

NATIONAL ASSEMBLY FOR WALES
REPORT FROM THE FINANCE COMMITTEE

Report on the Foundation Phase

Introduction

1. Standing Order 14.2 states:

The [Finance] Committee may also consider and, where it sees fit, report on:

- (i) financial information in explanatory memoranda accompanying proposed Assembly Measures;*
 - (ii) the timetable for the consideration of budget proposals and budget motions and on the handling of financial business; and*
 - (iii) any other matter relating to or affecting the expenditure of the government or other expenditure out of the Welsh Consolidated Fund.*
2. There has been wide ranging concern about the funding of the Foundation phase and the Finance Committee therefore decided to launch a short inquiry into the issue using its powers under SO 14.2 (iii)

Background

3. The Foundation Phase is one of the reforms introduced by the Welsh Assembly Government in the *One Wales* Programme. Its aim was to change the approach to the education of 3 to 7-year-olds by providing a developmentally appropriate curriculum, which is in harmony with the child's particular needs and interests. It places an emphasis on children learning by doing. It gives young children opportunities to gain first hand experiences through play and active involvement rather than by completing exercises in books.
4. A pilot scheme began in September 2004 in 41 schools and this will continue until September 2008 when the statutory rollout begins. This will lead to the final setting of requirements such as the ratio of adults to children, the amount of space required for young children to undertake activities and deciding the best teaching and learning strategies for this age group.
5. In November 2005 Jane Davidson the Minister for Education, Lifelong Learning and Skills announced the proposed timetable for introducing the Foundation Phase throughout Wales. The intention is that from the start of the 2010/11 school year all 3-7-year-olds will have access to the Foundation Phase.

6. The Welsh Assembly Government provided a grant of £25m in the 2008/09 Budget for the roll-out of the Foundation Phase from September. A number of organisations have expressed concern that this was insufficient and, in her statement on 7 May, Jane Hutt, the Minister for Children, Education, Lifelong Learning and Skills announced an additional £5m for this financial year.
7. However, this is to be found from within the existing departmental budget and will be ring-fenced to provide support for only the pilot and early start schools across Wales. The Minister also announced that provision will be made in finalising the budget for 2009-10 for this transitional support to continue for the summer term 2009. This announcement did not remove all the concerns

Evidence

8. At its meeting on 22 May the Finance Committee considered papers prepared by:
 - the Association of Directors of Education in Wales (ADEW) and the Welsh Local Government Association (WLGA);
 - the National Association of Head Teachers (NAHT); and
 - the National Union of Teachers (NUT).
9. The Committee also took oral evidence from
 - Jane Hutt, Minister for Children, Education, Lifelong Learning and Skills
 - Steve Thomas, WLGA Chief Executive
 - Dr Chris Llewellyn, WLGA Director of Lifelong Learning, Leisure and Information
 - Daisy Seabourne, WLGA Officer Lifelong Learning
 - David Hopkins, Chair of ADEW and Director of Education and Social Services Caerphilly Borough Council
 - Sue O'Halloran, Chair, National Association of Head Teachers
 - Richard Edwards, Secretary NAHT
 - Iwan Guy, Acting Director, NAHT Cymru
 - David Griffiths, Head Teacher Peterstone Super Ely Primary School.
10. Subsequently the Chair wrote to the Minister outlining certain issues and the Minister replied in her letter of 2 June. Further evidence from the WLGAⁱ is still awaited.
11. Since taking evidence the Minister has issued a statement (9 June) saying that there would now be a 4 year roll out for the Foundation Phase and that she would be writing to the relevant parties confirming the flexibility that these arrangements will give.

Issues

General

12. The scope of the Finance Committee's inquiry does not extend to the policy underlying the Foundation Phase but the Committee noted that all witnesses indicated strong support for it and the approach. The WLGA, as an example, said:ⁱⁱ "there is genuine

consensus that the programme is the way forward for early years education in Wales.” This view was echoed by the NAHT in their evidence.ⁱⁱⁱ “NAHT remains entirely committed to the aims of the Foundation Phase” and also in many of the letters and representations received by the Committee and its Members.

