



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Iau, 17 Hydref 2013
Thursday, 17 October 2013**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol Committee members in attendance

Mick Antoniw	Llafur Labour
Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales

Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Andrew Clark	Dirprwy Gyfarwyddwr, Is-adran Addysg Bellach a Phrentisiaethau, Llywodraeth Cymru Deputy Director, Further Education and Apprenticeships Division, Welsh Government
Owen Evans	Cyfarwyddwr, Adran Addysg a Sgiliau, Llywodraeth Cymru Director, Department for Education and Skills, Welsh Government
Huw Lewis	Aelod Cynulliad, Llafur (y Gweinidog Addysg a Sgiliau) Assembly Member, Labour (the Minister for Education and Skills)
Ken Skates	Aelod Cynulliad, Llafur (Dirprwy Weinidog Sgiliau a Thechnoleg) Assembly Member, Labour (the Deputy Minister for Skills and Technology)
Neil Surman	Dirprwy Gyfarwyddwr, Is-adran Addysg Uwch, Llywodraeth Cymru Deputy Director, Higher Education Division, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Mike Lewis	Dirprwy Glerc Deputy Clerk
Olga Lewis	Clerc Clerk
Anne Thomas	Y Gwasanaeth Ymchwil The Research Service
Chris Warner	Pennaeth Pwyllgorau Polisi a Deddfwriaeth Head of Committee Service Policy and Legislation

Dechreuodd y cyfarfod am 13:31.
The meeting began at 13:31.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Nick Ramsay:** I welcome the Enterprise and Business Committee back to this afternoon's scrutiny of the Welsh Government's draft budget 2014-15.

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2014-15: Addysg Uwch a Sgiliau
Scrutiny of the Welsh Government's Draft Budget 2014-15: Higher Education and Skills

[2] **Nick Ramsay:** We are looking at higher education and skills. I welcome our witnesses. Would you like to give your names and titles for the Record of Proceedings?

[3] **The Minister for Education and Skills (Huw Lewis):** My name is Huw Lewis; I am the Minister for Education and Skills.

[4] **The Deputy Minister for Skills and Technology (Kenneth Skates):** Ken Skates, the Deputy Minister for Skills and Technology.

[5] **Mr Evans:** Owen Evans, director general, Department for Education and Skills.

[6] **Mr Clark:** Andrew Clark, deputy director, further education and apprenticeships division.

[7] **Mr Surman:** Neil Surman, I am deputy director of the higher education division.

[8] **Nick Ramsay:** Great. Thank you very much for being with us today; it is really helpful. We have a number of witnesses, so if Members can be clear about who they are directing their questions to, that would be helpful. The first question is from Byron Davies.

[9] **Byron Davies:** Good afternoon. I have a general question to start. The education and skills budget will decrease by 4.7% in actual terms in 2014-15 in comparison with the baseline figure for 2013-14. How do you, Minister, prioritise which policies and programmes will receive more or less support in the 2014-15 draft budget?

[10] **Huw Lewis:** Thank you, Byron, and good afternoon to you. These decreases in the overall departmental expenditure limit for education and skills are significant. It has not been an easy process in terms of going line by line through the budget with that prioritisation in mind. There is a 4.7% reduction this year, as you say, and we are anticipating around a 3% reduction next year as well. What I had at the forefront of my mind in terms of getting this budget together was the prioritisation on the programme for government, which I know everyone is familiar with, and those themes of jobs and growth, educational attainment and supporting children and families in deprived communities, as well as literacy, numeracy and reducing the gap between those in deprived circumstances in terms of educational attainment and the rest of the population. It is worth noting that, within the budget, some of the standout issues that benefit from that sort of prioritisation are things like the education maintenance allowance, which continues in Wales and has now disappeared in England, and Jobs Growth Wales. Schools funding will continue to rise 1% above the change in the block grant, so that will be protected. Also, everyone will be aware of the pupil deprivation grant effectively being doubled this coming year and being extended into 2015-16. In terms of literacy and numeracy, you will see the contingency for that within that budget expenditure line, as well as in the curriculum and assessment BEL. Also, the school effectiveness grant and the pupil deprivation grant add up to enhance support for schools in that regard.

[11] **Byron Davies:** To what extent do you think that your department's draft budget for 2014-15 and indicative budget for 2015-16 will enable it to meet the education and skills commitment?

[12] **Huw Lewis:** As I say, those are the central priorities. The programme for government

commitments are the central priorities that need to be secured through this budgetary process and throughout the rest of the Assembly term. As I have said, issues like—

[13] **Byron Davies:** Perhaps you could deal with the long-term financial sustainability of it.

[14] **Huw Lewis:** Yes; as I say, this is the budget for this year. I hope that I have demonstrated through this budget that the Government's commitments in its programme for government will be sustained. We will hit those targets and meet those commitments through to the end of the Assembly term. It is not an easy process, but we have done it in this budgetary round.

[15] **Nick Ramsay:** Thank you, Byron. I should have thanked the Minister and officials at the start for the detailed paper that you provided. It was really helpful to us in formulating our questions. The next question is from Mick Antoniw.

[16] **Mick Antoniw:** Good morning, Minister—good afternoon, rather. *[Laughter.]* In terms of the funding arrangements for higher education, and particularly the position with regard to tuition fees, how satisfied are you that that is financially sustainable?

[17] **Huw Lewis:** I am entirely satisfied that this is a doable thing right through to the end of this Assembly term. Also, I think that it does provide good value for money. We are essentially in very difficult times for the Welsh people and I think that protecting Welsh students from over-burdensome levels of debt is something that is worth carving out as a Government priority. It is also worth noting that, within this flow of money now, this really is the major financial support for our HE sector—it actually flows through student support now—and almost a third of that money is committed through agreements between HE and the Higher Education Funding Council for Wales to our widening access agenda. So, there is a double whammy in terms of the worth that we get from this tuition fee system. We get better supported students, obviously, but we also get a higher education sector that is better resourced and better motivated in terms of the access agenda.

