



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Mercher, 22 Mai 2008
Wednesday, 22 May 2008**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Angela Burns	Ceidwadwyr Cymreig Welsh Conservatives
Alun Cairns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Alun Davies	Llafur Labour
Ann Jones	Llafur Labour
David Lloyd	Plaid Cymru (yn dirprwyo ar ran Mohammad Asghar) The Party of Wales (substitute for Mohammad Asghar)
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Richard Edwards	Ysgrifennydd, NAHT Cymru Secretary, NAHT Cymru
David Griffiths	Prifathro, Ysgol Gynradd Llanbedr y Fro Headteacher, Peterstone Super Ely Primary School
Dr Dennis Gunning	Cyfarwyddwr, Adran Plant, Addysg, Dysgu Gydol Oes a Sgiliau, Llywodraeth Cynulliad Cymru Director, Department of Children, Education, Lifelong Learning and Skills, Welsh Assembly Government
Iwan Guy	Cyfarwyddwr Gweithredol, NAHT Cymru Acting Director, NAHT Cymru
Sue O'Halloran	Cadeirydd, NAHT Cymru Chair, NAHT Cymru
Lynne Hamilton	Cyfarwyddwr Gwella Busnes a Buddsoddi Adnoddau, Adran Plant, Addysg, Dysgu Gydol Oes a Sgiliau, Llywodraeth Cynulliad Cymru Director of Business Improvement and Resource Investment, Department of Children, Education, Lifelong Learning and Skills, Welsh Assembly Government
David Hopkins	Cadeirydd ADEW a Chyfarwyddwr Addysg a Gwasanaethau Cymdeithasol, Cyngor Bwrdeistref Sirol Caerffili Chair of ADEW and Director of Education and Social Services, Caerphilly County Borough Council
Jane Hutt	Aelod Cynulliad, Llafur (Y Gweinidog dros Blant, Addysg, Dysgu Gydol Oes a Sgiliau) Assembly Member, Labour (The Minister for Children, Education, Lifelong Learning and Skills)
Dr Chris Llewellyn	Cyfarwyddwr Dysgu Gydol Oes, Hamdden a Gwybodaeth, Cymdeithas Llywodraeth Leol Cymru Director of Lifelong Learning, Leisure and Information, WLGA
Daisy Seabourne	Swyddog Dysgu Gydol Oes, Cymdeithas Llywodraeth Leol Cymru Lifelong Learning Officer, Welsh Local Government

Association

Steve Thomas

Prif Weithredwr, Cymdeithas Llywodraeth Leol Cymru
Chief Executive, Welsh Local Government Association

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

John Grimes

Clerc
Clerk

Abigail Phillips

Dirprwy Glerc
Deputy Clerk

Dechreuodd y cyfarfod am 9.03 a.m.
The meeting began at 9.03 a.m.

Ymddiheuriadau a Dirprwyon
Apologies and Substitutions

[1] **Alun Cairns:** I call the committee to order. I remind Members of the Standing Orders that state that the meeting may be bilingual, and draw your attention to various safety procedures. Dai Lloyd is deputising on behalf of Mohammad Asghar and Alun Ffred. Hopefully, Lynne Neagle will join us later. In view of the tight time schedule, I wish to press on.

9.03 a.m.

Ymchwiliad i Ariannu'r Cyfnod Sylfaen: Y Gweinidog dros Blant, Addysg,
Dysgu Gydol Oes a Sgiliau
Inquiry into Funding of Foundation Phase: Minister for Children, Education,
Lifelong Learning and Skills

[2] **Alun Cairns:** I am grateful to the Minister, Jane Hutt, for joining us, for accommodating us at such short notice since we decided to undertake this investigation, and for her full co-operation so far. Committee members have many questions that they wish to ask, and I appreciate that the Minister has a tight timescale, so I have asked committee members to ask brief questions. I ask the Minister kindly to give brief answers, to ensure that we cover all the areas that we wish to cover. Therefore, Minister, please give us your overview of the situation in two minutes.

[3] **The Minister for Children, Education, Lifelong Learning and Skills (Jane Hutt):** I am sure that everyone agrees that the foundation phase is among the most significant reforms ever made in education in Wales. It is a major priority for the Welsh Assembly Government and its introduction in September marks a radical change in our approach to education for three to seven-year-olds. It aims to provide the best possible start to their learning.

[4] I wish to make a few key points. I am fully committed to rolling out the 1:8 adult-to-pupil ratio for three to five-year-olds from September 2008. With the additional £5 million that I announced on 7 May, a total of £30 million is available this year for the roll-out of the foundation phase. As soon as I became aware of the difficulties in the financial projection of pupil number estimates earlier this year, I asked my officials to meet with all local education authorities on a regional basis, which they did, and I set up an implementation task and finish group with all the teaching unions, the Association of Directors of Education in Wales, the

Welsh Local Government Association, Estyn and early years experts. I value their advice. I also met a number of headteachers yesterday, as did a number of other Members, which was also extremely valuable. The conditions for the 2008-09 foundation phase grant have been drawn up and are being sent to local authorities, and I have asked them to provide their plans for the use of the £30 million roll-out funding, by the end of May.

[5] I also want to deal with two issues that have been raised in recent weeks to put the record straight. First, I refute absolutely any suggestion that the £30 million secured for the foundation phase roll-out will divert money away from supporting children who have special needs. Such an accusation is inaccurate and unfounded, and I want equality of opportunity and access for all in our education system. I am sure that Members would want me to put that straight this morning.

[6] Secondly, one concern that has been raised by headteachers, teaching unions and local authorities relates to the expectations that Estyn may have when it inspects schools from September. I am pleased to say that the Chief Inspector for Education and Training in Wales, Dr Bill Maxwell, wrote to all the directors of education earlier this week to set out the approach that Estyn will be adopting. He has requested that the letter be sent to all schools, which I hope has now taken place. In his letter, Dr Maxwell explained that Estyn would not expect an instantaneous transformation of practice but rather a process of planned transition. I think that that letter reaching schools will be helpful to reassure them on that point.

[7] I am writing this week to all governing bodies and headteachers to keep them informed of the progress that we are making. I want to reassure them directly, as Minister for education in Wales, that I understand their concerns, and I will set out the action that I have already taken and will be taking to address those concerns.

[8] Finally, I am quite clear that the amount currently allocated in my budget for future years needs to be increased to provide the appropriate level of support for the roll-out of this key programme across Wales. Accordingly, my officials have asked local authorities to provide data on staff and pupil numbers by the end of June. These data will help to secure the basis for robust financial modelling projections, to put this pioneering scheme on a sound and sustainable footing, while putting pupils at the heart of all that we do.

[9] **Alun Cairns:** Thank you, Minister. That was useful. You commented that the £30 million to be made available for the academic year starting in September will be made up of £25 million plus the £5 million that was announced recently. At this stage, do you believe that that is sufficient to deliver the foundation phase in September, or are you waiting for more information on that?

[10] **Jane Hutt:** When I recognised that there were issues regarding the financial projection and the information that we had on pupil data, I secured an additional £5 million on top of the £25 million. We are now waiting to find out the impact of that £5 million on how local authorities set their budgets for the roll-out of the phase in September. I have a meeting on 9 June with all the teaching unions and stakeholders, the Welsh Local Government Association and the Association of Directors of Education in Wales to receive that information, which will guide us on how we can roll out the foundation phase from September.

[11] **Alun Cairns:** Is £30 million sufficient funding, or are you still gathering more information that will tell you whether it is sufficient?

9.10 a.m.

[12] **Jane Hutt:** I think that I have made it clear that I am now awaiting the data from the

local authorities on the positive impact which I know that it will have, of the extra £5 million. That will inform and guide us when I make my decisions, in consultation, following the meeting on 9 June.

[13] **Alun Cairns:** There is no doubt that the extra £5 million is helpful and is important to the delivery of the foundation phase. However, at this early stage, I am trying to clarify whether, in terms of the funding that is available, we know if the funding is sufficient. I am conscious that you are trying to draw down more data from local authorities and I accept that positively. Do you think that it is enough money at the moment, but if data are made available that show that the funding is insufficient you will be prepared to look at it again? Are you convinced, at this stage, that it is enough money or are you waiting for more data to confirm whether it is sufficient or not?

[14] **Jane Hutt:** I am waiting for data to confirm how the additional funding that I have put in place will impact on the roll-out of the foundation phase from September 2008. It is premature for me to speculate today as to the impact. I have already had many discussions with colleagues, with the partners who are around the table, and I recognise that we will have to look at what impact that will have on the roll-out from September. It is a roll-out of the foundation phase. I have made my statement about my commitment to a 1:8 adult-to-pupil ratio and that is what people want to hear. We have to manage the roll-out responsibly and effectively and that is what I intend to do, with the partners who are around the table.

[15] **Jenny Randerson:** Minister, in your statement, you were absolutely clear that the additional £5 million was to come from within your existing departmental budget. You have indicated to us today that it does not come from special educational needs funding. Can you tell us from where in your budget it does come?

[16] **Jane Hutt:** I have instigated a review of the budget of the Department for Children, Education, Lifelong Learning and Skills for 2008-09. That is being undertaken. The outcome of that will guide me in terms of the £5 million.

[17] **Jenny Randerson:** So, are you looking at all possible sources of funding from within your budget?

[18] **Jane Hutt:** I am looking at all sources of funding, but, as you will know very well, Jenny, there is always underspend, although we are very close to the limit—I think that the underspend was less than 1 per cent in terms of last year's outturn, but we have not had the final figures yet. We recognise that we need to be informed by the review of the DCELLS budget that is being undertaken.

[19] **Jenny Randerson:** I would like to follow that up by returning to what the Chair has been asking you about. Are there any early indications from the responses from local authorities—perhaps you could give us an indication as to how many have responded so far, if any have done so—or from your discussions with the headteachers yesterday as to whether this £5 million will be sufficient? I ask that because I have written to you about the school where I am on the governing body, which needs roughly twice as much money as it has been allocated. I have had indications from local authorities and several other schools that that £5 million, although it will be extremely helpful, will not solve the problem. Therefore, to link to my previous question, is your review of the departmental budget going to allow you to find additional funding, if it is identified that that is required?

[20] **Jane Hutt:** From talking to headteachers yesterday, I know that many of them are also waiting; I cannot speak for all authorities or headteachers across Wales, but many of them are also awaiting the results of local authorities' consideration of the impact of the £5 million. You will know that a substantial element of the £5 million will fund the pilot and

early start schools and that, of course, releases funding for the roll-out to the rest of the schools in each local authority area. Again, we anticipate receiving that information, which has been requested by the end of May. I want to return to a point that I made in my opening remarks. I have said that we need more money for the roll-out of the foundation phase. The key point about that is ensuring that I have robust data to make financial projections that enable me to make a good case—you will know about this, Jenny—to the Minister for Finance and Public Service Delivery to get that additional funding from 2009 onwards. I assure you that it is not only for 2009-10, because I see this as a full roll-out of the foundation phase that will require additional funding year on year. I am sure that this committee will back me in seeking that funding. We also look forward—as I am glad that this committee seeks to do—to how we can then realistically roll out the foundation phase from September 2008 with the current resources.

[21] **Alun Davies:** What struck me in your opening remarks was that you said on several occasions that you are awaiting data from local authorities. I find that quite striking. I understand that negotiations on the foundation phase have been ongoing with local authorities and with the WLGA for some years now, so can you tell us why you are still awaiting data from local authorities?

[22] **Jane Hutt:** You are meeting the WLGA and the Association of Directors of Education in Wales as part of this inquiry, so you can ask them about the data. We have sought these data since May 2006 and, unfortunately, we have not received robust data and that is why we are in this position today, but I seek to resolve this in partnership, and this is a partnership, as I have said, between the Welsh Assembly Government, local authorities and schools. I want to overcome this. All my officials are focused on this as a priority and I also seek that from local authorities.

[23] **Alun Davies:** Can I have your perspective on this before we speak to the WLGA? I would be interested to know why you think the data are neither robust nor, it appears, timely. If I were to ask organisations for data, I would think that two years is a long time to wait for a data set and if the data provided were not then robust, they do not provide a basis for effective financial planning. So, what is your perspective on why it has taken so long and why the data are not robust?

[24] **Jane Hutt:** I would like to overcome this difficulty. As the Minister, I have been working on this tirelessly, particularly in the last few weeks when the problems have arisen. I know that local government likes to have as much freedom and flexibility as possible. I think that freedom is the key point in terms of how it handles any kind of funding from the Assembly Government, but this is a Welsh Assembly Government programme that we are delivering in partnership with local authorities and schools. We cannot roll it out without robust information and full co-operation from our key partners in terms of delivery and that is what I seek.

[25] **David Lloyd:** On the same theme, we will have an opportunity to question the WLGA and ADEW later about delays in providing these important data. I have two questions. Could you confirm when your officials first wrote to the directors of education of all local authorities requesting information on staffing levels and projections of the staff needed to roll out the foundation phase? Can you confirm the exact date when officials first wrote to directors of education?

[26] Following on from what you have said previously, considering the way forward for September when all information, relevant as it is, comes to hand, could you confirm that when you have all the information to hand you will be willing to look at the funding levels for September onwards and to reassess the funding required for succeeding years based on a complete set of information?

9.20 a.m.