Overall funding

13. The key concern is with the funding of staff and training for the Foundation Phase. The Minister told the Finance Committee^{iv} that with the additional £5 million that she announced on 7 May, a total of £30 million was available this year for the roll-out of the Foundation Phase. She acknowledged^v that further funding would be required from 2009 onwards. She said that the key point^{vi} was ensuring that she had robust data to make financial projections that would give her a good case to the Minister for Finance and Public Service Delivery. She said^{vii} “I am quite clear that the amount currently allocated in my budget for future years needs to be increased to provide the appropriate level of support for the roll-out of this key programme across Wales.”
14. The Minister said the difficulty she faced was a lack of information from schools on their requirements. This had been requested from Directors of Education in Feb 2006 for response by end March 2006.^{viii} She said that by May 2007 16 out of 22 local authorities had submitted returns^{ix}— although not all were complete. When they had brought authorities together in March 2007 there was “still a lack of clarity about projections”^x. The latest position was that they had asked for information by the end of June to guide them in terms of a robust projection for the Minister’s negotiations for 2009 onwards.
15. The WLGA took a different view. They referred^{xi} to the Essex/Jones agreement, that any new initiative will be fully funded before it was implemented. They said that the cost of implementing the Foundation Phase had been assessed in the WLGA’s Expenditure Sub-Group Report (<http://www.wlga.gov.uk/english/finance-publications/welsh-local-government-financial-priorities-2008-09/>) which had^{xii} been agreed with Assembly officials.
16. The WLGA said^{xiii} that the first year of funding for the foundation phase was set out clearly in that report, as a cost of £30 million on top of the £10 million for the pilot phase. This was based on calculations agreed and constructed with officials. The report was discussed at the consultative forum on finance on 17 July 2007. They added^{xiv} “However, the Minister for Local Government at the time did not agree with the figures by signing them off, but he signed off the report.” The WLGA also said^{xv} that as they have indicated in their written submission, there are a variety of ways of coming to an assumption about the cost of implementing the roll-out. They also drew attention to the ESG Report, highlighting that this will change over time as the facts and realities of implementation change.”
17. The NAHT were surprised by the failure of local authorities to provide information^{xvi}. They said that schools were bombarded by requests for information all the time and were surprised that, if WAG had asked for it, they did not receive it. They said^{xvii} that they had all the information that had been discussed and could have provided the answers.

18. The Finance Committee has not examined these competing approaches in detail. It would not have been realistic to do this in the time available and it is not for the Committee to arbitrate on such matters anyway.
19. However, the Finance Committee is concerned that there was not a free transfer between Local Authorities and the Welsh Assembly Government of the relevant information and there was little consensus on the information required. This appears to be a systemic failure that needs to be addressed.
20. The Minister recognised^{xviii} that the amount currently allocated in her budget for future years needs to be increased.

Estimates of staff costs

21. One of the key issues in implementing the Foundation Phase will be the need to recruit a large number of classroom assistants. The Expenditure Sub Group Report estimated the requirement in order to meet the required 1:8 adult/pupil ratio at approximately 2,800 (<http://www.wlga.gov.uk/english/finance-publications/welsh-local-government-financial-priorities-2008-09/>). This is a major element of the funding estimates and its calculation is critical to the budget calculations. The Minister^{xix} said that her figures had been estimated on the basis of point 14 of the pay scale which is £15,115 per person as “the entry point for staff” at NVQ 3. This included on-costs. In the WLGA’s view the figure (including on-costs) should be the midpoint of the NVQ3 part of the relevant scale which they said was £18,250.^{xx}
22. The appointment of classroom assistants is covered under by the CSIW National Minimum Standards for Children's day care for under 8's which require that: “The registered person ensures that the person in charge has at least a level 3 qualification from ACCAC’s National Qualifications Framework for Early Years Education, Childcare and Playwork appropriate to the post.”
<http://new.wales.gov.uk/cssiwsite/cssiw/regulations/childrensday/?lang=en>. The Foundation Phase Action Plan^{xxi}
http://new.wales.gov.uk/docrepos/40382/4038232/4038211/learning_pathways2/buildingfoundationphase-e?lang=en says “that encouragement would also be provided for staff to go on to level 4 qualifications”.
23. It may therefore be challenging for Local Authorities to plan on the basis of all staff being paid at the entry point of the scale. Moreover, incremental drift, as mentioned by the NAHT^{xxii}, would push these costs up in future years.

Staff ratios

24. Concern has been expressed about whether the Government is committed to the staff-pupil ratio of 1:8. This figure is critical to any assessment of the funding required for the initiative. However the Minister made it clear in her opening statement that she was fully committed to rolling out not just the 1:8 adult-to-pupil ratio, but the 1:15 ratio for five to seven-year-olds.
25. The Finance Committee sought to clarify the statutory basis of the roll-out of the Foundation Phase. The Minister confirmed that it was the curriculum that was

statutory but not the 1:8 adult to pupil ratio. The NAHT expressed the view that they were concerned that the 1:8 ratio was not statutory

26. Witnesses were unclear about how the 1:8 ratio would operate in practice and, for example, whether a class of nine pupils would automatically be funded for a second classroom assistant – or whether, for example, a class of fifteen would be expected to manage with just one. The WLGA said^{xxiii} that “by definition” the minute you exceed eight pupils, you are entitled to additional staff. They considered this was essential because they were talking “about quality and nothing else”. On the other hand, they were not sure that that was what was happening on the ground.
27. The Minister said this was a matter of operational detail of how they funded the rollout of the Foundation phase^{xxiv}. The Finance Committee noted that the Minister was supporting the 1:8 adult to pupil ratio across all learning settings and that calculations have not been done on an ‘all Wales’ average.