[18] **Mick Antoniw:** The statistics seem to indicate that there is a slight reduction in the numbers of Welsh students going into higher education and that the flow of English students may not necessarily be as strong as anticipated. Of course, to some extent, the whole financial matrix is based on a certain number of English students coming in and the tuition fees that are paid there. What steps have been taken to ensure that the finances will actually match up to the projected student flows over the next couple of years?

[19] **Huw Lewis:** There will be a variation in student flows. In fact, I think that the number of Welsh students attending HE this year is very slightly up, if you look at the whole of the UK. I think that it is up by 0.5%. The number of English students flowing across the border, if you like, into Welsh institutions is up quite markedly, with a 12% rise this year. That is over 1,000 English students. Taken as a whole, the system remains robust despite the small fluctuations that we will see from year to year. I get a six-monthly update on these sorts of figures, and we are currently seeing a situation whereby Wales, in fact, is receiving far more income from England-based students moving into Wales than we pay out to Welsh students flowing the other way across the border, at a ratio of around 3:1. Welsh higher education is doing very well by the student fees system, and can look forward to above inflation increases in overall funding through this mechanism this year, and probably for the next couple of years too. However, we need to keep an eye on those fluctuations, as you say, and make provision for them year on year.

[20] **Mick Antoniw:** In terms of certainty and clarity, are you satisfied that the budget and the financial arrangements will cover the existing regime in terms of tuition fees through to

the end of this Assembly term? That is, there is no intention to increase tuition fees between now and the end of the Assembly term. Scotland has adopted a different position, as it does not provide any payments or benefits for students who move outside Scotland. Is that something that you would consider at any stage? What do you think are the advantages or attractions to retaining the open border for Welsh students?

[21] **Huw Lewis:** On the first part of your question, I am satisfied that the system, financially speaking, is entirely robust, and is a good deal for students and higher education institutions. There is no problem on the horizon in terms of the affordability of the system. That does not mean to say that the system is perfect in all its aspects, obviously—what system is?

[22] In terms of the comparator with Scotland, it has its own way of doing things. I would venture to suggest that one of the reasons for that is that the Scottish higher education system is much bigger than ours. To an extent, it is self-contained. If Scotland were to become an island somewhere in the north Atlantic, it would have a higher education system that you could regard as complete in and of itself. Wales has not historically been able to say that. As we all know, some standout undergraduate courses are not offered in Wales—veterinary science is the one everyone always refers to, but there are others too. Our HEI family is a much smaller one. The relationship with those cross-border flows has been an inherent part of the expectations of Welsh youngsters in terms of where they might end up after school. I see no reason at the moment, financially speaking, to close any borders for those young people.

[23] **Mick Antoniw:** So, the message to Welsh students is that the regime is stable and it is business as usual.

[24] **Huw Lewis:** Quite, yes; so it is. In fact, as I say, it is looking almost more robust year on year.

[25] **Alun Ffred Jones:** A allwch chi gadarnhau dau beth rydych wedi eu dweud? A wnewch chi gadarnhau beth ddywedoch chi rŵan bod nifer y myfyrwyr o Gymru mewn addysg uwch wedi cynyddu eleni? A yw hynny'n gywir?

Alun Ffred Jones: Can you confirm two things that you said? Can you confirm what you just said that the number of students from Wales in higher education has increased this year? Is that correct?

[26] **Huw Lewis:** The figure I have is 0.5%. It is not enormous, but it represents nearly 100 students, I think.

[27] **Alun Ffred Jones:** Diolch yn fawr. Efallai fy mod wedi cam-glywed hyn, ond roeddech yn sôn bod trydedd ran o'r gyllideb addysg uwch yn ymwneud ag ehangu mynediad. A wnes i gamddeall hynny neu sut mae trydedd ran o'r gyllideb yn mynd tuag at hynny?

Alun Ffred Jones: Thank you very much. Perhaps I misheard this, but you mentioned that a third of the higher education budget is to widen access. Did I misunderstand that or how does a third of the budget go towards that?

[28] **Huw Lewis:** Through the fee plans agreed between HEFCW and the HEIs, 30% of the additional fee income is to be spent on widening access programmes. The HE sector has commitments to invest in widening access for students, particularly from the more deprived parts of Wales, as well as taking into account things such as gender imbalance and where our students from ethnic minority communities end up. That programme of work should roll on every year within HEIs funded by these means.

[29] **Alun Ffred Jones:** A yw'r rhaglenni ehangu mynediad hynny'n weithredol drwy Gymru gyfan, gan gofio bod hanner y plant a'r bobl ifanc sy'n byw mewn tlodi yn byw y tu allan i'r ardaloedd Cymunedau'n Gyntaf, lle mae llawer iawn o'r rhaglenni hyn yn weithredol?

Alun Ffred Jones: Are those widening access programmes operational throughout Wales, bearing in mind that half of the children and young people who live in poverty live outside Communities First areas, where the majority of these programmes operate?

[30] **Huw Lewis:** This is not solely linked to the Communities First programme. HEIs are free to pursue almost any initiative that they can evidence to HEFCW that is effective in widening access. As I say, it is not just about deprivation; it is also about such things as gender and ethnic origin. I would say, though, that I have been concerned since taking on this post that HEIs could perhaps benefit from a closer look by me at exactly what is happening with that widening access resource. That is a piece of work that I intend to undertake over the coming months.

[31] **Alun Ffred Jones:** Y rheswm yr wyf yn gofyn yw bod y rhaglenni hynny i ehangu mynediad, yn ôl swyddogion yr wyf i wedi siarad â hwy, yn ddibynnol iawn ar wybodaeth leol a gweithgarwch lleol, ond mae'r rhan fwyaf o hynny'n cael ei gefnogi mewn ardaloedd Cymunedau'n Gyntaf, oherwydd bod yno swyddogion ar lawr gwlad. Felly, nid ydynt yn cyrraedd pentrefi a threfi fel Ffestiniog—gallaf enwi 10 neu 12 ohonynt yn yr ardal acw—ac nid yw'r arian, felly, na'r rhaglenni hynny yn weithredol mewn rhannau helaeth o Gymru, er bod digon o dlodi yno.

