

**National Assembly for Wales
Children, Young People and Education Committee
CYPE(5)-10-16 – Paper 1
Response from : Welsh Government**

Title: Evidence paper on the Draft Budget 2017-18 - Education Main Expenditure Group (MEG)

Introduction

1. This paper provides information to the Children, Young People and Education Committee on the Education Main Expenditure Group (MEG) proposals outlined in Draft Budget 2017-18, which was published on 18 October. It also provides an update on specific areas of interest to the Committee.

Background

2. Draft Budget 2017-18 provides a one year plan for revenue investment and a four year plan for capital investment in the provision of education in Wales. The tables below provide an overview of the planned Education MEG published in Draft Budget 2017-18.

£000s					
Education - Summary	2016-17 First Supplementary Budget	2017-18 Draft Budget New Plans	2018-19 Draft Budget New Plans	2019-20 Draft Budget New Plans	2020-21 Draft Budget New Plans
Resource DEL	1,445,445	1,490,899			
Capital DEL	175,768	100,813	128,061	135,745	143,890
Total DEL	1,621,213	1,591,712	128,061	135,745	143,890
Resource AME	-71,147	-90,054			
Capital AME	414,050	491,871			
Total AME	342,903	401,817	0	0	0
Total - Education	1,964,116	1,993,529	128,061	135,745	143,890

RESOURCE DEL SUMMARY					
£000s					
SPA	2016-17 First Supplementary Budget	Baseline Adjustments	2017-18 Revised Baseline	2017-18 Changes	2017-18 Draft Budget New Plans
Resource DEL	1,445,445	-5,416	1,440,029	50,870	1,490,899
Capital DEL	175,768	-74,955	100,813	0	100,813
Total DEL	1,621,213	-80,371	1,540,842	50,870	1,591,712

3. The First Supplementary Budget figures for 2016-17 have been revised, removing any one off allocations as part of that supplementary budget or previous budgets, and including any permanent MEG to MEG transfers. This is to enable a like for like comparison of the 2016-17 budgets with the 2017-18 draft budget.
4. The following table shows the reconciliation from the published First Supplementary Budget 2016-17 to the revised 2017-18 baseline budget for the resource and capital elements of the MEG.

Resource DEL	£000
Published First Supplementary Budget 2016-17	1,445,445
Allocation in First Supplementary Budget 2016-17 - HEFCW	(10,000)
Invest to Save – Student Loans Company	94
Transfer of budget back from Economy and Infrastructure MEG for Offender Learning (transferred in First Supplementary Budget 2016-17)	3,328
Transfer from Economy and Infrastructure MEG for Erasmus	162
Transfer from Local Government MEG (RSG) – to enable sharing of teachers' subsidy across all practitioners	1,000
Revised 2017-18 baseline	1,440,029
Capital DEL	
Published First Supplementary Budget 2016-17	175,768
Allocation from centrally retained capital funds in Draft Budget 2016-17 - FE projects	(21,934)
Allocation from centrally retained capital funds in Final Budget 2016-17 - FE projects	(10,000)
Transfer of General Capital Funding (GCF) to Local Government MEG (presentational change only)	(43,021)
Revised 2017-18 baseline	100,813

5. Compared to the revised baseline for 2017-18, the total Resource DEL allocation for Education has increased by £50.9m (3.5%). The movements are set out in detail under the relevant Actions below. In summary the movements for 2017-18 are:

	£000
Removal of time limited central support for Schools Challenge Cymru which comes to an end in 2016-17	(15,000)
Funding from Reserves to meet the pressures of maintaining the current student support package	15,000
Funding from Reserves to deliver the government's commitment to raise schools standards	20,000
Budget agreement - funding to mitigate the pressures in Further Education and Higher Education, to improve collaboration and strategic links between HE and FE and to start the implementation of Welsh Government response to Diamond	30,000
Budget agreement - funding to support further development of Welsh for Adults	5,000
Additional non-fiscal resource cover for Qualifications Wales and HEFCW	108
Net cut to the Education MEG - amount transferred back to Reserves	(4,238)
Resource DEL – net increase	50,870

6. There has been no change to the revised 2017-18 baseline of £100.8m for the capital budget in 2017-18, although increases are planned for future years of £27.2m (2018-19), £34.9m (2019-20) and £43.1m (2020-21). This increase is primarily to enable the provision for investment in infrastructure to support the Childcare Offer which will be delivered in conjunction with the 21st Century Schools and Education Programme from 2018-19.
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 has increased by £58.9m for 2017-18.
8. The Action level budget plans for the Education MEG were published on 18 October. To aid transparency a breakdown of changes to the Education MEG by Budget Expenditure Line (BEL) is provided at Annex A. The report provides detail on 2016-17 First Supplementary Budget allocations, 2016-17 forecast outturn and 2015-16 final outturn. As requested by the Committee, any BELs which had funding transferred out at the First Supplementary Budget 2016-17, due to the realignment with the new government portfolios, are highlighted (in green) and outturn figures for 2015-16 amended to enable comparisons with the 2017-18 draft budget.

Budget Context – including Education Priorities

9. This is a Budget which has again been developed against the backdrop of uncertain and difficult times. 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. A new Programme for Government, *Taking Wales Forward* was published in September 2016. It sets out how this government will deliver more and better jobs through a stronger, fairer economy, improve and reform public services and build a united, connected and sustainable Wales. The priorities are developed around four cross-cutting themes which will set the framework for how our priorities are delivered:
 - Prosperous and secure
 - Healthy and active
 - Ambitious and learning
 - United and connected
11. The Education portfolio is responsible for taking forward a number of the priorities set out in *Taking Wales Forward*, primarily under the theme of 'Ambitious and Learning' which sets out clear priorities for delivery of education in Wales.

12. Education reform is our national mission. Working together we will ensure that our young people have an equal opportunity to reach the highest standards. I have agreed, with the First Minister, ten priorities for education in Wales, which now feature as key priorities in *Taking Wales Forward*:
- Reducing infant class sizes;
 - Ensuring every child gets the best start in life through an expanded Pupil Deprivation Grant;
 - Prioritising schools access to super-fast broadband within the national programme;
 - Incentivising, recognising and promoting teaching excellence so that we raise standards across the board;
 - Promoting and enhancing both academic and vocational routes into and through further and higher education, and the national, international and civic roles of our educational institutions. This includes both full and part-time opportunities that will benefit learners of all ages, employers and communities.
 - The impact of current policy on surplus school places is reviewed, with emphasis on rural schools, to better take account of future growth trends;
 - Consulting further on the specific recommendations of the Hazelkorn review.
 - Exploring a potential expansion of the remit of the Coleg Cymraeg Cenedlaethol to include further education
 - Prioritising support for enhanced links between education and industry, enabling innovation and entrepreneurship across our public and private sectors in collaboration with our universities and colleges; and
 - The recommendations of the Diamond Review are considered, with a view to early implementation where appropriate, but there will be no negative effect on the higher education budget if there are any changes.
13. In terms of prioritisation, delivery across all of these commitments remains of equal importance. However, I expect all our policies to help raise standards and further narrow the attainment gap between pupils from our most deprived communities and those from more prosperous areas. The Education MEG proposals for this budget reflect our strategy to align funding to deliver these priorities, whilst being realistic and allowing sufficient flexibility given the continuing squeeze on budgets.
14. As a result of the Budget agreement with Plaid Cymru, we have secured an additional £30m in 2017-18 to support priorities, and improve collaboration and links between further and higher education. A further £15m has been invested to maintain the current student support arrangements before the implementation of changes recommended in the Diamond Review. Additional funding of £20m has been allocated in 2017-18 as part of the pledge to provide £100m over this government term to improving school standards. This funding will be invested to support our key education priorities.

15. I have met with the Cabinet Secretary for Finance and Local Government as part of preparations for draft budget to discuss my priorities for the Education portfolio. However given the difficult budget settlement, delivery of some of my priorities will be funded through the review and reprioritisation of existing resources within the MEG (including the £4.5m increase announced for PDG). Further details on funding allocated to support my education priorities is contained in the Action level summary and specific areas section of this paper.
16. 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 was to consider the long-term financial sustainability of the Higher Education system. The findings of this review were published on 27 September and will help inform the next steps for higher education funding in Wales. The Welsh Government will issue its formal response to the report once it has concluded discussions with the HMT and SLC about the practical implication of implementing our proposals. In the interim, expenditure on the tuition fee grant continues to increase on an annual basis. The draft budget includes an additional transfer to reflect the forecast cost of the Tuition Fee Grant as well as savings that have been made in the Welsh Government learning grant budgets. However and in order to reflect pressures on HEFCW budgets, additional funds have been allocated to HEFCW for the 2017-18 year. This allocation will mitigate against reductions in funding against key Welsh Government priorities, for example, part-time, QR and expensive subject premium and reflects the funding council taking responsibility for some part of the future designation process in Wales. The government will ask that funding will be targeted at improving collaboration and strategic links between HE and FE and to start the implementation process for the Welsh Government response to Diamond.

Action level summary

17. As requested by the Committee, a summary of draft budget changes by Action relevant to this Committee is provided below. As detailed in paragraph 3, the summary reflects changes from the revised baseline for 2017-18 in order to enable a meaningful comparison.

Literacy and Numeracy Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
4,456	-	4,456

18. The budget funds a range of interventions to support the agenda of improving literacy and numeracy skills of children and young people. There is no change to this budget in 2017-18 as a result of the priority placed on literacy and numeracy in enabling us to develop a self-improving education system.

19. Funding within this Action specifically supports the implementation of actions set out in the National Literacy and Numeracy Programme; however literacy and numeracy are embedded across the delivery of education policies. The budget also supports the development and delivery of Reading and Numeracy Tests.
20. The support offer for literacy and numeracy is already delivered in an effective and efficient method by consortia through the Education Improvement Grant, which has within its remit the priorities of literacy and numeracy. This adds substantially to the total support offered for these skills in schools.

Curriculum Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
32,550	(16,849)	15,701

21. This action is made up of the Foundation phase BEL (policy work only, the delivery funding now sits in the Education Improvement Grant within the Education Standards Action), the Curriculum and Assessment BEL and the Curriculum Review and Schools Challenge Cymru BEL. The budget decreases by £16.8m compared to the baseline.
22. The decrease is primarily as a result of an adjustment within the Curriculum Review and Schools Challenge BEL to remove the time-limited central support of £15m for Schools Challenge Cymru which comes to an end in 2016-17. An update on Schools Challenge Cymru programme is provided in the specific areas section below.
23. The funding to support the implementation of *A curriculum for Wales: a curriculum for life*, published in October 2015, remains at £5.4m in recognition of our commitment to design, develop and make available a new Curriculum for Wales by 2018.
24. As we move forward with developing 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. The budget for Technquest has reduced by £0.2m to reflect the agreed withdrawal of core funding to Technquest (TQ) and Technquest Glyndŵr (TQG) over the next four financial years. The transition period is designed to help TQ and TQG move to new business models. There is a reduction to PE and School Sport budget of £0.5m. The Physical Literacy Framework will be considered by Pioneer schools during the development of the new curriculum. The GCSE support budget has been reduced by £1m following the phased introduction of new GCSEs over the period 2015 to 2017.