Roll out from the pilot projects

28. A further concern expressed to the Committee was that while the Foundation Phase had been developed through a number of pilot projects, it would not be possible to provide similar levels of funding for its extension to other schools and that this would lead to a ‘two tier’ system. The NAHT told the Committee^{xxv} that in the pilots pupils were funded at a 1:8 ratio and that the ‘ninth’ child in a class would ‘trigger’ an additional teaching assistant post. Those schools also had capital funds and resources. The NAHT spoke^{xxvi} of schools of similar size near to each other having significantly different levels of funding. To reinforce the point they gave an example of one authority where the pilot school local authority had funding of £172,000 out of a total authority budget £870,000^{xxvii}.
29. The Minister^{xxviii} acknowledged the disparity. She said that all of the pilot projects were excellent and that they had been the champions, pioneers and role models. They had, in a sense, taken the risk of developing the foundation phase and, as with any pilot, had been funded generously. She and stakeholders now had to look at the overall transition for pilot schemes, so that they are part of the full rollout and implementation of the Foundation Phase.
30. She stressed^{xxix} that everyone must be committed to delivering on “what we have identified from our pilot schemes, namely a 1:8 foundation phase”. She said this could be delivered in partnership with schools at the forefront and with local government, if we work together. She went on to say^{xxx} that this depended on her getting their support in terms of the additional funding that she was sure was needed from 2009 onwards.

Capital

31. Alongside the need for funding for staff and training there is also a need for capital investment to prepare school facilities for the Foundation Phase. The requirements here vary considerably between schools with witnesses saying^{xxxi} that while some modern schools might not need any investment, some older ones would need a lot of work to make them fit for purpose if this were possible at all. The Minister said^{xxxii}.

that capital funding had already gone into the Foundation Phase, not just for pilot and early start schools but also for the many other schools which have taken initiatives themselves. She confirmed^{xxxiii} that £3.5m was available this year through the Early Years Capital Grant which had been allocated using the General Capital Formula.

32. The WLGA acknowledged^{xxxiv} the capital funding that had been made available saying that any extra money was welcome. However, in their view they would require additional funds to deliver the Foundation Phase properly^{xxxv} and this would still be difficult because of the huge backlog in terms of school capital in Wales^{xxxvi}.
33. The Minister told the Committee^{xxxvii} that this was the sixth year that a discrete Early Years/Foundation Phase Capital Grant had been available to support local authorities in improving facilities and preparing for the Foundation Phase. The Minister said that total capital investment for this purpose from the Assembly Government since 2003/4 was over £27 million. Figures are not available to show how much of this was allocated specifically for the Foundation Phase.

Delivery of funding to schools

34. As well as determining the correct level of funding that schools require for the delivery of the Foundation Phase, it will also necessary to ensure that the money is directed to where it is needed. The Minister told the Finance Committee^{xxxviii} that this would be done through existing arrangements and that when new money was provided for new purposes that money was made available on a ring-fenced basis. She told the Committee^{xxxix} that the grant conditions should identify exactly how the money is being spent and she was very pleased they had robust grant conditions at this stage. She also said^{xl} that as a Government they dealt directly with Local Education Authorities (LEAs), and LEAs deal directly with schools. This had been regarded as the proper constitutional arrangement
35. The NAHT was concerned^{xli} that LEA's would top slice the funding for "their requirements for admin and training". They wanted to know the conditions that would apply to the funding and in their view funding should be given directly to schools.
36. The Finance Committee is concerned by this last comment as it gives some weight to the fears expressed by the NAHT that not all the monies allocated for the initiative will find their way into school budgets. Nonetheless, the delivery of this money is part of the wider issue of local government funding generally. While having sympathy with the views expresses by the NAHT, this is ultimately a matter of policy and outside the Finance Committee's remit.

Conclusion

37. The Finance Committee has undertaken a short inquiry into the Foundation Phase due to its importance as a Government initiative and because of concerns expressed about the deficits within the funding provision.
38. While the Finance Committee does not have a role in relation to policy, it notes and welcomes the widespread support for the Foundation Phase. However, the Committee is concerned that there was not a free transfer between Local Authorities

and the Welsh Assembly Government of the relevant information and in our view this is a systemic failure that needs to be addressed.