Alun Ffred Jones: The reason I ask is that those programmes for widening access, according to officials whom I have been talking to, are very dependent on local information and local activity, but the majority of that is supported in Communities First areas, because there are officials there at the grass-roots level. So, they do not reach villages and towns like Ffestiniog—I can name 10 or 12 in that area—and therefore neither the funding nor the programmes operate in vast swathes of Wales, even though there is enough poverty there.

[32] **Huw Lewis:** Since taking up this portfolio, I have not had a chance to delve deeply into this, but I will, and if I find that that is the case, I will be very concerned. As I say, there is no requirement on HEIs to link their access programmes solely to the Communities First agenda, although that is of course important and it would be good to see it happen, at least in part. Nevertheless, I will take a much closer look at what HEIs are doing with public resource that has been earmarked for this sort of effort for the whole of Wales.

[33] **Nick Ramsay:** Eluned Parrott has a further supplementary question.

[34] **Eluned Parrott:** Thank you, Chair. Minister, can you confirm whether Welsh HEIs have been set a cap on the number of Welsh students that they can take, as opposed to students from the EU and the rest of the UK?

[35] **Huw Lewis:** The short answer is 'no'.

[36] **Mr Evans:** There is not a cap on the number of students, but there is of course a cap on the amount we spend on higher education. We have a budget, and it is largely demand-led, but we have set the numbers according to how many people we think will go into the system. The matter of how that allocation is distributed, however, is one for the higher education funding council.

[37] **Eluned Parrott:** So, just to confirm, then, there is no difference between the way in which the numbers are calculated for Welsh students versus students from other parts of the

EU.

[38] **Mr Evans:** That would be up to the institutions themselves. Neil, do you want to comment on that?

[39] **Mr Surman:** 'No' is the short answer, but it is the higher education funding council's job to operate the controls on funding and on student numbers that are necessary to make the new system work. It has done so in discussion with the HEIs in Wales, which are aware of, and are therefore party to, the controls that operate. The short answer to whether there is a control on the number of Welsh students going into Welsh HEIs is 'no'. That answer has been given repeatedly in recent weeks by HEFCW and by the chief executive of HEFCW in response to enquiries about this. However, it is a complex system, and it is managed, not by Welsh Government, for obvious reasons, but by the funding council.

[40] **Eluned Parrott:** Can you just confirm for me the difference between a control on student numbers to meet a budget and a cap?

[41] **Huw Lewis:** It is reality. This is reality; we have only so much public resource to subsidise higher education in Wales, and there is no more. Of course, higher education institutions can and do plan for themselves; they plot their own future programmes, if you like, and there are ways in which they can raise finance away from the Welsh Government in other ways. No system could remain open-ended for all time and in all circumstances. However, we are nowhere near the point where, for instance, any caps on student number have to be considered at the moment.

[42] **Eluned Parrott:** Are there any controls on student numbers coming from the rest of the UK and the EU?

[43] **Huw Lewis:** No.

[44] **Keith Davies:** A gaf ofyn yr un cwestiwn a ofynnais i chi ddoe yn y Pwyllgor Plant a Phobl Ifanc? Nid wyf yn siŵr pryd y bydd hyn yn cael ei weithredu, ond mae'r Llywodraeth yn Llundain wedi penderfynu nad yw'n mynd i ddodi cap ar nifer y disgyblion sy'n cael eu derbyn gan brifysgolion yn Lloegr, sydd â graddau gwell na A a dau B. Rwy'n credu y gallai hynny effeithio ar faint o fyfyrwyr o Gymru a fydd yn cael eu derbyn yn Lloegr. Pa effaith allai hynny gael ar ein cyllideb?

Keith Davies: Could I ask you the same question that I asked you yesterday in the Children and Young People Committee? I am not sure when this will be implemented, but the UK Government has decided that it will not put a cap on the number of pupils who will be accepted by universities in England, who have grades that are better than A, B, B. I think that that could perhaps affect how many students from Wales will be accepted in England. What effect could that have on our budget?

[45] **Huw Lewis:** Yes. It is an insidious little reform in my view, which is part of another step towards the UK Government attitude that the marketisation of all things is, in every case, the best thing to do. It remains to be seen. It is fairly early on in this reform that is being made by the UK Government. Although, early reports show that, certainly, Russell group universities are starting to scramble and compete with each other for these A, B, B students. No reports or concerns in terms of student numbers or applications have reached me concerning Welsh HEIs as yet, but that is 'as yet'. It is something that we need to keep an eye on and watch very carefully. Cardiff University, as part of the Russell group, would be closer to this sort of new market, if you like, of the brightest students, and there may be effects there in the future. It is something that we need to keep an eye on. As yet, whatever effect it is having is not measurable in Wales.

[46] **Joyce Watson:** Good afternoon, both. As part of the equality impact assessment, Minister, how do you think that the impact of the proposed budget changes might impact on female learners aged 16 and over? Could you explain how you are going to monitor and evaluate those?

[47] **Huw Lewis:** Close readers of the budget will understand that difficult decisions have had to be made around certain aspects of expenditure and you are right to point to post-19 learning, which is where most of the difficulties will lie for our partner organisations. We have commitments to maintain funding in schools. As I say, higher education funding is largely buoyant, because of the student support system that we have now. Within FE, we also want to protect the spend on 16 to 18 learning and we will. So, that leaves post-19, and Joyce, you are quite right, I am afraid, to point out that, disproportionately, that would probably affect women more badly than it would men. My understanding is that in terms of adult and community learning in particular there is a preponderance of women. If I recall, three quarters of adult learners in the community are women. These programmes are going to have to face some pretty grim challenges over the coming months in terms of how sustainable they might be and so on.

[48] This is not something that I would wish upon the sector at all and I regret it very much. However, the reality of the situation is that our budget is being driven downwards by the UK Government. This is the reality of what we have to face.

[49] **Joyce Watson:** That is the reality and I accept, partly, the reasons that you have given, but could you tell me how you are going to monitor and evaluate it and whether you will feed back? Clearly, we cannot have a situation that disproportionately disadvantages one group in society.

