



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

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Iau, 4 Rhagfyr 2008
Thursday, 4 December 2008**

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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. Mae hon yn fersiwn ddrafft o'r cofnod. Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

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. This is a draft version of the record. The final version will be published within five working days.

Aelodau pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Plaid Cymru The Party of Wales
Angela Burns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Alun Davies	Llafur Labour
Chris Franks	Plaid Cymru The Party of Wales
Ann Jones	Llafur Labour
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Brian Gibbons	Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol Minister for Social Justice and Local Government
John Griffiths	Dirprwy Weinidog dros Sgiliau Deputy Minister for Skills
Lisa Hughes	Is-Adran Strategaeth a Pherfformiad Llywodraeth Leol, Llywodraeth Cynulliad Cymru Local Government Strategy and Performance Division, Welsh Assembly Government
Reg Kilpatrick	Pennaeth, Is-Adran Polisi Llywodraeth Leol, Llywodraeth Cynulliad Cymru Head of Local Government Policy Division, Welsh Assembly Government
Zenny Saunders	Pennaeth, Is-Adran Deddfwriaeth, Adran Plant, Addysg, Dysgu Gydol Oes, a Sgiliau, Llywodraeth Cynulliad Cymru Head of Legislation Branch, Department of Children, Education, Lifelong Learning and Skills, Welsh Assembly Government

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 1.32 p.m.
The meeting began at 1.32 p.m.

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **Angela Burns:** Good afternoon. I welcome everyone to the Finance Committee's meeting of Thursday, 4 December. I will go through a few housekeeping rules before we get started. I remind everyone that you are welcome to speak in Welsh or in English. Translation is available. Please switch off mobile phones. If the fire alarm sounds, the ushers will tell us what to do and, if necessary, direct us to the fire exits.

[2] We have received apologies from Huw Lewis, and Chris Franks may have to leave us early.

[3] **Chris Franks:** Yes, I am sorry.

1.33 p.m.

Trafod Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Llywodraeth Leol (Cymru) Consideration of the Financial Implications of the Proposed Local Government (Wales) Measure

[4] **Angela Burns:** Minister, I welcome you to the committee this afternoon. I ask you to introduce yourself and your colleagues, and to make any opening remarks.

[5] **The Minister for Social Justice and Local Government (Brian Gibbons):** With me is Reg Kilpatrick. I am not sure what his official title is. [*Laughter.*] However, he is certainly very high up in my department. I am also joined by Lisa, who has been working on the legislation and local government policy. Reg, would you like to add anything?

[6] **Mr Kilpatrick:** I am the head of the Local Government Policy Division.

[7] **Alun Davies:** That is very high up. [*Laughter.*]

[8] **Angela Burns:** You bring before us the Proposed Local Government (Wales) Measure. I ask you to make your introductory remarks before we move into questions.

[9] **Brian Gibbons:** I believe that most of your concerns will be around the potential cost of implementing the Measure. We are of the view that this is essentially an exercise to put in place a legal framework for current best practice. We do not imagine that there will be any substantial costs. There may be some savings, but they would be at the margins, so this should largely be a sum-neutral activity for local authorities.

[10] **Angela Burns:** Thank you. If you are happy, Minister, we will move straight into questions. Nick, I ask you to open.

[11] **Nick Ramsay:** Good afternoon, Minister. Paragraph 6.1 of the explanatory memorandum accompanying the Measure states that it was decided that a regulatory impact assessment is not required for the Measure. On what basis was it decided that that impact assessment was not needed?

[12] **Brian Gibbons:** Regulatory impact assessments are generally required if there is evidence that there will be an increased cost, or potentially an increased saving, involved as a consequence of the legislation. The aim of the legislation is to put in place a legal framework around what is, substantially, already taking place in local government. Therefore, our view is

that we are not putting new duties on local government or on the other improvement agencies; rather we are putting a legal framework around what they should be doing, so that should not result in any significant change in their costs or savings.

[13] **Nick Ramsay:** Do you think that it would have been helpful if that had been explained in the memorandum? From what you have just said, you obviously do not believe that there will be an increased cost, so that is the reason for not having an assessment. However, do you believe that it would have been helpful if that had been explained?