39. The Committee welcomes the Minister's recognition that more funding is required, and the implication that this will be available when the figures are finalised.
40. The Committee notes that the Government is assessing staff costs on the basis of the minimum salary point for the NVQ 3 part of the scale which is the required level for the provisions of the Foundation Phase. It may be challenging for Authorities to recruit sufficient staff at this level.
41. The Committee notes and welcomes the Minister's support for the 1:8 staff: pupil ratio and that she is seeking to roll this out for all learning settings across Wales. It welcomes her confirmation that this is not simply an All Wales average.
42. The Committee notes the Minister's commitment to ensuring the roll out from the pilots does not lead to a two-tier system. It is difficult to comment further before the final 'roll out' funding has been finalised but the Committee will carefully monitor developments in this regard.
43. Concerns were expressed by the NAHT and others about the level of capital provided in order to deliver the Foundation Phase. The Committee notes the Minister's response setting out the funding that has already been made available. This is an issue to which the Committee intends to return.
44. The Committee understands the concerns from schools that the resources identified might not find their way down to the schools that need them. While it recognises it is for WAG to determine the appropriate mechanisms for allocating these funds, in the context of the local government funding regime, it stresses that it is also incumbent on WAG to ensure these mechanisms deliver the money to schools where it is required.
45. Finally, the Finance Committee notes the Minister's decision to extend the roll out to four years as this will allow many of the issues the Committee has highlighted to be resolved. It recognises that many schools will use the year to complete the planning for what the Minister has described as "one of the most significant reforms ever made in education in Wales." The Committee recommends that the Welsh Assembly Government secures the finance necessary to ensure the optimum delivery of the Foundation Phase over the next 4 years.

Angela Burns, AM
Chair, Finance Committee

References

- i Record of Proceedings, Finance Committee 22 May 2008, Paragraphs 223-224
- ii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 92
- iii FIN(3) 08-08 (p2) Inquiry into funding of Foundation Phase: written evidence received from NAHT Cymru, p1
- iv Record of Proceedings, Finance Committee 22 May 2008, Paragraph 4
- v Record of Proceedings, Finance Committee 22 May 2008, Paragraph 20
- vi Record of Proceedings, Finance Committee 22 May 2008, Paragraph 20
- vii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 8
- viii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 27
- ix Record of Proceedings, Finance Committee 22 May 2008, Paragraph 27
- x Record of Proceedings, Finance Committee 22 May 2008, Paragraphs 27
- xi Record of Proceedings, Finance Committee 22 May 2008, Paragraph 103
- xii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 94
- xiii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 95
- xiv Record of Proceedings, Finance Committee 22 May 2008, Paragraph 97
- xv Record of Proceedings, Finance Committee 22 May 2008, Paragraph 103
- xvi Record of Proceedings, Finance Committee 22 May 2008, Paragraphs 254, 292
- xvii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 255
- xviii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 8
- xix Record of Proceedings, Finance Committee 22 May 2008, Paragraph 67
- xx Record of Proceedings, Finance Committee 22 May 2008, Paragraphs 173, 277
- xxi The Foundation Phase Action Plan, Page 12
- xxii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 272
- xxiii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 183
- xxiv Record of Proceedings, Finance Committee 22 May 2008, Paragraph 63
- xxv Record of Proceedings, Finance Committee 22 May 2008, Paragraphs 323, 325
- xxvi Record of Proceedings, Finance Committee 22 May 2008, Paragraph 326
- xxvii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 350
- xxviii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 74
- xxix Record of Proceedings, Finance Committee 22 May 2008, Paragraph 77
- xxx Record of Proceedings, Finance Committee 22 May 2008, Paragraph 77
- xxxi Record of Proceedings, Finance Committee 22 May 2008, Paragraphs 328, 219
- xxxii Record of Proceedings, Finance Committee 22 May 2008, Paragraph 42
- xxxiii Letter from the Minister for Children, Education, Lifelong Learning and Skills to Chair, Finance Committee, 2 June 2008, Paragraph 6
- xxxiv Record of Proceedings, Finance Committee 22 May 2008, Paragraph 217
- xxxv Record of Proceedings, Finance Committee 22 May 2008, Paragraph 217
- xxxvi Record of Proceedings, Finance Committee 22 May 2008, Paragraph 219
- xxxvii Letter from the Minister for Children, Education, Lifelong Learning and Skills to Chair, Finance Committee, 2 June 2008, Paragraph 6
- xxxviii Letter from the Minister for Children, Education, Lifelong Learning and Skills to Chair, Finance Committee, 2 June 2008, Paragraph 7
- xxxix Record of Proceedings, Finance Committee 22 May 2008, Paragraph 54
- xl Letter from the Minister for Children, Education, Lifelong Learning and Skills to Chair, Finance Committee, 2 June 2008, Paragraph 4
- xli Record of Proceedings, Finance Committee 22 May 2008, Paragraph 264 and FIN(3) 08-08 (p2) Inquiry into funding of Foundation Phase: written evidence received from NAHT Cymru.