

## THE WELSH ASSEMBLY GOVERNMENT'S SPENDING REVIEW 2004

### Aims

The spending review undertook a detailed examination of all the Assembly Government's expenditure to ensure that the 2004 Assembly budget met the strategic priorities set out in Wales: A Better Country. The aim of the review was to ensure that the budget:

- reflected the Assembly Government's values and priorities
- delivered the specific commitments set out in Wales: A Better Country
- made prudent provision for future contingencies
- was informed by a strategic view of the long-term prospects and pressures
- maximised the benefits to be achieved for the people of Wales

The review examined spending priorities in two ways – through a methodical evaluation of all the main spending programmes and by looking in more depth at some of the key issues and spending areas.

### The Spending Review Evaluation Exercise (SpREE)

For its across-the-board assessment the review used a mechanism adapted from the US Office of Management and Budget's Programme Assessment Rating Tool. This provided the Review team with a consistent basis from which to evaluate the effectiveness of each of the main spending programmes in delivering the Assembly government's aims and values.

The first step was to define these programmes, by grouping together expenditures in a way which would be meaningful. The principles on which the programmes were constructed were

- expenditure in each programme should have a common theme or purpose
- information was available or could be assembled without excessive effort or estimation, by aggregating Basic Expenditure Lines (BELs) or, where necessary, dividing BELs according to other readily available information
- expenditure had a clear client group, and reflected a customer view rather than a producer view of what constituted the service
- the programme should include the cost of the whole delivery chain – for example grants and expenditure by ASPBs, Local Health Boards and local authority expenditure funded by specific grants

- the set of programmes for each portfolio should provide the basis for a manageable exercise (not too fine a grain) while allowing sufficient distinctions to be informative (not too coarse a grain)

The result was a set of 66 programmes which in a number of cases cut across the conventional budget analysis of BELs and Sub-Expenditure Groups (SEGs). This inevitably involves an element of judgement and estimation. By the end of the review the number of programmes had been rationalised to 61.

Each of the programmes was assessed in terms of the extent to which it contributed effectively to the aims and values set out in Wales: A Better Country. This included the specific priorities of getting more people into jobs, creating better jobs and skills, improving health, and developing strong and safe communities. The assessment also covered programmes' contribution to the broader values of equality, tackling poverty, culture and bilingualism, sustainable development and benefit to all parts of Wales; and it looked at the evidence of effective delivery and co-operative working across institutional boundaries.

The assessments were arrived at in a series of workshops, bringing together the relevant Assembly officials, including the economists and researchers, together with other participants from ASPBs and local government. The workshops drew on available evidence gathered from monitoring and evaluations and from challenges to that evidence from the researchers and economists. The outcomes represented a consensus of those who took part. The results were moderated for consistency and compiled to inform Cabinet's decisions on the allocation of resources in the draft budget. The information also informed individual portfolio ministers' detailed allocation of their own budgets. The exercise is also resulting in a set of further actions to follow up the issues raised – in particular to improve the evidence base of evaluations and to make further improvements in the future budget process.

### Specific topics

In parallel with the SpREE exercise the review focussed in on some of the key strategic issues. Substantial effort was devoted to the ensuring that the budget would fund the delivery of the specific commitments set out in Wales: A Better Country.

The review also considered:

- the implementation of Health Challenge Wales, to tackle comprehensively the promotion of better health
- the need to tackle the long term and fundamental factors that can create more and better employment, through a need for better early years interventions and childcare and more focused 14-19 education and training
- implementing the Wanless Report to refocus more effectively the delivery of health services and

social care

- ensuring that mainstream services are equipped to deliver in the Communities First areas
- the impact of the Spatial Plan on future budget allocations
- the scope to rationalise grant schemes for more effective delivery and simpler procedures for applicants, including the voluntary sector
- making progress on equal pay for women and men
- the balance between capital and revenue expenditure and the future management of capital programmes

Advice on these also informed the draft budget decisions, and further work is being undertaken on a number of these issues.

The outcome of the review for each programme in this portfolio is summarised on the following pages.

How money is moving

Overall, the review enabled ministers to take informed decisions which will result in significant shifts in spending over the three year budget period. The SpREE exercise was reassuring to ministers in confirming that at the level of broad programmes there were no gross mismatches between spending programmes and the Assembly Government's aims and values. But there was much that could be done at the more detailed level to improve the targeting of funding, and prioritise the resources available over the next three years to make a major impact in programmes which could most effectively tackle root causes of Wales' more deep rooted challenges of health and deprivation.

