



Ein cyf/Our ref: MA-P/KW/7636/16

Lynne Neagle AM
Chair of Children, Young People and Education Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

30th November 2016

Dear Lynne,

Thank you for your letter dated 16 November following the Committee's meeting on 10 November to discuss the draft budget proposals for my portfolio. I have set out below responses to the issues raised in your letter which incorporates the additional information requested at the Committee meeting.

School Reserves

I welcome the Committee's support in relation to ensuring school budgets are used to best effect and that local authorities have a clear understanding of the position of their school balances.

As of 31 March 2016 there were 489 schools in Wales with reserves exceeding the monetary thresholds set out in the School Funding (Wales) Regulations 2010, over which local authorities may direct schools to spend or recover surplus funds. The monetary thresholds are £50,000 for a primary school and £100,000 for a secondary or special school. Of the 489 schools, 412 were primary schools and 77 secondary and middle schools. A breakdown by local authority is summarised in the table at Annex 1.

In order to ensure that the level of reserves held by schools is appropriate and proportionate, I have asked for my officials to develop some options to revise the School Funding (Wales) Regulations 2010, including the threshold levels. We recognise amongst the 489 schools there is significant variation in size, and in developing options for change, we will need to account for the fact that for some schools the current thresholds equate to a smaller or larger proportion of the overall funding delegated to them.

Childcare offer

At Committee a query was raised about whether there was sufficient revenue funding available to deliver the Foundation Phase in light of the introduction of the new childcare offer. As I outlined in our discussion the revenue funding to implement the childcare

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

offer is available within the Cabinet Secretary for Communities and Children's budget and this will also include additional funding to support changes in the delivery of the Foundation Phase. For 2017-18, £10 million of revenue funding has been allocated within the Communities and Children MEG to take forward the development of the offer, including the pilots to test elements of the childcare offer.

Within my portfolio, additional capital of £20 million per annum from 2018-19 has been allocated for investment in infrastructure to support the offer which will be delivered in conjunction with the 21st Century Schools and Education Programme.

Schools Challenge Cymru

Schools Challenge Cymru programme was developed as a time-limited intervention to accelerate improvement in our most challenged schools. The programme was allocated central funding from Reserves for three years, which included £15 million for 2016-17. I have been clear that central funding for the programme ends on 31 March 2017. As a result of the programme being centrally funded from Reserves, there was a requirement to transfer the funding back to Reserves in 2017-18. As I set out to the committee and in the chamber on previous occasions, I am continuing to reflect on emerging evidence and the varying performance and attainment of Pathways to Success schools. I will continue to keep the committee updated as further evaluation and information comes available and how that informs funding and school improvement programmes.

Pupil Deprivation Grant (PDG)

Early Years Provision

The Committee has requested clarification on the rationale for paying the Early Years £600 rate for Reception age children rather than the higher school rate of £1,150. As I have said to the Committee, we are working under difficult financial circumstances and decisions on funding have to be taken on the basis of affordability and sustainability. I will continue to consider carefully any spending plans, balancing priorities right across my portfolio. I am pleased that the Committee welcomed the approach in placing more emphasis on the needs of younger learners and recognised the advantages of tackling barriers to learning when they are first identified, rather than playing catch up later on. There is clear evidence that well targeted intervention prior to the child entering education and subsequently early in a child's school career is the most cost effective approach to delivering benefits.

Availability of PDG to Armed Forces Children

The Welsh Government's commitment to the Armed Forces Covenant and to the Armed Forces Community is included in the new Programme for Government, Taking Wales Forward 2016-2021, published on 20 September.

As I confirmed to the Committee, if there are groups of children who are disadvantaged in education in Wales then we will of course consider what arrangements might be put in place to remove barriers to their education. I have been in correspondence with Royal British Legion on these issues and officials are meeting with them on 2 December to further discuss these issues. I will in fact be launching digital resources shortly to support Service children in education and will continue to consider what further support might be provided and how we might achieve that.

Looked After Children

This is the second year of the new funding arrangements where education consortia are responsible for delivering support to looked after and adopted children, working closely with local authorities and schools. The feedback we are receiving suggests that this approach is resulting in a better understanding of the challenges faced by these learners in education, and especially where these are a result of their early childhood experiences.