Teaching and Leadership Action

2017-18	Budget changes and reprioritisation	2017-18
Revised Baseline	and reprioritisation	Draft Budget
£000	£000	£000
22,221	(2,490)	19,731

25. The revised baseline figure for 2017-18 includes the transfer of £1m from the Revenue Support Grant (RSG) in respect of the subsidy for teacher registration fees. In 2015, the General Teaching Council for Wales was reconfigured to create the Education Workforce Council (EWC). This saw professional registration extended to include Further Education (FE) teachers working in FE Institutions in Wales. Professional registration has since been extended further to include all school and FE based Learning Support Workers in Wales. The transfer will enable the sharing of the subsidy towards the EWC teacher registration fee between all teaching practitioners.
26. This action includes the funding for initial teacher training and continued professional development for teaching professionals. This Action also includes funding for Pioneer Schools, where funding will remain at its current level of £5.65m. Sustaining current budget levels will be crucial to ensuring the successful delivery of the overall curriculum reform programme and also establishing a strong national pioneer network to support curriculum design and workforce development to realise the new Curriculum from 2018 onwards.
27. We are embarking on a large change programme in our education system and Initial Teacher Education (ITE) is a fundamental part of this. We know that the current system has weaknesses and this is a key time for us to consider all aspects of teacher recruitment, retention and development. It is important to consider how we develop a unique offer for people entering into teaching in Wales. There is a need to consider the undergraduate, post graduate and graduate teacher programme along with the incentives that are currently available so that we can not only attract but retain and develop high quality teachers.
28. This budget reflects our intention not to re-tender our graduate training programme currently delivered by Teach First. Whilst this programme has benefits, it remains costly and the retention figures have been disappointing. The final cohort will be supported up to and including July 2018. We will continue to be in talks with Teach First about future options on working together. In not retendering, the smaller scale Graduate Teacher Programme will be developed and enhanced to support the ITE Change Programme.
29. We also know that teaching incentives, although attracting students, are not effective in retaining teachers, and this budget reflects a reduction to teacher incentives budget of £1.75m as a result. We have commissioned a rapid review to explore this in more detail, which will report in December. Initial Teacher Education Training moving forward will be a more integral part of our

professional development programme, our leadership academy, and the work carried out by pioneer schools and supported by consortia - and is funded as part of that ongoing work.

Qualifications Action

2017-18	Budget changes and reprioritisation	2017-18
Revised Baseline	£000	Draft Budget
£000	£000	£000
8,169	(27)	8,142

30. This action funds Qualifications Wales which was established in September 2015. The majority of grant in aid funding for Qualifications Wales is to support their running costs (over 70%), with the remainder for the research and development work the body undertakes to underpin its work as a regulator.
31. The budget reflects the recurrent transfer in of £0.2m from the Welsh in Education Action. Responsibility for commissioning Welsh for Adults examinations which was previously undertaken by the Welsh in Education Unit has been transferred to Qualifications Wales from 1 August 2016.
32. The budget also reflects a 4% cut to the Qualifications Wales budget for 2017-18. Further detail on Qualifications Wales and how it plans to accommodate this reduction is detailed in the specific areas section below.

Post-16 Education Action

2017-18	Budget changes and reprioritisation	2017-18
Revised Baseline	£000	Draft Budget
£000	£000	£000
401,405	6,281	407,686

33. The revised baseline figure for 2017-18 includes the transfer of £0.162m from the Economy and Infrastructure MEG in respect of the Erasmus activity.
34. 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, funding to support the delivery of the Seren networks which supports progression to Sutton Trust universities for the brightest learners; and Erasmus activities to support international mobility for staff and students.
35. The budget for post-16 Education Action has increased compared to the revised baseline budget by £6.281m, which is made up of two elements. Firstly £1.276m transfer in from Youth Engagement and Employment Action for Careers Policy and Sponsorship and Seren Network funding. The second

element is a £5.005m increase to Further Education Budgets to contribute towards the pay and related pressures faced by the sector.

36. The budgets within this action have now been merged into a single budget expenditure line (BEL) to allow greater flexibility within post-16 education. In 2016-17 there is an amount of £1.066m within the FE Policy and Apprenticeships Policy BEL with the balance of the funding being held in the Further Education BEL.

Educational and Careers Choice Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
18,000	-	18,000

37. This action provides the core funding to Careers Wales (CCDG) which is a wholly owned subsidiary and limited company of the Welsh Government.
38. There is a statutory duty to provide careers information, advice and guidance services to people in schools and colleges. Careers Wales offers a differentiated service with face to face guidance focused on key priority client groups. Careers Wales continues to offer a range of services and support to young people and adults through different mechanisms, notably through the careerswales.com website, telephone helpline, face to face guidance interviews for priority clients groups, group work in schools as well as social media. During 2015-16 Careers Wales delivered 144,286 one-to-one interactions, 66,952 group sessions and received 1,452,235 sessions from its website.

Higher Education Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
108,883	(4,497)	104,386

39. The revised baseline figure for 2017-18 includes the removal of £10m allocation to HEFCW awarded in 2016-17 1st supplementary budget.
40. The budget for Higher Education Action decreases by £4.5m compared to the revised baseline budget. This is made up of four elements.
41. Firstly, £24.1m transfer out to Post-16 Learner Support Action in relation to the Tuition Fee Grant. 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 for 2015-16. The amount also

includes the consequential reductions arising from the decision to reduce the tuition fee grant and to freeze the Welsh Government Learning Grants income thresholds and grant entitlement.

42. Secondly, £5.4m recurrent transfer out to the Welsh in Education Action for Coleg Cymraeg Cenedlaethol.
43. Thirdly, an increase of £25m has been allocated to HEFCW for 2017-18. This allocation will mitigate against reductions in funding to support key Welsh Government priorities, for example. part time, QR and expensive subject premium and reflects the funding council taking responsibility for some part of the future designation process in Wales. The Government will ask that funding be targeted at improving collaboration and strategic links between HE and FE and to start the implementation process for the Welsh Government response to Diamond
44. Lastly, an increase of £0.008m in depreciation costs to reflect actual cost to the Funding Council.
45. We recognise that there is still a reduction for HEFCW next year. But we have provided an additional £20m this year for a suite of measures that should assist the Council and HE institutions in Wales to deal with current and future financial pressures as we move towards implementation of the Diamond Report's recommendations.
46. Previously the Higher Education budget has been split over five BELs. The budgets have been merged into a single BEL for the revenue allocation and a separate BEL for the depreciation budget. This action has been requested by HEFCW and will achieve the following:
 - Merging the current four budget lines into a single budget line representing the actual funding that will be available to HEFCW to fund HE in Wales. This will become more important with the transfer of the tuition fee grant to Welsh Government and with the future implementation of Welsh Government response to Diamond;
 - Will allow HEFCW to manage budgets more efficiently without requesting Welsh Government approval for spend between lines; and
 - Make HEFCW more accountable for the allocation of its running costs to higher education institutions in Wales.

Education Standards Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
137,529	19,271	156,800

47. The budget increases by £19.3m in 2017-18, primarily as a result of an additional £20m for school standards, as part of our pledge to provide £100m of additional funding over this government term to raise standards in schools. An update on the £100m additional investment in school standards is provided in the specific areas section below.
48. The Education Improvement Grant (EIG) continues to form the majority of this Action and is the main grant funding available to schools, local authorities and consortia to deliver improvements in school performance. Whilst the EIG will see a reduction of £1m in 2017-18, equivalent to 0.75%, we are still investing over £133m through the EIG which reflects our commitment to prioritise funding for schools. The grant will continue to provide flexibility for consortia, local authorities and schools to target the funding where it is needed most. However officials will continue to work with regional consortia and local authorities to further simplify arrangements, reduce administrative and management costs to ensure there is minimal or no impact on schools as a consequence of this reduction.
49. The budget also reflects the transfer of £0.5m to the Welsh in Education Action to support the extension of the Welsh Language Charter on a national basis. The Charter has been piloted in North Wales over three pilot phases.
50. Additional revenue funding of £1m has been earmarked in this Action to support priorities for class sizes (further detail on class sizes is set out in the specific areas section below).

Pupil Deprivation Grant Action

2017-18	Budget changes and reprioritisation	2017-18
Revised Baseline	and reprioritisation	Draft Budget
£000	£000	£000
89,246	4,500	93,746

51. The Pupil Deprivation Grant (PDG), introduced in April 2012 as part of a budget deal between the Welsh Government and the Welsh Liberal Democrats, is a key opportunity for schools to provide targeted support to reduce inequalities in educational attainment. I am sure that the committee noted the recent reduction in the GSCE attainment gap between eFSM students and non eFSM students. 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. There has now been an adjustment to the 2016-17 baseline to reflect central funding for the PDG moving into the Education MEG from 2017-18.

52. I have allocated a further £4.5m in 2017-18 to support the increase of the early years element of the PDG, doubling the amount of support from £300 to £600 for eligible three and four year olds.

ICT and Information Management Systems Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
6,935	(276)	6,659

53. 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 (LiDW) programme and JISC (a UK shared service network for post 16 education); the Unique Learner Number project and in house data management systems.
54. Successful Futures sets out how important digital literacy is for the 21st century curriculum and learning, however in light of the difficult budget settlement a small reduction has been applied to this Action. Investment and strategic support for the ongoing implementation of the LiDW programme will continue to be a priority, and savings can be achieved through reductions to staffing costs which will not impact on our capacity to deliver the agreed work programme.

Wellbeing of Children and Young People Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
17,497	1,000	18,497

55. The majority of this action funds the specialist residential college placements for post 16 students with severe learning difficulties. This funding is statutory and demand led in accordance with Welsh Ministers duties under the Learning and Skills Act. The budget increases by £1m in 2017-18 to relieve the existing and future pressures in this area as demand increases for this type of provision. Specialist FE provision is essential in ensuring that those disabled young people whose needs cannot be met in their local college are able to access further education and training suitable to their needs.
56. We have continued to protect funding for School Milk Scheme in the Foundation phase and at Key Stage 2 at a subsidised rate.

Post-16 Learner Support Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
553,967	35,849	589,816

57. The budget for the Welsh Government Learning Grant BEL within this Action has increased from the baseline budget by £34.8m to £467.3m. 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 £24.1m transfer in from the Higher Education Action for Tuition Fee Grant. 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 for 2015-16. The amount also includes the consequential reductions arising from the decision to reduce the tuition fee grant and to freeze the Welsh Government Learning Grants income thresholds and grant entitlement.
58. We have maintained our commitment to provide financial support to students from the lowest household incomes into 2017-18 by retaining the overall level of support available for students. An extra £15m 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.
59. The budget for EMA has been reduced by £4.3m to reflect the outturn position for financial year 2015-16 and projected forecast expenditure on this activity in financial year 2016-17. There will be no amendment to the EMA scheme, the eligibility criteria or grant entitlement as a result of this reduction.
60. The budget for SLC/HMRC administration costs BEL has increased by £1m. The increase will allow SLC to start to design the system that will implement the Welsh Government response to Diamond and will help maintain current service levels, despite an increase in application numbers.

Pupil Engagement Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
658	(58)	600

61. 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.

62. There is a small reduction to the budget for 2017-18 which can be achieved without having an impact on core policy commitments through utilising economies of joint working.

Youth Engagement and Employment

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
9,981	(1,442)	8,539

63. The revised baseline for 2017-18 reflects the transfer of £3.3m from the Economy and Infrastructure MEG for Offender Learning.
64. This Action funds a number of grants to support statutory and voluntary youth services in Wales and delivery of activity to support NEET reduction through the implementation of the Youth Engagement and Progression Framework. The budget decreases in 2017-18 compared to the baseline by £1.442m. This is mainly as a result of two elements. Firstly, £1.276m transfer out to Post-16 Education Action for Careers policy and sponsorship and Seren Network funding. Secondly, a £0.166m or 2.5% reduction to the remaining budget. Implementation of the Youth Engagement and Progression Framework has made good progress - the decrease in funding reflects a reduction in the need for direct activity to support implementation of the Framework.

