established to consider how to take forward the recommendations made by the University of Edinburgh in their report on EOTAS and exclusions, as well as in the Estyn annual report for 2013/14 academic year and subsequent thematic reviews. No financial commitments have been made in respect of the work of the task and finish group for 2016-17.

Further education

192. The 2015/16 academic year provision plans have been received and reviewed for each further education college. This gives a better idea of how the provision in Wales is affected by reductions to funding allocations to the 2015/16 levels.
193. The number of planned full time learners in Wales is expected to drop by over 2,000 learners (4.57 per cent) from 2014/15 2015/16 academic year. However this is in line with an expected drop from the demographic trend of number of young people aged 16-19.
194. As expected the impact of the reduction in funding for part time students is much higher. The number of part time hours is set to reduce by around 800,000 hours (21.88 per cent) in 2015/16. If the average part time course is around 100 hours per learner, this equates to 8,000 learners, although it's expected that the majority of part time courses ceased will be the shorter courses and hence this number could rise significantly.
195. Information shared by the chair of ColegauCymru Finance Directors shows that the sector is expecting redundancies of around 850 people as a result of reduced budgets by 2015/16.
196. A small working group was convened by officials with the Further Education (FE) Sector to discuss the challenges faced following the announcement of the 2015/16 allocations. The membership of the working group consisted of a

mixture of Principals, Finance Directors and Senior Curriculum Managers. Following this, a letter was sent to the sector outlining proposals to help manage those challenges.

197. The Deputy Minister for Skills met all FE Principals and Chairs of Governors on the 6 July 2015 to discuss the challenges further education colleges in Wales. Following this meeting ColegauCymru formed a Creative Solutions Working Group to take forward work to ensure that colleges can respond to these challenges with the active support of Welsh Government.
198. The working group has presented a paper as a basis for further discussion with officials. These measures are intended to create efficiencies while maintaining or improving the experience of students. Officials will review the recommendations and discuss these further with ColegauCymru before offering further advice on each individual recommendation.
199. Welsh Government, through the planning and funding framework engaged with FE Institutions to discuss their plans to ensure the breadth of choice and the quality of learning do not diminish and that providers deliver to Ministerial priorities.
200. Colleges have been encouraged, through Principal and Finance Director networks, which are attended by Welsh Government officials, to complete scenario planning for the 2016-17 before the outcome of the spending review was known. A cash flat protection to further education budgets has been applied for the 2016-17 financial year. However colleges still face, and have been planning for, pressures from national insurance and employer pension contributions and general staff pay inflation. The 2016/17 academic year allocations will be calculated and communicated to colleges as soon as possible.
201. Welsh Government officials monitor the financial health of each college at three points each year, including assessing the capacity of institutions to manage cuts, which is reviewed alongside the funding allocations. Each institution is analysed on key profitability and liquidity indicators. Where issues are identified these are discussed with the individual colleges and recovery plans re put in place by the college if required.
202. With the prioritisation of provision for learners aged 16-19 (extending above our statutory obligation to 16-18 year olds to account for learners that move from a year of academic study in school before moving to a two year further education course) the impact of budget reductions in 2014-15 and 2015-16 predominately fell in part time provision which is predominantly older learners. However, there was also protection for basic skills and English for Speakers of Other Languages (ESOL) courses.
203. Adult Community Learning (ACL) providers received a reduction of 37.5% in their funding allocations for 2014/15, and a further 2.6% reduction in 2015/16 academic year. As a consequence, ACL providers have been asked to focus

their government funded provision on the delivery of adult numeracy, adult literacy, ESOL and digital literacy.

Student support

204. The following table illustrates the projected spend for each of the constituent element of BEL titled Welsh Government Learning Grant for the financial year 2015-16. We will review this demand based budget throughout the year and prioritise budget availability if required.

	2015-16 £m
Part time grants and fees	9.5
Targeted Grants	25.0
Welsh Government Learning Grant (HE)	131.0
Tuition fee grant	239
Welsh Government Learning Grant (FE)	7
Welsh Government Learning grant (EUI)	0.072
Welsh Government Learning Grant fees board and lodgings	0.008
EMA	23.0
Repayment of Welsh Government Learning grant	(1.6)

205. Further Education Financial Contingency Funds are administered by individual institutions on a discretionary basis. Childcare and transport are major areas of spend, but there has been no feedback yet from institutions regarding possible impact of the Young Persons Discounted Travel Scheme or the Care to learn pilot. For the academic year 2016/17 we have had to reduce funding by 10% as part of the prioritisation of funding across the MEG.