[50] **Huw Lewis:** Yes, you are right to point that out. It is something that needs to be monitored and evaluated, to keep a close eye on it. There was never any intention, of course, to set out to disproportionately disadvantage women in this regard; the intentions were to protect the young, particularly the 16-18 group in further education. However, the law of unintended consequences seems to be leading to this disproportionate effect on women. I will undertake to keep a very close eye on the effects that this is having. I am always very aware that the skills levels of mothers, in particular, matter to the life chances of children. I will be keeping an eye on what our further education institutions and other organisations are doing in terms of their budget setting and I will attempt to ameliorate this problem as much as I possibly can. I will monitor it and, if required, report back on it.

[51] **Nick Ramsay:** Joyce, did you have any further questions on higher education?

[52] **Joyce Watson:** The Welsh Government's tackling poverty action plan includes a commitment to offer 5,000 sustainable training and employment opportunities to people living in workless households by the end of 2017. Can you tell me how this commitment is reflected in the budget expenditure lines?

[53] **Huw Lewis:** Yes. The commitment to 5,000 training and employment opportunities—I have the figures here somewhere, I think—is a cross-governmental commitment. It is important to remember that this is not simply a commitment on the part of my portfolio. It is a work in progress and it is relatively early days in terms of what is being rolled out at the moment. What has been tackled and established thus far is that the Minister for Communities and Tackling Poverty and I have agreed an additional 750 Jobs Growth Wales places over two years. They will be targeted at unemployed young people in Communities First areas. That will mean tackling poverty action funding of £4.5 million, which will be transferred into the education and skills main expenditure group over two financial years. You will not find it reflected in the draft budget this time around. I think that I

am right in saying that, because it will be transferred in year. So, that is the commitment thus far. This is a major all-Government commitment. We have a road to travel yet in order to reach that 5,000 target; I am absolutely open about that. However, thus far, those 750 Jobs Growth Wales opportunities have been achieved.

[54] **Joyce Watson:** That is pretty good news, Minister. Talking about good news, you are new to this portfolio and you somewhat inherited the overall draft budget. Are you confident that your department has the necessary resources, out of the available resources, to achieve the objectives that you have just outlined?

[55] **Huw Lewis:** Yes. It has been very difficult. However, in terms of the programme for government commitments, although everyone would like more room for manoeuvre and more resource, I am absolutely confident that we can hit each and every one of the 40-odd programme for government commitments that are under my care in this portfolio.

[56] **Joyce Watson:** There is one final question from me. Again, given that this is a new portfolio for you, are you aware of, and did you give the necessary approval for, the financial delegations of your department, particularly those that were determined before you received the portfolio?

[57] **Huw Lewis:** Of course, I met early on with my director general, Owen Evans, to discuss delegations. Each Government department has its system. Every member of staff is aware of that and should be aware of how it operates. So, yes, I have caught up with that and, as far as I am aware, it is pretty much common practice across Government to operate these things in the way that this department does.

14:00

[58] **Nick Ramsay:** Minister, with regard to tuition fees, do you think that the budgets for quality research, postgraduate study and targeted priorities such as widening access, may be affected adversely by the uncertainties over tuition fees?

[59] **Huw Lewis:** As far as I am aware, there are no uncertainties over tuition fees. I certainly do not deal in such uncertainties. As I say, higher education in Wales, in terms of public support, can look forward to above-inflation increases, which the rest of the public sector cannot enjoy, certainly for this year and as far as we can tell, for next year too. That is a situation that I cannot see changing right through, at least, until the end of the Assembly term.

[60] **Nick Ramsay:** Okay. With regard to the total costs of the higher education reconfiguration policy over the last 10 years, what evaluation has been undertaken to check whether the mergers have been good value for money?

[61] **Huw Lewis:** That is quite detailed stuff. It is probably best if I say that we could write to you with details of what the business plans and business cases outline.

[62] **Nick Ramsay:** I appreciate that 10 years is a fairly substantial period of time to ask you about. *[Laughter.]*

[63] **Huw Lewis:** Yes. I do have a recollection, actually. I think for the merger of the University of Glamorgan and the University of Wales, Newport, there was an estimate, through the business plan, that it would save around £5 million in administration costs and so on. If memory serves me correctly, that is about right.

[64] **Nick Ramsay:** Do you think that that level of saving is on course?

[65] **Huw Lewis:** I can drop you a note and let you know what the current situation is, but I am sure that each and every one of the—. Part of the motivation for going down this road, obviously, was—. I have just been passed a note; it was more than £5 million. The total operational savings in the business case for the University of South Wales were £9 million to £11 million. I beg your pardon; it was more than £5 million. However, I could certainly break down the estimates for each of the mergers of institutions, if the committee would like that.

[66] **Nick Ramsay:** I think that that was the quickest note that the committee has ever been dropped, so congratulations on that record. [*Laughter.*] If you could provide detail on that, it would be helpful to us.

[67] Could I ask you about the level of funding allocated for Coleg Cymraeg Cenedlaethol? What outputs and outcomes have been achieved from that?

[68] **Huw Lewis:** I do have some figures on Coleg Cymraeg Cenedlaethol here somewhere. For the next financial year, £7 million has been allocated, which is split into the Coleg Cymraeg Cenedlaethol funding grant in aid, which is £6 million-and-something—the bulk of the cash—and about £0.33 million has been allocated to the scholarship scheme.

[69] The outcomes that we are looking for from Coleg Cymraeg Cenedlaethol are two-fold. One is an increase in the number of routes that people can follow to study through the medium of Welsh, another is the number of expert staff who are able to deliver those courses and the third—it is three-fold, I beg your pardon—critically, is an increase in the number of students who are actually taking up these options. The first two, if I am right in saying, are showing a shift. So, we are getting more routes and measurably more staff in HE and FE who are equipped to deliver courses through the medium of Welsh. At this stage, although it is early days, we have not had a rise in student numbers. That is obviously something that we need to watch very carefully. It is counter-intuitive really; we have increased the number of staff with the capability to deliver and we have increased the number of options, but they do not seem to have been taken up in the numbers that we would have hoped.

[70] **Nick Ramsay:** Alun Ffred Jones has a supplementary question.

