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Y Gweinidog Addysg
Minister for Education



Llywodraeth Cymru
Welsh Government

Our ref: MA/KW/0209/20

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Dear Lynne

Thank you for the opportunity to appear before the CYPE Committee on 8 January to provide evidence on the Education Main Expenditure Group (MEG) plans published in Draft Budget 2020-21.

There were a number of action points following the scrutiny session and a response on each of these is outlined below. A response is also provided on funding for Minority Ethnic and Gypsy, Roma and Traveller learners which the Committee was unable to raise given time constraints.

Funding for education within the Local Government Revenue Support Grant

The Minister for Housing and Local Government will be writing to your Committee and the Equality, Local Government and Communities Committee to explain the technical arrangements for prioritising funding for teachers' pay and pensions that was included within the provisional local government settlement for 2020-21.

On 4 September the UK Government presented its Spending Round settlement. This confirmed that the Welsh Government's budget increased by £593m above the 2019-20 baseline for 2020-21, following changes in the budgets of UK Government departments. This included a Barnett consequential for Education of £196m.

Whilst the Chancellor announced a three-year allocation of £7.1bn for schools in England, the UK Government only provided Wales with a one year settlement for 2020-21. As a result we have not been afforded the same ability to provide certainty for schools in Wales.

The additions to the local government settlement and other new funding for schools and social care total over £220m in 2020-21 - this is more than we received in the Spending Round in relation to the schools element of the consequential (circa £150m of £196m) and social care (c£59m) funding in England.

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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.

As reflected in our draft Budget proposals the Education MEG stands at £1.8bn for 2020-21, an increase of £86m for education.

Monitoring of £15m for professional learning

We are receiving termly reports from the regions on access to the national programme of professional learning. We are also ensuring that schools' Professional Learning plans are signed off by their Challenge Advisers using demanding quality criteria and ensuring that schools publish their Professional Learning plans, so that they can be scrutinised by the communities they serve and experts in the field. We will continue to monitor this rollout through the governance structure of the programme.

Research and Innovation

The narrative below reflects the wider programmes associated with the SMART suite of programmes supporting innovation, as well as Sêr Cymru . These Programmes are co-financed with Structural Funds, therefore the budget allocated to 2020/21 is just a single year contribution, and does not reflect the total investment. As a consequence it is difficult to assess the impact of a single year of discrete WG funding in isolation.

The Welsh Government's SMART Suite of Programmes

Our SMART suite of programmes do 3 things under one umbrella:

- Provide advice & guidance on all aspects in the R&D field
- Grant funding to eligible corporate R&D projects
- Funding towards academic/business commercial collaborations

Gross programme budgets 2014 – 23 (latest programme end date):

SMART	WG	ERDF	Private Sector	Total
SMART Innovation	£7.5m	£11.0m	£0.0m	£18.5m
SMART Cymru	£0.0m	£27.3m	£36.1m	£63.4m
SMART Expertise	£1.3m	£30.3m	£19.7m	£51.3m
Total	£8.8m	£68.6m	£55.8m	£133.2m

Each Welsh Government £1 invested in SMART leverages more than £15 in European Regional Development Fund (ERDF) and private sector investment. The individual programmes within the SMART suite are broken down as follows:

SMART Innovation provides expert innovation advice and support for Welsh businesses accessed through a dedicated pan Wales team of specialists. It focuses on increasing the innovation capability of Welsh businesses by assisting them to invest in sustainable research, development and innovation, through specialist advice, guidance and consultancy on research, development, high value manufacturing, innovative design, intellectual property, open Innovation and commercialisation of new ideas.

SMART Innovation funding since 2014:

	East Wales	West Wales & Valleys	Total
ERDF	£3.7m	£7.3m	£11.0m
WG	£3.7m	£3.8m	£7.5m
Total	£7.4m	£11.1m	£18.5m

Since 2014 (to June 2019), SMART Innovation has, after undergoing a Diagnostic and Innovation Action Plan, worked with over **2,200 companies** and encouraged **305 businesses** to seek competitive funding from Innovate UK and Horizon 2020.

SMART Cymru co-invests to encourage businesses to implement innovative processes and undertake R&D. Its aim is to “co-invest in Welsh business research, development and innovation for sustainable growth”. It is embedded in our “Economic Futures Fund” and provides funding support for applications from businesses who have projects that address the “Calls to Action”, which include: Innovation, Entrepreneurship and Headquarters; R&D, Automation and Digitalisation.