Welsh in Education Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
18,681	10,550	29,231

65. The Welsh in Education Action increases by £10.6m for 2017-18. Part of this additional funding will support the further development of Welsh for Adults, and in particular the provision of Welsh language courses for the workplace, and part of which will support other initiatives to promote the use of Welsh. Further consideration will be given to how the additional £5m will be distributed in line with the priorities of the new Welsh Language Strategy currently being consulted upon.
66. There have also been a number of recurrent transfers which impact on this action:

- £5.4m from the Higher Education Action to fund the activities of Coleg Cymraeg Cenedlaethol from 2017-18;
- £0.5m from the Education Standards Action (EIG grant) to deliver programmes which support children and young people's informal use of Welsh, which include the extension of the Welsh Language Charter on a national basis; and
- £0.2m to the Qualifications Action in relation to the continued delivery of the Welsh for Adults examinations via Qualifications Wales.

67. The final change relates to a budget reduction of £0.150m. We will work to mitigate the impact of this reduction on the delivery of our commitments and we intend to manage the savings across the BEL as we plan in detail our commitments for 2017-18. The majority of the savings will be achieved from the remaining Bilingual Champions contracts coming to an end. Projects to support Post-16 activity will be reconsidered and reductions will be made within these activities as contracts are renewed to achieve the savings.

Delivery Support Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000
2,887	(942)	1,945

68. This Action funds marketing and communications, research and the International Education Programme (IEP). It also includes funding for the Remploy programme, which is funded from the Education MEG although policy responsibility rests with the Cabinet Secretary for Communities and Children.

69. The change is a result of reductions to a number of budgets :

- £0.834m funding for Remploy based on forecast commitments against the scheme for 2017-18;
- £0.042m from marketing and communications budget; and
- £0.066m to the IEP, which will be managed by reducing activity with the British Council (subject to negotiation), where programmes can be brought to a natural conclusion.

Capital – Estates and IT Provision Action

2017-18 Revised Baseline £000	Budget changes and reprioritisation £000	2017-18 Draft Budget £000	2018-19 Draft Budget £000	2019-20 Draft Budget £000	2020-21 Draft Budget £000
100,813	-	100,813	128,061	135,745	143,890

70. This budget supports the 21st Century Schools and Education Programme. Band A of the programme will see investment of more than £1.4bn over the five year period ending 2019. All local authority areas will benefit from this major improvement programme, which will see the rebuilding and refurbishment of 150 schools and colleges. This budget will also be used to support any capital funding requirements to deliver our education priorities, including class sizes and prioritising schools access to super-fast broadband.
71. There has been no change to the revised 2017-18 baseline of £100.8m for the capital budget in 2017-18, although increases are planned for future years of £27.2m (2018-19), £34.9m (2019-20) and £43.1m (2020-21). This increase is primarily to enable the provision for investment in infrastructure to support the Childcare Offer which will be delivered in conjunction with the 21st Century Schools and Education Programme from 2018-19, with an additional £20m per annum allocated from 2018-19. The remaining increase relates to adjustment for the impact of inflation.

Budget monitoring

72. 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 for 2017-18 reflect this.
73. All budgets continue to be monitored and challenged on a monthly basis during 2016-17, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the Education MEG to ensure that budgets remain on track to deliver the priorities for Wales.

Preventative Spending

74. Within the Education 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.
75. 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. The Education Improvement Grant for schools (School Improvement Grant BEL £134m) is therefore considered to be preventative, and combines grant funding for a number of other areas including SEG, Gypsy and Traveller children and ethnic minority children.

76. 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. There is considerable evidence that investment which addresses barriers earlier in education has a disproportionate benefit on learners than later investment. That is why we are investing an additional £4.5m in the Early Years PDG in 2017-18, doubling the support we provide to disadvantaged pupils aged three and four in schools and settings across Wales.
77. We have protected funding within the Literacy and Numeracy Action which totals £4.5m for 2017-18. The 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. It is more likely that learners who have lower-level literacy and numeracy skills will not progress into employment and this has consequences for economic growth. 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.
78. The implementation of *A curriculum for Wales - a curriculum for life* is preventative at its core. By improving the curriculum, and the way that the curriculum is used to support teaching and learning, our young people have the best chance of being equipped with the knowledge and skills they need to further their learning and enter into the workplace as better, more rounded contributors.
79. Our spend on the 21st Century Schools programme, which will invest nearly £2bn in new and refurbished schools, community schools and college buildings by 2024, is preventative in nature by ensuring that our school and college infrastructure provides fit for purpose environments to deliver a 21st Century Curriculum. The key aims of the programme are to reduce the number of poor condition schools which are 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.
80. 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 which totals £8.5m for 2017-18, is built around the needs of young people and the

accountability of different agencies, thereby strengthening and delivering better outcomes for young people.

81. Further Education is important in the drive to reduce the number of young people not in employment, education or training (NEET) and in increasing the skill levels of young people before they enter the world of work. There is evidence to suggest that ongoing education reduces the likelihood of committing crime or reoffending.
82. The funding allocated for the offender learning activity aims to enhance the skills and employability of offenders serving sentences in prison and in the community and thereby improves individuals' position within the labour market. Activities are specifically focused on raising essential skills levels and on engaging individuals with low or no skills who may not have participated in learning for some time. It is widely recognised that moving people into work has a dramatic impact on their health and ability to function in every day society. Up-skilling, particularly improving essential skills, makes a significant contribution to the Tackling Poverty agenda. This links with Wales' Reducing Reoffending strategy and will have an impact on crime reduction in Wales.

Impact of the United Kingdom leaving the European Union (EU)

83. The result of the EU referendum has added to the level of uncertainty about future resources for Wales. Wales is a net beneficiary of EU funding with £650m coming into Wales each year. This is funding which plays a vital role in supporting growth and jobs across Wales, helping people into work and training, supporting businesses, driving innovation and helping to regenerate communities.
84. The First Minister has welcomed the Chancellor's confirmation that Treasury will provide a guarantee for all structural and investment projects approved before the UK leaves the European Union. Therefore until we actually leave the EU, funds will come to Wales as normal which means that we can be reasonably sure of funding up to 2020 and can approve projects that are committed during that period. This is a positive outcome for the Progress for Success ESF Programme which is funded from the Foundation Phase BEL within the Education MEG.
85. Extensive work is underway across the Welsh Government to ensure we maximise our influence in discussions within the UK, and in turn in formal EU negotiations, to secure the best possible outcome for Wales. We are working closely with the UK Government and other devolved governments to ensure the interests of Wales are heard and protected. These actions will help identify and focus on transitional measures we will need to take.
86. However the longer term implications of leaving the EU do not escape me and the need to take preparatory action remains a top priority. The UK's withdrawal from the EU brings significant challenges to our universities and colleges in Wales, including the issues associated with:

- Protecting overall income;
- Access to research funding and networks / programmes; and
- Applications by EU / international students to Welsh universities.

87. I have established a HE Brexit Working Group with representation from across the HE sector. Members of the group are showing great determination in addressing challenges and looking to capitalise on opportunities. I welcome the response by the HE sector to actively engage in this process and we can use the information gained to help make informed decisions on future adjustments to budgets that will support transitional needs and requirements.

Costs of Legislation

88. The budget continues to take account of our current legislative programme. A table setting out the costs for 2017-18, 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 E). 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

89. 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 2017-18.
90. 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 via the Education Improvement Grant. Costs associated with approving the Plans come from Welsh Government running costs.
91. In respect of school and local authority intervention there are no known costs falling to Welsh Government. Officials will be revisiting the statutory Schools Causing Concern Guidance, however there are only staff costs associated with the revision of this guidance.

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

92. 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 2017-18.

Education (Wales) Act 2014

93. 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. We have agreed a registration fee model with the EWC that ensures they are completely self funding from April 2017.
94. There are no costs associated with school term dates other than staffing costs for the Welsh Government in liaising with local authorities regarding their term dates and where necessary consulting on the dates that Welsh Ministers propose to direct. This is consistent with information provided in the RIA to the Act.

Higher Education (Wales) Act 2015

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

Qualifications (Wales) Act 2015

96. The financial implications associated with the establishment of Qualifications Wales were published in the RIA of the Qualifications (Wales) Bill which received Royal Assent on 5 August 2015. The Act transfers regulatory responsibility for qualifications from the Welsh Government to Qualifications Wales which commenced its regulatory functions on 21 September 2015.
97. The legislation figures published alongside the Draft Budget narrative present a change to the anticipated costs for Qualifications Wales from those published at RIA stage, and reflect a 4% reduction which has been applied to the Qualifications Wales budget for 2017-18. Further details on the budget provision for Qualifications Wales is detailed under the Qualifications section below.

Additional Learning Needs and Education Tribunal (Wales) Bill

98. A RIA will be published as part of the Explanatory Memorandum to accompany the introduction of the Additional Learning Needs and Education Tribunal (Wales) Bill before the end of this year. The RIA will detail the overall costs and benefits of the provisions contained within the Bill. The Additional Learning Needs (ALN) BEL will be used to support the delivery and implementation of the Bill, through a package of activities that together form the ALN Transformation Programme. Further details on ALN are provided in the specific areas section below.

Potential legislation on rural schools and surplus places

99. Policy on surplus places is set out in the statutory School Organisation Code which was made under the School Standards and Organisation Act 2013. My

officials are currently amending the Code which I will publish for consultation shortly. I am keen to strengthen the policy within the Code in respect of rural schools, and I will need to await the outcome of the consultation responses before determining next steps on any potential legislative requirements that might be needed.

UK Legislation

100. There have been Welsh education related provisions in a number of UK Parliament Acts, which include:

- *Enterprise Act 2016* - Relating to the promotion of enterprise and economic growth; provision about Sunday working; and provision restricting exit payments in relation to public sector employment. No data has been received to date (neither on UK level nor Devolved Administration level) therefore no costs have been incurred to date.
- *Immigration Act 2016* - the Act makes provision about the law on immigration and asylum; to make provision about access to services, facilities, licences and work by reference to immigration status; to make provision about the enforcement of certain legislation relating to the labour market; to make provision about language requirements for public sector workers; to make provision about fees for passports and civil registration; and for connected purposes.

Welsh Language element

LCM was obtained on 15 March 2016 for Part 7 which relates to language requirements for public sector workers. In Wales, it places a duty on public authorities to ensure that persons employed in a customer-facing role speak fluent English or Welsh. There are no costs to Welsh Government because devolved functions are excluded from the language requirements

The skills charge

Section 85 came into force two months after Royal Assent - on 12 Jul 2016. The Immigration Skills Charge, set to be introduced in April 2017, will be levied on employers that employ migrants in skilled areas. Set at £1,000 per employee per year, and a reduced rate of £364 for small or charitable organisations, it is designed to cut down on the number of businesses taking on migrant workers and incentivise training British staff to fill those jobs. As this is not yet implemented there is as yet, no costs in Wales. There has been no further discussion regarding how funds will come to Wales.

101. During this current UK Government, we have also been monitoring a number of UK Bills announced in the Queen's speech, which have a specific interest in or may impact on the Education remit indirectly. These include:

- Education for All Bill
- Children and Social Work Bill
- Counter-Extremism and Safeguarding Bill
- National Citizen Service Bill

- Higher Education and Research Bill
- Wales Bill

102. 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

103. There are no significant cost implications for the Education MEG in 2017-18 as a result of subordinate legislation, with any costs of implementation being met from the existing departmental running costs budget.