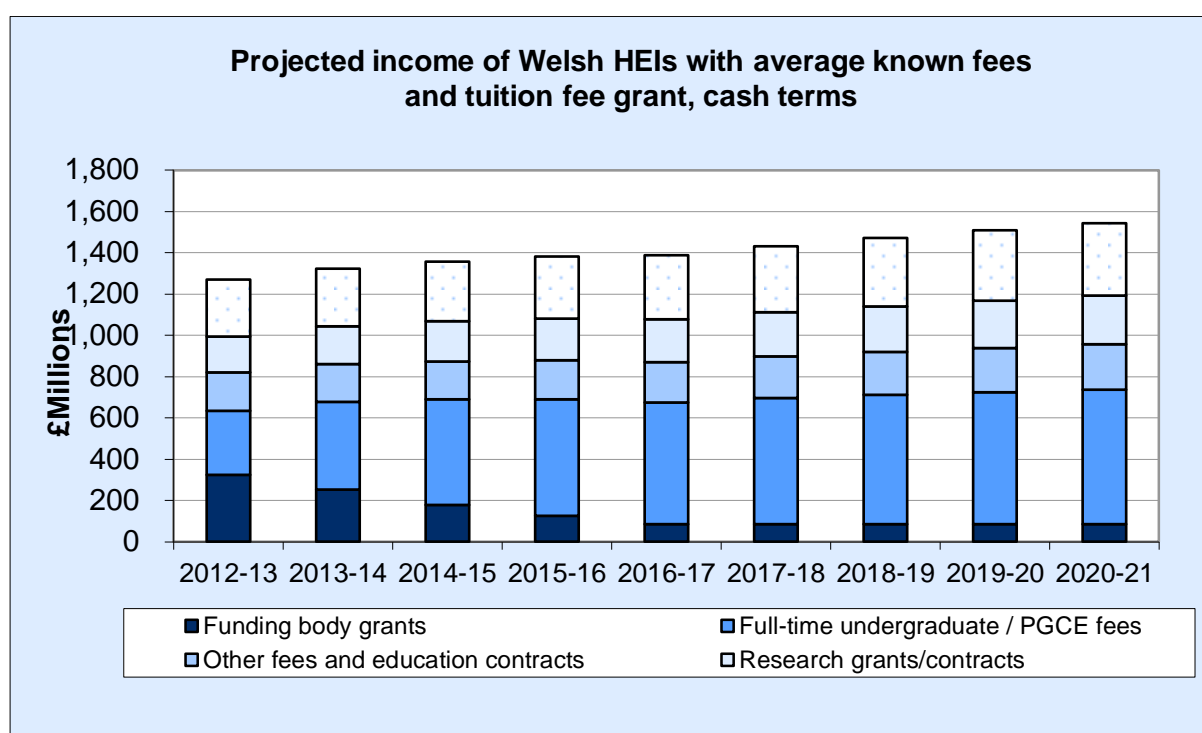
Higher education

206. The following information is the latest forecast (prior to the publication of the draft budget) for income to the HE sector in Wales.

Projected income of Welsh HEIs, with average known fees and tuition fee grant, cash terms (Financial Year)						
£Million	10-11	11-12	12-13	13-14	14-15	15-16
Funding body grants	428	405	324	253	177	126
Full-time undergraduate / PGCE fees	225	235	308	425	513	565
<i>previous level of fees</i>	225	235	242	247	255	262
<i>higher additional fee income</i>	0	0	38	100	147	173
<i>English contribution</i>	0	0	29	77	111	129
Other fees and education contracts	167	186	188	182	182	188
Research grants/contracts	163	167	173	183	195	201
Other income	249	266	275	278	290	299
Total	1,231	1,260	1,268	1,321	1,356	1,379

£Million	16-17	17-18	18-19	19-20	20-21
Funding body grants	85	85	85	85	85
Full-time undergraduate / PGCE fees	590	611	627	640	651
<i>previous level of fees</i>	<i>272</i>	<i>281</i>	<i>288</i>	<i>294</i>	<i>299</i>
<i>higher additional fee income</i>	<i>181</i>	<i>188</i>	<i>192</i>	<i>194</i>	<i>196</i>
<i>English contribution</i>	<i>137</i>	<i>142</i>	<i>147</i>	<i>152</i>	<i>157</i>
Other fees and education contracts	194	201	207	214	221
Research grants/contracts	208	215	221	229	236
Other income	309	319	329	340	351
Total	1,386	1,430	1,469	1,506	1,543

Source: WG forecasts, HESA finance record and student numbers projected forward



207. This demonstrates that income to the HE sector continues to increase despite a sustained period of austerity. This financial position confirms the findings of reports undertaken by the Wales audit office and the National Assembly for Wales Finance Committee.

208. In addition, recruitment to Welsh Universities continues to increase and student debt in Wales is substantially lower than for students in other UK countries.

209. Wales is a net importer of students. The latest forecasts show that in 2015-16, £50m more funding will come into the Welsh system than went out in tuition fee grant to institutions outside Wales and this trend is forecast to continue for the foreseeable future.

210. However, despite the increases in overall income to the HE sector, any additional income from non-Welsh students will flow directly to the HEIs and not through HEFCW. This means that as more of what was HEFCW's core funding is now used to cover the cost of higher tuition fees for Welsh domiciled students, HEFCW has less money to distribute to institutions. This change in funding methodology has required a fundamental change to the way in which HEFCW funds the HE sector. Rather than the Funding Council being responsible for distributing around 30% of the sector's funding, this amount will reduce to around 10% in 2015/16
211. The Higher Education (Wales) Act 2015 ("the 2015 Act") establishes a revised regulatory framework for higher education in Wales. The new arrangements do not rely on HEFCW providing financial support to institutions under Part 2 of the Further and Higher Education Act 1992 or Part 3 of the Education Act 2005. The new regulatory system will not be fully implemented until the 2017/18 academic year.
212. The 2015 Act makes provision for a transitional period which started on 1 August 2015 and ends on 31 August 2017. Under the transitional arrangements, institutions with fee plans approved under the Higher Education Act 2004 ("the 2004 Act") will be treated, for limited purposes, as regulated institutions under the 2015 Act during the transitional period.
213. The transitional arrangements should not result in new implications for institutions unless they fail to comply with fee limits set out in their approved plans or HEFCW considers the quality of their education to be inadequate or at risk of becoming inadequate.
214. Certain of HEFCW's functions have been brought into force ahead of full implementation of the new regulatory system. During the transitional period, the Welsh Ministers will be able to direct HEFCW to provide them with reports on institutions' compliance with fee limits (either generally or by a particular institution) and/or the quality of education provided by or on behalf of regulated institutions (again, either generally or in relation to a particular regulated institution).
215. In many respects, the regulatory system established by the 2015 Act provides for continuity with the regulatory regime established under the Further and Higher Education Act 1992, the Higher Education Act 2004 and the Education Act 2005. Consequently some of the costs of implementing the new regulatory system would have been incurred under the previous arrangements.
216. The implications resulting from the new system of regulatory controls established by the 2015 Act were set out in the Regulatory Impact Assessment prepared for the Higher Education (Wales) Bill at its introduction to the Assembly in May 2014. Current estimates for the costs and incidence of implementing the new regime are:

