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**Cynulliad Cenedlaethol Cymru**  
Y Pwyllgor Plant, Pobl Ifanc ac Addysg

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**National Assembly for Wales**  
Children, Young People and Education Committee

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**Kirsty Williams AM**  
Cabinet Secretary for Education

**Eluned Morgan AM**  
Minister for Welsh Language and Lifelong Learning

16 August 2018

Dear both,

### **Welsh Government Draft Budget 2019-20**

You will be aware that Assembly committees will be undertaking scrutiny of the Welsh Government's draft budget 2019-20 during the autumn term.

#### *Written evidence*

To inform the CYPE Committee's scrutiny, we would welcome written information from you on the areas detailed in the Annex to this letter. We would be grateful to receive this information by **Thursday 25 October 2018**.

#### *Oral evidence*

Members would also be grateful if you could attend a 90 minute oral evidence session on **Thursday 8 November 2018 (09:00 – 10:30)**.

#### *Approach*

As in previous years, we will base our approach on the four principles of financial scrutiny: affordability, prioritisation, value for money and budget processes.

We recognise that while the Education MEG wholly matches your portfolios, some of the Minister's budget lines sit outside this Committee's portfolio and will be picked up by others' scrutiny.

We will also seek evidence from the Cabinet Secretary for Health and Social Services and the Minister for Children, Older People and Social Care.

We also plan to meet concurrently with the Finance and Equalities, Local Government and Communities Committees to give joint consideration to matters relating to impact assessments.



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We will liaise with our sister committees in relation to areas of overlap.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lynne Neagle'.

**Lynne Neagle AM**  
**Chair**



## ANNEX – REQUEST FOR WRITTEN INFORMATION IN ADVANCE OF DRAFT BUDGET SCRUTINY

The Committee requests the following information:

### 1. Transparency of budget presentation

In the Committee's letter of 15 May 2018, the Committee requested that, in the 2019-20 draft budget and subsequent years, a transparent narrative explanation (as well as numeric depiction) be provided of:

- reductions/removal or increases/addition of specific areas of the draft budget compared to previous financial years (e.g. grants being reduced or ceasing to exist altogether/being introduced or increased);
- what proportion this change to the overall amount previously allocated represents (e.g. taking the School Uniform Grant as an example, being clear that this meant the whole Grant was being removed); and
- where exactly any change is being made in the draft budget, and whether money will be returned to/taken from central reserves or allocated to/from other budget lines.

### 2. Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

- Commentary on each of the Actions within the Education Main Expenditure Group (MEG), including an analysis and explanation of significant changes since the 2018-19 First Supplementary Budget (June 2018).
- A breakdown of the 2019-20 and indicative 2020-21 (if available) Education MEG by Spending Programme Area, Action and Budget Expenditure Line (BEL), with 2018-19 First Supplementary Budget allocations, forecast 2018-19 outturns, and 2017-18 final outturns all included.

*If the Welsh Government is using a revised baseline budget for comparative purposes, the Committee requests that the actual 2018-19 First Supplementary Budget allocations are presented alongside these as well as an explanation of the reasons for the recalculation of the baseline.*

### 3. Education priorities

- Information on how the Education MEG aligns with, and is prioritised according to, the Welsh Government's relevant priorities and key actions, including the following:
  - Prosperity for All: the national strategy and associated economic and employability action plans;
  - The ten education priorities agreed with the First Minister in June 2016; and



- Education in Wales: Our National Mission Action Plan.
- An assessment from the Cabinet Secretary on the extent to which she believes the Education MEG contains the resources necessary to deliver on the aforementioned priorities and key actions, and information on any ongoing negotiations with the Cabinet Secretary for Finance regarding the necessary level of resources.
- Whether there has been any further prioritisation or differentiation in terms of allocation of resources between the priorities and actions referred to above. Are there any consistent themes which the Cabinet Secretary intends resources to be targeted at generally, across the whole Education MEG?
- What assessment has been made of the value for money and affordability of each of the above calls on resources and how will their cost-effectiveness be monitored.
- Details of any opportunity-cost exercises undertaken in respect of the above calls on resources.