Children's rights and other cross-cutting considerations

104. 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 2017-18 and for Education MEG has not been published separately, but forms part of the Strategic Integrated Impact Assessment. This has again 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.

105. A Strategic Integrated Impact Assessment was published alongside the Draft Budget 2017-18 (Annex F). This provides an assessment of the impact of the budget on schools, Post-16 Education and Higher education under the area of ambitious and learning as published in *Taking Wales Forward 2016-2021*.

106. We are committed to using the *Wellbeing of Future Generations (Wales) Act 2015* to improve how we make decisions about the social, economic, environmental and cultural wellbeing of Wales. Our budget proposals have continued to look at how we embed the five ways of working to help maximise our impact, and take an integrated approach to considering impacts on protected groups and support a focus on our shared national goals. The four purposes of the curriculum, as set out in *Successful Futures*, which describe the planned outcomes for all learners in Wales, support the shared purpose and future of the Act for the long term economic, environmental and social wellbeing of Wales. We have ensured that other policies and programmes reflect our commitment to sustainability, by considering investment that we can make now to prevent more expensive action in the future.

107. Through the EIG arrangements we recognise that schools, local authorities and regional consortia are best placed to understand the needs of their learners and determine the most effective method of delivering improvements including allocating the resources to the areas of greatest need. We have agreed a set of high level outcomes with consortia and local authorities through the grant,

which include improving the performance of learners belonging to recognised groups where attainment is a significant concern, such as minority ethnic groups and Gypsy and Traveller learners. My officials continue to liaise with key stakeholders who lead on the delivery of Ethnic Minority Achievement Services and Gypsy and Traveller Education Services through ADEW and its Inclusion sub-group, and we recognise the excellent work going on around Wales to support these vulnerable groups.

108. Using evidence of impacts on protected groups balanced against our pressures, we have sought to focus resources on priorities based on an assessment of greatest positive impact and mitigate the effects of negative impacts wherever possible. The additional £1m we have invested in the Wellbeing of Children and Young People Action, for learners with learning difficulties and or disabilities at independent specialist colleges, is helping to create a positive impact on the protected characteristics of age and disability.

Specific areas

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

Funding for school improvement

110. As we embark on the biggest education reform we have seen in Wales since the 1940s, with the development of a new and bespoke curriculum, the Welsh Government has committed an additional £100million to raise school standards over this Assembly term. Our reforms, shaped by the best from around the world, will ensure that our young people are able to lead fulfilling personal, civic and professional lives in our modern democracy.
111. The funding for the £100m pledge is an additional investment which will be contained within the Education MEG, and funding of £20m has been allocated to the Education Standards Action in 2017-18. This funding will be invested in our key priorities.
112. My officials have been engaging with key stakeholders on how best to invest this money and I will await the outcome of the OECD report before reaching decisions. From the outset I have made it clear that our education policies, to raise standards and reduce the attainment gap, will be developed with stakeholders and based upon evidence both at home and from abroad. Our discussions and the OECD will provide that.
113. I will be launching a refreshed strategic education improvement plan early next year which will focus on five improvement objectives: Wellbeing, Teaching and Learning, Curriculum and Assessment, Leadership and A self-improving system. This will be based around the evidence provided by the OECD in 2014 and further developed when they report back to me on progress to date later this year.

Infant class sizes

114. The scoping work is on-going and includes looking at those schools with class sizes of 29 or over with high levels of Free School Meals (FSM) and categorised as red or amber. This targeted reduction is a policy, linked to our other reforms, which will create the space for teachers to teach, pupils to learn and further support those from disadvantaged backgrounds. Budget allocations will be set once the scoping work has been completed. However in recognition of this being a priority that is shared by teachers and parents, additional funding of £1m has been earmarked in the Education Standards Action (School Improvement Grant BEL).

Reducing the impact of deprivation and poverty

Breaking the cycle of deprivation and poverty and its impact on educational achievement

115. I want to create conditions to give every child the best start in life. Our education reforms focus on raising standards and closing the attainment gap between disadvantaged pupils and their peers. Underpinning our approach is the belief that someone's ability to benefit from education should not be determined by where they live or what their income is. I will continue to reduce inequalities and remove barriers to education. Further narrowing the attainment gap between pupils from our most deprived communities and those from more prosperous areas is core to our national mission. I expect all our policies to help raise standards and address this enduring injustice.
116. Latest provisional 2015/16 figures (October 2016) for the attainment of learners eligible for Free School Meals show our highest ever results. Provisional eFSM attainment at Level 2 inclusive in 2015/16 stands at 35.5%. This is more than 13 percentage points higher than before PDG was introduced (2010/11). Our analysis shows the rate of improvement in the performance of e-FSM learners has more than doubled since the introduction of PDG in 2012, rising from 1.1 percentage points per annum to 2.8 percentage points per annum. We are making real progress, but there is much more yet to be done.
117. That is why the Pupil Deprivation Grant (PDG) will be expanded and extended, to ensure that every child gets the best start in life. This expanded provision takes our total investment in the PDG to over £90m in 2017-18. Helping to deliver this from outside government was one of my proudest achievements, and now as Cabinet Secretary for Education, I am ever more determined to drive up opportunities and standards for our most disadvantaged learners. This focus not only benefits those learners, but will raise standards across the board.
118. Action through the PDG and the Welsh Government's strategic approach to supporting children from deprived backgrounds - *Rewriting the future* - is continuing to break the link between poverty and educational attainment. I am

considering a reinvigorated approach to the PDG, alongside a refreshed *Rewriting the future*, to ensure greatest impact to deliver sustainable, long term improvements.

Evaluation of affordability, value for money and impact of PDG (with reference to looked after and adopted children)

119. Evidence from Ipsos MORI/WISERD, Estyn and the Welsh Government's Raising Attainment advocate (Sir Alasdair Macdonald) supports the view that the majority of schools are making well thought out and appropriate decisions on how to spend PDG.
120. The way schools spend PDG is evolving. Schools that initially invested money in data monitoring systems are now concentrating on the delivery of interventions and on training and employing staff skilled in these interventions.
121. The PDG is being independently evaluated by Ipsos MORI and WISERD. They have published two evaluation reports to date (first report published in October 2014 and the second report in December 2015) which provide us with evidence on the changes that are taking place in schools as a result of the grant.
122. For this third year (2015/2016 academic year) of evaluation, the contractors have undertaken a refresh of the National Pupil Database impact analysis. The first draft of the final report is due to be received from the contractor in October 2016 and we intend to publish the report in the New Year.
123. Since April 2015, the regional education consortia has managed PDG to support the educational attainment of looked after children. We have adopted a flexible approach so that consortia are also able to support children who have been adopted or who are subject to various residence orders. These arrangements are designed to target support in a strategic way so that both looked after and adopted children are catered for with the most appropriate interventions.
124. £3.8m of PDG will be invested in improving the educational outcomes for looked after and adopted children in 2016-17. This is based on the numbers of looked after children of compulsory school age who are eligible for support at a rate of £1,150.
125. Measures are in place to evaluate the grant expenditure to ensure that the arrangements have been implemented by consortia as intended and adopted children have been considered for funded support where appropriate.
126. Over the past two years the educational attainment of looked after children has improved noticeably, going from a 13% pass rate at Key Stage 4 in 2013 to 18% in 2015. We need to continue this level of improvement.
127. The national strategy to support the education of looked after children in education - published in January 2016 - identifies key areas for action to better support these disadvantaged learners, supported by the PDG. The strategy is

a joint education/social services one to reflect the intrinsic relationship between the social context of the child and their educational attainment.

128. The strategy is accompanied by an action plan which sets out our commitment to improve educational outcomes for children who are looked after. It contains a timeframe for specific actions to be undertaken by the Welsh Government and its key partners. Progress against the commitments in the action plan will be reviewed annually and partners will be held to account for their performance to deliver better outcomes for looked after children. We are maintaining a clear focus on this work.
129. We have been working closely with Adoption UK (Wales) over the past 18 months to try and understand better how adoptive families can be supported in schools. We have already produced a video for schools to try and raise awareness of the complex issues that adopted children often face. Work is underway with Adoption UK (Wales) to produce guidance to increase confidence and knowledge of adoptive parents so that they can be effective partners alongside school staff to ensure that adopted children reach their full potential.

PDG expansion

130. With the continued impact of the austerity decisions made by the UK Government and the Welsh Budget reducing in real terms overall, we are continuing to prioritise schools. It is clear that we must make our money work harder and smarter for us. Funding has a critical role to play but it is an enabler, not an outcome in and of itself.
131. We have been clear in the new Programme for Government – *Taking Wales Forward* – that we need to reduce inequalities and remove barriers to education and to ensure that every child gets the best start in life through an extended PDG.
132. More of the same will not continue to drive the level of improvement we have seen this far. We need to learn lessons, we need to evolve and innovate. I will continue to consider where the investment through PDG can be targeted to have the greatest impact on educational and life chances. We need to continually review evidence and learn from experience to ensure that the investment through the PDG is having the maximum impact on learner attainment.
133. These lessons will be reflected in the new *Rewriting the future*. My officials are working with key stakeholders in education to ensure that the new reinvigorated approach can have even greater impact on the attainment of disadvantaged learners.

Early years provision

134. I have announced that the Early Years PDG (EYPDG) will be doubled to £600 per eligible learner aged three and four, with an additional £4.5m being

invested for 2017-18. This investment will benefit over 15,000 learners who are in the Foundation Phase in schools and settings across Wales.

135. Exact details of how the increased funding will be introduced are being considered but I intend to ensure we retain our straight forward and transparent approach to PDG. I will announce further details in due course.
136. We exceeded our 2017 target for Foundation Phase three years early, which was to reduce the attainment gap between those eligible for free school meals (eFSM) and those not (non e-FSM) by 10% over the 2012 figure (2015 figures show it has fallen by 19%).
137. National targets to be achieved by 2017 will continue to focus attention on closing the gap in the Foundation Phase. We want 80% of e-FSM learners aged 7 to achieve the expected level at the end of the Foundation Phase and that the between e-FSM and non e-FSM learners reduces by 34% (an absolute difference of 12%).
138. We have commissioned the National Foundation for Educational Research (NFER) to undertake an evaluation of the implementation of the EYPDG. This includes investigating school's understanding of the purpose of the grant and how different settings have chosen to interpret and implement it. The evaluation will provide information on how useful the EYPDG is and will help inform decisions about how best to tackle the achievement gap in early years settings in the future.
139. With the EYPDG only in its second year it is too early to formally evaluate its impact. The EYPDG was introduced in recognition of the fact that early intervention is likely to bring the most rewards, but EYPDG funding is considerably lower than the main PDG.
140. There is considerable authoritative academic and economic research – notably by the Nobel Prize winner, Professor James Heckman – that nurturing early development of cognitive and social skills in children under 5 especially from disadvantaged families leads to more capable, productive and engaged citizens.

Schools Challenge Cymru

141. Schools Challenge Cymru is supporting the 39 most challenged schools in Wales which, historically, have underperformed and struggled to keep pace with schools in less challenging circumstances. Each Pathways to Success school is benefitting from a package of support that is individually tailored to meet their needs and the needs of their cluster primaries. Beyond the 39 schools, the programme is helping to build capacity across regional education consortia, as part of efforts to move us towards a self improving school system. This investment in collaborative approaches and partnership working has been designed to ensure the programme has wider impact on school improvement in Wales.