	2016/17 £m
Fee and access plan approval	0.331
Fee and access plan monitoring and evaluation	0.366
Quality assessment	0.434
Financial assurance	0.574
Subordinate legislation	0
Development, training, oversight	0.99
TOTAL	1.804
Welsh Government	0.64
HEFCW	0.199
Institutions	1.541
TOTAL	1.804

217. The following table illustrates the actual expenditure for the tuition fee grant (TFG) since 2012-13, 13-14 and 14-15 and the latest forecasts for 2015-16 and 2016-17.

	2012-13 £m	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 Estimate £m
TFG paid to Welsh Institutions	46.4	84.3	118.5	152.0	162.4
TFG paid to UK institutions	16.5	47.7	75.8	89.0	94.4
Total TFG payments	62.8	132.0	194.3	241.0	256.8

218. The forecasts are in line with expectations and are within the parameters of the original estimated costs of the scheme. In addition, income to the HE sector also continues to increase.

219. Reports undertaken by the WAO and the National Assembly for Wales Finance committee have confirmed that the current system is sustainable for the lifetime of this Government and into 2016-17. The latest information supports our view that despite austerity, income to the sector has and will continue to increase, recruitment to Welsh Universities continues to increase and student debt in Wales is substantially lower than for students in other UK countries.

220. The committee asked for an explanation if what was funded from the various higher education BELs. The Higher Education Revenue BEL finances higher education institutions via HEFCW. This includes funding for research, part time, expensive subjects and Y Coleg Cenedlaethol. In addition to this BEL funding also goes to HEFCW through the For our Future BEL, that is amalgamated with the revenue funding as the Universities of the Heads of the Valley has now been mainstreamed.

221. The Maintenance Loans Res Budget Provision is the non cash charge relating to student loans. This covers the write offs and provisions that are made every year for loans that are not expected to be paid back and the 'interest subsidy', which is the difference between the interest rate charge to the student and the interest that could be earned on that money if retained by Treasury.
222. Student Loans Capital AME is the fee and maintenance loans that are issued during the year, the repayments and the interest that is added to the loans in that year.
223. Student Loan Revenue AME is a non cash AME budget, and contains the 'unwinding' or release of the provisions and write offs that are made when the loan is taken out, as the years go by and the provision for that loan is used up.
224. The committee also asked for information regarding the Welsh Government policy on the sale of the loan book. The Welsh Government has no intention of selling any portion of the student loan book for Wales at present. The planned sale of the first tranche of income contingent loan book in England does not include any loans from any of the devolved administrations. In addition current rules on the sale of an asset clearly states that the proceeds from any sale will be given directly to Her Majesty's Treasury – there would be no financial benefit to the Welsh Government budget.
225. At this stage, the implications of any sale in England on the value of Welsh Loan book is unknown. There are a number of potential scenarios and complex accountancy adjustments, which will need to be fully explored once the detail of the sale in England are known.
226. The FCF student 'hardship' fund of £2m was discontinued after Academic Year 2014/15 as part of previous budget reductions. Welsh higher education institutions (HEIs) have benefitted from increased tuition fee income since 2012/13 plus income from increasing numbers of international students, and are therefore able to establish their own hardship funds. Welsh HEIs have since confirmed that they have initiated internal processes to help students in financial distress. The Open University in Wales continues to receive FCF given that its provision is entirely part-time and it has not been able to access increased fee income.

Summary

227. The Education and Skills Draft Budget for 2016-17 is presented to the Committee for consideration.

EDUCATION AND SKILLS MAIN EXPENDITURE GROUP (MEG)								
RESOURCE BUDGET - Departmental Expenditure Limit								
SPA	Actions	Budget Expenditure Line (BEL)	2014-15 Outturn £000	2015-16 Forecast outturn as at Period 8 £000	2015-16 Supplementary Budget June 2015 £000	2015-16 Revised baseline £000	2016-17 Draft budget £000	
Education & Training Standards	Literacy & Numeracy	Literacy & Numeracy	8,203	4,776	4,512	4,512	4,456	
		ACTION Total	8,203	4,776	4,512	4,512	4,456	
	Curriculum	Foundation Phase		99,080	1,851	1,851	1,851	1,851
		Curriculum & Assessment		27,975	22,917	31,555	26,055	10,299
		14-19 Learning in Wales		10,240	-184	0	0	0
		Curriculum Review and Schools Challenge Cymru		0	0	0	0	20,400
		ACTION Total		137,295	24,584	33,406	27,906	32,550
	Teaching & Leadership	Teacher Development and Support		10,772	16,868	15,956	15,956	21,221
		Initial Teacher training		4,685	0	0	0	0
		ACTION Total		15,457	16,868	15,956	15,956	21,221
	Qualifications	Qualifications inc Welsh Bacc		5,194	7,256	7,903	7,903	8,169
		Qualifications Wales depreciation		0	44	0	0	0
		ACTION Total		5,194	7,300	7,903	7,903	8,169
	Post- 16 Education	Further Education Provision		415,263	400,177	400,177	400,177	400,177
		Work Based Learning		93,761	106,808	106,808	106,308	111,308
		Mergers and collaboration		219	0	0	0	0
		FE Policy Development		944	1,066	1,066	1,066	1,066
		ACTION Total		510,187	508,051	508,051	507,551	512,551
	Higher Education	HEFCW-Running Costs		2,768	2,768	2,768	2,768	2,491
		Higher Education Revenue		330,595	94,473	98,610	98,610	57,510
		Higher Education Receipts		-2,820	-2,798	-2,798	-2,798	-2,798
		For Our Future - Coleg Ffederal & UHOVI		32,304	30,498	30,498	30,498	30,498
		HEFCW Depreciation		82	82	82	82	82
	ACTION Total		362,929	125,023	129,160	129,160	87,783	
	Education Standards	School Governance		0	1,376	1,738	1,738	1,353
		School Standards Support		2,108	1,362	1,364	1,364	1,394
		School Effectiveness Grant		28,275	0	0	0	0
		School Improvement Grant		0	142,594	141,021	141,021	134,782
		ACTION Total		30,383	145,332	144,123	144,123	137,529
	Pupil Deprivation Grant	Pupil Deprivation Grant		69,122	81,902	82,046	82,046	89,246
		ACTION Total		69,122	81,902	82,046	82,046	89,246
	ICT & Information Management Systems	ICT & IMS Programme		10,505	6,810	6,935	6,935	6,935
ACTION Total			10,505	6,810	6,935	6,935	6,935	
	SPA Total		1,149,275	920,646	932,092	926,092	900,440	