#### **4. Budget monitoring**

- What processes are in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action or allocating additional funds to cover any shortfalls.
- Details of any changes to the Education MEG that are already planned in the Second Supplementary Budget 2018-19.

#### **5. Impact of Brexit**

- Implications of UK withdrawal from the European Union for the Education MEG and how the Department is planning to manage any negative impact on budgets within the portfolio and/or seeking to take advantage of any opportunities that may arise.
- The amount of EU funding the 2019-20 Education MEG is forecast to rely upon and the amounts and purposes pertaining to it, broken down by EU funding which is secure in the event of no withdrawal agreement in March 2019 and EU funding which is not secure.
- Details of any contingency planning in relation to EU funding should there be no agreements with the EU at the point the UK exits the EU.

#### **6. Costs of legislation**

- Any sums within the 2019-20 budget intended for the implementation of the PCET reforms including any costs associated with introducing the legislation.



- An update on any ongoing costs to the Education MEG of implementing legislation passed in the Fourth Assembly and the financial implications for the 2019-20 budget.
- Budget provision for implementing the Additional Learning Needs and Education Tribunal (Wales) Act 2018 and the wider ALN Transformation Programme.
- Information on the financial impact of any relevant UK Parliament legislation.
- Financial implications in 2019-20 of any subordinate legislation.

## 7. Children's rights and other cross-cutting considerations

The Committee requests information on how children's rights, equalities (including gender equality), sustainability and the Welsh language have been considered in budget allocations, specifically:

- A copy of the Child Rights Impact Assessment (CRIA) undertaken by the Department to inform the allocations in the draft Education MEG for 2019-20. If a specific CRIA has not been undertaken, the reasons for this and a copy of any alternative integrated impact assessment.
- How the Department is using the new framework for impact assessment which is under development, and applying it to decisions about allocations within the Education MEG.
- What account has been taken of the *Wellbeing of Future Generations (Wales) Act 2015* in making allocations to budget lines within the Education MEG.
- Details and/or examples of any changes made to initial allocations within the Education MEG following considerations of children's rights, equalities, sustainability, the Welsh language, or the *Wellbeing of Future Generations (Wales) Act 2015* as a result of impact assessments, or where these assessments have had a direct influence on the setting of budgets.

## 8. Specific areas

The Committee requests information on the following specific areas, if they are not already covered in the commentary on each Action.

### *Funding for school budgets*

The Committee appreciates that funding for schools' core budgets is contained in the Local Government Settlement and therefore comes from the Local Government MEG. However, the Committee requests:

- An assessment from the Cabinet Secretary of the sufficiency of provision for school budgets in 2019-20 and information on any ways in which the Welsh Government is seeking to protect school budgets, including any change



between 2018-19 and 2019-20 in the amount of money in the Local Government Settlement notionally allocated for school budgets.

- Implications arising from uplifts to teachers' pay and any budget provision to reflect this.
- An update on the level of school reserves, including the number of schools 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 (including a breakdown by local authority).
- Information on any cases where local authorities have used these powers in the past two years.

#### *Funding for school improvement*

- Detailed breakdown of how the £100 million additional investment in schools standards, which the Welsh Government has committed to over the lifetime of this Assembly, is to be allocated and used in 2019-20.
- An update on how expenditure of the £100 million is being profiled throughout this Assembly and what it is being used for.
- A list of budget expenditure lines (BELs), on both an individual and aggregate basis, within the Education MEG which predominantly finance the raising of school standards, for 2016-17, 2017-18, 2018-19 and 2019-20 (in line with Recommendation 31 of our inquiry report, *On the money? Targeted funding to improve educational outcomes*).

#### *Reducing the impact of deprivation and poverty*

- How the Education MEG reflects the Welsh Government's long-term commitment to tackle the impact of deprivation and poverty and its impact on educational achievement.
- How the recommendations of our inquiry report, *On the money? Targeted funding to improve educational outcomes*, have influenced the allocation of the 2019-20 Education MEG.
- An update on the PDG Access fund and how it is being allocated and distributed, including how many families are benefitting.