[71] **Alun Ffred Jones:** Ochr yn ochr â'r arian i'r Coleg Cymraeg Cenedlaethol, roedd hefyd grant premiwm addysg Gymraeg a oedd, ar y pryd, yn hyrwyddo addysgu drwy gyfrwng y Gymraeg o fewn prifysgolion. Mae'r grant hwnnw yn cael ei ddileu gan HEFCW ar hyn o bryd, sy'n golygu bod prifysgolion a oedd yn arfer dibynnu arno ar gyfer datblygu cyrsiau Cymraeg yn colli'r gefnogaeth honno. A ydych chi'n barod i geisio dadwneud hynny neu a ydych chi'n gweld bod arian y Coleg Cymraeg Cenedlaethol yn cymryd lle'r premiwm addysg Gymraeg?

Alun Ffred Jones: Side by side with the funding for the Coleg Cymraeg Cenedlaethol, there was also a Welsh education premium grant that, at the time, promoted education through the medium of Welsh within universities. That grant is being withdrawn by HEFCW at present, which means that universities that used to depend on that grant to develop Welsh-medium courses miss out on that support. Are you prepared to try to undo that action or do you believe that the funding for the Coleg Cymraeg Cenedlaethol takes the place of that Welsh-medium education premium?

[72] **Huw Lewis:** I think that I will have to hand over to an official on this one.

[73] **Mr Surman:** The position is that HEFCW, because of the new tuition fee arrangements, has to enter into a very different type of relationship with universities. As the Minister has said, a large part of the funding used to go directly to universities via HEFCW in the form of grants. It would either be annual recurrent funding for general purposes, teaching and so on, or more specific funding towards particular initiatives and outcomes. Inevitably,

HEFCW has to rein back on that funding, because of the new tuition fee regime. However, as the Minister has said, universities are better off under this new regime. There is, therefore, a bit of responsibility on our higher education institutions to accept that what used to be funded or incentivised by the funding council, via specific funding streams, might now legitimately be regarded as a responsibility that they hold and should be discharging, because it is important, both to them and to Wales. More importantly, perhaps, the money is now with them and not with HEFCW. There is a rebalancing of the relationship to be done over the next couple of years. Higher education institutions, it seems to me, are up for it. We are engaging in a different quality of dialogue now with our universities and it is very much more of a partnership than perhaps it was in previous years. However, I think that it is unrealistic of us to expect HEFCW to continue to fund everything that it used to fund under the previous funding system. That is just not sustainable. However, a different type of relationship with universities is sustainable and desirable.

[74] **Huw Lewis:** It is true to say that HEFCW is becoming a very different sort of organisation. What we ask it to do and what we expect of it is going to have change quite fundamentally. The money flows in a very different way now.

[75] **Alun Ffred Jones:** Mae gennyf un cwestiwn atodol i hynny. A ydych chi'n derbyn bod perygl bod prifysgolion, felly, yn gweld yr arian o'r Coleg Cymraeg Cenedlaethol fel ffordd o ddatblygu cyrsiau Cymraeg am y tro cyntaf, tra bod prifysgolion sydd wedi datblygu cyrsiau yn colli'r arian premiwm ond dim ond yn derbyn arian yn ei le o'r Coleg Cymraeg Cenedlaethol? Mae yna symbyliad i brifysgolion ddechrau cyrsiau Cymraeg o'r newydd efo'r arian sydd wedi dod trwyddo, ond, yn aml iawn, dim ond arian yn lle arian y premiwm addysg cyfrwng Cymraeg y mae'r prifysgolion a oedd yn arfer darparu cyrsiau yn ei gael.

Alun Ffred Jones: I have one supplementary question to that. Do you accept that there is a danger that universities, therefore, see the funding from the Coleg Cymraeg Cenedlaethol as a means of developing Welsh-medium courses for the first time, while universities that have developed courses lose out on that premium and only receive money in its place from the Coleg Cymraeg Cenedlaethol? So, there is an incentive for universities to start Welsh-medium courses anew, but, very often, the universities that used to provide courses only receive funding instead of the Welsh-medium education premium.

[76] **Mr Evans:** Efallai nad yw hyn yn rhywbeth i'r pwyllgor hwn, ond ar y funud rydym yn edrych ar beidio â gwario drwy'r premiwm a gwario trwy gyllid y coleg cenedlaethol. Fodd bynnag, fel y mae'r Gweinidog wedi dweud, yr hyn sy'n ein trwblu ni yw'r ffaith nad yw'r canran o fyfyrwyr sy'n dewis dysgu drwy'r Gymraeg yn tyfu. Fel rhywun a oedd yn arfer darlithio a thiwtora drwy'r Gymraeg, rwy'n gweld bod hyn yn cael ei ddal lan o fewn dadl mwy amboutu cael pobl i gael yr hyder i ddysgu ac i gario ymlaen â'r iaith drwy eu haddysg ac wedyn i mewn i'r gwaith. Felly, beth sy'n trwblu ni fel adran ac fel Llywodraeth ar y funud yw sut rydym yn gwneud yn siŵr bod pobl yn cael yr hyder i ddefnyddio'r gwasanaethau pan maen nhw'n bod. Gallwn ni roi cymaint o gyflenwad ag y liciwn i mewn, ond rhaid i bobl ddewis ei gymryd i

Mr Evans: This is, maybe, not something for this committee, but what we are looking at at the moment is to stop spending through the premium and to spend through the coleg cenedlaethol. However, as the Minister has said, what worries us is that the percentage of students who choose to learn through the medium of Welsh is not increasing. As someone who used to lecture and tutor through the medium of Welsh, I see that this is caught up within a wider debate about getting people to have the confidence to learn through the medium of Welsh and then to continue into the workplace. So, what worries us as a department and as a Government at the moment is how we ensure that people have the confidence to use services where they exist. We can put as much provision in as we want, but people have to take that up. That will be our focus.

fyny. Dyna fydd ein ffocws ni.

[77] **Nick Ramsay:** Before I bring in Joyce Watson, in terms of part-time higher education students, do you have any plans for change in the financial support?

[78] **Huw Lewis:** Only for the better, I hope. We certainly have not seen part-time student numbers in Wales essentially fall off a cliff in the way that they have in England. That is because we maintain a very different regime of student support. I am interested, in policy terms, in ways in which we can make that even more robust. Particularly in difficult times like these, part-time options are very important to people and we need to keep them open. So, we have no intentions for change in terms of what we have seen happen in England. If we were to change the regime around part-time options, it would become more supportive, not less.