[14] **Brian Gibbons:** I think that that is noted. Do you not think that that is brought out clearly enough?

[15] **Nick Ramsay:** I thought that it could have been clearer; I was interested to know what you thought.

[16] **Brian Gibbons:** If we were of the view that there would be a significant number of increased costs, we would have had to do a regulatory impact assessment automatically. The memorandum notes that the legislation is concerned with structures of business and strategic planning, governance and so on. It states that

[17] ‘The provisions of the proposed Measure do not give rise to any administrative, compliance or other costs.’

[18] That is what is written immediately under the statement that no regulatory impact assessment is required, so we are effectively explaining that that is the reason.

[19] **Angela Burns:** Are you happy with that, Nick?

[20] **Nick Ramsay:** Yes.

[21] **Angela Burns:** Fine. Joyce has the next questions.

[22] **Joyce Watson:** Good afternoon, Minister. Following on from what you have just said, we have had responses from the Society of Local Authority Chief Executives and Senior Managers stating that it expects additional expenditure to come about as a consequence of the proposed Measure. It notes that monitoring and reporting on performance, producing information, publishing improvement plans, leading the process of community planning and so on would be additional expenses. Therefore, is there any intention to assess the need for—and, if required, to provide—any initial pump-prime funding?

[23] **Brian Gibbons:** No, I do not think so. Several of those items—and I did not catch them all—are to do with producing improvement plans, collecting the information to produce those plans and working with the Auditor General on risk assessment as part of producing the final plans. As I said, all this is going on at present. The difference is that it is going on under the rubric of the Wales programme for improvement. However, the WPI does not have a legislative basis; the current legislative basis is the Best Value regime.

[24] Therefore, to a large extent, current best practice does not sit easily with the current legislative framework, so, in this legislation, we are trying to put a new legislative framework around the types of activities that are already going on. Everything on the list of activities that you mentioned is, substantially, going on; every local authority produces an improvement plan and has to collect information for it. Every local authority submits data to the national performance framework, which is published every October, I think. Therefore, I am not sure that the case has been made convincingly that there will be anything other than the most marginal of costs in implementing this new regime.

[25] **Angela Burns:** Do you have a supplementary question on this point, Alun?

[26] **Alun Davies:** Yes. Minister, you have presented this as a benign piece of legislation in terms of the finance—as almost cost neutral, although you have not used that sort of term. The explanatory memorandum states that you seek to amend previous legislation regarding the auditor general's role and that the reason for that is that the auditor general will have a role to examine expenditure arising from the proposed Measure. If we are empowering the auditor general to undertake additional investigations into expenditure arising from the proposed Measure, the implication is that some sort of expenditure will arise from the legislation.

1.40 p.m.

[27] **Brian Gibbons:** There will be some expenditure, but I think that the question is whether there be a significant amount of extra expenditure. It is arguable that there will be some marginally increased costs for the auditor general, but even he concedes that, although there may be some transitional costs, in the main, this will make his life easier. My understanding is that he will not, on the back of this legislation, increase fees to local authorities for the work that he is doing. So, my view is that, in a relatively short time, organisations will not suffer any significant change in the financial pressures that they face because of this regime. As I say, I would expect some to achieve marginal efficiencies. However, again, I would not argue that there is a pot of gold at the end of the efficiency rainbow; as I have said, this is substantially about trying to consolidate in legislation the best practice and status quo.

[28] **Alun Davies:** Thank you for that Minister. Could you give us examples of where you think this marginal expenditure might be incurred?

[29] **Brian Gibbons:** It is difficult to be specific. If local authorities were not collecting sufficient information to inform their improvement plans, for example, and if they were not up to speed with how they audit their performance—and if this new regime brought about greater transparency and accountability for doing so—the transition from underperformance to achieving best practice could clearly entail a cost. However, I do not think that the cost would be substantial and, if an organisation were to argue that such a process would cost a substantial amount of money, one would seriously wonder what its current commitment to the improvement regime was. It would have to be virtually minimal to warrant a significant increase as a consequence of this legislation.