#### *Education workforce*

- Details of budget allocations to finance the Welsh Government's reforms of Initial Teacher Education and Training (ITET) and development of a national professional learning offer for the education workforce, and the new professional standards for teachers.



- Information on any funding provided by the Welsh Government to the Education Workforce Council.
- Budget provision for the National Academy for Educational Leadership.
- Information on any financial implications from the supply teaching cluster pilots and other ongoing consideration of relevant reforms

#### *Curriculum for Wales*

- An update on funding to support the development and design of the new Curriculum for Wales.
- Planned future funding for the new curriculum, given it is a long-term programme of work, and how the Welsh Government is ensuring the sustainability of the funding.

#### *Infant class sizes*

- An update on the budget provision for reducing infant class sizes; how many schools, classes and pupils will benefit in 2019-20 and 2020-21.
- An update on allocations of the £16 million revenue and £20 million capital funds.
- Detail of how the Welsh Government will assess the value for money of the investment in reducing infant class sizes, how it will measure the success of the funding, and what targets or desired outcomes are being set.

#### *Surplus places and small/rural schools*

- An update on the small and rural schools grant, how it is being allocated and what it is being used for.
- How the grant is being evaluated for value for money.
- Information on any budget provision associated with the issuing of a new School Organisation Code and the policy changes it encompasses.

#### *Education Improvement Grant (EIG)*

- Information on budget provision in 2019-20 and comparison with previous years.
- A copy of the outcomes framework used by the Welsh Government for monitoring the impact of the EIG and any guidance issues to or by regional consortia.
- Allocations to each regional consortia for each year since 2015-16 and planned allocations for 2019-20.



- Confirmation of the purposes the Welsh Government expects the EIG to be used for and any assessment available on how much is spent on each of these respectively.
- Information on the guidance the Welsh Government is issuing to consortia and local authorities on use of the EIG,

#### *Support for Minority Ethnic and Gypsy, Roma and Traveller learners*

- An update on the latest position for the method of funding support for Minority Ethnic and Gypsy, Roma and Traveller learners and the total amounts of funding provided.
- How the use and impact of this funding is being monitored and evaluated.
- The formula used to allocate the £8.7 million transitional funding in 2018-19 and the intended approach for 2019-20.

#### *Regional consortia*

- Details of how much Welsh Government funding is channelled via the regional consortia, including a breakdown (where possible) of the different funding streams and which BELs they are financed from.
- Information on how much of the funding received by consortia is retained centrally by the consortia and how much is passed on to local authorities and schools.
- An update on any assessments that have been made of the consortia's impact and value for money.

#### *Estyn*

- Information on the process for determining Estyn's budget allocation, including what discussions are held with the inspectorate on their required levels of funding.
- Any implications for Estyn's budget or for Welsh Government budget lines from Professor Donaldson's report, A Learning Inspectorate, and the Welsh Government's response.

#### *Qualifications*

- Allocation to Qualifications Wales and how this compares with previous years.
- Information on the process for setting Qualifications Wales' budget, including what discussions are held with the regulator on their required levels of funding.





### *Welsh-medium education*

- Budget provision to support the Welsh Government's Welsh-medium education strategy and local authorities' Welsh in Education Strategic Plans (WESPs).
- How will the Welsh in Education budget Action support the Welsh Government's Welsh Language Strategy and its target of one million Welsh speakers by 2050?
- The time profile of the £4.2 million announced by the Cabinet Secretary in July 2017 to increase the Welsh-medium capacity of the teaching workforce (funded from the Raising School Standards BEL in 2018-19) – Is this being repeated in 2019-20?

*NB the Culture, Welsh Language and Communications Committee's scrutiny of the draft budget's implications for the Welsh language more generally may also include Welsh-medium education.*

### *Additional Learning Needs*

- The financial implications of the Additional Learning Needs and Education (Wales) Act 2018 in the draft budget 2019-20.
- Budget provision to support the ALN Transformation Programme
- An update on the arrangements for funding the training of educational psychologists in Wales.