There is always limited scope to shift money in the short term. The spending review enabled ministers to balance the short term pressures, but at the same time to focus on the much more substantial scope to shift priorities for 2007-08 spending, and to do so on an informed basis. Table 1 attached shows the resulting budget proposals by programme. Also attached is table 2 showing the reconciliation of the programme figures to BELs.

**EDUCATION & LIFELONG LEARNING**

**BETTER EARLY YEARS**

The programme includes the provision for:

- free part-time places in an educational setting for all 3 year olds whose parents request it;
- a new Foundation Phase for 3 to 7 years olds;
- the training of professionals to work in the Welsh medium sector according to the Iaith Pawb Action Plan.
- free school breakfasts; and
- free milk for Key Stage 1.

## Review conclusions

The review noted the importance of this programme to the delivery of the Assembly Government's priorities. Although many of the initiatives being funded are relatively new and therefore lacking in definitive evidence yet of successful long-term outcomes, there was compelling international evidence for the success of this type of expenditure in tackling the fundamental challenges of ability to access employment, achieve higher skill levels as well as better health outcomes. These in turn if well targeted could make a major impact in delivering stronger and safer communities. Already there was some evidence that the Foundation Phase pilots had potential to tackle some of the long-term causes of poverty.

Monitoring and evaluation to assess effectiveness of developing policy areas would be essential.

## Draft Budget Proposals

£,000

Original Plans	New Plans		
2004-05	2005-06	2006-07	2007-08
23,306	35,556	51,406	71,806

## Taking the programme forward

This programme is aimed at giving every child a flying start and to plant ambition and high expectations early on. It aims to counter disadvantage and to help children learn how to learn and to gain high standards of achievement. The programme also aims to achieve the Welsh Assembly's aim of creating a bilingual Wales through the Iaith Pawb Action Plan.

There is considerable and increasing research evidence available which links children's ability to focus in class and to grow into healthy adults if they have the benefit of a well planned breakfast and the

nutritional benefits of milk.

The evidence base for providing good quality early years experience is extensive. It is clear from the outcome of research and a study of good practice in other countries that the experiences young children have early on influences their:

- personal and social development and well-being;
- educational achievement;
- positive attitudes to learning; and
- their capacity to become active citizens within their communities.

The major increase in resources proposed for this programme, as part of the wider initiative on Early Years is therefore based on sound evidence.

The Foundation Phase for 3 to 7 year olds will improve the adult to pupil ratio and transform the early years curriculum. Getting a child's early years' development right makes subsequent investment in education and training more effective.

All the Early Years programmes will be actively monitored and evaluated and the outcomes used to inform future Assembly Government policy in this area.

## EDUCATION & LIFELONG LEARNING

### BETTER SCHOOLS

The funding involved relates to capital investment in school buildings and to additional revenue support to local authorities for specified purposes i.e. reduction in junior class sizes, improvement of attainment at key stage 3, improved outcomes for low performing schools and innovation in small and rural schools.

### Review conclusions

The review confirmed the importance of the programme in supporting the Assembly Government's education priorities, which in turn make a major long-term contribution to our wider economic, health and social aims. The programme also made a strong contribution to the aim of strengthening Wales' cultural identity and helping to create a bilingual country.

There was evidence of improving standards and attainment levels although there was scope for improvement in the spatial targeting of expenditure and for making a greater contribution to sustainable development.

Original Plans	New Plans		
2004-05	2005-06	2006-07	2007-08
130,567	164,567	164,567	164,567

### Taking the programme forward

This programme aims to promote excellent, well-organised, community focused schools worthy of a Learning Country. It seeks to enable local authorities, governing bodies and other stakeholders to provide properly resourced and well governed schools, housed in buildings fit for teaching and learning.

Specific grant for school buildings (additional to general capital allocations to local authorities) is designed to address overall poor quality of school buildings in Wales caused by years of under investment. By 2005-06 we expect local and church authorities to be able to relate their plans for investment to need as identified in asset management plans. These assess the state of individual school buildings and their suitability and adequacy for delivery of the national curriculum. Plans enable local and church authorities to decide whether to invest in repair/renewal or in new buildings or whether to rationalise school provision so as to remove the current high levels of surplus school places. We will assess these plans and monitor whether investment is being targeted in terms of need and of securing surplus place reduction.

