

Enterprise and Business Committee

Date: 12 October 2011

Time: 10:00 – 11:00

Title: Education and Skills draft budget for 2012-13

Purpose

1. To provide an evidence paper for the Enterprise and Business Committee on the Education and Skills budget and priorities for 2012-13.

Timing

2. The draft budget was published on 4 October 2011.

The 2012-13 Education and Skills Draft Budget

3. The 2012-13 Draft Budget provides a three year plan for investment in the provision of education and skills in Wales. Table 1 provides an overview of the planned Education and Skills budget or 'main expenditure group' (MEG) together with the changes made to the indicative budget since the publication of the last Supplementary Budget in June 2011 (which restated the Education and Skills budget taking into account portfolio changes from Final Budget).

Table 1: Education and Skills MEG

	2011-12 Supp Budget June 2011	2012-13 Supp Budget (Indicative)	Changes	2012-13 Draft Budget	2013-14 Supp Budget (Indicative)	Changes	2013-14 Draft Budget	2014-15 Supp Budget (Indicative)	Changes	2014-15 Indicative Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue										
DEL	1,630,201	1,627,590	20,590	1,648,180	1,647,634	27,190	1,674,824	1,647,634	34,825	1,682,459
Capital DEL	169,973	161,343	0	161,343	143,834	0	143,834	143,834	0	143,834
Total DEL	1,800,174	1,788,933	20,590	1,809,523	1,791,468	27,190	1,818,658	1,791,468	34,825	1,826,293
Annually Managed Expenditure	125,302	122,312	28,213	150,525	112,009	49,276	161,285	112,009	41,301	153,310
TOTAL BUDGET	1,925,476	1,911,245	48,803	1,960,048	1,903,477	76,466	1,979,943	1,903,477	76,126	1,979,603

4. Revenue funding for 2012-13 has increased by £20.6m compared with the indicative budget which equates to 1.3%. Indicative budgets are also increased for future years by £27.2m (1.65%) and £34.8m (2.1%) for years 2013-14 and 2014-15 respectively.
5. The capital budget remains unchanged from the indicative budget which presents reductions to £143.8m by 2013-14 from the current budget level of £169.9m. All approved projects are proceeding. The Welsh Government remains committed to the 21st Century Schools programme.

6. Additional funding of £22.3m has been obtained from Centrally Retained Capital (CRC), for 2011-12. The funding is provided for projects in respect of Gateways to the Valleys Bridgend, Dinefwr and Merthyr Learning Quarter. The Department will bid for additional funding from CRC for future years as the funding is made available.
7. The Annually Managed Expenditure (AME) budget is wholly related to student loans which are demand led and sensitive to interest rate and other macro-economic factors. The increase of £28.2m mainly relates to the forecast increase in new loans to be issued. This budget is agreed with the Treasury each year. The figures for 2012-13 of £150.5m are projections based on the latest estimates and it assumes that these will be fully funded by the Treasury.

Budget Context

8. This budget is set in the context of the constraints imposed by the UK Government in the last planning round, whilst planning to deliver the commitments made in the Welsh Government's Programme for Government, including the legislative programme such as the School and Standards Bill. Revenue funding for 2011-12 was reduced by £21.1m during the previous budget from 2010-11 levels. This Budget rolls forward unchanged many of the indicative budgets approved by the Assembly in February. However, the Education and Skills MEG has secured additional funding for:
 - The **Jobs Growth Wales**, the first of the "five for a fairer future" pledges made by the Welsh Government (£12.5m);
 - **Frontline spending in schools** – previous plans to increase schools budgets by an additional 1% above overall changes to the Welsh budget as a whole for 2012-13 and 2013-14 are continued and extended to 2014-15 (£4.6m);
 - **The ADAPT programme** – the ADAPT programme which assists displaced public sector workers to return to work or start their own business is extended (£5m);
 - **Free School Milk and Breakfasts** – commitment to these key delivery programmes is continued; and
 - **Student Finance** - from the academic year 2012-13 part-time Higher Education students will benefit from access to the same student finance package as full-time students (£4.3m/£10.9m/£13.8m).
9. As part of the budget setting exercise budgets in excess of £17.6 have been re-prioritised: to meet other Programme for Government pledges such as the establishment of a Masters qualification for teachers and the development of a virtual learning environment in schools; and to direct

more funding to the front-line through increases to the School Effectiveness Grant.