### *Emotional and mental health of children and young people*

- The financial implications for the Education MEG of the Welsh Government's response to the Committee's recommendations in its Mind over Matter report, including the call for a ring-fenced resource for schools to become community hubs of cross-sector and cross-professional support for emotional resilience and well-being
- Information on the funding for school counsellors and other school-based staff supporting pupils' emotional and mental health needs.

### *Youth work*

Information on budget provision within the Education MEG to support Youth Work, including:

- Any changes which have occurred to the allocation of £3.5m allocated for 2018-19 and 2019-20 as a result of the review of Margaret Jervis's work on Extending Entitlement, as referred to in the Draft Budget paper 2018-19.



- How the impact of the 10% reduction to the Youth Support Grant to £2.5m in 2018-19 has been monitored, as referred to in the Draft Budget paper 2018-19. What has the impact been?
- Allocations for the following grants and information about how these allocations have been informed by the reviews of them, reported to the Welsh Government in summer 2017 and referred to in the Draft Budget paper 2018-19. Please also provide information about the longer term intentions in respect of these grants.
  - The Youth Work Strategy Support Grant
  - The Welsh Government's Annual Grant to the Council for Wales of Voluntary Youth Services (CWVYS)
  - The Welsh Government's Annual Grant to Education and Training Standards Wales (ETS Wales)
  - The National Voluntary Youth organisation (NVYO) Grant
  - How young people have been involved in informing the decisions about the allocations for youth work in the Draft Budget.

#### *Childcare offer*

- An updated assessment of the implications for the Education MEG of the Welsh Government's childcare offer, for example Foundation Phase grant funding, capital funding and relationship with funding in the RSG.

#### *Capital funding for school and college infrastructure*

- Information on budget provision for 21<sup>st</sup> Century Schools and progress of the programme to date, including expenditure and numbers of projects completed/approved to date.
- Clarification of whether Band A will be complete by April 2019 and the timeframe of Band B, including details of any transitional period in-between.
- The latest position regarding the use of the Mutual Investment Model for Band B and the impact this will have on the money available.

#### *Further Education*

- A detailed breakdown of the Further Education BEL into its constituent funding lines including the sums for the first (remaining 2018/19 FEI commitment), second (6th Forms), third (sum to derive FEI allocations) and additional calls on it.
- Details of the planning process and how the budget settlement will meet the Welsh Government's statutory obligations in respect of provision of education



to 16 – 19 year olds under the Learning and Skills Measure 2009 and those pursuant to achieving the Wellbeing Goals.

- Copies of the most recent two years of Further Education Financial Forecast Planning Assumptions guidance issued to FEIs.
- Details regarding the intended planning baseline to be used to allow the 2019/20 FEI sector-wide aggregated core funding allocation to be derived: we understand that, as this is usually based on the previous year's figure, this information should be available.
- Details of any intended 2019/20 (or if undecided yet, the resource available in the 2019-20 budget for) allocations to FEIs beyond 'core funding' including details of all non-core and hypothecated funding (including the FEI led work-based learning contracts).
- Details of the intended general "unit rate" (core-funding) increase to be applied for 2019/20 with rationale for the uprating figure and an assessment as to its sufficiency, taking into consideration the contents of the relevant Further Education Financial Forecast Planning Assumptions, including the likely sector-wide pay award.
- The rationale for any deviation or intended deviation between the planning assumptions FEIs are asked to make in their forecasts and the intended "unit rate" increase (core-funding) for 2019/20, particularly any assumptions relating to highly fixed-cost base items such as staffing, pay-awards and pensions.
- Details of the indicative FEI allocation for 2020/21 and 2022/23 in-line with the intended 3 year indicative settlement within the Post 16 Planning and Funding Framework as recommended by the Auditor General for Wales in the report published February 2017. If this is not available, a rationale for why three-year indicative settlements have not been introduced.
- Details of the anticipated split in core and non-core funding between full-time and part-time FE provision including an updated assessment of how the budget settlement to FEIs will support the lifelong learning policy imperative which according to Welsh Government "has never been more important" [Prosperity for All pg. 18]. How has Welsh Government assessed the level of part-time funding to ensure it is sufficient to make reasonable progress toward the Prosperity for All well-being objectives and key themes relating to learning and lifelong learning?
- Details of the intended uplift for delivering provision in sparse and deprived areas for 19/20.