The target of reducing all junior classes to 30 or less is within sight and tighter controls over use of the grant this year should have led to it being substantially realised in September 2004 (the class size count will be published in December).

The element of funding for low performing schools has to be focused by authorities on assisting schools with a low level of performance, which are almost invariably schools serving deprived areas (in many cases Community First areas). The grant is an important lever in encouraging LEAs to move away from uniform shares of funding for all their schools (necessary to meet basic costs but not sufficiently addressing enhanced needs in some schools). 2004-05 is the second year of its existence. Data on key stage achievements can be separately analysed for these schools so as to identify whether the differential funding is an effective means of driving up outcomes.

The future of the arrangements for additional revenue funding has been reviewed in light of changes in the Better School Fund, identified funding within local government revenue settlement for teacher workload reform and the introduction of a specific grant for community focused schools projects.

## BETTER STANDARDS

The programme funds measures to improve standards, through Estyn, ACCAC, Techniquest and investment in education IT and curriculum support.

### Review conclusions

Expenditure under this programme contributed essential support to the Assembly Government's priorities for improving education outcomes. These in turn were key to helping more people into jobs and creating better jobs and skills, as well as contributing to improving health and developing strong and safe communities.

The review concluded that, overall, there had been sustained and steady progress supported by evidence from Estyn's annual report on the quality of provision and the standards achieved by learners alongside the data on national assessment and examination performance. This had facilitated increased participation in further and higher education and the development of higher skill levels. There would be need to continue to monitor and evaluate the effects of the major changes being made to school education provision.

### Draft Budget Proposals

£,000

Original Plans	New Plans		
	2005-06	2006-07	2007-08
2004-05	69,458	71,903	73,671
62,904			

### Taking the programme forward

Expenditure underpins the learning provided for all young people in compulsory education and aims to improve the quality of education and the standards achieved by learners so that they are committed to learning throughout life and equipped with the skills and qualifications for both further learning and employment in the modern job market.

Expenditure under this programme promotes high standards of attainment through a rich curriculum in primary and secondary schools supported by effective regulation, assessment, inspection plus support for practitioners in the delivery and development of the curriculum.

However, a number of new initiatives taking forward specific commitments in the Learning Country are

still at an early stage and there is a continuing need to ensure that systems are in place to provide evidence of impact prior to wider implementation. Initiatives that fall into this category include Immersion and intensive language teaching pilots, the modern foreign language pilots in primary schools, the Welsh Baccalaureate and the PE and School Sport Initiative. Evaluation will provide a basis for assessing outcomes and next steps. In addition, Estyn has already taken steps to introduce a new common inspection framework for September 2004. Consultation is also ongoing on arrangements for assessment at Key 2 and Key Stage 3 flowing from the recommendations in the Daugherty report and ACCAC's advice.

Further action in this area will need to be set in the light of the advice provided by ACCAC on the review of school curriculum and assessment arrangements for 5-16 year olds. Along with the programme of work already in hand to meet Learning Country commitments, the outcome of the review will provide the framework for future expenditure.

## EDUCATION & LIFELONG LEARNING

### BETTER SUPPORT FOR LEARNERS WITH ADDITIONAL NEEDS

The programme funds specific support to a range of specific needs through ELWa and direct grants. These include Special Educational Needs as well as support for travellers' children, Ethnic Minority Achievement Grant and Asylum Seekers Grant.

#### Review conclusions

The review concluded that the programme was clearly important to delivering the Welsh Assembly Government's main education priorities. It made particular contribution to complementing the health expenditure on some of the same client groups and had an important role in working to avoid the exclusion of people from their communities.

The review found that this programme met essential needs and contributed to delivering important values including equality, health and stronger and safer communities. There was though a need for better evidence of effectiveness of this important area of expenditure, in particular the need for improvements in data collection in relation to the destinations and long term results for clients. It also highlighted a lack of data on the use of the ethnic minority achievement grant and asylum seekers grant in supporting this group of clients.