SPA	Actions	Budget Expenditure Line (BEL)	2014-15	2015-16	2015-16	2015-16	2016-17
			Outturn £000	Forecast outturn as at Period 8 £000	Supplementary Budget June 2015 £000	Revised baseline £000	Draft budget £000
Skilled Workforce	Employment & Skills	Employment & Skills	28,209	26,053	26,290	23,890	22,848
		ACTION Total	28,209	26,053	26,290	23,890	22,848
	Youth Engagement & Employment	Youth Engagement & Employment	18,822	15,960	15,813	15,813	17,214
		ACTION Total	18,822	15,960	15,813	15,813	17,214
	Educational & Careers Choice	Careers Wales	28,300	21,400	20,000	20,000	18,000
	ACTION Total	28,300	21,400	20,000	20,000	18,000	
		SPA Total	75,331	63,413	62,103	59,703	58,062
Improving Wellbeing, Reducing Inequality & Increasing Participation	Wellbeing of Children & Young People	Spec. Placements/Students with Learning Difficulties FEIs	11,080	12,010	11,481	11,481	11,481
		School Based Counselling	6	18	80	80	0
		Food & Drink in Schools	3,119	3,070	3,185	3,185	3,230
		Additional Learning Needs	793	1,836	2,786	2,786	2,786
		ACTION Total	14,998	16,934	17,532	17,532	17,497
	Post-16 Learner Support	Welsh Government Learning Grant (was Assembly Learning Grant)	195,778	432,980	422,483	422,483	453,583
		SLC/HMRC Administration Costs	13,731	12,491	8,338	8,338	8,244
		Maintenance Loans Res Budget Prov	106,787	8,616	106,849	106,849	106,849
		Targeted Awards	9,009	7,760	7,004	7,004	6,297
		ACTION Total	325,305	461,847	544,674	544,674	574,973
	Pupil Engagement	Tackling Disaffection	151	320	658	658	658
		Grants for the education of Travellers children	1,044	0	0	0	0
		Minority Ethnic Achievement Grant	9,216	-389	0	0	0
		ACTION Total	10,411	-69	658	658	658
		SPA Total	350,714	478,712	562,864	562,864	593,128
Welsh Language	Welsh in Education	Welsh in Education	21,047	18,549	18,599	18,599	18,681
		ACTION Total	21,047	18,549	18,599	18,599	18,681
	Welsh Language	Welsh Language	5,688	5,125	5,259	5,259	3,964
		Welsh Language Commissioner	3,690	3,690	3,390	3,390	3,000
	ACTION Total	9,378	8,815	8,649	8,649	6,964	
	SPA Total	30,425	27,364	27,248	27,248	25,645	
Delivery Support	Delivery Support	Strategic Communications	-170	3,212	2,972	1,972	2,585
		Education Research & Services	2,013	1,494	1,730	1,730	950
		ACTION Total	1,843	4,706	4,702	3,702	3,535
	SPA Total	1,843	4,706	4,702	3,702	3,535	
Education & Skills Resource DEL			1,607,588	1,494,841	1,589,009	1,579,609	1,580,810

SPA	Actions	Budget Expenditure Line (BEL)	2014-15 Outturn £000	2015-16 Forecast outturn as at Period 8 £000	2015-16 Supplementary Budget June 2015 £000	2015-16 Revised baseline £000	2016-17 Draft budget £000
CAPITAL BUDGET - Departmental Expenditure Limit							
Education & Training Standards	Estate & IT Provision	General Support	43,021	43,021	43,021	43,021	43,021
		Strategic Investment	110,809	133,513	130,813	100,813	122,747
		ACTION TOTAL	153,830	176,534	173,834	143,834	165,768
		SPA Total	153,830	176,534	173,834	143,834	165,768
Education & Skills Capital DEL			153,830	176,534	173,834	143,834	165,768
RESOURCE & CAPITAL BUDGET - Annually Managed Expenditure							
Economic & Social Wellbeing & Reducing Inequality	Post-16 Learner Support	Student Loans Capital AME	356,951	412,726	421,248	449,575	449,575
		Student Loans Revenue AME	-81,317	-315,257	-88,444	-85,376	-85,376
		ACTION Total	275,634	97,469	332,804	364,199	364,199
		SPA Total	275,634	97,469	332,804	364,199	364,199
Skilled Workforce	Educational & Careers Choice	Careers Wales	12,438	6,000	6,000	6,000	6,000
		ACTION Total	12,438	6,000	6,000	6,000	6,000
		SPA Total	12,438	6,000	6,000	6,000	6,000
Education & Skills AME			288,072	103,469	338,804	370,199	370,199
Education & Skills MEG - SUMMARY							
Resource DEL			1,607,588	1,494,841	1,589,009	1,579,609	1,580,810
Capital DEL			153,830	176,534	173,834	143,834	165,768
Total DEL			1,761,418	1,671,375	1,762,843	1,723,443	1,746,578
Annually Managed Expenditure			288,072	103,469	338,804	370,199	370,199
Education & Skills			2,049,490	1,774,844	2,101,647	2,093,642	2,116,777