- An assessment regarding the sufficiency of the sparsity uplift taking into consideration representations made by two FEIs within the 2017 WAO report that it does not cover the cost of delivering provision in these areas.
- Details of the intended uplift for delivering provision through the medium of the Welsh Language and bilingually for 2019/20.
- Details of any capital funding to FEIs.
- Consolidated financial forecast for FEIs over the next three years.
- Details regarding the Adult Community Learning allocation and an assessment on whether the previous Welsh Government strategy of protecting the funding for Adult Basic Education and ESOL remains relevant and why.

### *Higher Education*

- A consolidated financial forecast for the HE sector over the next three academic years from 2018/19 (we understand this information is submitted by institutions to HEFCW in July each year meaning we anticipate this information being available).
- Details of the indicative 2019/20 HEFCW allocation including details and sums of any hypothecated elements of this allocation.
- Details of the call on the 2019-20 Education MEG for the Apr-Jul portion of the 2018/19 academic year HEFCW allocation, and an indication of whether this deviates from HEFCWs indicative 2019-20 allocation. We understand that HEFCW has already used an indicative 2019-20 budget forecast to derive its 2018/19 funding.
- Details regarding any indication as to how the sector intends to apply the £12.5 million 2018/19 cut in funding which will impact one or more of the funding lines for QR, Expensive Subjects and credit-based PT provision, and if the 2019-20 budget makes provision to restore this funding in the latter part of the 2018/19 academic year? If so, please provide details regarding the basis (terms and conditions etc.) by which the funding will be allocated to HEFCW.
- An assessment of the impact of the £22.5 million 2017/18 HEFCW cut and £12.5 2018/19 million HEFCW cut had and will have on the Welsh Government's agreement in principle to maintain QR funding in real-terms for five years in response to the Diamond Review.
- Details of how institutions have deployed the funding provided by the Interim Masters support package allocated to HEFCW for 2018/19.
- Whether the £10m Fee Mitigation Funding HEFCW intends to release for 2018/19 will be continued into future academic years and details of any



amounts in the 2019-20 budget that relate to fee mitigation funding beyond 2018/19.

- Details regarding the projects agreed with HEFCW and undertaken by institutions using the Strategic Change Fund of £20 million.
- Details of any sums in 2019-20 intended for delivery of Degree Apprenticeships considering HEFCWs statement that the 2019/20 funding round for Degree Apprenticeships will be “more comprehensive”.

#### *Diamond and Reid Implementation*

- In its last budget scrutiny submission to this Committee, Welsh Government forecast that the cost of the Tuition Fee Grant (TFG) would drop from £223 million for 2018-19 to £129.9 million for 2019-20. Please update this information for 2019-20 and beyond, and account for the use of any savings in TFG costs in the 2019-20 budget. In particular provide details of any sums that are (sometimes known as the Diamond Dividend), and are not to be, ‘re-invested’ into the HE sector and where they have been re-allocated.
- Details of any amounts within the 2019-20 budget intended to fund the second and third recommendations of the Reid report. If no funding has been allocated toward the Reid recommendations, please provide a rationale for doing so and an assessment of how any delay in funding the review recommendations might impact on research and innovation funding in Wales and the sectors call for rapid progress on the report recommendations.
- Forecast expenditure in 2019-20, 2020-21 and 2021-22 on providing Masters Loans and Doctoral Loans.
- Forecast expenditure in 2019-20, 2020-21 and 2021-22 on the Diamond Maintenance Grant and Basic Maintenance Grant, including forecast expenditure for students who will study in non-Welsh UK institutions.

#### *Student Support General*

- Forecast expenditure in 2019-20, 2020-21 and 2021-22 on the remaining Welsh Government student support grants including Welsh Government Learning Grant Further Education (WGLG FE) and Education Maintenance Allowance (EMA).

