

Jane Hutt AC/AM

Y Gweinidog dros Blant, Addysg, Dysgu Gydol Oes a Sgiliau
Minister for Children, Education, Lifelong Learning and Skills



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref
Ein cyf/Our ref MB/JH/5529/07

Gareth Jones
Chair
Enterprise and Learning Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

18th December 2007

Dear Gareth,

I am writing in response to three of the four outstanding actions from the Enterprise and Learning Committee scrutiny of progress to implement the recommendation of the May 2006 Assembly School Funding Committee report on 21 November. I will write separately on the fourth action – to provide details of methods of costing for the rollout of the Foundation Phase.

Provide details on whether revenue charges were incurred above the allocation of grants

A straight capital grant such as the School Buildings Improvement Grant (SBIG) to a Local Authority does not entail a legacy of revenue funded capital charges because it is a straight cash transfer. SBIG is paid in arrears as authorities incur charges to be paid to a contractor for construction works: monthly claims for the £9m shares projects and three claims per financial year on projects funded from authorities' formula shares. There may be a time lag between expenditure and grant reimbursement. If an authority chose to borrow to bridge the gap then that may entail related loan charges but these would result from a discretionary decision of an authority. It is more likely that an authority would fund from its reserves in the short term or raise money through land / asset sales.

The old borrowing approval ("credit approval" method of capital funding) did entail a capital charges legacy because Local Authorities were given approval to borrow rather than being given straight cash. The need for Local Authorities to fund loan charges in these circumstances is recognised in the distribution of Revenue Support Grant (RSG).

Private Finance Initiative (PFI) projects approved by the Assembly Government also involve a revenue funding stream. The Assembly Government meets around 80% of the cost of the

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project which relates to the capital element of the project, and authorities receive support for this from the Welsh Assembly Government. The balance of the PFI unitary charge, which mainly relates to the ongoing running and maintenance, is the responsibility of the Local Authority. The last Welsh Assembly Government approved Local Authority pathfinder PFI scheme was Durham Road School Newport agreed in July 2007. There are no more planned.

PFI schemes or Public Private Partnership arrangements entered into by Local Authorities of their own volition will attract revenue charges.

"Prudential Borrowing" by authorities also attract revenue consequences but these are not recognised in the RSG distribution because the decision to enter into such arrangements is at the discretion of individual authorities.

Raise concerns regarding the publication of Asset Management Plans by Local Authorities with the Welsh Local Government Association

An Asset Management Plan provides a transparent understanding of the property held and used by a Local Authority to enable value for money issues to be addressed and informed, service improvements to be delivered and accountable decisions to be made. The overall Corporate Asset Management plan will draw upon information from all relevant service departments. So each individual service sector, eg a Local Education Authority, will have prepared its own education service asset management plan which will feed into the overall corporate AMP.

An Asset Management Plan (AMP) optimises the opportunities for deployment and utilisation of land, buildings and other assets. An AMP usually has a five year cycle and in most cases Local Authorities are already revisiting building condition surveys carried out during the last five years.

It is a matter for each individual authority whether it wishes to publish its corporate asset management plan or its service sector AMP.

Further consider meaningful comparisons of education spending in Wales, the other nations and regions of the UK

Responsibility for producing statistical data on Local Authority funding for education in Wales rests with the Welsh Assembly Government Statistical Directorate. Significant importance is attached to the validity of the data, reflecting the professional responsibility of the Statistical Directorate and the independence of the Government Statistical Service.

The Statistical Directorate are able to make funding comparisons with England both at national and regional level because arrangements for reporting education funding in England still retain enough common elements with Wales. The same is not true of other UK administrations. The funding system in Northern Ireland is very different and the Statistical Directorate advise that no valid comparisons can be drawn with Wales.

It is possible that some high level comparisons can be made with Scotland, but that work will take time to complete. The Statistical Directorate will also need to be confident that any analysis of the data is statistically valid.

I will write to you again when the analysis of the Scottish funding data is completed.

Yours,
Jane

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16⁵ January 2008

Dear Gareth,

Further to my letter of 18 December 2007, I am now able to provide details of the methods used to cost the Foundation Phase.

The overall cost is made up by a number of different elements, each of which contributes to the preparation and delivery of the Foundation Phase and the budget for the Foundation Phase has grown steadily from £0.5m when the Pilot started in 2004, to £25m in 2008/09, £39.5m in 2009/10 and £43.4m in 2010./11.

The main elements are:

Foundation Phase Training and Support Officers (FPTSOs) – A flat rate of £69,000 per annum is made available to each local authority to appoint a FPTSO to support the delivery and management of practitioner training.

10% qualified teachers – A flat rate of £3,500 per funded non-maintained setting. The number of settings, projected to be 735 in 2008-2009, is based on those registered with Estyn as an education provider in February of each year.

Training – Training programmes have been developed and costed by each local authority in collaboration with Consortia Cymru Co-ordinators, Voluntary Sector Development Officers and Learning Through Landscapes Cymru.

Workforce – Latest estimates of the additional classroom assistants required to meet the Foundation Phase ratios are based on the 2007 PLASC return. Current estimates are that an additional 2,300 classroom assistants will be required over a three year rollout period. A

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flat rate of £15,115 per post – Scale point 14 is used to estimate overall costs. An element is also set aside to continue support for the Pilot and Early Start settings/schools.

Upskilling – Proposed continuation of the Iaith Pawb Welsh-medium practitioner training currently delivered by the Cam wrth Gam and Geiriau Bach programmes at an annual cost of £2million.

My officials continue to work with local authorities on all aspects of the Foundation Phase.

Yours,

Jane