[79] **Nick Ramsay:** Joyce Watson is next.

[80] **Joyce Watson:** I am going to return to post-16 learner support, but on a wider area of questioning. What do you anticipate will be the possible impact of the decision to freeze the level and eligibility threshold of grants for the next year and the year after? In particular, we are talking about things like the Assembly learning grant, which is means tested, and the financial contingency fund.

[81] **Huw Lewis:** I do not anticipate that there are going to be huge changes as a result of this. It is in line with our programme for government commitment to support students from lower income households. Of course, this is something that I would want to keep a close eye on. As you say, the eligibility thresholds are going to be frozen for the next year or two, but students will continue to be eligible for what is, certainly in a UK context, a very generous support system. I will always keep a very close eye on these things for the effects that they might have, particularly on people who we desperately want to encourage into post-16 education.

[82] **Joyce Watson:** I recognise what you are saying, Minister, that we have kept things in place where others have not in other places. However, we have to focus on Wales and now. With that focus on Wales and now, has any evaluation been undertaken of the Assembly learning grant for both further and higher education students?

[83] **Huw Lewis:** We monitor the number of applicants from low-income households applying for support. The Student Loans Company then supplies the Welsh Government with a weekly and monthly report on the performance and the progress of the schemes. We have commissioned an independent evaluation on top of that of the education maintenance allowance and the FE aspect of the Assembly learning grant. I will take a snapshot look at the academic year 2013-14 and we will use that to inform ourselves about whether things could be better targeted. So, there is work under way in that regard.

[84] **Joyce Watson:** Finally, have you or your predecessors researched whether the financial contingency fund is good value for money, looking at inputs, outputs and outcomes? Also, do you know what groups of learners are most likely to benefit from the FCF grant?

[85] **Huw Lewis:** There was a piece of research undertaken, which reported during the summer. It was undertaken by Old Bell 3 and I can make copies of that available to the committee. The research concluded that it was a good idea to carry on with financial contingency funds and that is something that I certainly intend to do. To my mind, the three most important things here that we need to keep on supporting as best we can are things like student transport, childcare—wherever possible, with preponderantly the needs of women in education in mind—and those exceptional circumstances, if you like. Sadly, things like

students ending up in debt are not as exceptional as they once were.

14:15

[86] We have students getting caught up in the clutches of pay-day loan companies and getting into trouble in that way. Of course, there are always those individual, unpredictable and sometimes quite tragic circumstances that befall students, whether it is bereavement, mental ill health or some form of accident. So, there is a great deal of flexibility in the system, particularly for higher education in terms of the way that it can disperse this support. It is something that humanity demands, really, that we always have some kind of fall-back position for young people who can end up in trouble for all sorts of reasons.

[87] **Nick Ramsay:** The next question is from Eluned Parrott on post-16 provision.

[88] **Eluned Parrott:** I want to ask about the setting of priorities in post-16 education. I am not sure whether that would be for you, Minister, or for the Deputy Minister.

[89] **Huw Lewis:** It would probably be Ken.

[90] **Eluned Parrott:** I note that provision in FE colleges for 16 to 18-year-olds has been prioritised and protected, but that provision for learners over the age of 19 has not. I wonder if you can tell us why that strategic decision was taken.

[91] **Kenneth Skates:** Thank you, Eluned Parrott. Provision for 16 to 18-year-olds has been protected based on our interpretation of the Learning and Skills Act 2000. Section 31 of that Act requires that I, as Welsh Minister, secure the provision of proper facilities for education other than higher education and training suitable for those aged between 16 and 19. Section 32 of the same Act places a similar duty to secure reasonable facilities for those aged over 19. It is hard to define the difference between 'proper' and 'reasonable', but we have generally protected provision for 16 to 18-year-olds under this section of the Act. Of course, this Government also has a priority of reducing the proportion of young people aged 16 to 18 who are not in education, employment or training. I should just point out that we expect FE institutions to not only prioritise their delivery to the 16 to 18-year-old cohort, but to maintain their high-level skills provision and support for those learners considered to be the most vulnerable. That is why, for example, the provision for the Workers' Educational Association in south and north Wales, and the YMCA, was protected.

[92] **Eluned Parrott:** Okay. Following on from that, it is a policy priority of your Government, is it not, that we should be upskilling the workforce in order to drive economic growth? So, what impact is that decision to not protect the post-19 skills agenda going to have on providing skills for local employers?

[93] **Kenneth Skates:** I would disagree that we are not protecting the post-19 skills provision. At the moment, we are developing a skills strategy, which is due to be published in December. The question of skills and the role that employers have in financing skills will be examined as part of that strategy. So, we are looking very carefully at what is happening elsewhere as well in that regard.

[94] **Eluned Parrott:** In terms of the use of the phrase 'not protected', if we look at a 9.5% decrease in real terms for post-16 education, which is £45 million, £38 million of that is accounted for by a reduction in the amount of money given to FEIs to deliver post-19 provision. So, you can understand why the appearance is that that is not a priority area for your Government.

[95] **Kenneth Skates:** Our priority area is 16 to 18-year-olds, as I said.

[96] **Eluned Parrott:** Okay, thank you. What consultation did you undertake with stakeholders such as ColegauCymru, individual colleges, student groups and employers before deciding how to prioritise this particular budget area?

[97] **Kenneth Skates:** First, we have been very open about the stark reality of the budget, so we have been in regular contact with the FE sector through direct contact with colleges and through ColegauCymru. There has been the transformation agenda, of course, over the past four years, which has seen the number of further education corporations reduced from 18 in 2009 to 10 now. So, we have been actively engaged in making sure that the further education sector is stronger and more able to deal with the financial realities right now. If it is specifics that you are looking for in terms of engagement, officials have worked, and will continue to work, closely with ColegauCymru and further education institutions. Officials communicated with colleges in July to expect a reduction of at least 5% for the 2014-15 academic year, and budget impacts were discussed at at least two principals' meetings over the past six months. In addition, we have invited ColegauCymru to convene a sub-group of principals and finance directors to discuss budget reductions.