Education and Skills Portfolio: Integrated Impact Assessment (IIA) on the Budget 2016-17

OVERVIEW OF THE PORTFOLIO

1. The Education and Skills portfolio supports the Minister for Education and Skills, Deputy Minister for Skills and Technology and the First Minister to raise standards and performance in education and skills, and to secure the future of the Welsh Language.
2. We have taken a holistic approach to education funding. With a projected growth in young people over the medium term we have recognised the importance of education in raising educational attainment and skills at all levels as being fundamental in contributing to breaking the cycle of disadvantage and inequality and nurturing the future of a thriving Welsh language. We have also recognised that changes to the population coupled with technological and sectoral change requires us to also consider the important role of education in the context of supporting the future of the Welsh economy.
3. Our vision for the future of education in Wales is that learners in Wales will enjoy teaching and learning that inspires them, in an education community that works co-operatively and aspires to be great, where the achievements of every child and young person are actively promoted.
4. Education changes lives, it provides opportunity, it enables individuals to shape their futures, it builds stronger, more tolerant and cohesive societies, it is the foundation of a strong economy. Education is a key factor in tackling poverty, especially in the longer term and improving the educational attainment of children and young people from low income households and reducing the number of those not in education, employment or training are central to our Tackling Poverty Action Plan.
5. Achieving our vision for education and skills will make a major contribution to the Government's ambitions for Wales and the cross cutting themes of Growth and Jobs, Educational Attainment, Supporting Children, Families and Deprived Communities and Health and Well-Being. Underpinning this is the central principle of sustainability, including long term thinking, prevention, collaboration, integration and engagement.
6. The achievement of the following strategic objectives will support the realisation of this vision:
 - An excellent professional workforce with strong pedagogy based on an understanding of what works.

- A curriculum which is engaging and attractive to children and young people and which develops within them an independent ability to apply knowledge and skills.
- The qualifications young people achieve are nationally and internationally respected and act as a credible passport to their future learning and employment.
- Leaders of education at every level working together in a self-improving system, providing mutual support and challenge to raise standards in all schools
- To deliver a skilled and employable workforce to stimulate innovation and economic growth at a local and national level, with high quality and valued opportunities for all learners
- To support individuals, families and communities in improving economic and social wellbeing and reducing inequality through education and training
- To see the Welsh Language thrive in Wales

SPEND PROFILE – RESOURCE DEL

SPA	2015-16 First Supplementary Budget Revised Baseline £'000	Budget changes and reprioritisation £'000	2016-17 Draft Budget Plans £'000
Education and Training Standards	926,092	(25,652)	900,440
Skilled Workforce	59,703	(1,641)	58,062
Improving Wellbeing, Reducing Inequality and Increasing Participation	456,015	30,264	486,279
Welsh Language	27,248	(1,603)	25,645
Delivery Support	3,702	(167)	3,535

7. There is an overall increase to the Resource DEL of £1.2m. A line by line review of what we spend has been completed as part of the preparations for this budget, including looking at where we can make changes to

delivery to be more efficient or effective, and mitigate the impact of budget reductions where they occur.

KEY CHANGES TO SPEND

8. Recent reviews of education in Wales have highlighted a number of strengths, while also identifying a number of challenges. This budget is based on the evidence of what works and where we, working together with our partners, can influence children and young people's educational experience, knowledge and skills to have a positive impact throughout their lives.
9. The key changes to the spend within the Education and Skills MEG are:
 - Maintained budgets for schools overall as cash flat within the E&S MEG, overall budget for schools has increased by 1% above the change in the Welsh block grant.
 - Reprioritisation of schools budgets to start delivery of A curriculum for Wales: A curriculum for Life, with £5.4m within the Curriculum Review and Schools Challenge Cymru BEL and £5.65m in the teacher Development and support BEL.
 - Pupil Deprivation Grant –increase in budget of £7.2m
 - Schools Challenge Cymru Increased the funding by £2.9m to £15m
 - Higher Education Action – decrease of £41.377m
 - Post-16 Education Action – Increase of £5m
 - Educational and Careers Choice Action – decrease of £2m
 - Post-16 Learner Support Action – increase of £30.299m
 - Maintained budgets for further education as cash flat

IMPACTS

Budgets for Schools

10. Over the Assembly Term period we have ensured that schools budgets have grown by £105.9m. We have made a commitment to extend the protection 1% above the change in the Welsh block grant into 2016-17. Our decision to allocate an additional £39.7m to schools(predominantly in the Revenue Support Grant - Local Government MEG which is primarily focused towards frontline schools funding), has a disproportionately positive impact on young people overall and is important under Article 28 of the United Nations Convention on the Rights of the Child, that children have a right to an education. This decision will also have a positive impact in tackling poverty and socio-economic disadvantage in benefitting protected groups and have significant positive impacts on the Welsh language
11. Evidence shows that the early interventions in terms of a child's education give that child a better chance of well being and success in the long term. Spend on education during schools years, especially with

a focus on literacy, numeracy and reducing the impact of deprivation, prepares young people to gain the qualifications they need to get the job that they want and reduces the amount of remedial action needed to improve skills of the working age population or costs through benefits.