While specific support can still be provided to individual looked after and adopted children, whole schools approaches which, for example, focus on trauma and attachment awareness, will have a considerable benefit for all children – but will disproportionately benefit children who are looked after and adopted. This is a very effective way of making best use of finite resources, and this approach continues to support schools and carers to better support individual children, and thus contribute towards stability at school and at home.

Support for adopted children is targeted in exactly the same way as looked after children. Each consortium has provided an outline spending plan for the use of the allocated funding. At the end of this financial year they will be required to demonstrate how they have used the grant to support both looked after and adopted children. They will also need to evidence how the funding has had a positive impact on the educational attainment of these learners.

School Standards

I am happy to share the OECD's formal feedback with the Committee when available. As I outlined, we have developed proposals for the £100 million (£20 million in 2017-18) around our shared priorities for education and I am keen to reflect on the OECD's report before finalising my decisions. I believe my priorities are the right areas for investment but note the Committee's comments, and will of course review progress and make any necessary changes to ensure this funding delivers.

School budgets

Gross schools expenditure this year is budgeted to be £2.519 billion and includes funding from all sources. The commitment to protect school budgets at 1% above the overall change to the Welsh Revenue Department Expenditure Line (DEL) was a commitment of the Programme for Government for the last Assembly term. The commitment played an important role in focusing local authority investment on schools. We should not forget that local authorities are responsible for schools funding, as set out in law in Wales.

The £100 million allocated over this Assembly term to raise school standards should not be seen as a replacement for the 1% protection. This funding, as with all our reforms, seeks to raise standards and help reduce the attainment gap. Therefore it will be targeted at those areas. I am keen to target this funding at the areas we believe will yield the greatest return on our investment; around well-being, the curriculum, assessment, pedagogy, leadership and the self-improving system.

This funding does not exist in isolation. I am eager to ensure that as much of it goes to the frontline as possible, but the key will be to create the conditions where this investment can both deliver improvements in standards and add value to the existing funding which goes to schools.

Infant class sizes

The Committee has asked for clarity on whether the £1 million reduction to the Education Improvement Grant is linked to the £1 million investment in class sizes. I can confirm that the decisions are separate and formed part of the wider line by line review and reprioritisation of budgets across my portfolio. The Committee will be aware of the difficult financial circumstances under which we are working. I will continue to consider carefully my spending plans, balancing priorities right across the budgets for education under my responsibility. It is important to note that we are still making available over £133 million through the Education Improvement Grant in 2017-18, the vast majority of which will go to schools.

We know that smaller class sizes have most impact on the youngest children and those from deprived backgrounds. This is why we are targeting the largest infant class sizes first, with priority given to those schools which have high levels of FSM. How the funding is used will depend on the particular issues facing each school. We will be working with local authorities and consortia to ensure the right schools are targeted. The effectiveness of the funding will ultimately be measured by improved outcomes for learners.

Higher Education (HE) and Further Education (FE)

Higher Education

I will set out my priorities and expectations to the Higher Education Funding Council (HEFCW) in my remit letter in the new year. This will confirm that I expect HEFCW to target improved collaboration and strategic links between HE and FE - this was further emphasised when I issued the Welsh Government response to Diamond on the 22 November.

It has become apparent that the post-compulsory sector is becoming increasingly diverse. The Hazelkorn Review was commissioned because this has led to concerns about growing complexity, duplication and overlap in the way the sector is monitored and regulated.

Professor Hazelkorn's Report gives us a great opportunity to consider how we make the post compulsory system work as well as possible for learners. We need to think about how we design a system that supports all learners, whatever their level of education, to reach their potential and gain the skills that will enable them to progress and meet the needs of the Welsh economy. Professor Hazelkorn's approach is to treat the post compulsory education and training (PCET) sector not as several discreet sectors, but as one joined up sector, with learners at its core.

I am currently considering her proposals carefully, because if we are to have a replacement system, it needs to be fully integrated and to provide the best information, opportunities and outcomes for all learners, whatever their circumstances or aspirations. It is vital to ensure that any changes are for the benefit of learners.

I will make an announcement on the Welsh Government response to Hazelkorn in the new year.

Further Education

We are currently revising our adult learning policy in line with the development of our employability plan which aims to support adults to enter, remain and progress within sustainable employment. Funding for part-time and adult learning remains challenging but we are working with the sector to ensure we offer as wide a curriculum as possible; utilising all of the funding we have available. Our focus is on providing support for those in most need of our help. As such our priorities for funding are Essential Skills, English for Speakers of Other Languages (ESOL) and Digital Literacy.