[30] **Alun Davies:** If I may paraphrase what you are saying to clarify it in my mind, you do not foresee expenditure being a direct result of the legislation, but, where expenditure is incurred, it will be necessarily incurred in improving the performance and services delivered by the authority. Is that correct.

[31] **Brian Gibbons:** Yes. The process by which the improvement regime will be put in place, which is what this legislation is about in our view, will not be a substantial cost to anyone. Clearly, the whole purpose of this is to improve the functions and services provided by the improvement agencies. One of the standards by which improvement will be judged will be efficiency; in some instances, you may turn up unmet need and have to meet that unmet need, but, again, improvement could also mean delivering better value for money and therefore making a saving.

[32] However, we all know that performance across individual local authorities, in terms of the various departments, and between local authorities, is extremely variable, and it would be difficult to come up with a standard figure for the precise consequences financially.

[33] **Angela Burns:** Joyce, I think that you have the next question.

[34] **Joyce Watson:** No, I have asked it.

[35] **Angela Burns:** Sorry, it is Oscar's question.

[36] **Mohammad Asghar:** On efficiency gains, can you say where these will be made? Can you give me a ballpark figure, and can you say when they will be achieved?

[37] **Brian Gibbons:** One of the big areas where I imagine there will be some efficiency gains will be through better co-ordination of the activity of the various inspectorates, because a requirement of the proposed Measure is that the auditor general co-ordinate his inspection activities and those of the other regulatory bodies. We know that local authorities and other improvement agencies have had a consistent concern about what they describe as the burden of regulation and inspection and the fact that they do not feel it is properly co-ordinated. They are also concerned that various organisations are in and out of the local authority incessantly—collecting the same information two or three times—and that they do not talk to each other to share the necessary information. So, the message that we have had from local government and other improvement agencies is that this is a significant burden, and one of the key thrusts behind this legislation is to bring order, consistency and co-ordination to that activity.

[38] **Angela Burns:** Are you happy with that, Oscar? I see that you are. Ann, I believe that you have some questions on section 5.

[39] **Ann Jones:** Minister, the Welsh Local Government Association states that it understands the principles behind the areas for improvement, but then it says that they should be tested against the public finance settlement. I welcome this proposed Measure; I have long been calling for regulatory measures to enable us to see what local authorities are doing. There are seven suggested areas for improvement in the proposed Measure. Are you suggesting that they will be taken into account within the financial settlement or do you expect the financial settlement to be set on the same basis as it is now?

[40] **Brian Gibbons:** I do not see any tension with the formula. The legislation focuses on the process by which improvement is assessed, measured and delivered. The point has already been made that we are not talking specifically about the services and functions themselves—we are talking about the improvement agenda. As we believe that the cost of the process will be marginal, if anything, it is completely cost-neutral as far as the settlement goes. However, one would have thought that, in a time of tight public finances, the improvement agenda would become even more important and that it would be a case of keeping an even closer eye on the improvement-agenda ball, rather than the contrary. One would hope that these proposals would be welcomed in this context. It gives a better legal framework to deliver the improvement agenda and to get better value for council tax payers and service users.

[41] **Ann Jones:** Do you think that the proposed Measure will give councils a lesser degree of flexibility—a flexibility that I do not think that they should have—financially? I will be quite honest with you that I think that we should be ring-fencing and hypothecating the funding down to the portfolio areas and I stand by that. I have always held that view. If I have opened Pandora's box, I am sorry, but there we go. Do you think that it is going to make them more aware of the fact that they will probably have to hypothecate some of their spending to achieve the continuous improvement that you are expecting from the proposed Measure?

[42] **Brian Gibbons:** The one thing about this proposed Measure is that it will provide

focus. We have the seven criteria by which improvement will be measured, but clearly what will go into the assessment of what needs to be done is very much a local exercise. So, in many respects, one would expect the improvement agenda for individual improvement authorities to be very individual, and I would suggest that the regime gives them greater scope to deliver a locally sensitive improvement regime. In your situation, you may have misgivings about certain service-delivery areas of activity in your local authority—

[43] **Ann Jones:** Perhaps not all of them.