[98] **Eluned Parrott:** Thank you very much for that very clear answer. I wonder whether you can clarify, though, whether you or your officials have met with representatives of employers and students.

[99] **Kenneth Skates:** I am constantly meeting employers through the Wales Employment and Skills Board, where issues concerning skills and employment and how the further education sector feeds into the skills agenda are discussed.

[100] **Eluned Parrott:** What about students?

[101] **Kenneth Skates:** We also discuss with students matters pertaining to the National Union of Students. I was with the National Union of Students just last week.

[102] **Eluned Parrott:** Thank you.

[103] **Nick Ramsay:** Keith Davies is next.

[104] **Keith Davies:** Diolch, Gadeirydd. Gwnaf ofyn fy nghwestiwn yn y Gymraeg eto. Cyn i mi symud ymlaen at brentisiaethau—dyna oedd y cwestiwn yr oeddwn am ei ofyn—o ran y Coleg Cymraeg Cenedlaethol, dros y flwyddyn ddiwethaf, rwyf wedi sylwi bod ColegauCymru wedi penodi pobl i fod yn gyfrifol am y Gymraeg drwy'r coleg. Y cwestiwn sydd gennyf yw: o ble mae'r arian ar gyfer hynny'n dod? A yw'n dod o'i arian arferol, neu a oes rhywbeth ychwanegol? Rydych newydd eu penodi, ac nid ydych eisiau eu gweld yn cael eu colli achos nhw fydd yn arwain pobl i fynd ymlaen i'r Coleg Cymraeg Cenedlaethol.

Keith Davies: Thank you, Chair. I will ask my question in Welsh again. Before I move on to apprenticeships—that is the question that I wanted to ask—in relation to the Coleg Cymraeg Cenedlaethol, over the past year, I have noticed that CollegesWales has appointed people to be responsible for the Welsh language throughout the college. The question I have is: where does the money for that come from? Does it come from its usual funding, or is there something extra? You have just appointed them, and you do not want to see them being lost because they will be directing students towards the Coleg Cymraeg Cenedlaethol.

[105] **Kenneth Skates:** We fund the colleges and then the colleges themselves are responsible for funding that person.

[106] **Keith Davies:** Diolch. Ar brentisiaethau, rydych yn rhoi £20 miliwn yn ychwanegol ar gyfer prentisiaethau. Beth fydd canlyniadau hynny? **Keith Davies:** Thank you. On apprenticeships, you are giving an additional £20 million for apprenticeships. What will the outcomes be of that?

[107] **Kenneth Skates:** We are delighted to be able to invest this money in apprentices. In terms of the how the money is due to be spent, I can give you estimated output and outcomes. In terms of higher apprenticeships, the estimated numbers are 1,060, and, in terms of level 2 and level 3 apprenticeships, the figure is 1,200, bringing the total to 2,260. In addition, in terms of the Young Recruits programme, the figure is 2,000, and we are also going to be offering 600 microbusiness incentives. In terms of programmes that we will also be funding, there is quite a bit of detail. I am more than happy to provide all the detail that you would wish for, but, in brief—

[108] **Keith Davies:** Yn dilyn hynny, felly, ar y manylion, rydych hefyd yn dweud na fydd nifer o'r sectorau yn cael cefnogaeth, efallai, ac na fydd nifer o'r adrannau yn seiliedeg ar waith yn cael cefnogaeth. Rydych yn gallu rhoi manylion am le yr ydych yn rhoi cefnogaeth, ond byddai'n ddiddorol gweld lle nad ydych yn rhoi cefnogaeth. **Keith Davies:** Following on from that, therefore, on the details, you also say that a number of sectors are not going to be supported, perhaps, and that a number of work-based learning departments are not going to be supported. You can give details about where you give support, but it would also be interesting to see where you do not give support.

[109] **Kenneth Skates:** Yes, absolutely. We do have, of course, priority areas. Those where supply is meeting demand at the moment include hair and beauty, retail and business administration.

[110] **Keith Davies:** Iawn. Yn olaf, gan fod yr arian yn dod o Ewrop, mae'r arian ar gyfer Llwybrau at Brentisiaethau yn dod i ben flwyddyn nesaf. A ydych yn bwriadu ariannu'r cynllun eto? **Keith Davies:** Okay. Finally, as the money comes from Europe, the money for Pathways to Apprenticeship comes to an end next year. Do you intend to continue funding the scheme?

[111] **Kenneth Skates:** You are right. Pathways to Apprenticeship will come to a natural end in the summer of next year. I should just say that the success of the Pathways to Apprenticeship programme has been recognised in the new planning and funding methodology, so there is a focus on the delivery of learning area programmes, which are similar to Pathways to Apprenticeship. In addition, officials are also considering whether a specific grant needs to be maintained where Pathways to Apprenticeship has proven to be most successful.

[112] **Keith Davies:** Iawn. Diolch yn fawr. **Keith Davies:** Okay. Thank you.

[113] **Nick Ramsay:** Deputy Minister, further to those questions, what evaluation does the Welsh Government undertake of work-based learning and how do you decide which work-based learning programmes provide the best value for money?

[114] **Kenneth Skates:** In terms of the evaluation of work-based learning programmes, they are subject to periodic evaluation by external evaluators. Evaluation includes ensuring that the needs of under-represented groups are met through the programmes. Also, we have Estyn, which comments on the value for money of delivery of particular providers through its inspections. We recognise traineeships as a provision that meets the needs of young people who would otherwise not choose any other post-16 option and, therefore, would be NEET. We also evaluate, through figures, the value of traineeships.

[115] In terms of evaluating value for money, let us look at the Steps to Employment programme. We have recently terminated it due to poor take-up and the availability of other UK Government-funded learning. The price that we pay for learning is based on an activity cost model to ensure value for money, and sector skills councils are responsible, in consultation with employers, for determining the content of frameworks for apprenticeships. It is also the case that priority industry areas are determined in consultation with the Department for Economy, Science and Transport.

[116] **Nick Ramsay:** We will move on to youth engagement and employment, with questions from Mick Antoniw.