142. After their first year in the Challenge, more than two thirds of the Pathways to Success schools recorded improvements in the Level 2 Inclusive. Looking across the programme, Pathways to Success schools improved by an average of 3 percentage points in this measure. While GCSE results are not, and should not, be the only measure of success, they are an important indicator of improving performance over time. Verified data on the schools' attainment of the Level 2 Inclusive following their second year in the Challenge will be available later this year.
143. The 2016-17 budget includes provision to support a third year of Schools Challenge Cymru up to March 2017. However the time limited central support for Schools Challenge Cymru comes to an end in 2016-17, and as such there is no budget provision for SCC in this 2017-18 draft budget. The Pathways to Success schools and regional education consortia have all developed their improvement plans in this context and, as such, are set up to implement appropriate exit strategies and transition arrangements from April 2017 onwards. Having said that, I will be reflecting on this summer's GCSE outcomes in Pathways to Success schools when the verified data is published, as well as evidence emerging from the independent evaluation of the programme. I will therefore be giving further consideration to the learning from Schools Challenge Cymru. This will include: how good practice developed as part of the Challenge can be embedded for the benefit of all schools in Wales; and, how the lessons learned can be used to inform the development and delivery of my priorities for Education during this term of government. These strands of enquiry will continue to develop as the evaluation of the programme reports its findings. The evidence generated will inform how we deploy the £100m we have committed towards improving school standards, including through my proposals for strengthening leadership, teaching and learning

Surplus places and small/rural schools

144. I have instructed my officials to develop proposals to address the progressive agreement commitment. This includes proposals for a strategy for small and rural schools to include defining and producing a list of rural schools, and strengthening policy in the School Organisation Code in respect of a presumption against closure of rural schools requiring more rigorous consultations and consideration of alternatives such as federation. It is also likely to include the development of a small and rural schools grant (likely to be funded from £100m) for the purposes of supporting school to school working, community use of buildings and providing admin support in schools where the headteacher has a significant timetabled teaching commitment to increase their capacity to provide leadership to raise standards.
145. Other proposals link in with reforms to increase school to school working and federation more widely and to strengthen leadership, in this case by building capacity of experienced leaders of rural schools to deliver effective executive leadership of groups of rural schools.

Education workforce

146. The teaching profession can only make its proper contribution to raising standards in our schools if our initial teacher education programme offers our future teachers the skills, knowledge and appetite to lead the change required. Professor John Furlong's report, *Teaching Tomorrow's Teachers*, is critical in part of this change programme. Budgets within the Teacher Development and Support BEL, specifically: Employment Based Initial Teacher Training; Teaching and Training grants; Promotion of teaching as career; and the Welsh Medium Improvement Scheme support the Initial Teacher Education (ITE) reform programme to improve the quality of provision delivered and better prepare our future teachers to develop skills to teach so that learners can learn.
147. The work begun under the banner of the *New Deal for the Education Workforce* is now being rebranded and refocused to advance a portfolio of professional development support which will extend capacity of the whole workforce to realise the new Curriculum, in line with the vision set out in *Successful Futures*, by 2021. The delivery mechanism for this work will be through the Pioneer Schools network, which will support the development of the professional learning offer for the workforce. A budget of £5.65m is allocated to this work, which sits within the Teacher Development and Support BEL. This includes funding of £2.25m allocated to consortia to develop a national Professional Learning Offer.
148. Funding for supporting the development of a workforce planning strategy is included in the Teaching Workforce budget of £0.3m for 2017-18, which sits within the Teacher Development and Support BEL. This will be integral within the data collection and workforce planning streams being undertaken by the workforce team.
149. In relation to leadership, I recently announced my intention to establish a leadership "academy", and while some broad principals in terms of the vision for this new organisation have been laid out, further work is underway on the development of the underpinning principles. I intend to make a further announcement later in the autumn in regard of this work. ADEW and the regional consortia are engaged in discussions and working collaboratively with officials in the Education Directorate on the initial thinking.
150. International research demonstrates that school leadership is second only to classroom teaching as an influence on pupil learning. We therefore need to build leadership capacity in Wales if we are to enable learners in Wales to reach their potential.
151. As initially outlined I hope to have a shadow "academy" set up during the autumn of this year, and would hope to have entrants into the system by the summer of next year. The Academy itself will not be the provider of services, it will broker, co-ordinate and quality assure a range of leadership programmes. This development will form part of the wider workforce and learning strategy.

152. The funding for the Academy is intended to be taken from the £100 million for school standards, although firm decisions on allocations are still to be confirmed.

Curriculum for Wales

153. Our aim is to build an education system in Wales that will develop high achieving, well rounded children and young people. We will achieve this through enhancing the existing curriculum and by developing a new curriculum that better meets the needs of all children and young people. We will further develop the workforce, at a national, regional, local school and classroom level, so it is capable of leading and delivering excellent teaching and learning.

A curriculum for Wales - a curriculum for life sets out the eight building blocks that will help this to be achieved. These are:

- Embedding the four purposes
- Creating a new curriculum
- Extending and promoting learners' experiences
- Developing our cross-curriculum responsibilities
- Enabling the Welsh language to thrive
- Developing a new assessment and evaluation framework
- Building the capacity of all practitioners and leaders
- Establishing a constructive and robust accountability system

154. Between now and 2018 there are a number of key actions required, which include:

- Design and develop the new curriculum and assessment arrangements with the Pioneer Schools Network and all-Wales Partnership;
- Secure a legislative slot to ensure the new curriculum and assessment arrangements can come into force (2018 available, by 2021 used to support learning and teaching);
- Support the wider reform of education;
- Develop the professional learning offer for schools to support them to be ready to use the new curriculum; and
- In partnership with consortia, work to develop schools as learning organisations.

155. There is a total budget provision of £11.05m in 2017-18 to support curriculum reform. This consists of £5.4m within the Curriculum Review and Schools Challenge Cymru BEL and £5.65m within the Teacher Development and Support BEL (for pioneer schools).

156. The focus for curriculum reform funding up to September 2021 will be on developing and realising the new curriculum and assessment arrangements and building the capacity of the profession to be able support learning and

teaching. Post-September 2021 the new arrangements will supersede those currently in place and, whilst there will be ongoing support for application and use of the curriculum and development of the profession, this will replace current curriculum and assessment arrangements. We therefore anticipate curriculum reform to be cost-neutral in the longer-term.

Education Improvement Grant (EIG)

157. As noted difficult decisions have had to be made around reprioritisation of funding within the Education MEG, given the challenging overall settlement to Wales. As a result there will be a reduction to the Education Improvement Grant for Schools in 2017-18 of £1m which equates to 0.75%.
158. The vast majority of the grant is passported to schools. It is important to recognise that the EIG already reflects a simpler, less bureaucratic and more outcome focused arrangement than the 11 individual funding streams previously, with the total cost of administering and managing the grant reduced to just 1% this year.
159. However, I believe there is still more we can do to further simplify the arrangements and further reduce the administrative costs of the grant. We are trialling an Education Performance Framework this year to increase the outcome focus of the grant. If this is successful and fully implemented next year, we should expect it to realise some additional savings over time. I have asked my officials to continue to work with consortia and local authorities to ensure any impact on schools as a consequence of this reduction is minimal if not altogether mitigated.
160. We have not undertaken a formal evaluation of the EIG, and I do not believe this would be cost effective. The EIG represents a more flexible approach to grant funding for local authorities, regional consortia and schools, which, within the national priorities we establish, allows them to best meet their priorities and needs, which vary between regions, local authorities and schools.
161. We must focus overall outcomes, the improved outcomes of our learners, and seek to understand how the grant funding contributes to achieving those improvements. We are then able to continue to improve the arrangements and support our schools, through our LAs and consortia, to support their learners to achieve their potential.
162. My officials continually engage with local authorities and regional consortia, through regular meetings, the ADEW network, attending consortia joint committee and advisory board meetings and of course the regional accountability and scrutiny arrangements include the review and challenge process which we have established to hold progress and outcomes to account more widely. I chair the autumn review and challenge sessions, which are currently underway, and I believe it is an effective way for us to engage in a two-way discussion process where the Welsh Government holds local government to account on progress against their regional school improvement

business plans, but also where each region can, and indeed do, raise issues that they may have with Welsh Government.

163. As you are aware, in recent years there has been a significant shift within education in working collaboratively with local authorities through the co-construction of the National Model for Regional Working to support them to deliver their school improvement functions more consistently and more effectively in partnership with each other on a regional basis.
164. The Wales Audit Office undertook a value for money review on “Achieving Improvement through Regional Education Consortia” and Estyn has more recently concluded its inspection of the four regional consortia. The reports have highlighted positive improvements in the delivery and impact of regional school improvement services through there is still work to be done.
165. There are a number of objectives of the previous individual grants which continue to be served under the EIG, such as the delivery of the foundation phase, improving literacy and numeracy and supporting schools to reduce the impact of deprivation on educational attainment. However, the context is also changing and being updated. The EIG must be sufficiently flexible to reflect our priorities as we move forwards.
166. I will be launching a refreshed strategic education improvement plan early next year which will focus on five improvement objectives: Wellbeing, Teaching and Learning (Pedagogy), Curriculum and Assessment, Leadership and A self-improving system. This will be based around the evidence provided by the OECD in 2014 and further developed when they report back to me on progress to date later this year.

Qualified for Life

167. Qualified for Life was published in October 2014 and set out a strategic vision and aim for education in Wales. Delivering the Commitments for Action it has begun to deliver real change for the benefit of all our learners. This progress gives us sound foundations to build upon for the future.
168. I will be launching a refresh of Qualified for Life early next year which will now focus on five improvement objectives: Wellbeing, Teaching and Learning (Pedagogy), Curriculum and Assessment, Leadership and A self-improving system. This will be based around the evidence provided by the OECD in 2014 and further developed when they report back to me on progress to date later this year.
169. The budget to support the education improvement plan crosses a number of Actions: Literacy and Numeracy, Curriculum, Teaching and Leadership, Qualifications, Post 16 Education, Education Standards, Pupil Deprivation Grant, ICT and Information Management Systems, Wellbeing of Children and Young People, Pupil Engagement, Welsh in Education and Delivery Support.

Qualifications

170. Recommendation 5 of the Review of Qualifications recommended that the Welsh Government should establish a single body (Qualifications Wales) that is responsible for the regulation and quality assurance of all non-degree qualifications in Wales. Qualifications Wales was established in 2015 and is wholly funded by the Welsh Government.
171. Qualifications Wales is wholly funded by the Welsh Government; the bulk of funding is used to cover running costs. Qualifications Wales has confirmed that it can support a 4% reduction in 2017/18. To accommodate this, Qualifications Wales has investigated various ways to reduce expenditure whilst protecting Qualifications Wales' core capability and the majority of the grant support provided for Welsh medium assessment.
172. The Qualifications Wales Sponsorship Branch is part of the Curriculum Division within Education and Public Services. The Sponsor Branch was established to ensure that public money is being managed wisely for the people of Wales and to provide appropriate oversight and scrutiny of, and support and assistance to, Qualifications Wales. The Sponsorship Branch is key to managing the relationship between Qualifications Wales and the Welsh Government. In addition to the finance and governance role, maintaining an effective relationship is essential to ensuring effective policy engagement between policy officials in Welsh Government and QW, and ensuring the right balance of challenge and support.
173. Officials from the Sponsorship Branch attend, as an observer, all Qualifications Wales Board and Audit and Risk Committee meetings. The Branch also provides the secretariat for the Quarterly Monitoring Meetings between the Welsh Government and Qualifications Wales, these meetings are chaired by the Director for Education. In addition to ongoing monitoring of monthly grant claims, the Sponsorship Branch and the Head of Finance at Qualifications Wales meet quarterly to review spend against budget.
174. The Sponsorship Branch handles all government business and correspondence relating to the work of Qualifications Wales. The Sponsorship Branch have developed and agreed with Qualifications Wales a communications protocol. The Sponsorship Branch planned, co-ordinated and managed the Welsh Government's engagement with Qualifications Wales during the summer 2016 exam series. It is currently engaged in planning for the November 2016 exam series.