[44] **Brian Gibbons:** No, not all of them, but you have concerns about certain aspects of delivery, while, in another area, the weakness could be in a different aspect of delivery. So, as the improvement authority assesses its performance, this regime will identify more effectively its strengths and weaknesses and will be able to concentrate its efforts on the organisation's identified strengths and weaknesses.

1.50 p.m.

[45] It will not be a one-size-fits-all regime; hopefully, the flexibility that it will provide will allow for a much more sensitive improvement regime. A local authority that is underperforming may have to improve on a wide front, and that would create its own problems for the authority.

[46] **Ann Jones:** I wanted to come onto just that point about authorities that are seen to be failing in one or more service provision areas. How will that affect their ability to comply with the proposed Measure if they cite, as they always will, insufficient funding? If we do not hypothecate, how can we track whether they have spent the money in the right areas to meet the requirement to improve? I cannot see any way of doing it other than by hypothecation for those authorities that we know are failing. Do not ask me to name names.

[47] **Brian Gibbons:** It is important to underline the fact that performance is not related to a local authority's size or funding. Whether individual services are being delivered well at local authority level is not terribly well correlated to the amount of money that is spent on them. In this context, I do not think that performance is about the amount of money spent, but how it is spent. Even if you hypothecate the money, one local authority will get better value and service for that money if it performs well, while another that does not have a proper process in place will not get best value for money for the service user and the council tax payer. Therefore, I do not think therefore that hypothecation really solves the problem if good performance regimes are not in place.

[48] **Ann Jones:** You will not convince me otherwise, given my experience of the local authority that I have dealt with. It is now reaping what it sowed—or rather, what it did not sow in financial expenditure terms. Unless we address the root problem, there is no point in putting all the fertilizer and whatever in to get the plant to grow, because it will not grow if it has never been rooted properly. That is where the problem lies, and unless you root it in hypothecation, we will never see this bear fruit, and it will become nothing more than an ambition or aspiration for some local authorities. However, it will be a legal requirement and that could lead us into some awful ways. I would like to see hypothecation included in this proposed Measure.

[49] **Brian Gibbons:** Okay.

[50] **Angela Burns:** I will bring Alun and Jenny in, because they are going to ask the next chunk of questions, which, in part, we have probably already talked about.

[51] **Alun Davies:** The Minister has reassured me on the points that I wished to discuss,

namely his definition of additional expenditure. My concern was that there might be hidden expenditure as a result of this, but he reassured me with his earlier answers.

[52] **Jenny Randerson:** I am not reassured, because the auditor general suggests that it will be otherwise. I will start with the fact that your own proposed Measure refers to expenditure under it. What expenditure precisely are you referring to?

[53] **Brian Gibbons:** We are talking about current expenditure on the improvement agenda. At the moment, a significant amount of these activities are already being delivered under the Wales programme for improvement. Clearly, expenditure is incurred in that; it is not a free good. Current practice is being resourced and funded. Our point is that, as a consequence of the proposed Measure, that activity will not be any more costly except at the margins—and, in some instances, ‘at the margins’ may be more efficient for the reasons I explained to Oscar. Overall, the swings and roundabouts will not be substantial. There may be swings and roundabouts around the margins, but they will be so small and inconsistent that it will not be possible to quantify them effectively. If you were to ask an individual local authority even today how much it spends on its improvement regime, it would struggle to tell you, and it would probably be prohibitively expensive to find out.

[54] **Jenny Randerson:** The auditor general is very precise about it and says that he will charge additional audit fees.

[55] ‘As with any change programme, it is likely that costs will arise from the additional development work required during the early stages of implementation. In addition, the different arrangements that the proposed Measure requires or allows me to put in place may also have an impact on the fees that authorities pay.’

[56] He says that the precise amount will depend on the guidance, which we understand. Yesterday, in the other committee of which I am a member, which is also considering this, a witness from the fire and rescue service said that there would be an additional cost, and the evidence from the Pembrokeshire Coast National Park Authority also referred to additional costs. Are you saying, Minister, that, despite the fact that there may be significant additional audit costs for all the improvement authorities, you will not be factoring anything into the budget to cover those costs?