#### Draft Budget Proposals

£,000

Original Plans	New Plans



2004-05	2005-06	2006-07	2007-08
20,860	22,090	25,399	31,617

## Taking the programme forward

Children and young people have very specific individual learning requirements and as such require a range of personalised support services to meet those needs. The programme will contribute to the Welsh Assembly Government's aim to ensure that all young people have the best possible start in life, the opportunity to reach their full potential, and a clear entitlement to influence the services that affect them.

Through the SEN Code of Practice for Wales we have established mechanisms to ensure a smooth transition for children and young people with SEN post 16 in collaboration with Health, Social Care and Careers Wales to ensure a consistent level of support to ensure their ongoing individual needs will be met appropriately.

We have endeavoured to take an holistic view to meeting those needs but we acknowledge that this programme contains a mixed group of activities with different aims. It must be stressed that this is the very nature of additional learning needs as it is based on the individual needs of learners.

Target setting and monitoring in terms of long term outcomes in relation to children and young people with special educational needs, is often measured on an individual basis by schools and LEAs and does not lend itself easily to aggregated outcomes in terms of academic attainment. We continue to work with colleagues in ACCAC to develop improved mechanisms to ensure individual pupils attainments and long term results can be monitored more effectively.

We intend to address the issues raised in the spending review and we shall:

- continue the work on the development of regional provision and goods and services for children and young people with complex needs, thus ensuring equity of provision across Wales by encouraging local authorities and LHBs to work more collaboratively in the delivery of services;
- develop an inclusion framework policy that encapsulates the needs of all students with additional learning needs and promotes inclusive educational practice across schools and LEAs;
- undertake a review of the statutory assessment framework for SEN to ensure that individual learners needs are being met effectively;
- work with colleagues to ensure teachers have the necessary skills and are empowered to work effectively with children and young people with additional learning needs as part of their initial teaching training and ongoing continuous professional development;
- work with LAs to ensure that there is an adequate supply of specialist teachers, educational psychologists and other specialists such as speech and language therapists, working across Wales ;
- develop a strategy that will set out our aims in relation to ethnic minority achievement setting clear goals and targets for achievement;
- continue to work with ACCAC and Estyn in the delivery of guidance to schools and LEAs on the

practical steps to be taken to ensure the needs of learners with additional learning needs are met.

All the individual activities within this programme will be monitored and evaluated and the outcomes used to inform Welsh Assembly Government policy.

## EDUCATION & LIFELONG LEARNING

### BETTER PRACTITIONER DEVELOPMENT

The programme provides for Initial Teacher Training (ITT) (in both the school and FE sectors); teachers' professional development (including the new arrangements for the induction and early professional development of newly qualified school teachers); the leadership and headship programmes; and, measures to reduce school teachers' workload.

#### Review conclusions

Expenditure under this programme is important in continuing to raise the standards of teaching and leadership in schools and colleges. This in turn contributes significantly to the improvements in the levels of pupil attainment that have been achieved and provides a basis for improving the employment prospects of learners. It also contributes in improving health and developing strong and safe communities.

The Spending review found this programme to be an indirect but essential contributor to the achievement of helping people into jobs and creating better jobs and skills. There was scope for further evaluation of the overall effectiveness of training and development.

A significant element of the programme funds implementation of the teachers workload agreement and the review specifically pointed to the need to monitor its implementation and evaluate the effectiveness with which its intended benefits had been realised.

#### Draft Budget Proposals

£,000

Original Plans	New Plans		
	2004-05	2005-06	2006-07
26,075	53,838	66,503	67,173

#### Taking the programme forward

Without a strongly performing school education system there is no foundation for further training and the development of a skilled and adaptable workforce that meets the needs of a modern economy. FE contributes to the later stages of education and training. Better educated people in better, and better paid, jobs make less demands on the health and social services systems and have more fulfilling lives. Teachers play a vital role in schools and in colleges, and the quality of leadership in schools and colleges is key to making the most effective use of the education workforce.

