



Nick Ramsay AM
Chair Enterprise and Business Committee
National Assembly for Wales
Cardiff Bay
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11 November 2013

Dear Nick,

Thank you for your letter of 23 October requesting further information following the budget scrutiny by the Enterprise and Business Committee on 17 October. I have set out below responses to the issues you raised and the additional information you requested.

Post 19 skills education and women learners

It is difficult to gauge the exact impact of budget proposals on numbers of learners and courses as Welsh Government funding is not the only income stream for Further Education Institutions.

Based on the most up-to-date data available the cost of an average post-19 learner is £558 per annum. The average number of hours for a part time learner is 60 hours. Therefore, with no presumption of cost savings or alternative income streams, the reduced budgets could result in as many as 68,000 fewer part-time learning opportunities being made available to learners in 2014/15.

My officials will work closely with the post-16 sector to minimise the impact of any reductions in learning and we estimate that far fewer learners will be impacted.

It is currently not possible to project the number of courses that may be impacted. Whilst smaller less viable classes are those most likely to be targeted, FE institutions have responded well to the transformation agenda, resulting in many larger merged colleges with the capacity to offer more efficient larger group sizes.

Monitoring of post-16 provision is a key element of the new Planning and Funding Framework. Monitoring, to include gender and age monitoring, is scheduled to take place at the end of each academic year. At this stage we will be able to compare delivery patterns on an annual basis and if a gender differentiation occurs, consider introducing measures or priorities to counter this. In the meantime my officials will work closely with the post- 16 sector to minimise the impact of any reductions on specific groups of learners.

Post 19 skills education and female apprenticeships

My officials work with colleagues in Department for Economy Science and Transport to determine which sectors are considered priority for the Welsh Government. Priority areas such as Construction and Engineering will drive growth and prosperity within the Welsh economy and we are working to increase the participation of women on Apprenticeships within these sectors Service industries such as hair and beauty, retail and business administration are treated as non-priority in our allocations process.

When considering the allocation of finite Apprenticeship funding, the following priorities are applied:

- Those in learning, whose learning continues into the new contract year
- All new entrants aged 16-24, irrespective on any sector priority
- Higher apprenticeship, irrespective of sector priority
- New entrants aged 25+ in priority sectors
- New entrants aged 25+ in non-priority sectors.

For the 2013/14 contract year, we have approved funding based on demand for apprenticeship places in the 16-24 year old, higher apprenticeship and priority cohorts. This has meant that funding has been fully allocated and non-priority entrants aged 25 plus are not planned. Further, apprenticeship places allocated from the additional £20m announced in Final Budget 2013-14 have been prioritised towards Higher Apprenticeship and 16-24 year old recruitment.

As part of our application for European Social Funding to support the Apprenticeship programme, my officials submitted a business plan to the Wales European Funding Office (WEFO). This plan includes targets for female participation.

In addition Estyn have been commissioned to review equality issues on the Apprenticeship programme, looking specifically at the possible barriers faced by individuals from black minority ethnic and disable groups when wanting to engage in the apprenticeship programmes. In addition we have asked them to consider gender balance across occupational sectors. Estyn will produce its final report in January 2015, and this will be used to inform our policy thinking on how to engage more effectively with disadvantaged groups and will tackle gender stereotyping.

Reconfiguration of higher education

From 2002 to 2011, the Higher Education Funding Council for Wales' (HEFCW's) Reconfiguration and Collaboration Fund supported the reshaping of the higher education (HE) sector in Wales in order to achieve major performance gains and enhanced competitiveness.

Funding of £15 million was provided to assist with the merger of Cardiff University and the University of Wales College of Medicine in 2004. An independent evaluation of both the merger process and the subsequent progress towards the goals for the merged institution highlighted the success of the merger process, as well as the growth in research funding

awarded to the University since the merger. A further independent evaluation of the impact of the merger in 2010 examined the outcomes of the merger and lessons for future merger developments.