[27] **Jane Hutt:** To answer your first question, officials wrote to directors of education on 6 February 2006 requesting information by 31 March 2006 on current staffing levels and projections for staff needed. There were exchanges and, at some point, the Welsh Local Government Association challenged the need for the information. This went back and forth and, finally, by May 2007, a total of 16 returns had been received, although not all were complete. Over the following year, further clarification was required but it was at that point that the pupil level annual school census information was used in order to develop the estimates. When we brought authorities together again in March this year, there was still a lack of clarity about projections. We are seeking to secure that information, with goodwill, and we have to bottom-out the difficulties with them. In my oral statement, I said that we need to review PLASC and how it collects information. That is an operational issue for us as well as for our local government partners.

[28] On your key points following on from that, we will know by the end of May or early June what the outcome of the additional £5 million will be in terms of the opportunities and impact for the roll-out from September. However, we have also asked for information by the end of June to guide us from that point onwards in terms of a robust projection for my negotiations for 2009 onwards. So, it is not just about the end of May, but the end of June in terms of the financial modelling. This is a major operational change and a huge reform for Government and local government. I recognise that.

[29] **Alun Cairns:** Several Members want to ask questions. I remind people of what I said at the beginning about needing brief questions and brief answers. I want to clarify what you said, Minister, both to Dai Lloyd and to me earlier. You recognise that there is a need for additional funding for ongoing years, but do you recognise that there could be a need for additional funding from September?

[30] **Jane Hutt:** I have said that we need to await the outcome of the analysis.

[31] **Alun Cairns:** Yes, I appreciate that.

[32] **Jane Hutt:** I have also said that we then have to consider how we can appropriately roll out the foundation phase from September. I have already had some very helpful discussions with teaching unions and colleagues in the stakeholder group about how we could achieve that.

[33] **Alun Cairns:** When you say 'appropriately roll out', does that potentially mean scaling it down?

[34] **Jane Hutt:** I have given my commitment. We are seeking a 1:8 adult-to-pupil ratio, but it is about a responsible and appropriate roll-out. The letter from the chief inspector is also helpful. As you will know, there was always going to be a three-to-four-year roll-out of the foundation phase. Certainly, from my discussions with headteachers and colleagues and early years experts, we need to see how appropriately and responsibly—for schools, because they are at the sharp end—we can roll out, from September, the resources that we have and secure the additional funding for 2009. You must recognise that I am going to deliver on not just the 1:8 adult-to-pupil ratio, but the 1:15 ratio for five to seven-year-olds.

[35] **Alun Cairns:** Okay, but you used the words 'appropriately roll out'. Could that mean, in terms of your looking for the resource available to deliver it, that you might consider introducing the foundation phase just for nursery provision, for example, and not reception classes? I am just trying to get at what you mean by 'appropriate'; I am asking this with a

positive intention.

[36] **Jane Hutt:** Thank you, I respect that. We have already had discussions—and we are prejudging where we may be when we meet on 9 June—to consider whether we should target the youngest first. Across Wales, there is a whole range of early years settings—there is mixed-age early years provision, for example. So it is not a matter of ‘one size fits all’ in terms of early years settings and arrangements. We are having a mature, open and transparent discussion with the professionals, around the table, on how we can most effectively target and deliver on the 1:8 ratio.

[37] **Joyce Watson:** Much of what you have said has been helpful for us this morning. I want to focus on the extra £5 million. I saw that Iwan Guy, the acting director of the NAHT said on the BBC website that it will go specifically to pilot schools, and that it will not directly affect other schools. Would you like to comment on that?

[38] **Jane Hutt:** I like to see this as part of a package of £30 million that we have secured for this financial year. I secured £5 million for the early starts pilot schemes when I could have secured £3 million or £4 million, which is probably close to the cost. I do not want to go into too much detail on the sums here, but the point about the extra £5 million is that it will fund the early starts schemes at the level to which they were funded as pilot schemes, but the whole of the remaining £25 million, and indeed some of the £5 million, will be released to go towards the roll-out for the rest of the schools in Wales.

[39] **Angela Burns:** My question is on that same subject. On the radio this morning there was a headteacher—I am afraid that I have forgotten the school that he was representing—talking about this very subject of £5 million going to the pilot schools. The point that he made—and I have a full postbag on this from teachers in my constituency—was that his calculations were that it would reduce his shortfall from 74 per cent to 50 per cent. So he still has a 50 per cent shortfall in his operation and he has to implement the foundation phase. That is of great concern to me, and I do not see how you intend to make that up between now and September so that the money can go into this excellent new policy, which I totally support.

[40] **Jane Hutt:** If you recall, one of the concerns when the original £25 million was announced for 2008-09 was the negative impact that that would have on the existing foundation phase and early start schools—because authorities were then having to juggle the allocation of funding in order to roll this out across their schools from September. So, it was the right decision for me to say that we should safeguard the pilot schools at the level at which they have previously been funded, although they are developmental, and they have been built on the Rolls-Royce model, if you like, with extra pump-priming. However, it is too soon to judge what the impact of that will be. I respect the fact that a headteacher has identified the impact that he expects, but I think that it is too soon for us to judge. It goes back to the response that I made to the Chair about our having to consider, when we have received the analysis from local authorities—and headteachers and schools have to be at the forefront of that information—how we roll out the foundation phase from September.

[41] **Angela Burns:** While we are on the subject of the £25 million for schools that are not Rolls-Royces, so to speak, everyone talks about that as having to be used to provide the 1:8 ratio, the teaching supervision, and level 3 pay for learning support assistants. The part of the equation that appears to be missing, and which concerns me, is the amount of money that schools will need to spend on capital projects in order to provide safe indoor and outdoor space, as they need extra space to deliver this foundation phase, and many schools, as I know you are aware, have very small classrooms and cannot easily find a large area where they can go off to do separate activities. Do you have a feel for the additional capital spend that schools or local education authorities will have to find, on top of this £25 million, to provide the infrastructure to deliver the foundation phase?

9.30 a.m.

[42] **Jane Hutt:** I am sure that everyone has seen these wonderful outdoor classrooms being built and established in their own constituencies. Capital funding has already gone into the foundation phase, not just for the pilot and early starts schools, but for many other schools, which have, in fact, taken the initiative themselves. Also, via the early years capital allocation from the Assembly to local authorities, these schools have also started to build their own outdoor classrooms and facilities. There is capital funding in this year's allocation to authorities. I am not sure whether I can give you the exact figures today, Angela, but my understanding is that not only is the capital funding from the capital allocation to local authorities for early years provision, but that there is about £3 million for capital funding directly for the foundation phase. However, I would be grateful, Chair, if I could confirm that in writing.

[43] **Alun Cairns:** That would be useful.

[44] **Joyce Watson:** On the issue about funding and the whole row that has erupted about whether or not schools are getting money and who is paying them, does the Minister think that there might be any advantage in ring-fencing this money to ensure that it goes directly to schools? There seems to be a misfit between what the schools are saying they are receiving, what the Assembly Government is putting into the system, and the inaccuracies in the figures that are coming back to the Minister from the local education authority and the Welsh Local Government Association. Do you have a view on the possibility of funding schools directly, so that we can be can be sure that that money is going where it is supposed to go?

[45] **Jane Hutt:** The money is ring-fenced for the local authorities, which is an important point of information and clarification. As I said in my statement, we have instigated grant conditions, which I understand have been accepted by the WLGA, to ensure that we are clear as to how the money is reaching the school, the classroom and the pupil. Those grant conditions are a new development.

[46] **Jenny Randerson:** To clarify, schools have not been formally told how much they are going to get; all they have done is work on the figures for each local authority. Therefore, there is not yet a final figure for what schools will get. Secondly, going back to the capital funding, is that capital funding rolled in to the global figures that you have announced, or is this £3 million, or whatever you find that it is when you discover the information and write to us, additional money?

[47] **Jane Hutt:** The capital funding is additional. We have not mentioned training either, which is an element of the funding that is going to local authorities to deliver training for the new workforce that is developing. What was your first point, Jenny?

[48] **Jenny Randerson:** It was that schools have not yet found out the precise allocations.

[49] **Jane Hutt:** No, they have not because we have given authorities until the end of May to inform us of the additional funding in terms of the £5 million, but the grant conditions on the £25 million are going out this week.

[50] **Alun Cairns:** When you said that the capital is in addition, did you mean that it is in addition to the £25.5 million that has been made available?

[51] **Jane Hutt:** Yes.

[52] **Alun Cairns:** Thank you; that is useful.

[53] **Ann Jones:** I am pleased to see that there are some grant conditions on the ring-fencing to LEAs, but given that the LEAs have not been able to provide the data robustly enough to understand what schools can get, should we now be saying that we will ring-fence money directly for those schools that have displayed robust information? How confident are you, given the grant conditions to LEAs, that those schools will receive that money?

[54] **Jane Hutt:** The grant conditions are robust. I do not know whether I need to bring Lynne Hamilton in here, who is the director of business and finance in the Department for Children, Education, Lifelong Learning and Skills. The grant conditions should identify exactly how the money is being spent. We do not know yet which schools have provided the data or where the clarity is between school and local authority on this point, but I am very pleased that we have robust grant conditions at this stage.

[55] **Alun Davies:** I will continue on the same theme. We have heard evidence from you this morning, Minister, which is very different from that which we received in writing from the Welsh Local Government Association. The WLGA says,

[56] ‘local authorities have worked very closely with the Assembly Government on this initiative from the start of the first pilot phases in 2004 and have consistently provided the Welsh Assembly Government with relevant data’.

[57] That does not appear to be true, and we will be able to take that up with the WLGA later on. However, at the end of the day, I do not really care what the processes are, as long as the money reaches the schools and the teachers who require the resources to implement this. You appear, Minister, to be making a very good case for abolishing LEAs and the direct funding of schools—

[58] **Alun Cairns:** That is a policy issue, and you know that we would not want to consider a policy issue at this point.

[59] **Alun Davies:** It is about expenditure. If we are putting money into a system and it is not reaching the schools, we are creating a very real crisis for schools.

[60] **Jenny Randerson:** We have no evidence of that.

[61] **Alun Cairns:** Exactly. I will close this element of the session down.

[62] I will take the discussion in a different direction and ask about the 1:8 ratio, which you said is your goal, Minister. That is one element. Will you tell us when the ‘golden child’, as it is presented, comes into this? Is it at the ninth child or the sixteenth child when an additional learning support assistant would be employed, for example—I am putting this in very simplistic terms in order to pursue the question—and the school would need additional funding?

[63] **Jane Hutt:** We are getting into the operational detail of how we fund the roll-out of the foundation phase. We have had a mature and open discussion with the teaching unions and their representatives on this. It was certainly discussed yesterday and I am sure that you, as well as other Members, were involved in those discussions. We must be clear about how we handle this. We will be discussing it on 9 June.

[64] **Alun Cairns:** The second issue that I want to pursue is the level at which learning support assistants are employed and the calculations that have been made thus far in terms of salary arrangements. The First Minister provided some evidence in answer to written questions and there are reports in various papers on this. What level of LSA would you expect

to be in place? Would it be a level 3 LSA, on a salary of £18,000, or a level 1 or 2 LSA, which would obviously have less of a financial implication?

[65] **Jane Hutt:** The First Minister replied to this question earlier this week. We must recognise that, across Wales, schools pay a wide range of classroom assistant salaries, from £10,000 to £18,000, and local authorities have come to different arrangements and negotiations in terms of the pay-scale points and salaries of classroom assistants. The flat rate of £15,115 that we have used is the equivalent of scale point 14, which is the entry point for staff with the level 3 qualification, and we assess that that represents a realistic point based on the range of salaries paid.

9.40 a.m.

[66] **Angela Burns:** I am very confused about this. The WLGA and the headteachers are using £18,200 as the basic rate for the level 3 learning support co-ordinators. They have also raised the concern that, if co-ordinators were to come in at level 3, we could be in a situation where we deprive other parts of the school of learning support co-ordinators, as they try to migrate into the foundation phase for what is perceived to be a career-enhancing move, and certainly a salary-enhancing move. This will obviously have an enormous impact on the long-term funding of this project. What are your views on that, Minister, particularly the discrepancy between your numbers and the Welsh Local Government Association's numbers?

[67] **Jane Hutt:** There is no discrepancy in the information that I gave to the Chair on the flat rate of £15,115, which is the equivalent of scale point 14, namely the entry point of staff. If you were in my position and doing estimates, you would have to use a point on the scale. I was interested to see an advertisement from Cardiff County Council yesterday recruiting for foundation phase teaching assistants on a scale of £11,907 to £19,463. That is the scale, and we have taken the point of £15,115, and I am glad that I have been able to clarify that point.

[68] **Alun Cairns:** On the £15,115 salary, is that term time-only employment, or is that full-time employment?

[69] **Jane Hutt:** It is up to local authorities in terms of their arrangements for employment conditions to work out how that would be delivered.

[70] **Alun Cairns:** Okay. I am conscious that we have five minutes left, and that the broad structure of questions that we had has not quite been adhered to. Therefore, I open it to Members to raise the most burning issues that they wish to pursue.

[71] **David Lloyd:** It is obviously going to be a busy and interesting summer in various local education authorities in garnering the information. Will you confirm the various timetables as regards meetings, before we finish this session? When you are in full possession of the facts as regards the roll-out, in September, if it turns out that the requirements are significantly higher than currently budgeted for, will you be moving in terms of greater funding requirements?

