

NATIONAL ASSEMBLY FOR WALES
REPORT FROM THE FINANCE COMMITTEE

**Report on the financial implications of the Proposed Learning and Skills
(Wales) Measure**

Background:

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;

The Proposed Measure:

2. The Welsh Assembly Government introduced the proposed Learning and Skills (Wales) Measure to the Assembly on 7 July 2008. The proposed Measure would legislate for the education of pupils in education and training aged 14 – 19 in Wales.

3. The Measure would seek to ensure that all young learners have an entitlement to a learning pathway framework which enables them to achieve an appropriate balance of learning experiences that best meet their individual needs.

4. Specifically, the Measure would:

- Place a duty on Local Education Authorities in Wales to form local curricula for learners aged 14-16, and on the Welsh Ministers for learning aged 16-19 that contains a range of option choices across the specified learning domains;
- Enable the Welsh Ministers to specify the minimum number of courses of study to be selected for inclusion within a local curriculum, specify the particular learning domain into which a course of study falls and specify the minimum number of vocational courses of study to be included in a local curriculum;
- Create a right for pupils of maintained schools to elect to follow courses of study from a local area curriculum. It will also enable regulations to specify the maximum amount of courses of study a pupil has the right to choose to elect to follow;
- Specify the grounds by which a Head Teacher/Principal may decide that a pupil is not entitled to follow a course they had elected to do and enable regulations to be made in relation to the making of those decisions;

- Place a duty on Governing Bodies and Head Teachers of maintained schools and Governing Bodies and Principals of the Further Education sector to assist a Local Education Authority (LEA) in planning local area curricula, having regard to any guidance issued and in compliance with any directions given by Welsh Ministers;
- Maximise the availability of courses of study included in a local curriculum via co-operation between Governing Bodies of maintained schools and Further Education Institutions, and Local Education Authorities to deliver a wide range of options of study;
- Enable the Welsh Ministers to issue guidance and directions in relation to joint-working, co-operation and collaboration;
- Give Welsh Ministers the power to amend learning domains;
- Enable Welsh Ministers to make regulations as to the making of requests and decisions in the determination of a pupils lead learning setting.

Evidence

5. The Finance Committee considered the Proposed Measure and the accompanying Explanatory Memorandum. It also considered paper FIN(3) 12-08 (p4) Proposed Learning and Skills (Wales) Measure – financial information which was provided subsequently by officials in order to clarify some of the Financial information.

6. At its meeting on 2 October, the Finance Committee took evidence from John Griffiths, Deputy Minister for Skills, Lynne M Hamilton, Director, Business Improvement and Resource Investment Group, DCELLS and Mark Leighfield, Head of 14-19 Learning Pathways, Welsh Assembly Government.

7. The Finance Committee took further evidence from the Deputy Minister for Skills, Elizabeth Williams, Head of Children and Young People's Strategy and Mark Leighfield, Head of 14-19 Learning Pathways at its meeting on 6 November.

8. The Minister provided a further note, date 13 November 2008, in response to questions asked by the Committee

Level of Funding

9. The Measure is intended to build on the Welsh Assembly Government policy '14-19 Learning Pathways' which is committed to ensuring the readiness, by the age of 25, of 95% of young people for highly skilled employment or higher education by 2015. Funding for the implementation of the Measure is intended to come from the £32.5m already available to deliver the 14-19 Learning Pathways programme.

10. At the Finance Committee meeting on 2 October, the Deputy Minister confirmed [ROP 2/10/2008 p87] that the proposed Measure would require a continuation of these funds and would not require any additional funding [para

89 ROP 2/10]. However, the Deputy Minister also stated that 'As the majority of funding to local authorities is unhypothecated the potential expenditure by local authorities on the 14-15 age cohort in secondary schools can only be broadly estimated.' [FIN(3) 12-08 (p4) para2.3]. **The Finance Committee is concerned that such a broad estimation of current spending levels may affect the robustness of any subsequent calculations of cost.**

11. The Deputy Minister told the Finance Committee that the co-operation and collaboration that underpins the Measure will ensure that better use is made of the existing funding for 14-19 learning pathways. Projected savings have been identified in the eradication of duplication and the economies of scale gained through collaborative course provision. Further savings were expected due to the projected decline in the 14-19 population although these savings would be largely negated by the intended increase in participation.