Regional consortia

175. In recent years there has been a significant shift within education in working collaboratively with local authorities through the co-construction of the National Model for Regional Working to support them to deliver their school improvement functions more consistently and more effectively in partnership with each other on a regional basis. This is challenging work and the arrangements have taken some time to bed in and begin to fully realise their

potential. The National Model for Regional Working was co-constructed with our partners and acts as the ‘blueprint’ for our regional working.

176. The grant arrangements have followed and school improvement focused grants are routed through the regional consortia, with some regions seeing the total overall value of the grants they administer now substantially higher. Of course, an element of that is due to the PDG which we have significantly increased.
177. In 2016-17, the grants routed through consortia include the Education Improvement Grant (previously 11 individual grants, some of which were consortia and others LA administered), the Pupil Deprivation Grant, the new GCSE grant, Schools Challenge Cymru, the Modern Foreign Languages grant, the pioneer funding to support the development of the new curriculum, and several others. Overall, over £248million in grant funding is being routed through consortia in 2016-17.
178. Unlike inspections of education providers and local authorities, consortia inspections are not covered by legislation. However, in Estyn’s 2014-15 annual remit, the Welsh Government asked Estyn to scope the inspection criteria, evidence and methodology required to undertake inspection of the four regional education consortia. Inspections of consortia would include the impact of consortia on standards, the quality of service provision, and on the leadership and management of consortia. As a consequence, Estyn carried out a survey of the progress being made by regional education consortia to provide school improvement services for their constituent local authorities. The outcome of this remit work was published on 3 June 2015.
179. Along with a set of recommendations, the remit work resulted in the development of an inspection framework for consortia. Under Estyn’s remit work for 2015-2016 inspection of the four consortia in Wales has been undertaken, the published outcomes as follows:-

		Central South	GwE	EAS	ERW
2.1	Support for School Improvement	Adequate	Adequate	Good	Good
3.1	Leadership	Good	Adequate	Good	Good
3.2	Improving Quality	Good	Adequate	Good	Adequate
3.3	Partnerships	Good	Adequate	Good	Good
3.4	Resource Management	Adequate	Unsatisfactory	Good	Good

180. The Wales Audit Office undertook a value for money review on “Achieving Improvement through Regional Education Consortia” which was published in June 2015 and Estyn has more recently concluded its inspection of the four regional consortia. The inspection reports have highlighted positive improvements in the delivery and impact of regional school improvement services though there is still work to be done. For example, Estyn found that overall, the EAS is making good progress in establishing its approach to assess and report on value for money, although aspects are not yet refined enough. In

Central South, Estyn reported the consortium has started to assess its value for money, although it recognises that there is still further work to do to develop this process and demonstrate that the use of resources is having the best possible impact on outcomes. The consortium has used the results of its value for money reviews to reconfigure particular services such as Foundation Phase support. This has led to a reduction in costs in this area.

Capital funding for school and college infrastructure

21st Century Schools

181. The 21st Century Schools and Education Programme sees the largest strategic investment in our educational infrastructure since the 1960s. It is delivered over a number of waves, or bands of funding.
182. Band A of the Programme runs from 2014 – 2019. During this period, over £1.4bn will be invested that will see the rebuild and refurbishment of over 150 schools and colleges across Wales. All 22 local authority areas will benefit from this funding. To date, 114 projects have been approved for funding, which represents 76% of our Programme target. Of these, 44 are under construction and 49 have been completed.
183. The Band B Programme is currently under development and is anticipated to run from 2019 – 2024.
184. Draft Budget 2017-18 reflects a baseline budget for 21st Century Schools and Education Programme of £100.8m for 2017-18. This budget has been adjusted from 2018-19 to reflect the impact of inflation. In addition, funding of £20m per annum has been allocated from 2018-19 to enable the provision of infrastructure to support the Government's Childcare Offer.
185. *Taking Wales Forward* confirms our commitment to invest nearly £2bn in new and refurbished schools, community school and college buildings by 2024. This includes the remaining investment over Band A (£968m), the revenue investment commitment for Band B (£500m) and capital investment in years 1 and 2 of Band B (559m).

General Capital Funding

186. Funding within the General Capital Funding BEL (previously General Support BEL) provides a general capital allocation to local authorities via the General Capital Fund. From 2017-18 the full budget of £43m has been transferred to the Local Government MEG.
187. General Capital Funding (GCF) is allocated as unencumbered capital funding as part of the local government capital settlement. Although the GCF is unencumbered, historically there has been a notional split across the relevant portfolio MEGs for presentation purposes – for the Education MEG this totals £43m. The transfer of £43m to the Local Government MEG from 2017-18 onwards therefore reflects a presentational change only and will have no

impact on the amount of funding which is made available or how it is used by local authorities. The transfer of General Capital Funding to the Local Government MEG will help to provide greater transparency, provide consistency of presentation between revenue and capital settlements, and will reduce the current complex administration associated with the management of this funding.

Welsh-medium education

188. For 2017-18 a budget of £29.2m has been allocated within the Welsh in Education BEL to support the Welsh Governments Welsh-medium Education Strategy.
189. As the Welsh language is a cross cutting theme, in addition to this budget allocation, other departments support the development of Welsh within the education system. Although not easily quantified the total monetary support for the Welsh language in education is much higher.
190. The Welsh in Education Strategic Plans (WESPs) provide a basis for the planning of Welsh-medium education across Wales. Critically this also includes bilingual and Welsh language education. Local authorities use funding from a number of sources to implement their WESPs, including activities supported and delivered through the Education Improvement Grant (EIG). In the delivery of their EIG, the regional consortia are asked to ensure that the programme of activities funded reflect the priorities set out in the local authorities' WESPs.
191. The Welsh in Education BEL also supports the WESPs through programmes to support the informal use of the language and the development of the language skills of practitioners through the Sabbatical Scheme. The promotion and marketing activity through Cymraeg i Blant / Welsh for Kids also supports the implementation of the plans.
192. In preparation for the next full 3-year Plans covering the period 2017 to 2020, officials from the Welsh in Education Planning Branch met local authority representatives on a regional basis in June 2016 to discuss ways of improving and strengthening the planning of Welsh in education and the overall WESP process. As a result, revised guidance was issued to local authorities in August setting out how authorities should prepare the next full 3-year Plans covering 2017 – 2020. Ongoing dialogue continues between Welsh Government and local authorities. Local authorities are due to submit their WESPs to Welsh Government by 20 December 2016.

Additional Learning Needs

193. A Regulatory Impact Assessment (RIA) will be published as part of the Explanatory Memorandum to accompany the introduction of the Additional Learning Needs and Education Tribunal (Wales) Bill to the National Assembly before Christmas 2016. The RIA will set out the overall costs and benefits of the provisions within the Bill as well as the costs and benefits of the individual provisions.

194. Local authority education services, schools and further education institutions are the main bodies involved in the implementation of the Bill and, as such, the majority of the implementation costs will fall on them. We are committed to supporting local authorities and other key delivery partners to prepare for the changes ahead through implementation funding, in recognition of the need for them to prepare and change their systems and practices, undertake training and familiarise themselves with the new duties, powers, rights and responsibilities. We propose therefore to make grant funding available to these bodies to support transition. It is expected, during the four year period 2017-18 to 2020-21, Welsh Government grants in excess of £6m will be awarded to support implementation, to be funded from the Additional Learning Needs BEL.
195. However, once the new system is up and running, we expect that it will be deliverable within current budgets. The feasibility of this premise is borne out by the experience of some local authorities involved a programme of action research undertaken between 2007-2012. These authorities are operating on the basis of the approaches outlined within the Bill, and are doing so within current budgets. The experiences of these authorities have been used to inform the development of the RIA.
196. In 2014, the Welsh Government commissioned Deloitte to undertake an independent review to investigate and analyse the costs associated with supporting learners with SEN or LDD under the current legislative frameworks across Wales. The findings in the Deloitte report were used to inform the cost benefit analysis contained in the draft Regulatory Impact Assessment that was published as part of the draft Explanatory Memorandum which accompanied the consultation on the draft Bill in 2015. However 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. Whilst the study has proven helpful, it has also highlighted very clearly the difficulties in identifying detailed and specific data in relation to SEN provision. As a result, the study has not directly influenced budgetary provision for 2017-18.
197. The RIA that will be published alongside the introduction of the Bill to the National Assembly before Christmas 2016 has been comprehensively rewritten and a different approach taken. We have used evidence directly from the local authorities already operating the many of the elements of the proposed new model – for example IDPs and person centred practice – within the current legislative framework and within existing budgets. Evidence from these authorities is being incorporated into the revised RIA.
198. A three year grant has been awarded to Cardiff University for the provision of the Doctorate in Educational Psychology programme (DEdPsy). This provides for the training of three annual cohorts (of up to 10 trainees) which commenced from the 2015/16 academic year. The grant is for the value of £2.245m over the 3 academic years and is funded from the Additional Learning Needs BEL. Two full cohorts have been recruited onto the DEdPsy programme and the process to identify a third and final cohort (to start in September 2017/18) will be commenced shortly by Cardiff University. Funding for the training of educational

psychologists in Wales beyond 2017/18 will be considered as part of the wider approach to improving the capacity of specialist services (below)

199. As part of our wider approach to reforming the system of SEN, we have been considering the capacity of the education workforce to support the needs of learners with SEN. We have recently concluded two studies to better understand the development requirements of the general education workforce; and assess the capacity of specialist support services in supporting learners with SEN. This has led to the development of a three-tier approach focused on core skills (for all teaching practitioners), advanced skills (for specific individuals in a school settings, such as the SEN coordinator) and specialist skills (for specific individuals across a school cluster, or within a specialist support service). This is a fundamental aspect of the ALN Transformation Programme.
200. All education settings should have access to individuals with specialist skills. This is considered to be the role of LA or NHS provided specialist SEN services. Welsh Government is currently engaging with the Welsh Local Government Association on the key workforce data requirements needed to develop an effective national workforce planning system for LA provided specialist services. A national system of this nature will inform the commissioning of training placements on specialist training courses on a sustainable basis.