Funding of £12.75 million was provided to support a strategic alliance between the Royal Welsh College of Music and Drama and the University of Glamorgan, with the College becoming a subsidiary of the University in 2007. An independent evaluation examined progress towards the goals for the Strategic Alliance and lessons for future merger developments.

Funding of £14.3 million was provided to fund the merger of University of Wales, Lampeter and Trinity University College, Carmarthen in 2010.

The evaluation reports are available on HEFCW's website:

http://www.hefcw.ac.uk/policy_areas/strategic_change/reconfig_collab.aspx

In line with the current Programme for Government commitment to establishing fewer, stronger HE institutions, we have continued to develop the policy of reconfiguration in the sector. The two specific recent examples which represent a significant contribution to fulfilling this commitment are as follows:

On 11 April, the University of Wales, Newport and the University of Glamorgan merged to form the University of South Wales. In order to ensure a smooth transition to the new institution, we have made available, through HEFCW, additional funding of £24.8m (revenue and capital) over three years.

In August 2013, the University of Wales: Trinity St David (UWTSD) merged with Swansea Metropolitan University. £3.2m is being made available via HEFCW to support this merger.

In line with established practice, it is expected that any future evaluation of these most recent mergers will consider the benefits of merger (financial and otherwise) and whether the projected efficiency savings and re-investments have been fully achieved.

The Wales Audit Office's (WAO's) interim evaluation of the Reconfiguration and Collaboration Fund overall in 2009 recorded that HEFCW generally managed the fund well and some HE institutions were engaged in successful collaboration projects. The WAO also found that merged institutions were stronger, had increased research capacity and developed a broader teaching provision as a consequence

Financial Contingency Fund

A copy of the Oldbell3 evaluation of Financial Contingency Funds can be found at the following link:

<http://wales.gov.uk/about/aboutresearch/social/latestresearch/evaluation-financial-contingency-fund/?lang=en>

Sustainable Development

Sustainability is our core organising principle. There is a focus on economic, social and environmental sustainability.

The line by line review of the budgets that I and my officials undertook for this draft budget included the impact of decisions on sustainability, equality, the rights of the child and the Welsh language. Sustainability is not considered in isolation but is an integral part of the

decision making process. It is about taking decisions whilst understanding the full impact of them.

Sustainability is an overarching concept, so it is not possible to pinpoint decisions specifically made because of sustainability. I would not expect any proposals to be put forward that had a negative impact on sustainability. This budget has been all about prioritising investment in areas that have the most positive impact.

As an example, our Youth Engagement and Progression Framework Implementation Plan takes into account the core principles of sustainable development which were incorporated throughout its development. There are clear social and economic impacts that the Plan will contribute to. The development of a consistent and effective approach to early intervention, targeted supported and increased participation in education, training and sustained employment will help to increase wellbeing, overcome generational issues, and embed education, training and employment trends for generations to come.

Similarly, our 21st Century Schools Programme aims to deliver sustainable school buildings. We will continue to work with local authorities to ensure that all new school buildings capital projects meet the Building Research Establishment Environmental Assessment Method (BREEAM) 'excellent' standard. The standard ensures best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance. Thirty-five transitional projects will achieve this by 2014-15.

In terms of measuring the impact of these schemes we have outcome measures within the Programme for Government that are reported on an annual basis. These measures give an indication of the success and attainment levels of young people which in turn impacts on their ability to maintain employment and contribute to the economy and society. These include:

- Percentage of children achieving the expected level of learning or above at the end of the Foundation Phase
- Key stage 4 results for 15 year olds
- Percentage of 16 -18 year olds and 19-24 years olds who are not in education, employment and training

I trust that this response is sufficient to answer your additional questions. I will respond on recommendation 5 in due course.

Yours,



Huw Lewis AC / AM

Y Gweinidog Addysg a Sgiliau
Minister for Education and Skills