12. Within the overall increase, we have allocated an additional £2.9m from Reserves to take the total School Challenge Cymru funding to £15m for the financial year. This programme accelerates and concentrates our school improvement efforts, focusing on secondary and primary schools in Wales that face the greatest challenge in terms of circumstance and stage of development. Results from the first year are already showing an improvement, and although some schools are still at an early stage in their improvement journey this programme will have a significant benefit to the teachers, children and young people in those schools, and their wider communities.
13. We have reprioritised schools funding in order to provide funding for the implementation of Successful Futures and the New Deal. The four purposes of the curriculum set out in Successful Futures (all children and young people should be able to develop as ambitious, capable learners ready to learn throughout their lives; enterprising, creative contributors, ready to play a full part in life and work; ethical informed citizens of Wales and the world; healthy, confident individuals, ready to lead fulfilling lives as valued members of society) align directly with the goals for long term economic, environmental and social well-being in Wales envisaged by the Act. Achieving the four purposes will have a positive effect across all of the protected characteristics within the Equality Act.
14. The new curriculum will encourage higher standards of teaching and learning – with a renewed emphasis on spoken Welsh. This is in line with the Welsh Language Strategy. These higher standards will also impact achievement across the board, improving educational outcomes has a direct positive impact on reducing poverty and improving life chances.
15. As a result of the reprioritisation of funding there has been a reduction in funding to the Education Improvement Grant (EIG). This reduction will impact Local Authorities, Consortia and schools; the grant's purpose is to enable improvements in school performance. It supports the National Model for Regional Working as well as having a clear focus on our National priorities for schools (improving literacy, numeracy and reducing the impact of deprivation on educational attainment). Therefore there could be impacts on those in poverty, this is more likely to include some ethnic minority groups than others.
16. However, the EIG is flexible and the overall impact is dependent on decisions and priorities at a regional and local level as well as decisions in schools. The Welsh Government will continue to work with the WLGA and Consortia to increase the flexibility to mitigate the impact of the reduction in funding.

17. The Committee has specifically asked about the previous Gypsy and Traveller and ethnic minority achievement grants which are now part of the wider Education Improvement Grant. There is a decrease in the overall quantum of this grant which could reduce the positive impact on the protected characteristic of race and those below 16, however there is not expected to be a noticeable impact on any other protected characteristic. There is a strong correlation between socio economic background and attainment, for example Gypsy and Traveller children are three times more likely to receive free school meals than the national average. Therefore impact will be mitigated by the extra funding that is given through the pupil deprivation grant and the overall work to improve literacy and numeracy in schools and in the future by the benefits of the new curriculum, the New Deal and the impact of implementing Teaching Tomorrows Teachers.
18. The arrangements introduced through the EIG were designed to give local authorities greater flexibility in addressing local priorities. There will inevitably be pressures. Many areas of Wales have continued to deliver services to these vulnerable learners through the dedicated services which were established through the substantial investment delivered by the Welsh Government through the previous funding regimes. We have also encouraged local authorities to consider how services are delivered to ensure efficiency and sustainability, and Cardiff, for example, has delegated greater control of services to individual schools while maintaining a central support function to deliver training assess effectiveness of interventions. This is in keeping with the Welsh Government's approach to build more capacity within schools.
19. The needs of these learners will continue to be met through the inclusive approach we have in education in Wales, and through school improvement programmes. However, we have also been clear that their needs must be addressed discretely by authorities and regional consortia. Consortia have been required to identify key outcome measures in 2015-16 and work is in hand with consortia to introduce an Outcomes Framework in 2016-17 and we will expect to see how these needs of these learners will be met.
20. Additional needs for Syrian refugees will need to be met. Local authorities already receive funding through RSG and the Education Improvement Grant to support the provision of services including to support children's language acquisition and provision of counselling services. The Welsh Government has sought to ensure that there is flexibility in the EIG to allow local authorities to respond to local needs.
21. The Welsh Government has drawn on existing good practice to develop a checklist which we hope will help schools, and local authorities, when considering the needs of newly arrived refugees. This can be used to assist teachers in ensuring that the needs of new arrivals are met and

will be circulated to all authorities before the start of the new term in January.

22. The Home Office has indicated that it will meet the costs incurred in the first year as part of the Vulnerable Peoples Relocation Scheme (VPRS). Any issues around this funding are matters for the UK Government to consider.

Pupil Deprivation Grant

23. We are providing an extra £7.2m in 2016-17 to increase the Pupil Deprivation Grant (PDG) from £1,050 per eligible pupil in 2015-16 to £1,150 in 2016-17. This builds on the existing programme which is an important response to breaking the link between poverty and educational attainment. We are also continuing the PDG to under 5s, to ensure that those most disadvantaged children have access to high quality early education in their early years. This will increase the preventative impact of this spend.
24. The PDG works in partnership with the Rewriting the Future programme to raise the attainment for learners from deprived backgrounds and reduce the performance gap between deprived learners and their more affluent peers. Raising the attainment of our most disadvantaged learners raises their aspirations and reduces the number of young people who become NEET. This is crucial in breaking the “poverty cycle” and by supporting children and young people to achieve their full potential it equips them with the skills that will help them participate more fully in society and in the Welsh economy. The cohort of children and young people who benefit from this grant contains a disproportionately high number with protected characteristics, including children and young people with disabilities or additional learning needs; Gypsies and Travellers, African, Caribbean, Pakistani and Bangladeshi race; and those of Muslim religion. Therefore, the increase in the grant will have a positive impact on these groups.