You were keen to understand how the FE sector will continue to prioritise and protect provision for 16-19 year old learners. We have recently announced additional funding of £1.7m in 2016/17 to support growth of Full Time level 3 provisions in Further Education institutions. We will be considering how to recognise and support changes in levels of 16-19 provision as part of future year's allocations.

Welsh for Adults

The Welsh Government will publish the final Welsh language strategy in March 2017. In relation to the Welsh in Education Strategic Plans (WESPs), officials continue to hold regular discussions with local authorities as they develop their new plans for submission by 20 December.

The Minister for Lifelong Learning and Welsh Language wrote to you on 9 November regarding the progress of WESPs following the Committee's Inquiry into the Welsh in Education Strategic Plans published in December 2015. The letter provided a detailed account of progress made against each recommendation made by the Committee.

Capital Funding

As confirmed in my evidence paper, there has been no change to the revised 2017-18 baseline for the 21st Century Schools and Education Programme of £100.8 million for 2017-18.

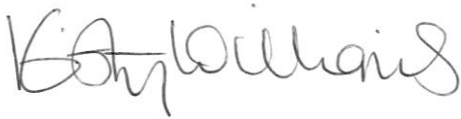
As reflected in previous budgets and in-year supplementary budgets, any additional capital announcements from the UK Government or Reserves are allocated against the priorities across the Welsh Government. For 2016-17, an extra £32 million capital was allocated from centrally retained capital funds to the Education Main Expenditure Group (MEG) - £21.9 million was reflected in Draft Budget 2016-17 and £10 million in Final Budget 2016-17. The funding was allocated for specific further education projects and support included provision of skills equipment, IT equipment and small scale capital build projects. The funding was non-recurrent, for 2016-17 only, and therefore £32 million has been removed as part of the reconciliation between the First Supplementary Budget 2016-17 and the revised baseline for 2017-18.

I can confirm that the transfer of £43 million to the Local Government MEG from 2017-18 onwards 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. General Capital Funding (GCF) is allocated as un-hypothecated capital funding, and is

provided to local authorities as part of the Local Government capital settlement. Although GCF is un-hypothecated, historically there has been a notional split across the relevant portfolio MEGs, including Education, for presentational purposes. However decisions on funding allocations continue to rest with local authorities where spend is based on priorities according to local needs and circumstances. The allocation can also be used to support their 50% contribution towards the programme. The transfer of GCF 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 administration associated with the management of this funding.

I hope this response is sufficient to provide clarification on your points raised.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Williams', written in a cursive style.

Kirsty Williams AC/AM

Ysgrifennydd y Cabinet dros Addysg

Cabinet Secretary for Education

Annex 1

Number of schools exceeding the reserve levels set out in the School Funding (Wales) Regulations 2010 as at 31 March 2016 broken down by authority.

	Primary schools exceeding £50k	Secondary and middle schools exceeding £100k	Total number of primary schools	Total number of secondary and middle schools	Percentage of primary schools exceeding £50k	Percentage of secondary and middle schools exceeding £100k
Isle of Anglesey	14	2	47	5	30%	40%
Blaenau Gwent	10	1	23	4	43%	25%
Bridgend	11	2	50	9	22%	22%
Caerphilly	18	3	75	14	24%	21%
Cardiff	35	5	97	19	36%	26%
Carmarthenshire	17	7	103	12	17%	58%
Ceredigion	9	4	47	7	19%	57%
Conwy	16	5	59	7	27%	71%
Denbighshire	4	4	46	8	9%	50%
Flintshire	23	0	67	12	34%	
Gwynedd	14	5	98	14	14%	36%
Merthyr Tydfil	5	0	22	4	23%	
Monmouthshire	15	2	31	4	48%	50%
Neath Port Talbot	19	3	65	11	29%	27%
Newport	34	7	44	8	77%	88%
Pembrokeshire	11	1	61	8	18%	13%
Powys	20	4	84	12	24%	33%
Rhondda Cynon Taf	35	4	105	17	33%	24%
Swansea	60	9	81	14	74%	64%
Torfaen	12	4	27	8	44%	50%
Vale of Glamorgan	16	3	48	9	33%	33%
Wrexham	14	2	61	9	23%	22%
Wales	412	77	1,341	215	31%	36%