[72] **Jane Hutt:** In terms of the timeline, the deadline is the end of May for the information that we require to guide us, and there is a meeting on 9 June with the key stakeholders to consider the impact of that on the roll-out from September. To return to the point that I made earlier, the Chair asked me what we can responsibly and appropriately do with the funding allocation, given that we might have a variation across Wales. We must think of issues in terms of the consistency of the roll-out. My challenge and goal is to secure additional funding from 2009 to secure the roll-out. If this roll-out takes four full years—and it is a fundamental roll-out in terms of education reform—if everyone is signed-up to it, we should do it responsibly and appropriately with the right levels of funding, and that is what I

am seeking.

[73] **Alun Cairns:** I have a burning question, which I suspect will be the final question, because I have not received indications from anyone else. Bearing in mind that some excellent pilot projects have achieved the required ratios and have the resources, which they have managed to do very well, and that there may be neighbouring schools looking for sources of funding to deliver the foundation phase to the same standard, do you agree that we are at risk of having a two-tier system? In choosing a school, the greater demand from parents would be for the school with the full ratios, the full funding and the full qualifications that the pilot schemes have already achieved.

[74] **Jane Hutt:** I repeat that what I seek is the 1:8 adult to pupil ratio across Wales in terms of the roll-out for three to five year olds. All of the pilot projects are excellent, as all of us who have been to see them know. They are also champions, pioneers and role models. These are the people who have, in a sense, taken the risk of developing the foundation phase, and, as with all pilot schemes in any kind of policy development, they are funded generously in order to back them, and training is part of that. We now have to look with our stakeholders, as we are doing, at the overall transition for pilot schemes, so that they are part of the full roll-out and implementation of the foundation phase. However, I certainly pay tribute to the role that they have played.

[75] **Alun Cairns:** You have a minute left, Angela.

[76] **Angela Burns:** I have a brief final question. The ratio of 1:8 is, without a doubt, one of the most significant elements of the foundation phase. Do you believe that, if it were a statutory requirement, it would concentrate the financial implications vis-à-vis the LEAs?

[77] **Jane Hutt:** The statutory requirement is, as Bill Maxwell's letter says, the curriculum, not the ratio of adult to pupils. I do not want to go into the territory of evaluations, where there has been a view that perhaps we did not need a ratio of 1:8, and that we could have done it with 1:10. I have been committed to the ratio of 1:8, but it is not the statutory basis of the roll-out of the foundation phase; it is the curriculum that is the statutory basis. The most important thing about this inquiry, and I am grateful for the constructive way that these questions have been asked, is for us all to be committed to delivering on what we have identified from our pilot schemes, namely a 1:8 foundation phase. We can deliver that, in partnership, with our schools at the forefront and with local government, if we work together, and if I get your support in terms of the additional funding that I am sure that we will need from 2009 onwards.

[78] **Alun Cairns:** Thank you, Minister, for the candid answers that you have given us, for your full co-operation with the committee's inquiry into the funding of the foundation phase and for making yourself available at short notice. We are very grateful for that. I have one final request. The witnesses for the next item on the agenda from the Welsh Local Government Association and the National Association of Head Teachers and so on may highlight issues that we will want to bring to your attention. We would like to publish this report as quickly as possible. The Record will not be available until next week in order for you to go through it line by line, but I am looking for support in terms of how we can operate. Would you be satisfied with a letter from the committee clerk, drawing attention to, and asking for responses on, particular areas, so that we can consider them for the report, rather than writing to you in seven days' time, when the Record of Proceedings is published, which would delay the publication of our report?

[79] **Jane Hutt:** I would be happy with that course of action, namely for the clerk to raise issues with me.

[80] **Alun Cairns:** I am grateful for that. Would it be realistic to expect a response within 10 days of the clerk's letter?

[81] **Jane Hutt:** Certainly. It is easy to turn that around.

[82] **Alun Cairns:** Thank you for your co-operation.

9.50 a.m.

**Ymchwiliad i Ariannu'r Cyfnod Sylfaen—Tystiolaeth gan Gymdeithas
Cyfarwyddwyr Addysg Cymru (ADEW) a Chymdeithas Llywodraeth Leol
Cymru (CLILC)
Inquiry into Funding of Foundation Phase—Evidence from the Association of
Directors of Education in Wales (ADEW) and the Welsh Local Government
Association (WLGA)**

[83] **Alun Cairns:** We move to the next item on the agenda. I ask the representatives of the Welsh Local Government Association and the Association of Directors of Education in Wales to come to the table. I thank the representatives of both organisations for coming to the committee. You are probably our most regular attendee, Mr Thomas. I heard someone saying that you are present at committee more often than some Assembly Members; that is because we value the evidence that you offer us. Will you introduce yourself and your colleague, Mr Thomas? We are also grateful for your attendance, Mr Hopkins. Could you also please introduce yourself for the record? I will also ask you to give a brief overview of the situation, for some two minutes each; otherwise it will eat into our question time.

[84] **Mr Thomas:** If I can assist, Chair, I will make a short opening statement, before you ask questions.

[85] **Alun Cairns:** Are you happy with that, Mr Hopkins?

[86] **Mr Hopkins:** Yes, I am.

[87] **Alun Cairns:** Fine. Go ahead, Mr Thomas.

[88] **Mr Thomas:** I will start by introducing my colleagues. I have with me today Daisy Seabourne, who is the WLGA policy officer for lifelong learning, Dr Chris Llewellyn, the WLGA director of lifelong learning, leisure and information, and David Hopkins, who is an old colleague of mine from Caerphilly County Borough Council. David is the director of education and social services at Caerphilly council, and he is also the chair of the Association of Directors of Education in Wales. I am Steve Thomas, chief executive of the WLGA, and, by the sound of things, I have free life membership of the Assembly's Finance Committee. *[Laughter.]*

[89] I apologise for the non-presence of elected members in our delegation this morning. There are still some details to sort out for the leadership of the WLGA. It is coming together, but you in the Assembly know how these things work.

[90] **Dr Llewellyn:** At least it will not take us five months. *[Laughter.]*

[91] **Mr Thomas:** You know what the foundation phase is, so I will not go into detail on it. I wish to say a few things before I go into some of the issues that were raised in the previous evidence session, and in terms of the evidence that we have put to you.

[92] In terms of local government, from the directors of education and the unions—the family of local government, if you like—there is genuine consensus that the programme is the way forward for early years education in Wales. There is a genuine commitment from all parties to seeing the implementation of the foundation phase through to a successful outcome. I have seen some press releases in the last week saying that the implementation of the foundation phase is in doubt; I do not believe that it is in doubt. We believe that, working together, particularly over a four-year roll-out, we will see early years transformed in Wales.

[93] Unsurprisingly, on the finance front, we are going to agree to disagree this morning, are we not? The foundation phase was conceived in much better financial times. There was optimism at the outset, particularly in this building, that it could even be contained within the budget of the then Education and Lifelong Learning Department. It may have stood a chance if the quantum of public expenditure had risen at an average of 5 per cent across the UK, as it did in the previous period. However, we know that this is partly the outcome of the first year of the comprehensive spending review 2007, which, let us be frank, was a financial tsunami in terms of growth in public expenditure.

[94] We respect Jane Hutt enormously. We keep discussions going with Jane, and we agree with her on many things, but we do not agree on the funding for this initiative. I have here a copy of something that may seem deadly dull and boring, but it is very important—it is the expenditure sub-group report, which was produced last July. That report forms the basis of the bid to the Assembly in terms of the finance settlement. This report has been agreed with Assembly officials. We cannot have a proper discussion with the Assembly about the amount of finance required in local government unless we have an agreement on the pressures on local government. Therefore, we agree on the pressures—we do not expect you to give us all the money that we are asking for, but we do agree on the pressures.

[95] We put the first year of funding for the foundation phase, which is set out clearly in that report, as a cost of £30 million; that was on top of the £10 million for the pilot phase. We agreed that with a senior Assembly official; we constructed the £30 million figure on top of the £10 million with Mr Hawkins in the Assembly department, and that figure was built up from some of his calculations, which we agreed and constructed together. We have verbatim notes from one of our accountants of the conversation with Assembly officials in May 2007, when we constructed that £30 million figure. It is £30 million on top of the £10 million.

[96] **Alun Cairns:** Can you tell us when that report was published?

[97] **Mr Thomas:** That report was published in draft form in June 2007. It was discussed at the consultative forum on finance on 17 July 2007. The Minister for local government at the time did not agree with the figures by signing them off, but he signed off the report. That Minister was Andrew Davies. The report was agreed as the basis for discussion on the local government settlement.

[98] I cannot emphasise how fundamental this process is. I will contrast it with the past. We previously had what I would describe as the Arthur Scargill methodology of finance for the bids that we used to put to you. We would put in a bid every year for £800 million, you would give us £400 million, and we would go back with a slight smile on our face. We got to the stage at which that methodology was pathetic. Subsequently, we decided with senior officials at the Assembly that we would agree all the pressures so that we could have a rational discussion about them. The pressures in that report amounted to £230 million. As you know, we did not get £230 million, although we agreed that there were pressures.

[99] **Alun Cairns:** Thank you very much. I am conscious of the time. Is there anything else that you want to say? I take it that that was your opening statement.

[100] **Mr Thomas:** The final point that I would like to make relates to the data. I heard the earlier debate, but I must say that you are swimming in data. We can highlight what data you have.

[101] **Alun Cairns:** I am sure that Members will want to pursue that a little further, so I call on Ann Jones.

[102] **Ann Jones:** Your written evidence to the committee states that you are using the 'most recent figures' available from local authorities. What figures are they and how have you arrived at this new estimated shortfall of £13.25 million, given that that has moved on? It seems that it just keeps moving on. How confident are you that the data that local authorities have supplied to you are any more robust than the data that some have and some have not supplied to the Welsh Assembly Government?

[103] **Dr Llewellyn:** May I answer that? We would stick with the initial assumptions that were calculated through the expenditure sub-group report. As we have indicated in our written submission, there is a variety of ways of coming to an assumption about the cost of implementing the roll-out. One thing that was highlighted in the ESG report was that this will change over time as the facts and realities of implementation change. The figures that we are referring to now are based on the up-to-date data that authorities provided to the Department for Children, Education, Lifelong Learning and Skills over the past couple of months or so. Those data sets are as robust as possible. The fundamental contention here is the local government view that the data that the Assembly needs to cost this initiative are pupil numbers, and that any data about staffing levels are not appropriate and are not needed, because, under the Essex/Jones agreement, there is an understanding between local government and the Assembly that any new initiative will be fully funded before it is implemented. That is the fundamental principle underlying our objection and our concerns regarding how the scheme is funded, as well as the proposals for funding it.

[104] The data that were made available to the Assembly Government were based on the pupil-level annual school census returns and the section 52 returns, which are as robust as anything available on pupil numbers. Our contention is that the initiative should be introduced purely on the basis of pupil numbers. Any considerations about existing staffing levels are a matter for authorities and for schools. They come under the national minimum standards and fair funding arrangements. The written evidence that we have given you indicates a variety of ways in which a calculation can be made. As the roll-out progresses, that may have to be amended. However, our view is that the data that have been provided have been robust from the outset and the required data have been available.

10.00 a.m.

[105] **Ann Jones:** The Minister and officials have stated that local authorities have not provided the required information for the Assembly Government to calculate the amount of funding required, and yet the WLGA and ADEW have rejected that view. However, that is a matter of fact, is it not? Some local authorities have not done that and the Minister, in her evidence this morning, quite openly said that the WLGA had challenged whether that information was necessary. Honestly and truthfully, how confident are you that local authorities have supplied information to WAG to enable this programme to be rolled out?

[106] **Dr Llewellyn:** I know that David will want to come in on this, but I will just add that we are completely satisfied that the information needed to calculate the cost of rolling out this initiative has been provided. It is available through PLASC returns and through section 52 returns. You could do an exercise and upscale the pilot schemes, but, if you were to do that, I think the costs would be exceptionally high. We think that the data that have been provided are robust. When we discussed the—

[107] **Ann Jones:** You only 'think' that the data are robust. Do you think or do you know? How robust are they? That is the crux of the issue, is it not?

[108] **Dr Llewellyn:** I do not want to get into a philosophical debate about what we know and what we do not know.

[109] **Ann Jones:** Do you have evidence that the information supplied to WAG from every local authority is robust?

[110] **Dr Llewellyn:** Yes. The information that has been provided is as robust as possible.

[111] **Ann Jones:** It is as robust 'as possible' now.

[112] **Alun Cairns:** Hang on. Can we give Dr Llewellyn a chance to answer?

[113] **Dr Llewellyn:** It is the information on which the local government settlement is based, so it is robust enough for the Assembly Government to be confident about distributing £1.8 billion for the rest of the education system.

[114] **Alun Cairns:** Thank you.

[115] **Mr Hopkins:** The quantum, as Steve Thomas said, was clearly calculated and known some time in advance of where we are now, and it is a pity that we are debating matters of detail instead of celebrating a first-class initiative for Wales. To be frank, I think that there has been an obsession with detail on the part of Welsh Assembly Government officials, which has been unnecessary and unhelpful. The fact of the matter is that, once we know the quantum, or we agree the quantum, it is the Assembly's job to determine national policy in consultation with stakeholders and to come up with a quantum that enables us to deliver on that. That was the point that I made previously to the Minister and her officials. The rest of the debate that we have been having with Welsh Assembly Government officials is futile, I believe. Once you get to that point and have agreed it, the distribution through the formulae to local education authorities and then to schools and governing bodies is all that should apply. The only data that you actually need are the numbers of pupils in the system. You know the ratios that you have to apply and you can therefore calculate how the system runs. It is very simple. I think that we have got bogged down in a series of discussions on matters of detail that are unnecessary. We should be putting quality and standards first, and making sure that the quantum is right. If the quantum is not absolutely right in the first year, we can then agree how to get to that point over time.