Key measures being taken to ensure continuous improvement include the following:

- Reviewing the ITT curriculum for school teachers and a review of ITT provision. These two reviews will address the content of teacher training and the way it is delivered – so that the supply of teachers can be more closely matched to the needs of schools in Wales.
- We have introduced a statutory induction year for school teachers in their first year of teaching and this is being followed by provision for two years of early professional development funded by the Assembly Government. These measures will consolidate the training received through ITT and provide mentoring and support. Their effectiveness will be reviewed in the coming year.
- The programme of school teachers' continuing professional development will continue and we are working with the General Teaching Council to develop a Professional Development Framework to provide guidance so that teachers' development can be more clearly focussed.
- In colleges, ELWa is developing and evaluating the effectiveness of e-learning technologies to help teachers use IT to support, enhance and deliver learning.
- The headship and school leadership programmes will continue to contribute to raising the standards of school leadership; the National Professional Qualification for Headship will be come mandatory for newly appointed head teachers in 2005. The operation of the leadership programmes will be evaluated in 2005-06.
- The implementation of the National Agreement on Reducing Teachers' Workload will continue with schools re-modelling their workforces to enable teachers to have more time to concentrate on their key tasks. Significant additional funding has been made available over the next three years to ensure the workload agreement is achieved. Funding was provided to schools in 2004-05 to enable them to increase their support staff; in 2005-06 we will be developing training opportunities for support staff to allow them to increasingly take on enhanced roles that will relieve teachers of unnecessary tasks.

EDUCATION & LIFELONG LEARNING

BETTER HIGHER LEVEL LEARNING

Funding under this programme supports the core provision of higher education in Wales. It also supports the development of the sector under the Assembly Government's strategy for higher education, as set out in Reaching Higher.

## Review conclusions

The review emphasised the contribution that higher education made to many of the Wales: A Better Country objectives. It made a particularly important contribution in economic development where it was crucial both in creating jobs and equipping the workforce with the higher level skills Wales needs to remain competitive. The review's conclusion that more could be done to strengthen links between institutions and the private sector and to promote research and development will be reflected in detailed budget allocations. The sector plays a part in strengthening and promoting Wales' cultural identity and in realising the Government's commitment to a bilingual Wales. The review also pointed to the valuable role the sector has to play in support of the Assembly Government's sustainable development agenda.

## Draft Budget Proposals

£,000

Original Plans		New Plans	
2004-05	2005-06	2006-07	2007-08
362,405	383,333	396,001	405,230

## Taking the programme forward

The Assembly Government will make substantial extra investment in higher education over the next three years. We will meet the commitment in Reaching Higher to increase core funding to reflect GDP inflation factors. In addition, and in line with the findings of the review, the Assembly Government will make extra core provision for capital investment in facilities for teaching and learning, and research. We will also double the funding available to HEFCW to invest in institutions' knowledge exploitation, employability and social interaction activities over the period to support implementation of the Knowledge Economy Nexus recommendations.

We will consider additional investment in the development of Welsh medium provision once the National Steering Group has submitted its final strategy, following its consultation. HEFCW's running costs will be increased specifically to enable the Council to become a fully separate entity from the National Council. Investment in Reaching Higher has been maintained and reprofiled to reflect the realities of investing in collaborative and reconfiguration projects.

Universities have traditionally played a powerful cultural role and this will continue to be the case in

support of the Assembly Government's policies for promoting Wales's language and culture into the future.

## EDUCATION & LIFELONG LEARNING

### BETTER ACCESS

This programme area reflects the Assembly Government's commitment to removing financial and other barriers that can prevent young people and others from developing their skills or from pursuing courses of further and higher education. In particular it funds Student Support, Education Maintenance Allowances, International Educational Initiatives and Education Research and Services.

#### Review conclusions

The review concluded that the programme was well focused on the Assembly Government's priorities. In particular it pointed to the important contribution that programmes to promote access can make in promoting the economic aims by helping more people into jobs. The targeting of financial support on the economically inactive and various disadvantaged groups was also judged to contribute significantly to tackling poverty and inequalities. There was scope for improvement in the quality of evaluation evidence available, including a need for further evidence on the effectiveness of working with particular client groups. The review particularly noted the strength of the partnership working in this area during conception, delivery and evaluation of the initiatives.

#### Draft Budget Proposals

£,000

Original Plans	New Plans		
2004-05	2005-06	2006-07	2007-08
66,669	83,527	95,530	98,747

#### Taking the programme forward

Widening access continues to be a key priority for the Assembly Government as we seek to ensure that all those with the ability to benefit from higher education have the opportunity to do so.

There will continue to be an important emphasis on securing improvements through effective evaluation as has already been the case in relation to Individual Learning Accounts. As the review also highlighted, there will also need to be a continuing focus on outcomes if the impact of these programmes is to be increased still further in future.