Post-16 Education Action

25. Evidence shows that those who participate in learning are more likely to be engaged in community activities and civil society. Promoting and supporting post school learning has a direct impact on health and well-being and encourages equality of opportunity for those groups who may otherwise have faced barriers to engagement.
26. It is important that we strike a balance between provision of post 16 education and the opportunity for access to higher education. Certain black and minority ethnic (BME) young people and disadvantaged young people are more likely to end up in poverty if they are not in employment, education or training (NEET). Post 16 education and training such as

apprenticeships are important in meeting the challenge of reducing NEETS, and reducing the number of NEETs is central to our Tackling Poverty Action Plan.

27. In recognition of the importance raised by BAGE that education delivers to addressing inequality to employment and skills and tackling poverty we have protected post 16 education with a cash flat budget and through our 2014 budget agreement we are allocating £5m to enable continued support for around 2,500 apprenticeships. We have gone further and committed an additional £5m to fund a new cohort of 2,500 apprenticeships in recognition of the value of this work based learning as identified by BAGE.
28. Through our decision to provide a cash flat settlement for post 16 education, we have recognised the impacts on tackling poverty and socio-economic disadvantage and committed to realising our ambition of seeing as many learners as possible, including those from protected groups, able to get the skills they need for the workplace. Part of the budget includes provision for Welsh medium education.

Higher Education Action

29. Funding for learners in higher education (HE) contributes to the well-being goals and tackling poverty agenda by supporting the creation and sustainability of high quality jobs and employment, encouraging equality of opportunity and encouraging higher levels of effective participation in society. Support for Welsh medium HE is provided through Coleg Cymraeg Cenedlaethol.
30. The reductions to the budget will be implemented from 1 April 2016. Whilst responsibility for the distribution of the Higher Education Funding Council Wales' (HEFCW) resources lies with the Council, the Minister for Education and Skills issues an annual remit letter outlining Government priorities. This is expected to retain the focus on strengthening jobs and growth in Wales, requiring institutions to work harder to further improve equality and equity in widening access to HE (and thereby make an important contribution to tackling poverty and improving the outcomes of those living in low income households) and to ensuring a sustainable and successful long-term future for HE in Wales.
31. We will seek a collaborative approach to mitigate consequences and are also making significant additional investments in the research capacity of HE sector through Sêr Cymru, making use of EU programme and structural funds. This recognises the role of science in innovation and technology development linked to economic growth and creating jobs. Despite the reduction in HEFCW's overall budget this will be balanced by an increase in the student support budget within the Welsh Government.

32. Overall, income to the HE sector in Wales is forecast to increase as the full impact of the tuition fee reforms continue to be phased in. Since 2015-16 there has been an expectation that institutions will use some of this additional fee income to support vulnerable students, including those living in deprived communities and low income households. In their remit letter for 2015-16 HEFCW have been asked to monitor and provide assistance to institutions as they develop their plans.
33. It is possible that the proposed budget reductions could have an adverse impact on some protected groups, including those from disadvantaged backgrounds. We have been very clear that our tuition fee policy is an investment in the young person and that the choice of institution and course should be driven by individual circumstances not by the cost of fees. This will impact positively on people no matter their ethnicity, gender or background, providing a route out of poverty.
34. HEFCW undertakes its own impact assessments of funding proposals and the methodology for distributing the funds available. However, institutions may argue that reductions in the funding provided by HEFCW may impact their ability to implement programmes to support vulnerable students.
35. The majority of university students are female and the impact of any cuts would therefore be felt disproportionately by this protected group. In particular any adverse impacts felt by the Open University would have a particular impact on women, given their predominance in part time study. Whilst a Ministerial remit letter will confirm that part time learning remains a priority for the Welsh Government, the allocation of the funding available is a matter for HEFCW. In line with previous independent reports, income to the HE sector overall is forecast to remain buoyant despite reductions in direct HEFCW grant funding.
36. Welsh Government has had informal discussions with stakeholders to assess the possible impact of these cuts on people with protected characteristics and those living in poverty. These include discussions with HEFCW and with the Vice Chancellors of all institutions in Wales.
37. Welsh Government will continue to work collaboratively with partners to improve the way we deliver and monitor the outcomes of policies to minimise the impact of budget cuts on education and skills services in Wales.

Evidence for transfer to student support

38. Student finance modelling is monitored, scrutinised and agreed at the Student Support Forecasting Users Group (SSFUG) which is made up of HE policy leads, HE statisticians, and HEFCW officers. SSFUG meets every other month or more frequently if need arises. Student finance models are informed by recognised data sources used by both WG and HEFCW - HESA and UCAS statistical releases as well as trends

analysis provided by the Student Loans Company. SLC data is scrutinised by the joint WG/SLC Challenge Group.

39. In arriving at the level of tuition fee grant to be transferred, the Welsh Government meets regularly with HEFCW to scrutinise and challenge their respective assumptions on future demand. In determining other policy changes which might impact student finance modelling policy leads conduct a stakeholder engagement exercise which forms part of the legislative process. The Student Finance Wales Information Notice, containing details of the proposals, is published for comment on the internet and sent to a wide range of interested parties and stakeholders.
40. Assumptions on future student numbers, eligibility and demand are based on recognised data sources used across government and the HE sector, as mentioned above. The possible impact on institutional income has also been considered. Latest forecasts for income have been derived from WAO forecasts, HESA Finance Record and student numbers forecasts. HESA data shows a small but steady increase in the number of students entering higher education with a net increase in the numbers studying at institutions in Wales. Income to the sector in Wales from all sources is forecast to increase steadily until 2020.
41. Eligibility for student support is determined through regulations which are made annually. The student support package available to students in the academic year 2016-17 has been dealt with via a separate legislative process and a separate EIA has been produced.