[117] **Mick Antoniw:** Minister, you will be aware that I take with a pinch of salt the quality, sometimes, of the figures that we rely upon, in terms of what we actually mean when we say that people are in education or training. It relates very much to the quality of the training that is available and what the outcome is from that. One major project in which the Welsh Government has been involved is Jobs Growth Wales, and the Welsh Government will say that that has been a tremendous success. What are the main success factors in that? What is it that makes it a success? Why is the Welsh Government heralding it as a success?

[118] **Kenneth Skates:** Let us begin with targets. The original target was to deliver 4,000 opportunities a year. We are ahead of schedule. Also, in terms of success rate—that is, progression onto sustained employment or further learning—the figure is now up to 77%, which is an exceptional figure by any measure. So, we are now looking at a situation where, as of 10 September, almost 9,000 opportunities have been created and almost 7,000 jobs have been filled. In contrast with work programmes elsewhere, let us just look at the rate of early leavers: as a total proportion of almost 7,000, we are looking at something in the region of 10% of participants having left early and gone back into unemployment. Again, that is an exceptionally low figure by comparison with other schemes.

[119] **Mick Antoniw:** With the Jobs Growth Wales figure of 77% going on to employment, are there any data on how long they stay in employment? Is it short-term or long-term employment?

[120] **Kenneth Skates:** First of all, we can break it down. Information is provided for Members on their destination—whether they have continued in sustained employment with the current employer or whether they have gone into further learning. That information is already available. In addition, an evaluation of the Jobs Growth Wales programme is currently under way.

[121] **Mick Antoniw:** So, the additional money being allocated to attract European match funding is building on what has been a success. Do you see any particular weaknesses in trying to expand Jobs Growth Wales, or do you think that it has the natural capacity to increase substantially? Basically, is it a winning formula and is it just a question now of providing additional resources and it will continue to grow?

[122] **Kenneth Skates:** It is rare that I would say it, but I do believe that it is a very silver cloud. *[Laughter.]* That is in spite of some people's attempts to draw a grey line around it.

[123] **Mick Antoniw:** I appreciate that comment. One area that has always been difficult is that group of people not in education and not in training but who really do not adapt or seem to get into any system—they are often people who have failed at school or the institutions really have not worked. How is that being tackled? What resources are available to try to identify that particular group? I am aware of the pathways plan.

14:30

[124] **Kenneth Skates:** This is the very group that we have developed the youth engagement and progression framework for. The success of that framework is already illustrated by models that have operated in Swansea and Wrexham. I can give you the figures. In identifying early those young people who are most likely to go on to become NEET, interventions can be implemented as soon as possible. As I say, in Swansea and Wrexham, they tested the type of framework that we are going to be rolling out nationally. The latest data from 2012 show a reduction of 3.2% of year 11 leavers in both local authority areas, which is a considerable decrease in one year.

[125] **Mick Antoniw:** How satisfied are you, therefore, in terms of value for money, that those people are not just being put on to something so that they can be taken out of the statistics, and that they are in something that is genuinely valuable and is giving them learning, life and work skills? How is that evaluated?

[126] **Kenneth Skates:** In terms of the value and the costs, you can take the budget of £6,000 per participant in Jobs Growth Wales, factor in the success rate of 77% and compare that cost to the cost of being NEET, which the University of York estimates to be something in the region of £160,000. However, it has actually gone further now and suggested that the risk of a NEET then entering into a spiral of crime, effectively, costs the taxpayer £2 million over the course of that individual's lifetime. I would need a calculator to work out what 77% of the total cost is, but I am very confident that that is certainly 10 times less than the overall burden to the taxpayer of them being NEET.

[127] **Mick Antoniw:** Do you have any feedback from the European structural funding organisations in terms of how they have evaluated the use of the money that has gone into that?

[128] **Kenneth Skates:** As far as I am aware, they have every confidence in the programme.

[129] **Mick Antoniw:** Presumably they would not have approved the additional funding if—

[130] **Kenneth Skates:** I have got faith in the programme.

[131] **Mick Antoniw:** I do my best, Deputy Minister, not to over-egg what I think is a good success story.

[132] **Nick Ramsay:** We are pretty much out of time, Ministers, but I wondered whether you had a couple more minutes for a final question from Alun Ffred Jones.

[133] **Kenneth Skates:** Yes.

[134] **Alun Ffred Jones:** O ran sgiliau, a gaf ofyn cwestiwn ynglŷn â Thwf Swyddi Cymru? A yw'r ffigurau hynny ar gael fesul sir neu fesul rhanbarth?

Alun Ffred Jones: In terms of skills, I just wanted to ask about Jobs Growth Wales. Are those figures available for each county or region?

[135] **Kenneth Skates:** Yes, they are.

[136] **Alun Ffred Jones:** A fyddwn ni fel pwyllgor yn derbyn y rheini?

Alun Ffred Jones: Will we as a committee receive those?

[137] **Kenneth Skates:** They have already been published.

[138] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you very much. In O ran— terms of—

[139] **Nick Ramsay:** You appreciate the need for succinct answers at this point, do you not, Deputy Minister?

[140] **Alun Ffred Jones:** O ran y gyllideb gyflogaeth a sgiliau, mae gostyngiad o £5.5 miliwn o gymharu â 2013-14. Beth yw eich blaenoriaethau chi yn y maes hwn? **Alun Ffred Jones:** In terms of the employment and skills budget, there is a reduction of £5.5 million compared to 2013-14. What are your priorities in this area?

[141] **Kenneth Skates:** My priorities are going to be set out shortly in the skills strategy. I think that it is fair to say that we have to have an increased emphasis on jobs and growth. A key focus will be on effective skills that are responsive to the needs of priority sectors, to enterprise zones, to city regions and other key economic drivers.

[142] **Nick Ramsay:** Okay. Thank you. I thank our witnesses, the Ministers Huw Lewis and Ken Skates, for being with us today, and also Owen Evans, Neil Surman and Andrew Clark. That has been a really helpful scrutiny session.

[143] **Huw Lewis:** Thank you, Chair.

[144] **Nick Ramsay:** My apologies for the slight overrun. I close the public section of the meeting.

*Daeth y cyfarfod i ben am 14:34.
The meeting ended at 14:34.*