Wales secured a lead in promoting access with the introduction of the Assembly Learning Grant scheme in 2002 following an independent review of student hardship and funding in Wales, chaired by Professor Teresa Rees. With the introduction of Education Maintenance Allowances in December 2004 targeted financial support is now available for students staying on in school post 16 as well as for those pursuing a training course or entering further and higher education. Dedicated financial support for learners with learning difficulties or disabilities interested in skills training or further education is made available by ELWa. The drive to ensure greater access to higher education is being driven forward by Reaching Wider partnerships funded by HEFCW.

Activity is now under way to transfer responsibility for student support and tuition fees to the Welsh Assembly Government under the Higher Education Act 2004. The transfer will enable the Assembly Government to take a more strategic approach to policy in this area. It will also provide the opportunity to deliver systems of student support that are more responsive to the needs of students and educational institutions.

The higher education tuition fee regime and future financial support arrangements for students in HE and FE are currently the subject of an independent review being conducted by a review group under the Chairmanship of Professor Teresa Rees. Professor Rees is due to publish her conclusions in April 2005. This will help to inform the Assembly Government's decisions on future student support arrangements and on whether or not to introduce variable fees.

## EDUCATION & LIFELONG LEARNING

### BETTER OPTIONS AND OPPORTUNITIES

Expenditure under this programme will be used to provide a more coherent choice of learning opportunities for the 14-19 age group. The aim is to improve the quality and effectiveness of services and learning delivered to young people. Expenditure includes the main further education and sixth forms through ELWa and the funding for Careers Wales.

### Review conclusions

The programme was clearly extremely important to delivering the range of Assembly Government priorities and was already a significant contributor to economic, health and social priorities. The efforts being made to build coherent provision for 14-19 year olds were well focused on our priorities but more data was needed. The review heard concerns about the effectiveness of modern apprenticeships and Foundation Modern Apprenticeships and these would need to be resolved on the basis of evidence. Consideration should be given to a more holistic evaluation of the effectiveness of 14-19 programmes as a whole.

### Draft Budget Proposals

Original Plans	New Plans		
2004-05	2005-06	2006-07	2007-08
323,808	334,163	347,294	378,145

### Taking the programme forward

A number of reviews of different elements of the programme have been undertaken which highlight areas for further development. The significant additional resources being made available over the next three years will be focused on addressing the issues raised, re-orientating provision towards the development of individual learning pathways and providing an holistic and joined up approach to learning provision for 14-19 year olds in Wales.

Information, advice and guidance (delivered, for example, through learning coaches and the national information and advice service) is a critical part of the 14-19 programme. The outcome of recent reviews will lead to a re-focussing of services to young people so that a comprehensive suite of guidance and opportunities can be provided.

As part of Learning Pathways developments 14-19 Networks are being developed to build on existing provision and meet the six key elements of the initiative. The Learning Pathways and wider developments will be progressively rolled out in a staged programme of work commencing with pilot work in the first year.

A review of learning in and for the workplace and its interim report "Developing the Workforce", has set out a number of ways to improve outcomes in Modern Apprenticeships. These include making learning frameworks more flexible and putting in place a key skills support programme for work-based learning providers

In addition:

- the boundaries of the Workplace Learning Review project will interlink with SCAP 2 and are extending beyond narrow programmes of learning in the workplace to include learning programmes which offer, or have the potential to offer, direct contributions the skills needs of employers;
- accredited learning is being brought into a unifying Credit and Qualifications Framework for Wales;
- templates for improvement and monitoring are being introduced in order to monitor the performance of providers over time linking to monitoring and evaluation activity;
- the pilot study for evaluating the impact of Extending Entitlement on young people has been

completed. The main evaluation programme is due to commence in the near future and both will be used to inform the future direction of the programme.

An holistic approach to the monitoring and evaluation of the Programme will increasingly link across current strands of work, the model for demonstrating success currently being developed for the 14-19 programme and existing research (including previous pilot projects), evaluation (e.g. Extending Entitlement), inspection and quality assurance frameworks.

Cumulatively these strands will generate data to support evidence-based policy focused upon impact and outcomes for young people. Data from improved monitoring of the delivery of the programme and the different strands of the evaluation will be used iteratively to influence activity within and outside the programme and linked more securely to client need.