[116] **Angela Burns:** I just want to make sure that I understood what you said, Dr Llewellyn. We are in an unholy mess over this very good initiative, but my understanding of what you just said is that the Welsh Assembly Government asked you for some information, but you decided that it did not need that information, but rather another bunch of information. I am absolutely sure that if I were to look at the Record I would see that those were your words. My point is that you may well be absolutely correct that you provided it with the right information, and I suspect that you are correct, but the point was that the Government asked you for information on which to base its requirements and opinions. Surely you should have given that information and then argued with the outcomes, although we may not all have liked those outcomes. What I picked up from you was that you had not actually given the Welsh Assembly Government the information that it asked for. That is the stumbling block and the reason, the Government is saying, why we are now in this mess.

[117] **Dr Llewellyn:** I think that the overwhelming majority of authorities provided the information at the request of the Assembly Government. Those that did not responded by

saying, 'We have already given you this information on two separate occasions and it is a matter of public record; it is readily available and the information has been used by your officials internally to make your own calculations'.

[118] **Angela Burns:** I will just come back on that. I spent my life in business having to give people senior to me endless bits of information, and it drove me insane. However, I would have thought that local authorities would have all this information at their fingertips, and it would cost absolutely nothing to ship that information back up the line, even if the Government had had it a million times before. This is currently the reason given for our not being able to fund this initiative properly.

[119] **Dr Llewellyn:** The authorities responded by saying, 'You have the information', and they directed officials to where they had already sent the information, to where it was available.

[120] **Mr Thomas:** I understand that some 14 or 15 authorities responded to the data requests that you are talking about, and seven did not. With a response like that, you can extrapolate what you want.

[121] **Joyce Watson:** I think that it is very sad that we are here talking about some local authorities' refusal to provide information that is readily available. I agree with Angela on this point. In the middle of all this, we have the children, and we are all here committed to the education of children. Given the apparent confusion—and you say that there has been confusion—generated over the basis for the funding allocation, would you agree to go a step further and advocate that future foundation funding be allocated directly to schools using, in your own words, the per-pupil funding model? Would you want to extend that principle to other areas of funding besides the foundation phase?

[122] **Dr Llewellyn:** We do not accept that the data were not provided to the Assembly Government's DCELLS officials; they had been provided on numerous occasions. We have just heard that 16 of the 22 authorities provided the information for the third time, all of which would have been more than sufficient to make a calculation about how much the roll-out would cost. Colleagues in local government finance and the Assembly were happy with that information. They felt that it was robust enough to agree the expenditure sub-group report, and the Finance Minister at the time felt that it was robust enough. The issue was not raised within that context.

[123] **Alun Davies:** I am interested in that. Sixteen out of 22 is not a particularly good response rate after a year. These are paid professionals, and they should be able to provide this information as required. Like Angela, I have run my own business, and I have spent a considerable amount of time providing information to Government that I am not sure whether it wants, but you take that on board. I have to say that I do not think that this is a matter of detail; it is absolutely fundamental to the education of some very young and vulnerable children. We have to ensure that we get this right, and I do not want to see this policy sabotaged because of its poor administration.

[124] You said in your written evidence that the WLGA has worked closely with the Assembly Government and has consistently provided the Assembly Government with relevant data. You have never advised local authorities not to provide data to the Assembly Government, have you?

[125] **Mr Thomas:** That is not our role.

[126] **Alun Davies:** You have never done that. You can confirm that, can you? That is good.

[127] Clearly, there has been a failure on the part of local authorities in providing data to the Government to enable the Government to fund this as we all want it funded. We have already spoken about direct funding for schools, and I think that we are moving towards that because of these failures. Are you confident that local government is able to provide the Assembly Government with robust data to enable us to move forward on this?

[128] **Mr Thomas:** What failures, Alun?

[129] **Alun Davies:** Well, it was only 16 out of 22.

[130] **Mr Thomas:** I showed you the expenditure sub-group document. Do we just rip up that process? Do we say that, from here on in, we have nothing to do with the Assembly in calculating the pressures? Do we stop speaking to senior Assembly Government officials who gave us the information to make that calculation? The data, I am afraid, are a smokescreen. The problem here is with the underfunding of the initiative.

[131] **Alun Davies:** How can you fund the initiative if you do not have the data to make the calculations?

[132] **Mr Thomas:** We gave you the data; they are in the expenditure sub-group report.

[133] **Alun Davies:** We have already heard from the Minister that only 16 of the 22 local authorities responded after a year. What we find is that many headteachers and teachers feel that they do not have sufficient funding to roll this programme out, and then we find that local government has not been providing the data for more than two years. Now that, frankly, is a failure.

[134] **Dr Llewellyn:** Alun, the Minister for local government and the Finance Minister at the time were both perfectly satisfied that the data provided and made available were robust. Speak to any of the teachers' unions and you will find that everybody in the education community supports that view. There is a mounting body of evidence to show that the assumptions made were accurate and acceptable. It is on that basis that the local government settlement has been calculated since the Assembly Government came into being.

10.10 a.m.

[135] **Alun Davies:** I think that we are moving towards far greater influence over local government funding at the moment. I personally regret that. I would much rather see local government departments have more freedom to fund initiatives in their areas of responsibility. At the moment, however, that is difficult for me as an Assembly Member. A year ago, we stood on a platform of delivering the foundation phase. I now have to see the same people and explain why it is not happening. It is very difficult for us as Assembly Members to accept that we are unable to deliver and implement this proposal when such poor data is supplied to us.

[136] **Mr Thomas:** Why is it, though, Alun, that you can distribute £1.8 billion to schools on a per-pupil basis in existing formulae, yet there is such difficulty in distributing £30 million? We are getting bogged down in arguments about data here. I put it to you again that returns from 16 authorities are enough to extrapolate the level of figures. I also put it to you that you can look to the PLASC documentation and the section 52 documentation— independent consultants will tell you that the section 52 documentation is the most robust documentation that you have. Why are we getting bogged down in arguments about data when the key issue is a lack of money?

[137] **Dr Llewellyn:** I will just add to that that no amount of ring-fencing will make up for

the shortfall.

[138] **Alun Cairns:** Jenny Randerson, I invite you to make a quick contribution, as you indicated some time ago that you wished to come in, but I do want to take the discussion forward to the funding and how it is calculated.

[139] **Jenny Randerson:** You asked why we are getting bogged down in arguments about data. It is because that is the only excuse that the Minister can think of. I can understand Labour Members clutching at straws, but can you for the sake of clarity—*[Interruption.]*

[140] **Alun Cairns:** Hang on. I would like to bring everyone to order. Alun Davies, you have had your say, and I will protect Jenny Randerson's right to also have her say.

[141] **Jenny Randerson:** You know the names of the local authorities that did and did not respond, I am sure. I am not asking you to discuss those here today, but are you satisfied that the spread of responses, in terms of size, rurality and so on, was sufficient for a reasonable judgment to be made as to the order of magnitude? Headteachers are telling us that the amount of money provided is roughly half of what was needed, and that is a strange mistake to make if 16 out of 22 authorities have responded. However, I could just about understand it if those 16 were all the tiny ones.

[142] **Mr Hopkins:** The answer would be 'yes'; you could have made a more than reasonable assumption as to the total levels of funding from the data collected. The basic point, which I keep coming back to, is that through the machinery already available to enable local authorities and the Welsh Assembly Government to function together on policy, a process is in place. The amount of money needed was known. We are not talking about a lack of data here; the Assembly is swimming in data. We are talking about a lack of funding, and no amount of extra data will make up for that lack of funding. That is the issue.

[143] **Alun Davies:** That is an inadequate response. It is not for local government to determine the data that are supplied to Government, surely. It is for Government to say to local government, 'If you say that you are underfunded, you have to demonstrate that in two ways; first of all by demonstrating what resources are required, and, secondly, by responding within a year or two to requests for data'. If I had acted like that when I was running my business, I would have been in front of a court.

[144] **Mr Thomas:** Let us come back to your first point. If you are talking about us demonstrating what resources are required, are you saying that the Minister for finance should not have signed off the ESG report that we have, in which he signed up to a £30 million assumption for the roll-out of the foundation phase in the first year? That £30 million was on top of the £10 million for the pilot stage. Are you saying that the Assembly Government officials who agreed to that assumption were wrong to do so?

[145] **Alun Davies:** It does the WLGA no good at all to defend the underperformance of local government.

[146] **Alun Cairns:** I will close this element of the discussion, because repeating a point does not make it more relevant, on both sides.

[147] **Alun Davies:** That is for us to decide—*[Inaudible.]*

[148] **Alun Cairns:** Alun, if you have something to say, please say it on the record.

[149] **Alun Davies:** I did say it on the record. It is up to the committee to decide what is relevant, and not simply the Chair.

[150] **Alun Cairns:** I am going to move on.

[151] **Ann Jones:** May I ask a question about the PLASC data? In your written evidence, you state that the Government used PLASC data from 2006, and you go on to say that the calculation is flawed for a number of reasons—there are three bullet points there—and that this flawed calculation resulted in a significant underestimation by the Assembly Government of the numbers of staff needed to implement the roll-out. Are you not confusing points here? You told us that PLASC data was used, but if they was used because of the failure of local authorities to provide the relevant, robust information at the time it was requested, is not the weakness in the local authorities' failure to supply data, not in the PLASC data? Is that where the flaw has occurred or not?

[152] **Dr Llewellyn:** I will come back on the earlier point. The PLASC data and section 52 returns from authorities provide the Assembly Government with the amount of data it needs in terms of pupil numbers. As this is a new initiative—and under the Essex-Jones agreement, it is understood between local government and the Assembly that all new initiatives have to be fully funded—any assumptions about staff numbers were not relevant. In this instance, even if you accepted the logic of the Assembly Government, which we did not, there was confusion in the Assembly Government's calculations over classroom assistants and their functions.

[153] **Ann Jones:** So what you are saying is that you are happy for PLASC data to be used when it suits you, but not when the Government wants to use it.

[154] **Dr Llewellyn:** We are saying that we are happy for the PLASC data to be used as a measure of pupil numbers, which we think, in this context, are the only relevant data.

[155] **Ann Jones:** What about those local education authorities who cannot translate PLASC data from the headteachers in their schools to the Assembly? That seriously affects those headteachers, preventing them from getting relevant funding, because LEAs are not competent enough to supply that information.

[156] **Dr Llewellyn:** We are saying that the PLASC data and the section 52 returns are the best data available and are robust enough for every other funding that comes through local government to schools. There are other safety nets as well: the number on the registers at the start of the term in September provides an additional safeguard.

[157] **Ann Jones:** If local education authorities are not competent enough to provide the Welsh Assembly Government with that relevant information, how does that help the schools?

[158] **Dr Llewellyn:** Local authorities are more than competent to fulfil those tasks, but, as we have stated, the PLASC and section 52 returns are robust enough for every other purpose.

[159] **David Lloyd:** The purpose of this review is to scrutinise the basics of the funding of the foundation phase. You state in your paper that there will be a shortfall of funding of around £13.25 million for 2008-09. How did you arrive at that £13.25 million figure?

[160] **Dr Llewellyn:** The figure is based on the information that was submitted to the Assembly Government by authorities using the Assembly Government's own methodology in recent months.

[161] **David Lloyd:** Further to that, is that information based on extrapolating what the costs were of providing the pilot projects and extending that out? I am just giving you the opportunity to expand on that answer with regard to how you arrived at the £13.25 million.

[162] **Mr Thomas:** If you scaled up from the pilots, you would be talking about an initiative that would exceed £100 million in the first year.

[163] **David Lloyd:** Going back to one of the other issues at the beginning, when the Government asked directors of education in February 2006 to provide information pertinent to the funding of the foundation phase, should they not just have provided that information regardless of what the Welsh Local Government Association feels is the justification for providing that information? If it is a request from Government to enable a groundbreaking initiative to take place, what is wrong with just providing the information as requested by officials on 6 February 2006?

10.20 a.m.

[164] **Mr Hopkins:** With any major initiative, I would expect there to be a mature debate between Welsh Assembly senior officials and directors of education and other stakeholders. Directors of education fully understand the system within which we are working, and understand the levels of data needed to make accurate projections to introduce, in this case, the foundation phase. The simple fact is that it does not appear that the Assembly officials with whom we are dealing have a good comprehension of the system within which the rest of us are working. That has led to some tensions over the levels of detail needed. I come back to a point that I made earlier. The local management of schools and the way in which local education authorities distribute money to schools are issues for local determination; the Assembly, instead of having a debate about how it should best discharge its role, has got itself too deeply involved in matters of detail. I reject entirely the notion that local authorities are ineffective in this matter; we have done everything that we can to help the process, and you are now being fed a number of red herrings, frankly, and are missing the point. The point is that you need a level of funding that you do not have, and that is what we are trying to address.

[165] **Alun Cairns:** Jenny, does your question relate to this? I would like to move on.