It provides funding for each phase of an R&D project to develop new products and processes:

- Feasibility
- Industrial Research
- Experimental Development
- Exploitation

Our Innovation Voucher Plus funding supports a business to implement a new process by addressing the full range of the businesses requirements (building modifications, commissioning, training etc.). Innovation Vouchers for 3rd party services and new technology capital equipment

Since 2014:

- SMART Cymru has supported **476** projects to date
- We have worked with **362** businesses
- SMART Cymru has provided Grants of **£18.6m**
- Contributing to a Total R&D spend of **£44.7m**

SMART Expertise supports industry-led collaborative R&D projects between businesses & research organisations, translating research into commercial solutions. The aim of SMART Expertise is to “grow a demand driven RD&I environment” through supporting and investing in collaborative R&D projects between Welsh research organisations and industry partners in addressing strategically important industry challenges.

Since 2016 SMART Expertise has:

- approved **19** projects
- Involving **92** project partners
- With grants of **£9.8m**
- Towards projects worth **£20.2m**

Sêr Cymru Programme

The implementation of Sêr Cymru is subject to many variables involving wide ranging projects by our Chairs, Rising Stars and Fellows supported under the scheme. The Sêr

Cymru Programme is run on a no-aid basis and therefore does not directly leverage in private sector income. However, it has generated, and is predicted to generate, significant levels of research income. This is demonstrated as follows:

Sêr Cymru Investment and Return on Investment through Research Income Generation

- In 2012, Welsh Government committed **£50m** to Sêr Cymru implemented over a period running from 2012 to 2020
- To date, the Chairs and networks have generated **£178m** in research income
- In 2015, the second phase of the programme involved total funding (including Structural Funds) of almost **£60m**. This commitment runs over a period from 2015 to 2023
- Our target grant income for this investment is in the region of **£43m**
- In 2019, a further phase of **£7.4m** funding (including Structural Funds) for our programme was announced. This commitment runs over a period from 2019 to 2023.

Internal review of £100m for improving school standards

I specifically requested from officials that they ensure that the £100m funding is aligned with the priority areas that I have set out in the Our National Mission action plan. This followed extensive discussions with key stakeholders.

In line with this, the allocations of the budget for the F/Y 2019-20 are:

- Curriculum and Assessment - £1.7m
- Building the Capacity in Education Leadership - £3.2m
- Pedagogy - £14.810m
- Research and Evaluation - £0.440m
- Self Improving System - £4.850m
- Wellbeing - £0.5m

As you will see, more than half of the funding has been focused on priorities related to professional learning, as this remains to be one the fundamental ways to raise standards in classrooms for all pupils. You will see from the draft budget my intention is to provide funding on a similar basis in F/Y 2020-21.

We must not forget that the £100m is not the only budget to support the raising of school standards. As I outlined to the Committee in my evidence paper, there are a number of other BELs within the Education MEG that also support the raising of school standards, including: Literacy and Numeracy; Pupil Development Grant; Curriculum and Assessment; Curriculum Review; School Standards Support; and School Improvement Grant.

Minority Ethnic and Gypsy, Roma and Traveller learners grant

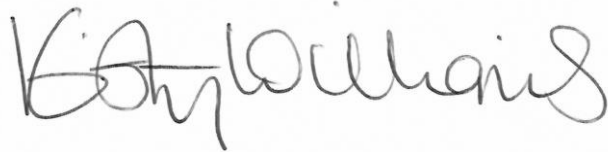
I am determined that every child has the support they need to reach the very highest standards of education and to thrive; this includes children from ethnic minority and Gypsy, Roma and Traveller backgrounds. The Welsh Government has provided dedicated funding for over a decade for supporting improved outcomes for these learners. This has supported development and embedding of a wealth of expertise and good practice in schools – through local authority services and in schools.

For this reason I have allocated £10m for 2020-21 to ensure that we are continuing to fund local authorities on the same basis as 2019-20. The funding implications for our Budget beyond 2020-21 will be determined as part of the next UK Government Comprehensive Spending Review which is planned for 2020.

I can clarify that we no longer intend to mainstream this money into the local government settlement, but continue grant funding on the current basis. Our priority is to work with local authorities to identify the best method to distribute this funding fairly in future years.

We trust that you will find these responses helpful to enable the completion of your scrutiny of the 2020-21 Draft Budget.

Yours sincerely

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

Kirsty Williams AM
Minister for Education