12. Savings will be further offset by an increase in the provision of vocational courses which are delivered at a higher cost than classroom based study.

13. The Finance Committee has noted that current level of spending and the projected savings were calculated using estimates and assumptions. The Government has been unable to verify substantially the methodology employed in the assumptions and therefore the Committee recommends that the Deputy Minister closely reviews the implementation of the Measure, if passed, to ensure that a funding gap does not emerge in the case of lower than expected savings and higher than expected participation rates.

Implementation of the Proposed Measure

14. The roll out of the Measure is intended to be staggered by the adoption of banding and phasing arrangements. Local authorities have placed themselves in the band that best describes their current state of progress and may choose to move up from the band they are in as time moves on. [ROP 7/11/08 14.40-14.45pm] However, all local authorities are required to achieve 30 courses by 2012 through a progressive target that increases the minimum level by 2 courses each year until 2012.

15. The Finance Committee notes Estyn's concerns that the 2009 commencement date was unrealistic, given the arrangements that are needed to enable learners to choose their courses. The Deputy Minister assured the Committee that those concerns had been alleviated by the banding and phasing arrangements that are now in place [ROP 7/11/08 14.40 – 14.45]

16. The Finance Committee trusts that the phased implementation will be closely monitored by the Deputy Minister as the estimates and assumptions made in calculating the financial implications of this Measure are tested.

Transport Costs

17. The Deputy Minister recognises that additional transport costs will be incurred as a result of this Measure and has estimated the financial implications of learner travel provision.

18. The Finance Committee re-iterates that it is vital that the financial implications of any proposed legislation are fully assessed at the outset and seeks assurance that the estimates for travel costs are robust.

Funding Methodologies for Collaboration

19. The Deputy Minister stated that the Measure would 'drive co-operation and collaboration' [ROP 2/10/08 p108] as institutions have to come together in order to provide the necessary number of course choices. The cost of this collaboration is not included in the Explanatory Memorandum for this proposed Measure but the Deputy Minister recognises that there are cost implications and has allocated £75,000 per network to fund this work.

20. The Finance Committee is concerned that the allocation of a standard amount per network may prove to be insufficient in larger local authorities as some costs are variable. Given the importance of collaboration and co-operation to the success of the Measure, it is vital that the level of funding to local networks is sufficient to ensure effective administration of the process.

21. The Finance Committee also considers it vital that the Welsh Assembly Government and the local networks communicate effectively throughout the implementation process and beyond. The Deputy Minister stated that DCELS have been working closely with local authorities. The Finance Committee would underline the importance maintaining a close working relationship in the future.

Conclusion

22. The Finance Committee is disappointed that the Explanatory Memorandum says so little about the costs of implementing this proposed Assembly Measure. The Committee accepts that the Government might wish to accommodate the implementation of the Measure from within resources it has already made available and notes that this is a perfectly reasonable approach to follow. But the Government needs to demonstrate that this is realistic and achievable. Several elements of the calculations supporting the costs of this proposed Measure have been based on estimates and assumptions but, despite 2 further papers, the Government has not explained what these estimates and assumptions are.

23. The Committee is therefore unable to examine these calculations and has to conclude that it cannot reliably assess the impact of the proposed Learning and Skills (Wales) Measure. **It considers it has little alternative but to recommend that the stage one debate on the general principles of the**

Measure is not brought forward until this information is available. It will not be until then that the Committee, and in turn Assembly Members generally, will be able to assess the financial impact of the Measure.

Given the tight economic and budgetary situation the Assembly is currently facing, proceeding before this information is presented would seem irresponsible and would be inconsistent with the Minister for Finance and Public Service Delivery's statement that one of his priorities is to ensure that that expenditure is used wisely and that we get value for the Welsh pound. [ROP FinC 9 October para 18.]

24. Moreover, from what the Committee has seen about the calculations and the assumptions involved, little if any work appears to have been done on ascertaining the true costs of implementing such a major new venture in education. In particular we are concerned that the needs of rural areas, staff retraining and the development of new and extended welsh medium provision have not been evaluated in a proven way. Furthermore there is the possible need for additional resources to provide residential training in rural areas.

Angela Burns
Chair, Finance Committee