[57] **Brian Gibbons:** I am aware of some of the evidence that you have received, but I am not aware that anyone has said that there would be significant additional costs. From what I have read of the evidence, some organisations have said that there may be some costs, which I accept, but I do not think that anyone has said that those extra costs will be significant. I accept your point that the auditor general said that there might be some initial costs, but he also said that, as the system settles down quickly, there will be efficiencies to be gained, and that he did not expect substantial fees to follow on as a consequence. In the swings and roundabouts of this regime, it would, effectively, be a sum zero gain. So, I do not think that there is a contradiction between what we are saying, except that I do not agree that anyone has given evidence of substantially increased costs.

[58] **Jenny Randerson:** The auditor general talked of the need for 44 reports to be written by his office in two months, which suggests that he is anticipating a significant additional workload, and he has expressed his concern about that. If you combine that with having to analyse seven areas for improvement rather than three—and I accept that the seven areas are more subtle and appropriate—you will find that the analysis of that information will be considerably extra. Given that you are convinced that these will be minor costs, Minister, do you not think that some kind of transitional funding to cover the additional audit fees, which will be very precise and you can be sure what that extra money is, would be seen as a goodwill gesture to local authorities, if I may put it that way, considering the time of the year?

The authorities will not improve instantly, and they will not get instant savings.

[59] **Brian Gibbons:** I am not too sure about that. If this regime comes in and the various inspectorates turn up for their scheduled visits in a much more ordered and streamlined fashion, it is arguable that fairly early gains could be made from the new regime in some respects. We also need to bear in mind that we are putting £4 million to £5 million into the Ffynnon performance improvement regime. One of its advantages is that it will allow local authorities to have a much more integrated information system, and so much of the quantifiable information that local authorities would require to do this work will be much more accessible. So, I am not convinced on the point that you are making.

2.00 p.m.

[60] We do not disagree with the auditor general that he may have some initial set-up costs, maybe even for the reasons that you stated, but I think that his view is that this regime will be superior, and more effective and efficient in the round, and he does not expect any significant increase to his fees. Although I do not have the figures to prove this, I understand that the auditor general's fees have been fairly stable for the last few years. Another important element of this—and I may have said this elsewhere—is that the level of inspection and auditing must be proportional to performance. So, an organisation that is not delivering good value for money will be subjected to a more rigorous and maybe intensive audit regime as a consequence. That will entail a cost. However, we know that performance is not really related to the amount of money that an organisation gets, so I do not think that we should be going down the road of compensating underperforming authorities, because it will entail more effort to get better value for money and better services. That would be a totally perverse set of incentives.

[61] **Nick Ramsay:** This ties into Jenny Randerson's last question. I am just interested in the idea that is coming out that this proposed Measure is almost self-financing, given that efficiency savings are figuring largely in our discussions about covering any costs that may arise. You spoke of just having costs around the margins. Related to the last question, surely there will be a delay before seeing these efficiency savings—although I may be wrong—in which case, will there not be immediate costs? I am not convinced that they will not be covered, in the context of what we have been talking about so far.

[62] **Brian Gibbons:** Our intention to bring this proposed Measure forward has been well signalled, and the purpose of the regime is to capture current best practice and put it on a legal basis. Those two factors should mean that forward-thinking, well-performing local authorities incorporate this into their planning regime well in advance, so they should be well placed to secure such savings. I would also hope that the auditor general, who is aware of the new powers that he will have to work more effectively with the other regulators, is already planning to make use of those powers. If the attitude is that this is catching everyone by surprise, and no-one knew that it would happen, it is probably true that the opportunities in the legislation will not be capitalised on, and the benefits will be delayed. However, that would surprise me, because our intentions in relation to the proposed Measure have been well signalled, and I would have thought that people would be planning accordingly.

[63] **Angela Burns:** Ann, you wanted to cover fire services, did you not?

[64] **Ann Jones:** Yes, very briefly. The borders of fire and rescue authorities span many local authority areas, but they are single-service deliverers. What account did you take of that fact and that, as a result, they may be asked to contribute to several community strategy plans, which will place a greater onus on them? Was that taken into account before you included them in the proposed Measure?