Educational and Careers Choice Action

42. Careers Wales provides a bilingual and impartial careers information advice and guidance service, on an all Wales, all age annual service remit. It provides services to young people who are at risk of disengagement from education and training, thereby helping to prevent them from becoming NEET.
43. The reduction to the funding for Careers Wales will have a number of potential impacts, meaning that there will need to be a change to the Annual Remit for 2016-17. Statutory service provision of Careers Information Advice and Guidance (CIAG) to school children and those in Further Education Institutions will remain core provision.
44. The affected client group is all users of Careers Wales services. Young people aged up to 18 years are the primary client group for Careers Wales service provision. The potential negative impact on the 18 – 24 client group is identified, as this particular age group does not benefit from other Welsh Government programme funding as per unemployed adults aged 25 plus, or those clients who are redundant.

45. All areas other than those identified as core statutory delivery i.e. services to young people in schools and FE colleges / unemployed 16 and 17 year olds, will be under increased financial pressure and potential reduction in services. Individuals with protected characteristics will continue to be provided with Careers Wales services and support as required under legislation. There is not expected to be a disproportionate impact on people with other protected characteristics.
46. In order to mitigate the impact of budget reductions a key focus will continue to be on improving and enhancing the delivery of core services via the website, telephone advice line, web chat and social media channels which are available to all, although this may have a disproportionate impact on poorer or disabled people with less access to IT. There is no impact on Children's Rights as careers advice and guidance will still be available to all, albeit in a different format.
47. Reducing the core budget will require Careers Wales to further reduce the staffing levels within the organisation. This will impact primarily on the quantity of face to face guidance services delivered to young people in schools and colleges, and to adults.
48. Careers advice encourages people into work; this has a positive impact on the economy and on well-being. Certain black and minority ethnic (BME) young people and disadvantaged young people are more likely to be not in employment, education or training (NEET), therefore there is a potential impact on these groups.
49. Careers Wales will continue to provide a bilingual service, therefore there is no impact on the Welsh language. Advice is given on welsh language provision and local labour market needs, including jobs where there are opportunities to use the Welsh Language.
50. Discussions have been held around the range, extent and depth of provision provided by Careers Wales to its core and other client groups as part of the regular contact with the senior management team, to ensure suitable and quality performance delivery.
51. Welsh Government remains committed to safeguarding the delivery of a national, impartial careers service for young people and adults across Wales.
52. Careers Wales has its own Equality and Diversity Policy and Action Plan which will need to be reviewed and updated to take account of the proposed budget reduction for 2016-17.

Post-16 Learner Support Action

53. Students at higher education institutions have access to a range of support including grants and loans. We are continuing to provide tuition

fee loans and means tested living cost grants. An increase in the budget for student grants has been made due to an expected rise in demand as student numbers increase and in some areas household income is falling, so more are below the threshold levels for grant support. The provision of grants and loans supports all learners but has a disproportionately positive impact on those from deprived backgrounds as some grants are means tested.

54. In light of the growing financial pressures, we commissioned Professor Ian Diamond to undertake an independent review of higher education funding and student finance arrangements in 2014. A key priority of the review is to consider the long-term financial sustainability of the Higher Education system. The findings of this review will be published in 2016 and will help inform the next steps for higher education funding in Wales. In the interim, we are allocating an additional £10m in recognition of the pressures on student support for 2016-17. This will enable the continued delivery of our tuition fees commitment.

Welsh Language Action

55. In recognising the important role that schools play in securing a thriving future for the Welsh language we have allocated additional funding to schools, which is primarily focused towards frontline schools funding and will impact equally on Welsh medium, English medium and bilingual schools. In particular there have been encouraging increases in primary school pupils being assessed in Welsh first language. We remain committed to our Welsh Language Strategy “Iaith Fyw” and Welsh-medium education strategy. However, austerity will mean that difficult choices will need to be made and we will seek to minimise impacts to the future of the Welsh language and Welsh speaking communities. In line with this commitment and in recognition of pressures faced in protecting the future and heritage of the Welsh language we have allocated £1.2m in 2016-17 as a step to cushion the impact of reductions to funding.
56. Welsh language is an integral part of the implementation of the Curriculum review and Welsh medium, and bilingual schools are part of the Pioneer network of schools developing the curriculum and New Deal. This Action also funds educational activities outside schools and we have made reductions in certain areas where the impact will be manageable, to enable prioritisation of spend to schools.

CONTINUOUS IMPROVEMENT

57. We are committed to ensuring that all budget decisions are made with reference to integrated impact assessment. Following the preparation for both the 2014-15, 2015-16 and 2016-17 budget rounds we now have a baseline analysis of the impact of budget changes on equality, rights of the child, sustainable development, tackling poverty and the Welsh

language. This has enabled us to give full consideration to socio-economic disadvantage, children's rights, Welsh language and sustainable development, in addition to the focus on equality and tackling poverty. This will be used to inform future decisions on budgets throughout the year and for the first budget of the next assembly term.

58. Integrated impact assessments are considered as part of all relevant ministerial decisions. The department will be strengthening its guidance on impact assessments and their relevance to different types of advice that is submitted to Ministers through ministerial advice in line with developments from Welsh Government central teams.