[166] **Jenny Randerson:** I want to raise something different, but it does relate to something that Chris Llewellyn said earlier. I believe that I understood you to say that the WLGA says that funding should be provided on the basis of pupil numbers only. Are you implying that—because Steve Thomas has just said that your figure for the funding requirement is based on the same data that were given to Welsh Assembly Government—the difference is explained by the fact that the Welsh Assembly Government is perhaps suggesting that schools should be taking staff from elsewhere in the school, and therefore reducing staffing levels further up in the schools in order to fund the foundation phase?

[167] **Mr Hopkins:** The short answer is ‘yes’. This is where we get into matters of detail. Under the deficit model proposed by Welsh Assembly Government officials—and still touted by them despite best efforts to educate them otherwise; that is not meant to sound arrogant, it is a matter of fact, in my view—what would have happened is that where headteachers had been proactive and forward-looking and engaged staff in readiness for the foundation phase, they would have been penalised for it. They would not have been fully funded. Schools that had not acted in that way would have been fully funded. That is a matter of fact and that is fundamentally wrong and fundamentally flawed, and was one of the reasons why ADEW took issue with the way in which the Welsh Assembly Government was trying to implement the phase.

[168] **Alun Cairns:** I will ask two broad questions at the outset, which will, hopefully, take us in a different direction. How sure can we be that the shortfall that you have highlighted now is accurate, bearing in mind the recent history and the difficulties in terms of the apparent

shortfall in funding?

[169] **Dr Llewellyn:** It is a relatively easy task. We asked an independent consultant to verify the way in which we had calculated the shortfall, and he assured us that with the use of the section 52 returns and a calculator, he could come up with an accurate figure within a matter of minutes. Just to add to that, Chair, what we are saying is that you can look at the pupil numbers through PLASC or section 52 returns, look at the teacher numbers and then make a simple calculation as to the additional number of classroom assistants that are needed to get to the 8:1 ratio. You then multiply that number by the salary assumption for teaching assistants; it is not a complicated task.

[170] **Alun Cairns:** Okay. The second element then is that critical to that calculation is the level at which the LSA is employed. There is a difference between your view of salary levels, according to the papers, and officials' view. The Minister told us that Cardiff local authority advertised a post last night offering between £11,000 and £19,000. Is it not the case that the in-between figure that it pitches of £15,115, as a broad estimate, is reasonable?

[171] **Dr Llewellyn:** The salary levels will vary from authority to authority depending on the workforce available. What has happened in previous initiatives, and what I believe has happened in this instance, is that the Assembly Government has pitched the salary assumption at the bottom of the scale and authorities have pitched it at what they deem to be a realistic level.

[172] **Alun Cairns:** I wish to clarify this point. The figure that your calculations will be based on—the £13 million that you have calculated as the shortfall—is worked out on the LSA level 3 at £18,000?

[173] **Mr Hopkins:** It is the midpoint of the relevant scale, which is £18,250.

[174] **Alun Cairns:** So why does the Minister say that the entry point of LSA level 3 is £15,115? You would not employ someone at the midpoint if it is their first time in the job, would you?

[175] **Mr Hopkins:** The view that we took in terms of building up a model for costing purposes was simply that you will probably get a range of people with different qualifications who will be at different points on that scale. The midpoint is therefore used as a proxy for that purpose; you will get some at the bottom, and you will get some at the top, so we average it out.

[176] **Dr Llewellyn:** What we are saying is that we want the best people—qualified people—not the cheapest people.

[177] **Joyce Watson:** I believe that there are two issues on that point. First, do you not believe that the quality of existing staff in schools means that they can be used to deliver the foundation phase? As I understand it, you seem to be saying that the classroom workforce in Wales is not sufficiently trained to deliver the foundation phase. Is that the case? Following on from that, because you have come up with this calculation, are we to understand that you are in favour, in terms of pay scales, of the Welsh Assembly Government's directing local authorities as to how and at what point they fix the salaries of the staff that they employ? I am not sure, from what you have said, whether you are suggesting that. Therefore, I would like further explanation on those two points.

[178] **Mr Thomas:** The straight answer is that we are not saying that. The key point about this initiative is that it is about teaching, not childminding. The quality of people going into this must be exceptional—we are looking for good people. However, David's point about

calculating from an average is what we do with many financial formulae—you always take the midpoint, and you extrapolate from that.

[179] **Alun Cairns:** What has been the practice in terms of other calculations that you do with the Assembly Government, in other fields of local government?

[180] **Mr Thomas:** The same would be the case.

[181] **Dr Llewellyn:** That is why it was acceptable in the expenditure sub-group report.

[182] **Alun Cairns:** Okay. The next question is on the numbers of LSAs that are required. The Minister says that the 1:8 ratio is her goal. How have you calculated the figures if you have nine children in the class, or in the ratio? Does that warrant a second LSA, or would the second LSA kick in at 16 children?

[183] **Mr Hopkins:** If you go for a 1:8 ratio, by definition, the minute you exceed eight pupils, you are entitled to additional staff—it is as simple as that in terms of modelling it. On the ground, if you want to deliver the foundation curriculum as it is intended, you will have to have a 1:8 ratio for certain age groups, and 1:15 for others. However, where we are seeing some authorities claiming to introduce the foundation phase, given the salary levels that they are paying, I am not sure that that is what is happening on the ground. However, to answer your question directly, if you are going for 1:8, logic will dictate that, the minute you exceed eight—or the minute you exceed 15 for the older age group—you need additional staff to deliver, because we are talking about quality and nothing else.

[184] **Angela Burns:** If you are following the 1:8 ratio, how will you be able to protect children with special needs? A school close to my home can deliver the foundation phase because two LSAs are assigned to the class to support two children who need that; therefore, there are three adults, and about 16 or so children, so they are well covered. However, that gives me great cause for concern. Given the shortage of funding, what steps can you take to moderate that situation?

[185] **Mr Hopkins:** That is why the deficit model proposed by the Welsh Assembly Government is dangerous, because those people may well be taken account in its calculations, and they should not be.

10.30 a.m.

[186] If you are bringing in the foundation phase, which is a brand new initiative, as colleagues have said, you must fund that initiative. You forget everything else; you fund that initiative and you fund it properly. Those other issues are then dealt with by local authorities and schools in accordance with their normal practice and procedures. So, those children should still get the support they need on top of the staffing for the foundation phase.

[187] **Dr Llewellyn:** I would like to add that the minutes of our discussions with the Minister will show that we have consistently argued that point. That has been our concern. We have been reassured throughout the process by the Minister's assertion that she would fund the foundation phase based on pupil numbers and that it would not be a deficit model or a top-up approach.

[188] **Angela Burns:** I would like to follow up on that, Chair, because it segues into the area of capital funding.

[189] **Alun Cairns:** Before we come on to capital funding, Mr Hopkins, can you clarify what you said about the deficit model? Why is it flawed? I want you to expand a little. If there

are challenges to that, Members will want to comment.

[190] **Mr Hopkins:** I will use my local authority as an example. I am working from memory—

[191] **Alun Cairns:** I am sorry to interrupt, but could you answer in relation to the LSA point and special needs, or the additional support that is needed elsewhere?

[192] **Mr Hopkins:** Yes. If you look at the deficit model or the model that the Assembly Government was proposing, my authority would have been told that an additional 137 classroom assistants would have been needed for the foundation phase. Our calculations reveal that 202 are needed, because we would not count the classroom assistants already employed by schools for other purposes. That is right and proper. So, they have to be discounted. You start with a clean sheet. You take the cost of the foundation phase and its implementation as the amount of money that you have to find. At the moment, the Welsh Assembly Government is trying to pull back from that and is counting those people who are already in the system. That is what I am saying is fundamentally wrong. It should not count those people as they are there for other purposes.

[193] **Alun Cairns:** Would the deficit model mean that it would not be until 12 months later, when you were looking at staff numbers and costings, that it would be identified that you had children with special needs?

[194] **Mr Hopkins:** Children with special educational needs should be treated entirely separately from this.

[195] **Alun Cairns:** In fairness, the Minister has said that funds would not be diverted from that.

[196] **Mr Hopkins:** As with other programmes that run in a number of schools to deal with any number of issues, the simple fact is that, at the moment, the calculations that we are being asked for, or had been asked for, are based on the notion that some of those staff would have been counted. We took issue with that.

[197] **Joyce Watson:** Are we not back where we started? Frankly, we are just going around in circles. The issue is the data that we needed as the basis for the calculations to iron out the creases, to ensure that the staffing levels were right, and to ensure that the data that we received were right. You are now saying that it is based on evidential data. We cannot get out of this cycle. Unless we have the data, we cannot in any shape or form agree the amounts of money. I have looked at your paper, as has everyone else—

[198] **Alun Cairns:** Can we have an answer to the point that Joyce has made? You can then follow it up if you want to, Joyce.

[199] **Dr Llewellyn:** I know that David will want to come back on this. You have touched upon an important point. For us, there is an issue of principle and an issue of practice here. The principle is that this is new funding for a new initiative and it should not take into account existing provision. The issue of practice is that the deficit funding model threatens to take account of existing provision. There is a perverse incentive; it provides additional funding for those who have made no provision or no preparation and penalises those who have prepared. Many good schools and many good headteachers who have been anticipating the roll-out of the foundation phase from September have some provision in place at the expense of running down balances or other arrangements. Unless we agree with the principle of per-pupil funding—the additional funding—they would be penalised, as good schools and good headteachers, for preparing in advance for the roll-out.

[200] **Alun Cairns:** Joyce, do you want to pursue that? I interrupted your question, but I wanted an answer to the first question that you asked.

[201] **Joyce Watson:** Whichever way it cuts, it is about data and funding. I have looked at your figures, which you have cited time and again, and in each instance you state that what is needed is more money. It seems to me, as I sit here looking at your figures and your paper, that, regardless of how much additional funding the Assembly Government has made available, the amount that is needed keeps on growing. It is like feeding my son when he was a teenager, I used to shove food in his mouth and two minutes later he would want more food, because he was growing. It seems that we are in the same situation with the foundation phase. It comes back to data; how can you make me confident—I want to be confident and I want this to be rolled out, because it is a hugely important scheme—that what you are supplying us with at this stage is reliable, when there is evidence that what you were supplying us with before was not?

[202] **Mr Thomas:** We are caught between a rock and a hard place. We have been accused of not asking for enough money and we have been accused of asking for too much money. I am not certain which one it is. I have never been accused of not asking for enough money before; this is a first. I think that you must answer your own questions. Do you not feel that it is counterintuitive, when the cost of the pilot stage is £15 million, which is an average of £100,000 per school, to say that another £15 million will roll out the foundation phase across a further 1,500 schools?

[203] **Alun Cairns:** Alun, you indicated that you wished to speak; is it on this point?

[204] **Alun Davies:** Yes, it is.

[205] **Alun Cairns:** I know that Dai also wants to come in, but I am conscious that this interrupts Angela Burns's thread of questions, because she wanted to move on to capital.

[206] **Alun Davies:** We spent the first 20 minutes of this session arguing about whether the data are robust and timely, and clearly they are neither. We spent the second 20 minutes with you listing the inadequacies of the data available to the Assembly Government, which were provided by you. You are defeating your own argument. In many ways, had local authorities provided the data to the Government at the time and of the quality asked for, we would not be in this situation. Do you understand the frustration that many of us feel about that?

[207] **Alun Cairns:** Before you answer, Mr Thomas, I think that that question has been asked and those points made.

[208] **David Lloyd:** It is a related issue, because I am trying to tease out your defence at the start, which I fully understand. You said that projections for funding should be based on pupil numbers, and that is fine. The argument developed to looking at learning assistants and so on, so we were talking about staffing there. However, when Government officials first wrote to directors of education in February 2006, the WLGA felt at that point that this was all about pupil numbers—a point that I understand—but you totally discounted staffing issues then. The information that was asked for was about staffing numbers and projected staffing numbers to run the foundation phase. That issue was not answered for some months, according to the information to hand here. So, are you now saying—and I fully understand the point—that while it is about pupil numbers it is also about protecting staff numbers? It is a point that I also understand, because we need new, additional staff, over and above what we have, to deliver this. I take that point on board completely, but does that not all point to an inconsistency in your argument—first of all, in not answering the question that was put to you by officials in February 2006 that staffing considerations were outwith the ambit of the

funding—

[209] **Mr Thomas:** May I read to you from the agreement that we had with Jon Hawkins? It was agreed with the ADEW finance group, when we put the £30 million up for implementation. We agreed with Mr Hawkins that the additional staff requirements for the full roll-out of three to five-year-olds from September 2008 would be £19.3 million. We agreed that the additional funding required by the ongoing pilots—funding additionality—was £7 million. We agreed 10 per cent teacher time in the non-maintained sector, which was £2.7 million, and we also agreed that there would be one foundation phase training support officer in each authority for £1 million. We took those calculations on board.

10.40 a.m.

[210] **David Lloyd:** Further to that point, I perfectly accept all of that, but I am trying to scrutinise what went on and why, because there seems to be a disparity of opinion. Given that we are where we are, and the Minister has told us this morning that there will be important meetings to sort this out at the end of this month, and in June, I assume that more robust information will become available, with a commitment to look again at whatever funding is required from next year onwards. Can you give us some confidence, as an all-party committee, that the further information that the Minister and her officials desire at the end of this month will actually be provided—regardless of any arguments about what sort of information is provided to which level—because we want to see this foundation phase rolled out?

[211] **Mr Thomas:** We are currently providing that data to the Minister on the Assembly Government calculations—we have the spreadsheet here. This goes back to the issue of confidence in the expenditure sub-group process, which was built up on those calculations. You have to provide us with some confidence as well—are we engaging in a process that will not be honoured from now on?