Further and higher education

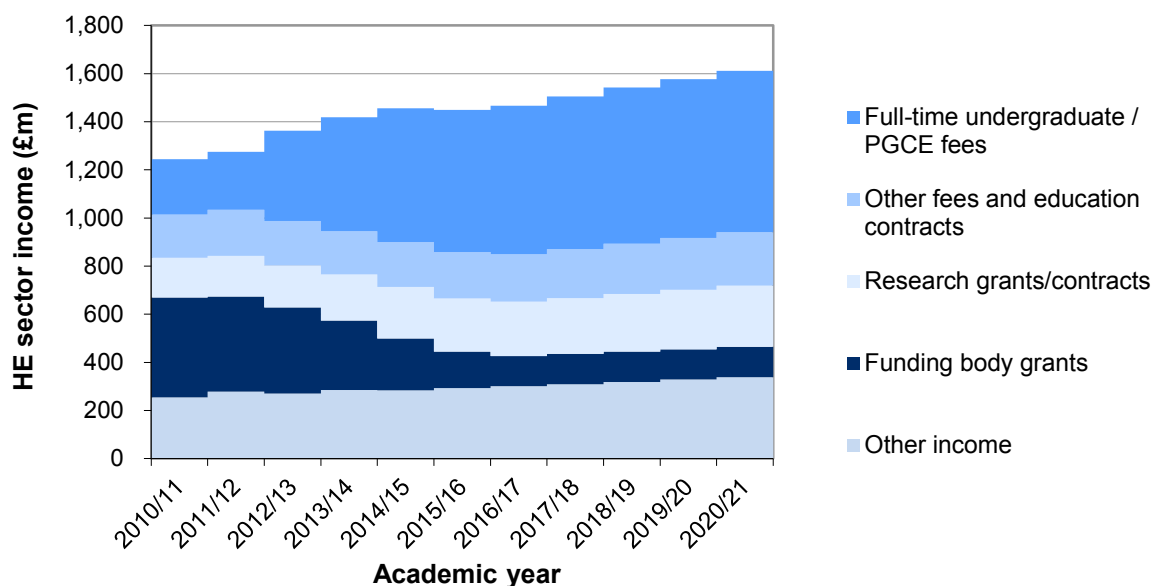
Further Education allocations 2017-18

201. Details of the 2017-18 Further Education allocations are not yet available as we are still in the process of collecting the relevant data to inform that formula.
202. Due to the protection of this budget line no further reductions are expected to be imposed on part time learning in Wales. Following the significant reductions imposed to part time provision in 2014/15 and 2015/16 the levels of part time provision have understandably decreased. The reductions have been targeted to ensure that basic skills and ESOL provision have been protected.
203. Full statistics for the impact of these reductions in 2014/15 are available online at the following link:
<https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Further-Education-and-Work-Based-Learning>
204. Data to evaluate the impact of the 2015/16 reductions are not yet available but will be released on the same website in 2017.

Budget provision for HEFCW to allocate to the higher education sector and an updated assessment of universities' income

205. As illustrated by the chart below, the financial position of the HE sector in Wales has improved year-on-year in cash terms, despite policy changes and a challenging economic environment.

Income to the Welsh HE sector in cash terms, by academic year



Source: Welsh Government, Higher Education Statistic Branch

206. Between 2010/11 and 2014/15, income from funding body grants has decreased by around £200m (from £416m to £215m), but full-time tuition fees has increased by around £327m (from £229m to £557m). Overall, income to the sector has increased by around £212m over the five year period, and is projected to continue to increase into the future under current funding arrangements.

Coleg Cymraeg Cenedlaethol

207. The Coleg Cymraeg Cenedlaethol and the development of Welsh-medium provision within the HE sector is key to ensuring that our young people, after leaving school, continue to use the language and maintain and develop their language skills to use in future employment.
208. Since the establishment of the Coleg in 2011 the Welsh Government has provided funding via HEFCW to support the work of the Coleg, including providing scholarships to encourage students to study through the medium of Welsh in higher education. For 2016-17 HEFCW has provided a budget allocation of £5.4m to maintain the activities of the Coleg.
209. The Coleg will be directly funded by the Welsh Ministers from 2017-18 onwards. This is reflected in the transfer of £5.4m funding from Higher Education Action to the Welsh in Education Action for 2017-18. This will provide greater opportunity to align the activities of the Coleg with other Welsh Government priorities and initiatives and ensure best value for money.

210. I announced, on 2 August, the establishment of a task and finish group to review the activities of the Coleg and make recommendations on the way forward. The review will inform future policy and budget decisions regarding the Coleg. The Review will also consider the relationship between the Coleg and the further education sector.

Hazelkorn review

211. The Welsh Government is currently considering the report submitted by Professor Hazelkorn and assessing the options for implementing reform of the Post Compulsory Education and Training. Until that assessment is complete I am unable to provide any information about the potential funding that may be required.

Costs in 2017-18 of continuing transition to the revised HE regulatory arrangements, as a result of the Higher Education (Wales) Act 2015

212. 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.

213. 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.

214. The estimated costs for 2017/18 are as follows:

	2017/18 £
Fee and access plan approval	331,000
Fee and access plan monitoring and evaluation	470,000
Quality assessment	434,000
Financial assurance	536,000
Subordinate legislation	0
Development, training, oversight	29,000
TOTAL	1,800,000

215. The incidence of those costs was estimated as follows:

	2017/18 £
Welsh Government	29,000
HEFCW	175,000
Institutions*	1,596,000
TOTAL	1,800,000

* There are currently 10 institutions with fee plans and the analysis assumes 10 institutions.

Student Support

216. The following table illustrates the budget and outturn for the Welsh Government Learning Grant BEL for 2015-16, including the spend on the Educational Maintenance Allowance, WGLG FE, WGLG HE and Tuition Fee Grant.

	Budget 15-16	Outturn 15-16
P/T Grants & Fees	£10,000,000	£9,203,014
SLC Targeted Grants	£17,000,000	£17,214,504
F/T Tuition Fees (cont. students)	£0	-£14,787
ALG HE	£132,140,000	£137,823,916
New Tuition Fee Grant Funding	£248,000,000	£243,579,365
Grant Repayments	-£800,000	-£1,639,036
Assembly Fee Grant	£0	£225,247
ALG FE	£8,500,000	£6,651,303
ALG EUI Grant	£8,000	£0
ALG EUI Fees/Board & Lodgings	£72,000	£0
EMA	£23,000,000	£21,939,615
BEL TOTAL (ALG) - 4704	£437,920,000	£434,983,141

217. The table below summarises the previous and projected cost of the Tuition Fee Grant, including an estimated split by location.

Cost of the Welsh Government Tuition Fee Grant (TFG), by financial year

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total cost of TFG	£48m	£132m	£194m	£244m	£262m	£265m	£258m
Estimated split by location							
<i>Welsh and EU in Wales</i>	£32m	£84m	£122m	£149m	£159m	£160m	£155m
<i>Welsh in rest of UK</i>	£15m	£45m	£72m	£91m	£99m	£100m	£98m

Source: Student Finance Statistics forecast model version ETES2_v223_9K

Figures are rounded to the nearest £1m; individual elements may not sum to the totals for this reason. Note that the forecast for 2018-19 may be subject to change, depending on the timing of implementation of the Welsh Government response to the Diamond Review

218. The above figures, particularly the cost of the Tuition Fee Grant for Welsh students studying elsewhere in the UK, should be considered in the context of the tuition fee income to Welsh institutions from student domiciled elsewhere in the UK. This is estimated in the table below.

Estimated fee income to Welsh institutions from higher education students domiciled elsewhere in the UK, by financial year

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Fee income from students domiciled elsewhere in the UK (2012 cohort*)	£49m	£139m	£210m	£252m	£270m	£281m	£290m	£299m	£308m

* Students entering higher education from academic year 2012/13 onwards, with the introduction of £9,000 fees and the tuition fee grant for Welsh domiciled students studying anywhere in the UK.

Figures are the product of historic or projected student numbers and average fees charged by Welsh institutions.

Updated information on student flows between Wales and the rest of the UK

Cross-border flows

219. The table below summarises higher education student flows between the UK nations. The figures confirm that Wales remains a net 'importer' of higher education students from the rest of the UK.

Cross-border flows in UK higher education, 2014/15				
Student domicile	Location of institution			
	Wales	England	Scotland	N Ireland
Wales	34,890	21,660	395	20
England	30,015	926,125	14,850	1,345
Scotland	185	4,470	97,375	55
N Ireland	440	8,920	3,590	29,335

Source: Higher Education Statistics Agency

Student numbers are rounded to the nearest 5.

The HESA standard registration population is a count of all enrolments within the reporting year 1 August to 31 July.

Information on any transfers between BELs regarding administration or payment of the Tuition Fee Grant

220. The Ministerial remit letter to HEFCW (dated 6 April 2016) confirmed that the transfer of the final tranche of the tuition fee grant monies for 2016-17 would be delayed until later in the financial year when more robust data on the likely level of expenditure is known. The amount ring fenced for this purpose was £21.1m.

221. I issued a revised remit letter to HEFCW on 17 October, making clear that the latest information from the Student Loans Company suggests expenditure on the TFG will be in excess of original estimates of £257.6m for 2016-17. We will therefore action the transfer of £21.1m from HEFCW to Welsh Government in the 2nd supplementary budget partly to cover the additional expenditure.

Careers Wales

222. Careers Choices Dewis Gyrfa (CCDG)'s core income has fallen as follows:

- £36 million in 2012-13
- £30 million in 2013-14
- £26.8 million in 2014-15
- £20 million in 2015-16
- £18 million in 2016-17

223. In response to a falling core budget a range of policy teams across Welsh Government have provided funding from other sources to support specific services – most notably adult services. Funding for the Individual Skills Gateway and ReAct services are two such examples.

224. Today 'non core' funding accounts for 35% of CCDG income. While the core budget in 2016-17 is £18m, the total expected income from all sources is just over £27.5m (over £25m of which is Welsh Government funding).

225. In the current financial year an additional £1.7m funding has been provided to CCDG to support an Opportunity Awareness raising project which is helping address the gaps which exist in young people's awareness of apprenticeship pathways.

226. CCDG continues to realise efficiency savings as a result of the formation of a single national service in Wales.

227. The Board of Careers Wales are bringing forward a refreshed vision for delivery in September. This vision will set out the services and delivery models the company believe are required to support Welsh Government priorities. Services continue to evolve as new technologies and means of communication open up new ways of engaging with clients.

228. The company's annual report for 2015-16 has just been published and shows how new forms of service delivery, such as webchat, are growing in popularity as part of a blended service delivery model.

Youth work

Welsh Government grants to support youth work

229. The table below summarises the main grants to support youth work funded from the Youth Engagement and Employment BEL.

Grant	Budget 2016-17 £000
The Youth Work Strategy Support Grant - a four year grant from April 2014. Currently each local authority receives a base allocation of £0.025m then a composite share based on the	2,756

formula used to determine local authorities share of the Revenue Support Grant (RSG). There is a commitment to maintain this grant until 2018 within the Youth Work Strategy.	
National Voluntary Youth Organisation Grant - A 3 year grant from 2015-18. Organisations put in funding bids ranging from £65,000 to £137,262. The following organisations are currently in receipt of NVYO funding; Boys and Girls Clubs, Duke of Edinburgh's Award, Girlguiding, UNA Exchange, Urdd Gobaith Cymru, Youth Cymru and Scouts Wales.	654

Local authority allocations

230. Around £21m of funding was recommended through the Final Local Government Settlement 2016-17 for Youth Services. The youth services part of the RSG formula is distributed primarily on the proportion of the population aged 11-20, with an adjustment for authorities' relative levels of deprivation across Wales. The Revenue Support Grant (RSG) is an un-hypothecated funding stream and therefore it is a decision of local authorities as to how this funding is utilised in order to best meet their local needs and priorities, including their youth work provision.
231. When it comes to youth work relatively small investments can make a real difference. We must not allow immediate funding pressures to drive a strategic or operational wedge between the statutory and voluntary youth work sectors. Quite the opposite, we must look to create new synergies and look at what needs to change to enable providers to work together even more effectively.
232. This debate should not be side tracked by the closure of some local provision, but must remain focussed on ensuring youth work provision is in the right place, where it is truly needed. Where it is going to have the greatest impact on young people all across Wales.
233. I am aware there have been significant cuts to youth work provision across the statutory sector in Wales, and that this has also impacted on some voluntary youth organisations. Local authorities are best placed to make decisions about local provisions and needs. We know that income levels, expenditure levels and young people reached vary across authorities – however we know that targeted support is often more costly than open access provision.
234. We must not assume that more spend equates to better outcomes for young people. I encourage youth work organisations to think innovatively, to work in partnership and share best practice. There are local authority youth services from across Wales that have been creative and resilient to these cuts. Anecdotally I've been informed that these cuts have forced services to re-structure and become more efficient – in some cases this has led to improved outcomes for young people.