[65] **Brian Gibbons:** Fire and rescue services provide an important and vital public service, but their overall contribution to the community strategy will not be a significant element of the overall strategy.

[66] Their contribution will be important, but that is not to minimise its importance. We will not be asking or expecting fire and rescue authorities to be involved with the development of a community strategy, except in the areas that are part of their public functions, which, in effect, would be a very small part of the overall community strategy. You are right; we acknowledge that an organisation like the police, perhaps, but more so the fire service, could find that there is a bigger challenge for them to interface with 22 local authorities. On the other hand, the size of the interface will be relatively small. Therefore, taking the two factors into account, our view is that it will not be a substantial increase. I do not know whether Reg or Lisa want to add anything to that.

[67] **Ann Jones:** If you had to issue directions to a failing authority, how would you distinguish the fact that the fire service element of the community strategy plan was not failing? At present, the fire service is regulated by the inspectorate and under rule, but we are changing this now because it will be subjected to the community strategy.

[68] **Brian Gibbons:** The fire service has its own version of the Wales programme for improvement, some of which is delivered through the auditor general. Some is also delivered through a peer review regime, because we do not have professional advisers in the Assembly Government, but, as you say, that will hopefully change. One advantage of the new regime is that it will be much more open, transparent and accountable. At present, you can probably read a local authority's improvement plan if you want to, but I do not think that there is much understanding. You can also look at the national performance framework to get the data in some respects, but there is no real transparency in the process leading up to the production of the improvement plan. There is certainly no transparency in terms of how the data is delivered to the performance framework database. I think that this regime will bring much greater transparency and people will have a better understanding of the problems, because that will be the focus of the reports. Where there are problems, that will be in the public domain.

[69] **Angela Burns:** Does anyone else have any questions for the Minister on the financial implication of this proposed Measure?

[70] **Ann Jones:** It is a wonderful Measure. Get it going.

[71] **Angela Burns:** Thank you, Minister, and your officials, for coming here today to talk this through. It is much appreciated. We will be issuing our report in short order.

2.09 p.m.

Cynnig Trefniadol Procedural Motion

[72] **Angela Burns:** Committee members, we need to discuss our report, because we are under obligation to try to publish it before the end of the current term. As we have approximately 20 minutes before the Deputy Minister for Skills comes along, I suggest that we go into private session to decide this.

[73] I propose that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[74] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2.09 p.m.
The public part of the meeting ended at 2.09 p.m.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 2.36 p.m.
The committee reconvened in public at 2.36 p.m.*

**Trafod Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Dysgu a Sgiliau
(Cymru)
Consideration of the Financial Implications of the Proposed Learning and Skills
(Wales) Measure**

[75] **Angela Burns:** I welcome the Deputy Minister for Skills and his officials. Deputy Minister, thank you for coming before the committee again. You have produced an ancillary set of documentation. Do you want to say anything about that information, or would you like us to discuss it in general and ask questions?

[76] **The Deputy Minister for Skills (John Griffiths):** I am pleased to have been able to provide further information, which, I understand, has filled gaps in the committee's need for information. I hope that it has done that effectively.

[77] **Angela Burns:** We are satisfied with the information that you have provided; it answered the main thrust of our questions. Alun, do you want to come in on that?

[78] **Alun Davies:** I thank the Deputy Minister for coming back for the third occasion, I think, on this proposed Measure. I am grateful for the additional information that has been provided, which fills a lot of the gaps that we identified during our previous sessions with the Deputy Minister and in private debate. I am very happy with this information. There are some areas that will be fleshed out during the passage of this proposed Measure through the committee and through Plenary. I hope that the Deputy Minister will agree this afternoon to take part in those discussions and to ensure that any additional information is provided during the remaining Stages of the legislation. If the Deputy Minister is happy to do that—I assume that he is—any problems that I had with this will be resolved.

[79] **John Griffiths:** I am happy to do that, Chair. We have the Plenary debate next Tuesday on the general principles, and, as the process goes on, I am sure that Members will have various concerns, which we will seek to answer.

[80] **Angela Burns:** We seek clarification on a few issues. Ann, I think that you were going to bring one issue forward.