10. In setting this budget, the department has considered and assessed the impacts of the changes both on the organisations affected and, more importantly, on the learners and learning outcomes. Careful consideration has been given to equality impacts and to the need to tackle social inequalities more generally. The assessment of the decisions made in respect of the budget reductions applied within the draft budget are that they do not cause disproportionate impact to the specific groups on the basis of age, disability, gender and gender reassignment, race, religion or belief or non-belief and sexual orientation. We will continue to review the impact of budgets on equality impacts, and follow this through the further allocation to specific programmes, and external bodies.
11. The accounting architecture of the Education and Skills MEG has been re-aligned to match resources to departmental strategic outcomes and improve the transparency of budgets. The Action level budget plans are provided at Annex 1 as published on 4 October, together with the detailed Budget Expenditure Line detail at Annex 2.

Summary of Draft Budget Changes

12. A summary of draft budget changes for each Action level budget is provided below.

- ***Education and Training Standards - 2012-13 Budget £1,145.5m***
“To raise the standards of education and training provision, attainment and infrastructure across Wales so that everyone can reach their potential.”

Literacy and Numeracy: 2012-13 Budget £5.5m

13. In line with the Welsh Government's focus on raising educational standards, specifically on literacy and numeracy, in 2011-12 we have made budget transfers to create a specific Literacy and Numeracy budget. The necessary transfers are included within the budget as BEL to BEL changes. Funding for Literacy and Numeracy in schools of £7m has been redirected to the School Effectiveness Grant. Similarly, £1.1m has been transferred to the Employability of the Workforce budget for adults. A transfer of £2.2m from the Access Opportunities budget is included which relates to funding previously linked to literacy and numeracy programmes for families associated with the Cymorth programme, which remain within the Education and Skills portfolio.
14. This means that the 2011-12 baseline is £3.512m and the Literacy and Numeracy budget will see increases of £4m by 2014-15 from 2011-12 planned expenditure levels.

Curriculum: 2012-13 Budget £123.3m

15. The budget has been reduced by £4.2m with savings of £3.368m identified against the 14-19 Learning budget in 2012-13 which will be achieved through shifting delivery of 14-19 learning pathways to regional working. This rises to £4.611m in 2013-14.

Teaching & Leadership: 2012-13 Budget £20m

16. Additional funding of £0.5m has been identified by re-prioritisation within the Education and Skills MEG to provide funding to pilot more flexible forms of teacher training linked to our school improvement priorities. This rises to £1.1m in 2013-14 and £1.3m in 2014-15.

17. Further reconfiguration within this Action has been possible through redirecting resources from a number of smaller development programmes and reduction in the number of initial teacher training places to enable funding of some £4m to be allocated to support the development of a masters level qualification for teachers, another key pledge in the Programme for Government.

Qualifications: 2012-13 Budget £13.6m

18. Savings of £1.7m in demand led budgets have been made available for re-investment in other front-line services.

Post-16 Education: 2012-13 Budget £551.2m

19. This budget provides mainstream funding for school sixth forms, further education, work based learning and adult community learning, and remains largely unchanged from indicative budgets. Funding increases by £16m (2.9%) over the planning period from 2011-12 levels. Of this, the indicative budget for Further Education amounts to some £320m in 2012-13 and £325m in 2013-14, including funding for Welsh for Adults and FE in Higher Education provision. Indicative budgets for 2013-14 are rolled forward to 2014-15 in the draft budget. There is a small reduction of £0.1m in relation to the FE Policy Development BEL which is a consequence of programmes reaching their natural conclusion.

Higher Education: 2012-13 Budget £380.4m

20. There are no changes proposed to the indicative Higher Education budgets. The reforms being made to the higher education funding model are being managed within existing plans.

Education Structures: 2012-13 Budget £3.9m

21. This budget relates to the transformation agenda. There are no changes proposed.

Education Standards: 2012-13 Budget £39.9m

22. The establishment of a dedicated Literacy and Numeracy budget in 2011-12 mean an additional £7m will be directed to schools through the School Effectiveness Grant (SEG) during the current year. In addition, the identification of savings and the reprioritisation of resources from other budgets within the MEG have enabled a significant increase of funding to local authorities for the SEG. This equates to a further increase of £7.552m in 2012-13, £13.195m in 2013-14 and £17.595m in 2014-15. In

addition, funding for the protection afforded to schools budgets is extended to 2014-15.