[212] **David Lloyd:** That is a question for Ministers.

[213] **Alun Cairns:** That is absolutely right. Have you finished your point, Dai?

[214] **David Lloyd:** Yes.

[215] **Alun Cairns:** I am conscious that we are running 10 minutes over time, so I would like to close this session shortly.

[216] **Angela Burns:** I will make this as quick as I can. You just referred to £19.3 million being needed for additional staff requirements, with £1 million for the training support officers. However, I did not hear them magic word ‘capital’. One thing that strikes me about the whole foundation phase teaching methodology is that you need the space to teach the children—both outdoors and indoors. The Minister has said that she has capital of £2 million or £3 million to give to the LEAs to help fund that. Do you know of this extra money, and if so, is it enough? That is my first question, but I have another one on capital.

[217] **Mr Hopkins:** Any extra money is always welcome. I am not sure of the exact figure, but it is a relatively small sum. I do not disbelieve what the Minister has said, but the simple fact is that, if you are to deliver the foundation phase properly, you need a lot more than that. Even if you combined it with existing Welsh Assembly Government capital funding, and local authorities’ own efforts to put money into capital for schools, the environment that you need to create is not just about capital—there is also a resources element that needs to go into schools, and continuing training. All that will cost more than the £3 million or so that is available.

[218] **Angela Burns:** Do you have any feeling for how much that might be? The reason that I ask is because, in the scenario I mentioned earlier, where there is one teacher and 16 children, and two learning support assistants are needed because there are two children with special needs, the classroom is only about half the size that is needed. That is just one of a number of schools that I have spoken to with similar problems. You will then need another LSA to reach the 1:8 ratio, you need the wet and dry area, and all these other things, in order to create the foundation phase learning experience. It strikes me that we do not have enough capital. Do you have any feeling for how much capital we need, or where you would be able to get it? You have signed up to this, so you must have thought, somewhere over the last three years, 'Gosh, we need to build more'.

[219] **Mr Hopkins:** I accept what you say, and I broadly agree. There are so many schools in Wales that simply will not be fit for the foundation phase, however much money is spent on them. That is why there is a huge backlog in terms of schools capital in Wales that needs to be addressed as part and parcel of this. We need to build more new primary settings with fit-for-purpose facilities, or carry out major adaptations. I would not like to isolate this, as it needs to be taken into account with the other capital issues that we have to address.

[220] **Dr Llewellyn:** May I add to that? The information that you are referring to will be contained within authorities' own capital asset management plans. One thing that we highlighted at the outset of this discussion, and is also highlighted within the ESG report, is that this is an ongoing process. The roll-out will take three or four years, and local authorities have entered into this process of dialogue with the Assembly Government in good faith, with a commitment to see the roll-out implemented. We have also recognised that costs and assumptions will change as the initiative rolls out, and we will have to engage with the Assembly Government on the capital assumptions as the process rolls out. What we do know is that, at the moment, there clearly is not enough capital investment in schools as a whole. The WLGA commissioned PricewaterhouseCoopers recently to look at the capital needs in education and we identified a £1.8 billion shortfall. We think that there will be difficulties in terms of the foundation phase, but we are prepared to engage with the Assembly Government in good faith to try to see how this initiative can be successfully rolled out. As Steve mentioned at the outset, the interest of local government is in successful and improved outcomes for children and we are committed to working with the Assembly to achieve that end.

[221] **Joyce Watson:** Early years capital funds have been given to local education authorities on the assumption that they would be given to schools for capital spend. Since you clearly keep very good records, as you have just told us, are you aware of how those capital funds have been spent and where they have been spent? We have talked a lot about confidence and we need to be confident that the money that we have given for capital expenditure has been spent on that. You have just made a statement that local education authorities have not been given enough funding for capital build, but that is fundamentally not the case, because there is a huge disparity between what one local education authority spends and another.

[222] **Mr Hopkins:** It is extremely early in the financial year and so we may not have the distribution of capital moneys from the Welsh Assembly Government. In my own authority, we are currently looking at how best to spend that over the coming year, because some of these announcements are made quite late in the year. I am confident that local authorities will spend that money in appropriate ways. I do not have the details with me now, but each local authority would have its own plans on that and they are usually very efficient in what they do.

[223] **Ann Jones:** Could we ask for an additional note on the amount that each authority has spent on early years capital projects from when that first started, including the pilot

schemes? Could we ask the WLGA to provide us with each authority's capital spend on each school in early years, please?

[224] **Angela Burns:** I think that that is an excellent idea, Ann. I would also like a written note, if possible, on where this information is that you say that the Government already has and on how up to date it is. I accept entirely the Minister's point that she asked for information and did not get it, but I also accept your point that you feel that you have been logging it in and the Welsh Assembly Government is swimming in it. Therefore, a note on where it is, what it is and how frequently it is updated would be very helpful.

[225] **Alun Cairns:** I am conscious that this session has gone over time and I apologise for that, but Members had urgent questions that they wanted to pursue and I wanted to give you the opportunity to answer them fully. I thank each and every one of you for your responses and the candid answers that you have offered. I suggest that we now have a comfort break, so that we can let some of the steam out of the room, possibly.

*Gohiriwyd y cyfarfod rhwng 10.48 a.m. a 10.53 a.m.
The meeting adjourned between 10.48 a.m. and 10.53 a.m.*

**Ymchwiliad i Ariannu'r Cyfnod Sylfaen—Tystiolaeth gan Gymdeithas
Genedlaethol y Prifathrawon ac Undeb Cenedlaethol yr Athrawon
Inquiry into Funding of Foundation Phase—Evidence from National Association
of Head Teachers and the National Union of Teachers**

[226] **Alun Cairns:** I call the committee to order again following that brief break. The next item on the agenda is the next evidence session for the inquiry into the foundation phase. We have received written evidence from the National Union of Teachers and the National Association of Head Teachers and we are grateful to Mr Iwan Guy, the acting director of NAHT Cymru, and his colleagues for their presence today. I would like to make a brief point for the record: the agenda notes Ms O'Halloran as Ms Halloman, so we will note that in the Record to make sure that that is corrected. Mr Guy, may I ask you to introduce yourself and your colleagues and to offer a brief resume of your position and that of your members, please?

[227] **Mr Guy:** Bore da. Yr wyf am ddechrau drwy ddiolch i chi am drefnu'r cyfarfod hwn a rhoi cyfle i ni ddod o hyd i atebion o ran y sefyllfa ariannol sy'n ymwneud â'r cyfnod sylfaen. Nid ydym yma i bwyntio bys nac i fwrw bai, ond i wneud ein gorau dros y plant sydd yn ein gofal, drwy ofyn cwestiynau a gobeithio cael atebion. Yr wyf am gyflwyno Sue O'Halloran sy'n brifathrawes Ysgol Gynradd Garth ym Maesteg a David Griffiths sy'n brifathro yn Ysgol Gynradd yr Eglwys yng Nghymru Llanbedr-y-fro ym Mro Morgannwg.

Mr Guy: Good morning. I will start by thanking you for arranging this meeting and for giving us an opportunity to find some answers in relation to the funding for the foundation phase. We are not here to point the finger or to lay blame, but to do our best for the children who are in our care, by asking questions and, hopefully, receiving answers. I introduce Sue O'Halloran, the headmistress of Garth Primary School in Maesteg, and David Griffiths, the headmaster of Peterston Super Ely Church in Wales Primary School in the Vale of Glamorgan.

[228] We have submitted a statement, of which you have copies, and we are quite happy to take questions on it. We are absolutely committed to the foundation phase and I have been very interested in listening to the evidence that we have heard this morning. If I may make a comment or two, Chair, on some of the evidence that we have heard, I will say that my jaw dropped at times when I read the WLGA's evidence. It would seem that many of the problems that we are encountering have arisen simply because schools and headteachers have

been ignored in the process. I am looking at page 6 of the evidence of the Welsh Local Government Association and the Association of Directors of Education in Wales. With regard to the paragraph that begins:

[229] ‘What is crucial at this stage is that the Assembly Government continues to work...’

[230] It is regrettable that schools are not included in those discussions. Further along, it says that:

[231] ‘It is the position of both ADEW and the WLGA that it should be left to local authorities to decide how best to allocate the funding to schools.’

[232] Please could they ask the schools how we think it should be allocated? The paper continues with a reference to creating,

[233] ‘conditions to allow local authorities to implement the curriculum over 4 years.’

[234] It is not the task of the local authority to implement the curriculum; it is for schools and governing bodies to do that. We simply expect the local authority to provide the necessary resources so that we can do that. We have heard about the 1:8 ratio and about the roll-out, and it is generally accepted that it will happen over a four-year period. However, our members are very worried that, from September 2008 the curriculum requirement will be statutory, and we are being asked to provide that without adequate resources to do so. That leaves headteachers, schools and governing bodies with a dilemma. It is a statutory and legal requirement. We have had a letter from the chief inspector, but I still do not know whether all inspection teams will take note of it. I would hope that they would, and that the directive would be clear on that point.

[235] Further along, the paper states,

[236] ‘local authorities can only provide minimum levels of training for staff working in the Foundation Phase.’

[237] Our position on that is: please, give the money to schools. We are the best-placed people to decide how that training should be delivered. We may want to purchase it from the local authority, we may want to purchase it from other providers, or we may want to do it in-house. Most schools are now geared towards the foundation phase, have already undertaken lots of in-house training, and are well placed to decide. We have experienced staff, both teaching staff and support assistants, who are well placed and absolutely committed to this. We want to make it work—our children are our main concern. I am happy to take any questions that you may wish to address to us, Chair.

[238] **Alun Cairns:** Thank you, Mr Guy, for your helpful introduction. Given the current state of play, what analysis have you and your colleagues made of the money that is being made available? I am thinking of the original £25 million for the forthcoming year plus the extra £5 million that was made available. Could you give us your perspective on how that will or will not allow you to introduce the foundation phase as you see fit?

[239] **Mr Guy:** I was still in post as a headteacher when the foundation phase was first mentioned, four or five years ago. At that time, the majority of headteachers at that time quickly took a pencil and paper and worked out what the 1:8 ratio would mean for them and how they would be able to fund it, given the resources in the school. Straight away, we saw that there was a huge shortfall of resources at that time. However, when we raised the issue, we kept getting the answer that it would be fully funded. We raised concerns as far back as five years ago—the NAHT is on record as having done that. We raised the issue with local

authorities, so no-one can say that they did not know that this would be an expensive initiative, although we welcomed it. Both my colleagues here are serving headteachers, and they can talk for their own schools. We have evidence from other authorities across Wales, and I know that many Assembly Members have received information on specific issues at individual schools. There is no one-size-fits-all solution—each school is different.

[240] **Alun Cairns:** I will turn to Mr Griffiths and Mrs O'Halloran for some perspective—either at school level, or at local authority level, depending on the figures that you have available.

[241] **Mr Griffiths:** Branch secretaries all across Wales are reporting a shortfall in the range of 40 to 60 per cent.

[242] **Alun Cairns:** Could you talk us through an example?

11.00 a.m.

[243] **Mr Griffiths:** Of the £25 million, the Vale of Glamorgan authority will get £1.065 million, and of that, £875,000 comes to schools. My share of that will be £16,096 on current indicative numbers. The cost for me next year will be £24,600, which leaves me with an £8,500 shortfall.

[244] **Alun Cairns:** Is that from September—

[245] **Mr Griffiths:** It is from September to March of next year.

[246] **Alun Cairns:** What happens thereafter?

[247] **Mr Griffiths:** In the following year, my shortfall is likely to be £22,672, and the following year my shortfall will be £31,560.

[248] **Alun Cairns:** Okay. Ms O'Halloran, do you have any comments?

[249] **Ms O'Halloran:** I have a similar story, and I will just reiterate what David said. I asked my authority yesterday for some guesswork. It had done some modelling on the additional £5 million that is coming in. I will have 65 pupils in early years in my school in September 2008, and I will require an additional four members of staff—I currently have four members of staff. I have been told that the allocation that I will receive is £19,000. The authority has said that that is a rough estimate and that the figures have not been finalised, but I am talking about a massive shortfall with regard to the figures that I have and the number of staff that I will need.

[250] People spoke earlier about schools that are well set for the foundation phase. Unfortunately our authority comes twenty-first out of 22 authorities for primary funding, and we have not been in the fortunate position of being able to get additional staff or to make any capital advances. In our authority, I am almost certain that the capital money went to one school for creating an early years environment that had no option at all. So, the way in which that has been allocated is a worry, because we are in an unfortunate financial position even before the foundation phase comes in.

[251] **Alun Davies:** Thank you very much for your presentation and for your written evidence. I find it heartbreaking that we are in this position. As someone who is relatively new to the Assembly—it has been a year since my election—I felt that creating a basis for the foundation phase and moving forward to implement it was one of the great achievements of the Assembly's work in education. It is heartbreaking that we are hearing the information that

you have given us. I was interested in the letter that you wrote to the Chair, dated 25 April. In the penultimate paragraph of the letter, you say:

[252] ‘I am requesting that the Finance Committee, as a matter of urgency, scrutinise the funding process by which the level of funding allocated was determined for the Foundation Phase. The method of calculating the required funding would appear to be flawed, and possibly based on incorrect information.’