[81] **Ann Jones:** John, could you talk about cross-border travel between local authorities? There does not seem to be any hard financial evidence on that issue, because people will travel across county boundaries, for example in my own area. This issue goes back to the Beecham review, in a way, which said that people do not live their lives within county boundaries. That is quite true, because people go off to various colleges over county boundaries. How are we going to alter that, and how will that be costed?

[82] **John Griffiths:** We have calculated the costings on experience to date, and we have several years of experience now. The transport costs have been funded from the £32.5 million

provided annually for the step change towards the new system, with greater choice and greater support coming from the proposed Measure. So, that transport funding from the £32.5 millions has, to date, provided quite effectively for all of the costs involved. We then sought to make forward projections for greater participation, multiplying that cost experience to date. So, we think that it is a fairly robust exercise, because it is grounded in the reality of current experience. Some of the transport costs have been met by further education colleges, and some from the £32.5 million that we provided.

2.40 p.m.

[83] **Ann Jones:** In your paper you say that 77 per cent of learners in sixth forms, and 89 per cent of FE learners overall, were following their first-choice courses. You then say that it averages out at about 70 per cent of the cohort having travel needs. Is that a robust figure? Will it go up as the 14 to 19 agenda develops, and more colleges take it up, so that there are more choices and people want to do different subjects in different areas? At the moment, some sixth forms provide quite limited choices.

[84] **John Griffiths:** Around two-thirds of our 16 to 18-year-olds—that is, 64 per cent—are educated in colleges of further education, where there is quite a breadth of choice. If you look at it in that context, the additional travel that we are likely to see through the expansion of choice will probably be fairly limited.

[85] **Jenny Randerson:** In your paper, you provide figures on learning projections, with a 7.5 per cent decline up until 2014 based on population figures. Then you say that you have a detailed analysis of an increase in participation rates. These are modest increases. I hope that, having gone to the trouble to legislate on this, your Measure will have more success than a 0.02 per cent increase in the number of 18-year-olds participating. Assuming that it is more successful, will you be providing additional funding?

[86] **John Griffiths:** The first thing to say is that we have now had several years' experience of the 14-19 learning pathways expanding choice, and the increase in participation across 16 to 18-year-olds has been 0.2 per cent. That has been the experience to date. In our projections, we have assumed a 1 per cent increase among 16-year-olds, a 0.8 per cent increase for 17-year-olds, and as you say, a 0.02 per cent increase for 18-year-olds, recognising the pattern of learning. Many youngsters will do one year of additional learning on top of their compulsory education—perhaps because they are re-taking GCSEs, for example—and they may not continue in education thereafter. That is part of the reality behind these statistics, and there is also an attrition rate as you move from 16 to 17 to 18-year-olds, for obvious reasons, such as people finding jobs, going off to university, or whatever it might be.

[87] We think that the projections are rooted in reality, but learning activity has to be paid for by the funding system, so if there was an increase in participation post-16, that learning activity would be funded through the national planning and funding system as a matter of course.

[88] **Jenny Randerson:** Are you saying that additional funding would automatically become available if this were successful? If so, I would have expected something much more ambitious, given that you have gone to the trouble to legislate on something that has been happening for years anyway. As an ex-FE lecturer, I hope that it is successful, but you seem to be saying that, you will have to provide additional funding if it turns out that way.

[89] **John Griffiths:** Yes, because 16 to 18-year-olds are subject to the statutory guarantee of funding, so the proposed Measure provides statutory underpinning for what is already happening. It is about spreading equality of access and equality of opportunity right across

Wales. So, when you look at it in that context, we have already made a lot of progress on this and this is spreading it so that better practice from one area is used in another; that puts it in a context. A lot has already happened, and we are trying to expand on that.

[90] **Nick Ramsay:** Deputy Minister, I would like to ask you about the allocation of the £75,000 to each of the learning networks. I understand that that will continue at that level. Does that take account of the different requirements of the networks? Some might require less than that and some might want more. Are you happy for it to continue at that constant level?