ICT & Information Management Systems: 2012-13 Budget £7.5m

23. There are no changes proposed to the indicative budget. However, reprioritisation from within this budget has enabled up to £0.5m to be identified to scope the development of a virtual learning environment for schools, another commitment made in the Programme for Government.

- **Skilled Workforce – 2012-13 Budget £82.4m**
“To deliver a suitably skilled workforce with high quality opportunities for all learners.”

Skills in the Workplace: 2012-13 Budget £27.8m

24. An additional £5m has been made available recurrently to continue the ADAPT programme, which assists displaced public sector workers to return to work or start their own business. A budget of £3m for Skills Growth has been created through re-prioritisation of resources within the BEL as well as £1.35m transferred from the Employability BEL.

Employability: 2012-13 Budget £18.7m

25. This budget benefits from additional funding of £12.5m per annum to create the Jobs Growth Wales with the expectation that a further £12.5m of match funding will be received from the European Social Fund. A further £1.1m is transferred in for adult Literacy and Numeracy. This is off-set by a £1m recurrent transfer to the Business, Enterprise and Technology MEG in respect of the National Science Academy plus £1.35m transferred to the Skills in the Workplace Action to create the Skills Growth budget.

Educational & Careers Choice: 2012-13 Budget £36m

26. The Careers Service budget for 2012-13 remains unchanged from indicative budgets. A further reduction of £5m is planned from 2013-14 with the expectation that savings will be delivered through reconfiguration of the delivery method of the Careers Service following the review of the scope and provision of services.

- **Economic & Social Wellbeing & Reducing Inequality - 2012-13 Budget £390.8m**
“To support individuals, families, communities and businesses in improving economic and social wellbeing and reducing inequality through education and training.”

Access To Opportunities: 2012-13 Budget £4.9m

27. The budget for Supporting Young People has been reduced due to the transfer of £2.259m to the Literacy and Numeracy budget. This transfer relates to literacy and numeracy programmes for families, previously associated with the Cymorth programme.

Wellbeing of Children & Young People Budget £62.6m

28. This budget sees the transfer of £0.21m to the Central Services and Administration MEG in respect of a shift in responsibility for the SEN Tribunal for Wales. Efficiency savings of £2m have been identified within the Additional Learning Needs budget, which have been redirected to Post-16 SEN within this Action to meet potential pressures on this demand led budget.

Post-16 Learner Support: 2012-13 Budget £310.9m

29. The extension of a package of support for part-time students that mirrors that offered to full-time students sees additional non-cash funding from central reserves of £4.3m in 2012-13, rising to £10.9m, and £13.8m in 2013-14 and 2014-15 respectively.

Pupil Engagement: 2012-13 Budget £12.2m

30. There are no changes proposed to the indicative budget.

- **Welsh Language -2012-13 Budget £26.4m**
“To see the Welsh language thrive in Wales.”

Welsh Learning: 2012-13 Budget £12.4m

31. There are no changes proposed to this indicative budget.

Welsh Language Board: 2012-13 Budget £13.9m

32. There are no changes proposed to this indicative budget. However, the Welsh Language (Wales) Measure 2011 will bring in significant changes, with the creation of a Welsh Language Commissioner, Welsh Language Tribunal, a new system of Welsh Language Standards and new rights for the people of Wales. These plans have not yet been finalised and are, therefore, not reflected in these budget proposals.

- **Delivery Support 2012-13 Budget £3.1m**
“Resources are managed and support the delivery of outcomes.” -

Strategic Communications: 2012-13 Budget £1.5m

33. A careful scrutiny of the Education and Skills Department's communications and marketing budgets has led to the release of £1m for re-investment in front-line services.

Education Research & Services: 2012-13 Budget £1.6m

34. Similar savings of £1m are planned in the research and evaluation budgets which will be released to the front-line.

Summary

35. The Education and Skills Draft Budget for 2012-13 is presented to the committee for consideration.