[253] That is quite an important statement. You will have heard the rumbustious exchanges that we had in the last session about the level of information that has been required and the inadequacies of the information provided in terms of timeliness and robustness. Do you agree that there are fundamental weaknesses in the data that have been supplied and in the times at which local authorities have provided data?

[254] **Mr Guy:** Yes, given the timescale of the Government’s request, for them not to respond was astounding, especially as, as headteachers, we are bombarded with requests for information from the local education authorities that we know is sitting in the office next door to the person asking for it. We are required to provide the same information in different guises all of the time. We would not not provide the information when asked, and I find it rather surprising that the Assembly Government asked for information and did not receive it. We knew that the pupil level annual school census data would not give the information required—and we said as much—because it used the illustration of two assistants working on a one-to-one basis and if the assistants are employed on a one-to-one basis, they cannot be diverted to work with another group of eight children. They cannot work with nine children, including the one child. It is a non-starter for schools and for headteachers.

[255] We can somewhat ironically smile in saying that if you had only asked the schools, we would have given the Assembly Government the data, because if it had asked, ‘How many pupils do you have in your school? How many staff do you have? How many staff do you have working in that area in the school and what are the staff doing?’, we could have given the answers.

[256] **Ms O’Halloran:** As a group, NAHT Cymru received that information from every school that had an NAHT member. We collected that information over a year ago. We knew how many pupils and how many staff we needed.

[257] **Alun Davies:** Thank you very much for that; it confirms some of the information that we have received during this inquiry. Are you happy with the information that you have received from local education authorities with regard to individual school allocations? I am talking about the information, rather than the total amounts.

[258] **Mr Guy:** No, because it is only indicative at the moment. ‘We do not know’ is the answer. Some authorities have not even given indicative figures to schools. Some headteachers are in the position of not having an idea about what they will get. How can they start planning ahead for September and the statutory requirement that will be placed on schools? Some authorities have not even given an indicative amount for schools.

[259] **Alun Davies:** Do you have any indication of when you might receive that information?

[260] **Mr Guy:** We heard this morning that the information should be available by the end of May. It is getting very close.

[261] **Ms O’Halloran:** We have six weeks in which to appoint staff, and with the recruitment processes as they currently stand in local authorities, we will be pushed when you

consider that every school might be looking to recruit learning support assistants. In our authority, there are 60 primary schools. If they are looking to recruit two learning support assistants each, that means that we will be looking for 120 people for implementation in September, which will be very tight.

[262] **Alun Davies:** So you have been put in a very difficult situation.

[263] **Ms O'Halloran:** As leaders, we are in a very vulnerable position.

[264] **Mr Guy:** Welsh-medium schools are in an even more difficult position with regard to finding the bodies, because they are not out there. I alluded to training earlier. We are not aware of many Welsh-medium training providers that can provide the LSAs for the Welsh-medium schools. Give the money to the schools and we will see that we find the people and that they are trained. Joyce Watson made a point earlier about sending the money directly to schools, which is a message that we have been repeating for years. If the money is ring-fenced to the local authority, what are the conditions? Our concern, which I have put in my paper, is how much of the £107 million allocated—and there is £25 million for this year—will get to the school. We do not know the answer and no-one will tell us. I have used the term 'top-sliced'; how much of that £25 million will be top-sliced?

[265] **Jenny Randerson:** On the issue of pay levels, I know from my experience as a school governor and from talking to headteachers generally that there is concern that not only will there be a problem with Welsh-medium education, but that there will also be a problem with recruiting across education generally, and that the approximate figure of £15,000 that the Welsh Assembly Government estimates will be the average pay level is not adequate to attract sufficient recruits. With your experience at the grass-roots level, what is your view on that?

[266] **Mr Guy:** No two schools are the same, but the figure of £15,000 that you have quoted does not include oncosts, so you can add another 22 per cent to that.

[267] **Mr Griffiths:** When the pay scales were quoted this morning, they did not include the oncosts, so it is not the true cost to schools.

[268] **Jenny Randerson:** That is a very important point, thank you. My second point relates to the other parts of your evidence.

[269] **Alun Cairns:** Jenny, before we go on to that, I want to press further on the figure of £15,115—I know the bottom of the pay band off the top of my head now. Putting the oncosts aside for a moment, is £15,115 sufficient to attract the people whom you need and want? The Minister talked about costing it at the bottom of the pay scale, and the Welsh Local Government Association and ADEW talked about £18,000 as being their bald figure. I assume that there are also more oncosts, because that would be the middle point. What do you see as being reasonable and relevant?

[270] **Mr Guy:** It is difficult to give you a definitive answer on that, because the learning support assistants currently working in the schools do not do it for the money; they are there for the children. The majority of learning support assistants would be earning approximately half of that for the work that they are doing already. In many cases, it would be the same people who would be undertaking the role, and if it is at level 3, they can expect to be paid accordingly.

11.10 a.m.

[271] **Alun Cairns:** Is that the £15,000 or the £18,000?

[272] **Mr Griffiths:** The foundation phase role requires a person of level 3 standard. The important thing to start with is the quality of the person that you need. You need a person of level 3 quality to fulfil the role. Obviously, people would start at the bottom of the scale and move up incrementally, and many of the figures that we alluded to earlier do not include incremental drift, so the cost to schools will get more and more expensive as you go along.

[273] **Alun Cairns:** Do you want to explain incremental drift?

[274] **Mr Griffiths:** Every September, as part of a performance management review, people will move one point up the scale. The costs to schools will therefore increase as we go along.

[275] **Alun Cairns:** I want to press you on the matter of £15,000 or £18,000, as that is fundamental to the costing and to any shortfall. Forget the on costs for the moment—we will put that aside, because that is a percentage that you can add on. To both headteachers, what is right or reasonable or fair in terms of costing and recruitment?

[276] **Mr Guy:** If there is an existing pay scale, and there is, in placing them on the existing pay scale, you need to reflect the qualifications, ability and so on that people bring to the post. Teachers go through the same process when they change school. Headteachers can be placed on any one of the four lowest points of the pay range. There is no reason why that should not operate.

[277] **Mr Griffiths:** My calculations are at £18,000, but that is including on costs.

[278] **Ms O'Halloran:** I cannot help but think that you will not have every single person starting at the bottom of level 3, because people will come in with qualifications that may set them even higher than the £18,000, if they are going to the top end of the scale. That middle point is probably a fair guesstimate of the average that you will be paying.

[279] **Alun Cairns:** Jenny, I am sorry that I interrupted, but I wanted to follow that point up.

[280] **Jenny Randerson:** I want to go back to the level of information that got to LEAs, because when teachers, headteachers and LEAs started alerting me some months ago to the problem with the foundation phase funding, those I spoke to seemed to have had quite a lot of discussion with headteachers and the LEAs about exactly how the funding was going to be required and what factors to take into account. In your experience, and from what your branch secretaries and so on tell you, how many LEAs have pursued good practice in terms of meetings and discussions with headteachers about this issue? Is it the norm, or the exception?

[281] **Mr Guy:** It varies. Discussions take place, but then the question is what happens to the information that comes from the discussions. We cannot answer that. We can provide information, but it seems that, along the line somewhere, the information is not reaching whoever is deciding on the funding.

[282] **Jenny Randerson:** To be fair, I asked about what your branch secretaries were reporting back. Have there been discussions in many areas? I am not asking what LEAs do with the information—that is not something that you can answer.

[283] **Mr Griffiths:** From my point of view, there has been discussion at budget forum level within the Vale authority, but I would not say that that is widespread across Wales from talking to colleagues.

[284] **Ms O'Halloran:** In our authority, it is the budget forum that has had those discussions.

[285] **Mr Guy:** Once the authorities have had the indicative amount, they seem to say, 'We haven't got that money; we won't have it'.

[286] **Ann Jones:** It is all around the amount of data. The WLGA did not necessarily think that LEAs should be asked to provide data again, but you have made the point that headteachers are constantly asked for information by the LEAs, so it is a bit like there are two faces there. Anyway, Mr Griffiths, you said that, of the allocation to the LEA, your particular school would have a certain amount. How much of that total allocation to the LEA do you think is top-sliced by the LEA, and why would it have to top-slice this money at the moment, given that, we understand, LEAs have all had a significant amount of money for a foundation phase co-ordinator, which has been funded from previous budgets? Why would the LEAs have to top-slice?

[287] **Mr Griffiths:** With respect, the LEA is not top-slicing; it is providing to schools £875,000 of that £1.065 million, but it also has to ensure that the non-maintained sectors are funded. So, the top-slicing that is taking place is only to keep the non-maintained sectors going. There is a very small element of money for training, but as the authority has rolled out the foundation phase training programme, as set out by the Welsh Assembly Government, the training level is minimal.

[288] **Ann Jones:** So, the LEAs have made the decision that they also have a maintained section, so that is where the money—

[289] **Mr Griffiths:** All authorities have responsibility for the maintained sector and the non-maintained sector—10 per cent has to go to the non-maintained sector.

[290] **Ann Jones:** Okay; thank you.

[291] **David Lloyd:** I also thank you for your written and oral evidence. As I mentioned previously to other presenters, it is going to be an interesting summer. Most of this seems to relate to information and data and so on, which we have heard so much about, in terms of where they are, who knows what and so on. You seem to indicate that you have the required information at your fingertips, so I am now giving you a platform to emphasise that fact because we all want to see a successful roll-out of the foundation phase and we do not want to hear more squabbles about whether we have the data, numbers and staff and so on. Your line is that you have the information in your schools, so come and get it. Would that be a fair assessment?

[292] **Mr Griffiths:** Yes. We know how many pupils are in our schools; our schools will know how many pupils they will have in September. They know how many staff they have already and where they are working. If a nursery nurse is employed and working in the nursery setting, then we know that someone is there already. However, they might then need extra staff. We have all of that information at the school level.

[293] **Angela Burns:** Following on from that, again on the data issue, I know that you give the information that you have to the LEA but does the Welsh Assembly Government ask you for it or do you ever submit it to the Welsh Assembly Government?

[294] **Mr Griffiths:** No, we have not been asked.

[295] **Ms O'Halloran:** That would be done through the PLASC returns.

[296] **Angela Burns:** So, the PLASC return is the only direct route for supplying information here, otherwise it all goes to the LEA?

[297] **Mr Griffiths:** Yes, but the PLASC return does not indicate what existing staff are doing in the school.

[298] **Ms O'Halloran:** It just indicates how many existing staff you have.

[299] **Alun Cairns:** So, considering the issues that have been raised, for example, difficulties in communication and the lack of responses and so on, were schools ever asked for data from the Assembly Government? Let us hypothesise and say that the WLGA was not playing ball. Were schools ever asked thereafter for information because of a lack of information from the WLGA?

[300] **Ms O'Halloran:** No.

[301] **Jenny Randerson:** May I ask a supplementary? You say that schools know how many pupils are coming in. When would they have known, more or less, their intake for September this year? When would a school be pretty certain of what that intake would be?

[302] **Mr Griffiths:** They are fairly confident now, because there is an admissions procedure operated by each authority, and schools know about siblings and so on in their communities. We gather our own data and we can tell you who is coming in.

[303] **Jenny Randerson:** This is quite a key point, because the Welsh Assembly Government was asking for information in 2006 and I cannot see how schools could be certain enough in 2006 to provide that information. I am well aware that you would be able to count it down probably to the last pupil now, but who would reasonably have had those data in 2006?

[304] **Mr Guy:** The health authority has data on all the children born. That information is there.

[305] **Jenny Randerson:** So this could be done at local authority level that far in advance?

[306] **Mr Guy:** Yes.

[307] **Ms O'Halloran:** Local authorities calculate projected numbers using those data.

[308] **Mr Griffiths:** The number of children expected in schools is in every authority's education strategic plan.

11.20 a.m.

[309] **Joyce Watson:** Following on from that, I want to understand clearly how we are arriving at these figures. From all that has been said, I know that the local authorities have somehow failed through the WLGA to provide data and that there is a dispute about those data. However, for my own satisfaction, I want to understand whether they would have relied on headteachers or schools or managers of schools providing that data to them. I want to be clear about lines of communication and, for the benefit of future projections of spends, I want to ensure that we never arrive at this situation again. We want to finance what is a good scheme properly, and so we are reliant on having good data but the system that we are operating is not satisfactory. I just want to know, before we hear it, that the LEAs are not dependent on the headteachers or on the managers of schools for those data.

[310] **Ms O'Halloran:** In our authority, we send data back probably twice a year with projected numbers for September, actual numbers for January and actual numbers for September. We send those statistical returns in religiously because they affect our future funding. If we did not send them in we would be in a bit of a state. So I would say that 100 per cent of headteachers would return that information, which is in addition to the PLASC returns.

[311] **Mr Griffiths:** We have to reply each term, and January is the important one because that is the funding driver.

[312] **Angela Burns:** May I ask another question?

[313] **Alun Cairns:** Is it on this point?

[314] **Angela Burns:** No.

[315] **Alun Cairns:** Please be brief, because I want to ask the witnesses about some issues that have arisen.

[316] **Angela Burns:** In your paper, you express concern that the 1:8 ratio is no longer statutory, or there is no intention to make it statutory at the moment. Could you explain in more detail as to why you have that concern and, if it is not statutory, what do you think are the financial implications of that?