[91] **John Griffiths:** Yes. We have pitched it at the higher end of things, Nick. Some areas do not use the entirety of that sum for co-operation and collaboration. We are quite happy for that to be the case, because they then use it for other provision and it is all a part of the area network plan, which we have to approve and which has to further our 14-19 policies. So, it is pitched at the upper end of the spectrum. We think that it is quite adequate and has been so to date. The co-operation and collaboration that has developed has been possible within that sum of money.

[92] **Angela Burns:** Oscar, I think you had a point on Welsh-medium provision.

[93] **Mohammad Asghar:** John, I have read this, and it is pretty good, and I am pretty satisfied. I like your seven improvement areas: strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency, and innovation. However, where is the fairness for the Welsh language? It is not a proposal, but has been included in the proposed Measure. No further information has been provided with regard to this. You say that there should be fairness, and should also be the case in relation to the Welsh language, but no action has been taken on that yet.

[94] **John Griffiths:** We are very keen to ensure that Welsh-medium provision is taken forward effectively as part of the 14-19 policy. The Measure is not language specific, so the entitlement has to be delivered through the medium of Welsh as through the medium of English. So, there is equality as far as that is concerned. All of the cost projections are based on practice to date, which includes Welsh-medium provision under the 14-19 learning pathways. So, we feel that we have addressed Welsh-medium provision properly and fairly within the figures given.

[95] **Angela Burns:** Jenny, you wanted to raise a few more points on rurality.

[96] **Jenny Randerson:** There is always the issue that, in rural areas, it costs more to provide the same levels of service. You have not provided any additional information about additional costs in rural areas. Can you give us some information now?

[97] **John Griffiths:** The calculations that we have provided are based on experience from area network development plans to date. The most realistic way of making any projection is to see what is happening on the ground and what the cost has been of delivering what is happening on the ground. Obviously, those area networks include all of the local authority areas in Wales, including rural areas: Gwynedd, Anglesey, Carmarthenshire, Monmouthshire, Pembrokeshire, Powys, and so on. So, the cost of delivering it in rural areas has been built into the cost projections. The projections are based on the experience of the network development plans and the funding that has been needed to deliver 14-19 provision across Wales. So, it is a mix of urban and rural, and includes Welsh-medium provision, to go back to Oscar's previous question. It is all built into the figures, which are based on the experience up to now.

[98] **Angela Burns:** Joyce, do you have a question?

[99] **Joyce Watson:** Yes. My question is related to this point. I am pleased that you have given that answer. As you know, I live in Pembrokeshire, and I know from experience that Pembrokeshire College draws from Carmarthenshire, Ceredigion, and from the furthest reaches of Pembrokeshire, which is not inconsiderable in mileage. As I have that knowledge, I need to be assured that there will not be a shortfall in this provision, and that those students in those areas will not be disadvantaged under what I believe is a really good Measure.

2.50 p.m.

[100] **John Griffiths:** We are committed to ensuring that no area of Wales will be disadvantaged. As I said earlier, the whole philosophy underpinning the Measure is to spread the good practice that has developed in Wales to every part of Wales, because the development has been patchy. To some extent, that is inevitable, but the statutory underpinning that the Measure will give to the duties and entitlements will ensure that all parts of Wales will benefit from this policy.

[101] **Angela Burns:** I see that no-one else has a question for the Minister on his further report. Thank you for coming to committee today, Minister, and for this further information. It has answered the questions that were raised in our initial report, which we felt was a fair financial scrutiny of the Measure. We will be producing a second report, which will be out within a few days, and we will go into private session to finalise that. However, you have answered our questions in great substance; we thank you for your paper, and we thank you and Zenny for coming to committee this afternoon—it is much appreciated.

[102] **John Griffiths:** Thank you, Chair.

2.51 p.m.

Cynnig Trefniadol Procedural Motion

[103] **Angela Burns:** We need to discuss several outstanding reports, as well as our forward work programme. I therefore suggest that we bring the public part of the meeting to an end. I ask a Member to propose the appropriate motion.

[104] **Ann Jones:** I propose that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[105] **Angela Burns:** Thank you, Ann. I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2.51 p.m.
The public part of the meeting ended at 2.51 p.m.*