## EDUCATION & LIFELONG LEARNING

### BETTER SKILLS FOR EMPLOYMENT

Expenditure includes the new National Planning and Funding System being developed by ELWa and the Basic Skills Strategy.

#### Review conclusions

The programme addressed issues which were central to delivering the Assembly Government's main priorities, particularly though its direct focus on delivering the better skills needed for the future of our economy. Concern centred on the adequacy of the evidence of effective outcomes. The review drew attention to the mixed or contested evidence, including the variable quality of provision revealed by Estyn reports, limited participation rate type data and a lack of outcome related evidence of effectiveness in some programmes in this area. However, the programme scored highly in relation to spatial targeting of expenditure and in relation to culture and language. The programme was seen as providing for the longer-term transformation of Wales.

#### Draft Budget Proposals

£,000

Original Plans	New Plans		
	2005-06	2006-07	2007-08
2004-05	227,671	243,271	250,155
212,326			

#### Taking the programme forward



A number of activities which address these points are under way, including reviews of the activities undertaken within this programme, the development of data collection systems, the introduction of a National Planning and Funding System and further research and evaluation.

ELWa is currently undertaking a comprehensive review of its work-based learning programmes. The outcome of the review, undertaken with wide consultation, will be reflected in the final version of the Skills and Employment Action Plan, and published to a similar timetable. The purpose of the review is to ensure that programmes are focused sharply on the needs of learners, are fit for purpose, delivered efficiently and effectively, and with outcomes that can be measured and properly recorded. Regular evaluation will be an integral part of ELWa's future approach.

The Learning Workers Project at Llanelli provides free learning up to Level 3 for those in employment. External evaluation is integral to the project and the interim report is favourable. Following the ELWa review of Services to Business conducted last year, ELWa decided to improve the range of products it offers to business. The three product delivery streams will be refocused within an enabling framework geared to a client perspective, as part of ELWa's drive towards a more strategic intervention. ELWa will use diagnostic tools developed in conjunction with the WDA as part of business EYE to target support to business and sectors of strategic importance to Wales.

The Assembly Government proposes to build on the above approaches, to develop Workforce Development Accounts, for which employers have expressed clear support. This will build more engagement with the business community and begin to deliver an effective empowerment model which will give more purchasing power to employers in exchange for commitment to an agreed training plan.

These developments will be underpinned by ELWa's National Planning and Funding System (NPFS) which will encourage more orderly and coherent provision based on more effective forward planning, the progressive elimination of wasteful competition, and pathfinder projects with incentives designed to raise standards, increase choice and fill gaps in supply.

Still better data is required to support ELWa's NPFS in order to provide a sound basis for allocation and monitoring. From late 2004 a comprehensive post-16 learner database - the Lifelong Learning Wales Record (LLWR) – will address these issues, effectively meeting the data needs of planners, funders, learners and other stakeholders.

The full benefits of the NPFS will not be realised until vocational qualifications have been fully modularised and credit equivalence values established. This is a major piece of work on which Wales has been leading. The Assembly Government, ELWa and ACCAC are working with the equivalent bodies in England, Scotland and Northern Ireland on a seven-year work plan to develop: national occupational standards and industry-led curricula, a unit-based national system of qualifications and credit, revised regulation model and funding arrangements and an effective communication strategy.

The current all-age National Basic Skills Strategy for Wales is due to end in March 2005. New data from

external evaluation will show that basic skills problems in Wales remain serious, especially in numeracy. We intend to produce a new 3-5 year strategy that will build on the foundations so far and take forward specific recommendations. As part of the preparation of this new strategy we will hold a workshop with partner organisations and a formal consultation.

The development of Sector Skills Agreements by Sector Skills Councils will provide a far greater understanding of the skills demand requirements of employers, setting priorities and agreed collaborative actions to be taken by employers and the main funding and delivery agencies to address them. The agreement will be built around issues of national significance such as industry drivers, common skills requirements, sector specific skills training and effectiveness of progression routes. The first four agreements, covering construction, IT, media and some engineering sub-sectors will influence the planning of ELWa's skills development portfolio next year with agreements for other sectors being developed during 2005-06.

ELWa is committed to delivering its programme strands on the basis of evidence-based policy, and is configuring its research and evaluation programme accordingly.