[317] **Mr Guy:** The Minister this morning reiterated her commitment to the 1:8 ratio and that is the whole basis of the initiative. From the beginning, we were led to believe that that ratio would be 1:8. However, a few months ago, it was suddenly announced at an event that that ratio was not statutory. We had not heard that before; we had just assumed that it would be 1:8. The curriculum and the inspection framework are based on that ratio. So, they all go hand in glove, but then suddenly we are told that the 1:8 ratio is not really important.

[318] **Angela Burns:** So, if there is not a 1:8 ratio, do you believe that that will have long-term implications for the implementation of the foundation phase and do you have any feeling for what the financial benefit might be of it not being 1:8, or the financial consequences of it being 1:8?

[319] **Mr Guy:** The consequences are for the children. If the ratio is not 1:8, then the children will not get the foundation phase. We heard a headteacher on the radio this morning who was correct in saying that it would be a watered-down version and that we would have to make and mend and see how best we could do. He went so far as to say that it might not be as good as what we have already got. So, the 1:8 ratio is crucial.

[320] **Angela Burns:** May I just pursue that? If we had ratios of 1:10, 1:12 and 1:15 because we had to cut our cloth, are you saying that the foundation phase would not achieve its educational objectives for the children?

[321] **Mr Griffiths:** Yes. It would no longer be the foundation phase.

[322] **Alun Cairns:** I want to press you on that and take this to the next level. If you take the numbers of pupils and divide them by eight, that would give you the ratio. However, it never works out that way, because in some classes you have nine pupils and in other classes you have six or you could break it down on that basis. So, what happens if you have nine pupils?

[323] **Mr Guy:** In the pilot schools, the ninth pupil triggered another person and that is how

it was funded. So, the ninth pupil triggered the need for an additional adult.

[324] **Alun Cairns:** So, is that now the expectation in schools?

[325] **Ms O'Halloran:** Absolutely. May I just make a point on that? We have had a pilot scheme that was very successful and was welcomed. However, we are in danger of creating a two-tier system because we have a pilot system where pupils are funded at a 1:8 ratio and the 'golden child' principle applies. Those schools have had capital funds and resources. I accept the Minister's point this morning that they are funded generously—yes, they are, but we need to be funded in the same way; we cannot create a two-tier system.

[326] **Mr Griffiths:** To follow on from Sue's point, yesterday, when we gave evidence to various Assembly Members, a school said that it had £30,000 next year to try to employ seven learning support assistants while the school down the road, which is of a similar size, will have all of its LSAs funded next year, because it was a pilot school. So, we have that two-tier system in schools. The two lie alongside each other.

[327] **Alun Cairns:** Building on the points that have been made, Ms O'Halloran, you mentioned the capital funding that is needed. Could you give us your school's perspective as well as that of other schools in your authority area, if you have a wider view, on the capital that has been made available so far and the capital that you need to make the appropriate adaptations?

[328] **Ms O'Halloran:** I am in a fortunate position because I have quite a modern school, and I have access to an outside area. However, many schools in our authority area are old Victorian buildings. They do not have a blade of grass, there is no access to outside areas, and they need a lot of work to make them fit for purpose. Speaking for my authority's schools, I know that very few of them have seen any capital funding for the foundation phase.

[329] **Mr Griffiths:** My local education authority has had £0.5 million of capital money over the past two years for early years education. The LEA did an audit prior to this money coming in, and, of that money—and I am quite bitter about this—I have received nothing. A total of 26 of the 50 schools in our authority area have received nothing.

[330] **Alun Cairns:** So, that is more than half of the schools.

[331] **Mr Griffiths:** Yes. It is because the money has had to be spread so thinly. More than half of the schools in my authority area have not received anything.

[332] **Angela Burns:** But have they spent that money on—

[333] **Mr Griffiths:** The LEA did an audit at the outset. It gave a return to the budget forum that stated the capital works that had been undertaken. That is how I was able to get the figures about the number of schools.

[334] **Alun Cairns:** To play devil's advocate, is capital really important? You have a classroom, so can you not deliver the foundation phase within the capital arrangements that you have?

[335] **Mr Guy:** I can speak for a school of which I am a governor and which my children attended. It is an old Victorian building, and there is no outside access from the classroom that would be for reception children, so it has submitted a plan to have a door fitted. I believe that the door has now been fitted but, initially, it was told 'Yes, that is fine', and then it was 'Sorry, there is no money'. Many parents and parent teacher associations have contributed vast amounts to create the outdoor areas.

[336] **Mr Griffiths:** I have done a piece of work that says that my school needs £30,000 worth of adaptations to get the foundation phase right, and the PTA is trying to raise that money.

[337] **Alun Davies:** This is an absolutely essential point about how we fund our schools and it goes beyond the subject matter that we are discussing this morning. Could we capture the information that we have received this morning, Chair, and invite the NAHT back to discuss the funding of schools? We have agreed to have an inquiry on how we fund capital investment in schools. At present, the Government appears to be spending hundreds and hundreds of millions of pounds on capital investment in schools and, if that money is not getting to the sharp end, we as an Assembly have a responsibility to ask serious questions about where that money is going and how it is being spent. Somewhere in the system, there is clearly a problem that means that considerable amounts of money are not reaching schools.

[338] **Mr Guy:** About three years ago, the NAHT submitted a detailed report to the cross-party Committee on School Funding that was established at the time. We gave that committee detailed evidence particularly on the funding fog. Sadly, the fog has not cleared. We know that the money is going in but, at the 'sharp end', as it was referred to, we do not see the money. That is another issue.

[339] **Alun Cairns:** We may want to consider that at another time.

[340] **Joyce Watson:** It is a fog, and it is about commitment. We are back to this whole issue of statistics, evidence-based spending and where money ought to be directed. There is no question about it. We cannot escape the fact that all this boils down to that. The question that we are asking relates to capital spending. Local authorities have not only the money directed by the Welsh Assembly Government that they can spend specifically on education but also the ability to increase that money and make savings so that they can build up a capital fund of their own and decide where it gets spent, hopefully, on a needs basis. I support Alun's call. We need to start to investigate this seriously, because this has highlighted it more than anything.

11.30 a.m.

[341] **Alun Cairns:** I agree, but that is beyond our remit, and I am conscious of the time. We are running over time as it is, and people still want to ask questions.

[342] **Ann Jones:** I have a very quick supplementary question and it is based on what I asked the Minister this morning. She said that she was looking to place a grant condition on all LEAs for the foundation phase, and I asked her whether she was confident that that would solve the problem or whether she would go further and ring-fence the money for schools. I will ask you the same question to you, to try to get a balance. Do you believe that we should ring-fence foundation phase money and give it to schools directly, bypassing LEAs? If you think that that is the way forward, do you not think that this is the thin end of the wedge on school funding?

[343] **Mr Guy:** The NAHT has advocated over many years that money for education should be ring-fenced and not left to the LEA to determine spending on education. That is why we have a range of spending across the 22 authorities—and I believe that Bridgend ranks twenty-first out of the 22 on spending. That is another issue. Grants can be ring-fenced. The raising attainment and individual standards in education funding in Wales went directly to the LEAs, and they administered it and distributed it to schools according to the formula. We, as headteachers, in the NAHT do not know the conditions of this grant. We have asked the Minister for details. We understand that the conditions have been agreed but we have not

been asked about or shown these conditions.

[344] **Ann Jones:** Is that a failing on the part of local education authorities, the WLGA or the ADEW, namely the failure to disseminate information down to you as the practitioners, if you like, in individual schools?

[345] **Mr Guy:** It is a matter for them to decide how they administer things. We are the ones who want to deliver. We would say, 'Give us the necessary resources and sort your own arguments out between you, because we just want the money to be there so that we can get on with it'.

[346] **Angela Burns:** The Minister has given an additional £5 million, which is targeted towards the pilot schools but, nonetheless, it is £5 million to add to this initiative. She has stated quite clearly that she is doing that from within her current education budget. What is your view on that? Do you have any concerns about the possible impact of that? What other initiatives that may be going on in schools could this have an impact on? Do you feel that there is £5 million of fat that could be transferred into the foundation phase?

[347] **Mr Guy:** When the Minister made her statement, I responded in a press release the very same day, asking where that £5 million is coming from, and which area of education spending will now be short of £5 million.

[348] **Angela Burns:** Right. So, you do not have any feeling or view or inclination with regard to this?

[349] **Alun Cairns:** I think that that is probably a matter for the Minister.

[350] **Mr Griffiths:** I will respond to that, if I may. I have great concerns. Looking at the ratios, it seems that £5 million is the amount of money that will be required to fund 80-odd settings. You are then saying—and this is the crux of the matter of the underfunding—that the whole of the rest of Wales can manage on £25 million. That is the magnitude of the underfunding that we are talking about. At a local level, the pilot school in my local authority takes £172,000, so the rest of the authority has to manage on £870,000, and that includes that £172,000. That is the level of shortfall that we are dealing with.

[351] **Alun Cairns:** How many pilot schools were there?

[352] **Mr Griffiths:** There was one pilot school and one non-maintained setting within each authority and there is one early start school within each authority.

[353] **Alun Cairns:** So, what was the total number?

[354] **Ms O'Halloran:** It was some 80.

[355] **Alun Cairns:** So, that £5 million is allocated to the 80 schools—

[356] **Mr Griffiths:** In my case, because I have worked this through to my school, the impact of the £5 million being allocated to those schools is that I will benefit by approximately £500.

[357] **Alun Cairns:** Jenny has a question and then I will ask a final question.

[358] **Jenny Randerson:** We have devoted a lot of time this morning, one way or another, to the data and how they should have been collected and so on, but what you have just said suggests very strongly that the Welsh Assembly Government would have known from the

simple data from the pilot scheme costs that what it was providing was inadequate.

[359] You met the Minister yesterday. Are you confident that we are now just talking about problems around how the numbers of pupils were counted and the cost, and that the money will now be made available once it is clear how much it will cost, as is bound to happen in due course?

[360] **Mr Guy:** What is disappointing for us is that we have been alerting local education authorities and the Welsh Assembly Government about the situation when the 2008 roll-out occurs for several years. The Minister's enthusiasm for this is apparent, and we want to work with her to ensure that this is achieved for the benefit of the pupils. In fairness to her, this problem has been a long time coming, and she is just picking it up now.

[361] **Mr Griffiths:** To follow up on Jenny Randerson's point, in March, we met with the Minister and her officials, particularly Jon Hawkins, and we pointed out to them that there is a complaint that the data had not reached there, but even with the data that the officials had, they have built in an anomaly for next year. There is a desperate anomaly for the coming year. We are talking about only seven twelfths of this year, but, next year, when we transfer to a full year's funding, 12 divided by seven gives you 1.71, so the funding that will be available should have been multiplied by 1.71 to make up a full year's funding—even though we all agree that that would be inadequate. That money should have been passported at a rate of 1.71. I pointed that out to Jon Hawkins and said that the funding is actually 1.58 times £25 million to make the £39 million that is available next year, when it should be £42 million. So, in actual fact, in the conditions that the civil servants have set, there is a built-in £3.25 million cut in next year's foundation phase money.

[362] **Alun Cairns:** That brings me to a broad question with which to close. If there is no additional funding, what happens next? To the Minister's credit, she is gathering more evidence, and when I asked her whether she thought that sufficient funding was in place, she said that she wanted to ensure 'appropriate roll-out'. I tried to tease out what she meant by that. However, to answer the second question first, what do you think would be 'appropriate roll-out' in the financial remit that you have? If you do not have any more money, what happens then?

[363] **Mr Guy:** 'Appropriate roll-out' means sufficient resources to provide the statutory requirements of the curriculum.

[364] **Ms O'Halloran:** In nursery and reception classes.

[365] **Mr Guy:** Yes. That would be a full roll-out. On your second point, if the money is not there and we know that it is not, that will put headteachers in an awful dilemma. How can they fulfil a statutory requirement when they know that they do not have the money to do it? As was said on the radio this morning by a head, every school is looking at a watered-down version—a *potsh*.

[366] In conclusion, I urge the committee please to report back as soon as possible on its deliberations, because time is running out. We would be failing the children of Wales, each and every one of whom lives in your constituencies and regions, if it were perceived that the National Assembly—and I mean the National Assembly, as opposed to the Welsh Assembly Government—the WLGA and ADEW were rearranging the deckchairs while the foundation phase flagship headed straight for an iceberg. Unlike the case of the Titanic, we know that the iceberg is there, as we can see it.

[367] **Alun Cairns:** That was helpful. As we say to every witness who comes to give evidence to the committee, if you want to provide us with any further information or if you

want to clarify some point, or if something comes to mind afterwards, we could, potentially, incorporate it in our report, as long as it is in time. I thank the three of you, Mr Iwan Guy, Mr David Griffiths and Mrs Sue O'Halloran. We are extremely grateful for the evidence that you have provided.

[368] **Mr Guy:** The questions at the end of the paper that we submitted are those that we would like to be answered, please.

[369] **Alun Cairns:** Thank you very much.

[370] All that remains is for me to close the meeting, but, before I do that, I want to pay tribute to Dai James. This is his last committee meeting after having worked in the civil service for decades. Since the Finance Committee has been established, fair, balanced and probing questions have been suggested to us, and we are extremely grateful for the support that Dai has provided, particularly at the budget stage, which was in our initial period. It was an intense period, and the support that we had from the Members' research service and Dai in particular was, without question, second to none. We are very grateful for that. Thank you very much, Dai, and we wish you well in your retirement. I now declare the meeting closed.

*Daeth y cyfarfod i ben am 11.40 a.m.
The meeting ended at 11.40 a.m.*