Impact of Britain leaving EU on youth work funding

235. Welsh Government participates in the UK Programme Board to ensure that the interests of Wales are fully considered. Discussions are ongoing with HM Treasury with a view to securing a 'full guarantee' of all of the funds to which Wales is entitled so we can deliver our programmes as planned.
236. While the UK Government guarantees help to provide some immediate and welcome reassurance to businesses, organisations and communities currently in receipt of EU funding, the guarantee does not provide us with the assurance of full programme funding and uncertainties remain over funds committed after the Autumn Statement (amounting to over £1 billion of Structural Funds).
237. We are seeking clarification from the Treasury that this offer also extends to other directly managed programmes Wales currently benefits from (e.g. ERASMUS+; Life+, Creative Europe etc).

Responding to Estyn thematic reports

238. The Welsh Government considers the recommendations provided by Estyn in their remit reports. Officials will assess the potential impact of the suggested actions and any financial implications attached to them and will determine whether it is appropriate, based on these assessments, to accept the recommendations. If there are financial implications, officials will identify appropriate budget expenditure to meet the costs.
239. The Estyn thematic report: *Raising the attainment, achievement and aspiration of children who are looked after* was published on 5 July. It contained five recommendations for schools, local authorities, regional consortia and the Welsh Government. The Welsh Government published its response to the Estyn report providing assurance around how we take the recommendations forward with our partners – local authorities, the regional consortia and schools. We expect these recommendations to be implemented and become part of normal working arrangements without incurring additional financial cost.
240. We welcome Estyn's report on good practice in education to support looked after children. We have set out our intentions in our published response to the report. Every single child in Wales, including those who are looked after, has the right to expect an excellent education.
241. In June 2016 Estyn published the thematic review 'Education Other Than at School'. The EOTAS Task and Finish Group is currently considering options for implementing the recommendations of this report. It is likely that many of the short and medium term actions will be absorbed by the work identified in the 2017-18 budget for taking forward the Group's phase 1 actions. Any additional work arising from the Task and Group is unlikely to take place before 2018 and will therefore need to be considered as part of the 2018-19 budget.

Summary

242. The Education MEG Draft Budget for 2017-18 is presented to the Committee for consideration.

Kirsty Williams AM
Cabinet Secretary for Education

EDUCATION MAIN EXPENDITURE GROUP (MEG)								
RESOURCE BUDGET - Departmental Expenditure Limit								£000s
SPA	Actions	BEL Number	BEL Title	2015-16 Outturn	2016-17 Forecast (period 5)	2016-17 1st Supplementary Budget	2017-18 Revised Baseline	2017-18 Draft Budget New Plans
Education and Training Standards	Literacy and Numeracy	4462	Literacy and Numeracy	4,549	4,456	4,456	4,456	4,456
			Action Total	4,549	4,456	4,456	4,456	4,456
	Curriculum	5501	Foundation Phase	1,822	1,905	1,851	1,851	1,851
		5162	Curriculum & Assessment	22,561	10,664	10,299	10,299	8,450
		5167	Curriculum Review & SCC	0	19,570	20,400	20,400	5,400
		4761	14-19 Learning in Wales	-193	0	0	0	0
			Action Total	24,190	32,139	32,550	32,550	15,701
	Teaching and Leadership	4880	Teacher Development & Support	16,482	21,060	21,221	22,221	19,731
			Action Total	16,482	21,060	21,221	22,221	19,731
	Qualifications	5166	Qualifications Wales	6,763	8,090	8,169	8,169	8,142
			Action Total	6,763	8,090	8,169	8,169	8,142
	Post-16 Education	4763	Further Education	403,979	401,647	400,177	400,339	407,686
		4766	FE Policy and Apprenticeship Policy	1,045	1,066	1,066	1,066	0
			Action Total	405,024	402,713	401,243	401,405	407,686
	Educational and careers choice	4480	Careers Wales	21,400	18,000	18,000	18,000	18,000
			Action Total	21,400	18,000	18,000	18,000	18,000
	Higher Education	4620	HEFCW-Programme Expenditure	94,799	67,510	88,610	78,610	104,296
		4600	HEFCW-Running Cost	2,768	2,491	2,491	2,491	0
		4640	HEFCW-Receipts	-1,991	-2,798	-2,798	-2,798	0
		4660	HEFCW - Depreciation	82	82	82	82	90
		4681	For Our Future-Coleg Ffederal & UHOVI	30,498	30,498	30,498	30,498	0
			Action Total	126,156	97,783	118,883	108,883	104,386
	Education Standards	5120	School Governance	1,061	1,353	1,353	1,353	1,124
		5126	School Improvement Grant	142,594	134,782	134,782	134,782	134,282
		5512	School Standards Support	1,058	1,160	1,394	1,394	21,394
			Action Total	144,713	137,295	137,529	137,529	156,800
	Pupil Deprivation Grant	4764	Pupil Deprivation Grant	81,803	89,246	89,246	89,246	93,746
			Action Total	81,803	89,246	89,246	89,246	93,746
	ICT & Information Management Systems	5320	ICT & Information Management System	6,657	6,883	6,935	6,935	6,659
			Action Total	6,657	6,883	6,935	6,935	6,659
			SPA Total	837,737	817,665	838,232	829,394	835,307

RESOURCE BUDGET - Departmental Expenditure Limit		£000s							
SPA	Actions	BEL Number	BEL Title	2015-16 Outturn	2016-17 Forecast (period 5)	2016-17 1st Supplementary Budget	2017-18 Revised Baseline	2017-18 Draft Budget New Plans	
Improving Wellbeing, Reducing Inequality & Increasing Participation	Wellbeing of children and young people	5115	Additional Learning Needs	1,237	2,776	2,786	2,786	2,786	
		5219	Food & Nutrition in Schools	2,893	2,986	3,230	3,230	3,230	
		5271	Post 16 Inclusion & Support for Learning	11,746	13,186	11,481	11,481	12,481	
		5332	School Based Counselling	16	0	0	0	0	
		Action Total			15,892	18,948	17,497	17,497	18,497
	Post-16 learner support	4704	Welsh Government Learning Grant	434,983	454,343	432,483	432,483	467,327	
		4706	SLC/HMRC Administration Costs	12,390	15,895	8,244	8,338	9,343	
		4707	Student Loans RAB Charge (Non-Cash)	99,778	106,849	106,849	106,849	106,849	
		4709	Targeted Awards	7,522	6,297	6,297	6,297	6,297	
		Action Total			554,673	583,384	553,873	553,967	589,816
	Pupil Engagement	5224	Tackling Disaffection	249	658	658	658	600	
		5222	Minority Ethnic Achievement Grant	-386	0	0	0	0	
		Action Total			-137	658	658	658	600
	Youth Engagement & Employment	4760	Youth Engagement & Employment *	5,544	5,345	6,653	6,653	5,211	
		4751	Offender Learning *	3,070	3,328	0	3,328	3,328	
	Action Total			8,614	8,673	6,653	9,981	8,539	
			SPA Total	579,042	611,663	578,681	582,103	617,452	
Welsh Language	Welsh in Education	5164	Welsh Education Strategy	18,576	18,661	18,681	18,681	29,231	
			Action Total	18,576	18,661	18,681	18,681	29,231	
	Welsh Language	6020	Welsh Language	5,060	4,124	3,964	3,964	3,964	
		6021	Welsh Language Commissioner	3,560	3,000	3,000	3,000	3,000	
	Action Total			8,620	7,124	6,964	6,964	6,964	
			SPA Total	27,196	25,785	25,645	25,645	36,195	
Delivery Support	Delivery Support	4466	Strategic Communications	3,423	1,963	1,937	1,937	1,061	
		5480	Research, International & Education Services	1,508	950	950	950	884	
		Action Total			4,931	2,913	2,887	2,887	1,945
			SPA Total	4,931	2,913	2,887	2,887	1,945	
	Total Resource - Education			1,448,906	1,458,026	1,445,445	1,440,029	1,490,899	

* Funding transferred out in First Supplementary Budget 2016-17 - outturn for 2015-16 adjusted to enable comparison with 2017-18 figures

CAPITAL BUDGET - Departmental Expenditure Limit									£000s
SPA	Actions	BEL Number	BEL Title	2015-16 Outturn	2016-17 Forecast (period 5)	2016-17 1st Supplementary Budget	2017-18 Revised Baseline	2017-18 Draft Budget New Plans	
Education and Training Standards	Estate & IT Provision	5020	General Capital Funding (LA)	43,021	43,021	43,021	0	0	
		4765	Strategic Investment	160,958	132,474	132,747	100,813	100,813	
		Action Total		203,979	175,495	175,768	100,813	100,813	
			SPA Total	203,979	175,495	175,768	100,813	100,813	
	Total Capital - Education			203,979	175,495	175,768	100,813	100,813	

RESOURCE BUDGET - Annually Managed Expenditure								
SPA	Actions	BEL Number	BEL Title	2015-16 Outturn	2016-17 Forecast (period 5)	2016-17 1st Supplementary Budget	2017-18 Revised Baseline	2017-18 Draft Budget New Plans
Education and Training Standards	Educational and careers choice - Resource	4483	Careers Wales AME	-6,449	6,000	6,000	6,000	6,000
			Action Total	-6,449	6,000	6,000	6,000	6,000
			SPA Total	-6,449	6,000	6,000	6,000	6,000
Improving Wellbeing, Reducing Inequality & Increasing Participation	Post-16 learner support - Resource	4713	Student Loans AME	-357,604	-77,147	-77,147	-77,147	-96,054
			Action Total	-357,604	-77,147	-77,147	-77,147	-96,054
			SPA Total	-357,604	-77,147	-77,147	-77,147	-96,054
	Total Resource AME - Education			-364,053	-71,147	-71,147	-71,147	-90,054

CAPITAL BUDGET - Annually Managed Expenditure								
SPA	Actions	BEL Number	BEL Title	2015-16 Outturn	2016-17 Forecast (period 5)	2016-17 1st Supplementary Budget	2017-18 Revised Baseline	2017-18 Draft Budget New Plans
Improving Wellbeing, Reducing Inequality & Increasing Participation	Post-16 learner support - Capital	4713	Student Loans AME	382,462	414,050	414,050	414,050	491,871
			Action Total	382,462	414,050	414,050	414,050	491,871
			SPA Total	382,462	414,050	414,050	414,050	491,871
	Total Capital - Education			382,462	414,050	414,050	414,050	491,871

£000s					
Education - Summary	2015-16 Outturn	2016-17 Forecast (period 5)	2016-17 1st Supplementary Budget	2017-18 Revised Baseline	2017-18 Draft Budget New Plans
Resource DEL	1,448,906	1,458,026	1,445,445	1,440,029	1,490,899
Capital DEL	203,979	175,495	175,768	100,813	100,813
Total DEL	1,652,885	1,633,521	1,621,213	1,540,842	1,591,712
Resource AME	-364,053	-71,147	-71,147	-71,147	-90,054
Capital AME	382,462	414,050	414,050	414,050	491,871
Total AME	18,409	342,903	342,903	342,903	401,817
Total Education	1,671,294	1,976,424	1,964,116	1,883,745	1,993,529