

**Wednesday 22 October 2003**

**Consideration of the draft budget for 2004/2005**

**Purpose**

1. To seek the Committee's views on the draft budget (annex 1) as laid for debate in Plenary on 22 October 2003.

**Recommendation**

2. That the Committee notes the information provided and comments on the draft budget at Annex 1.

**Timing**

3. For discussion on the 22 October. The Finance Minister, having taken account of the comments from subject committees, will move the final budget in November.

**Background**

4. This year is not a spending review year. The Committee considered the issues paper and provided its views on priorities (the Committee Chair's letter is at annex 2) and these priorities informed discussions with the Finance Minister and the draft budget proposed.

**Commentary**

**General**

5. In a non Spending Review year allocations to new areas of spending can only be made by corresponding reallocations from existing budgets. The Budget Planning Round in 2004 will be conducted against the background of a UK Spending Review. In view of that, the forward budgets have been rolled over flat. Reviewing established spending patterns from time to time is essential to the optimum management of our resources. Figures for future years, in order to inform sound planning, will be revised in the Supplementary budget in March 2004. In 2004-2005, provision in the education and lifelong learning MEG is £46.5m over that in 2003-2004 an increase of almost 4%. Over the period 1999-2005 this represents a growth of £472m or over 62%. Support for the Local Government Revenue Settlement through RSG is increased by over £151m of which £33m is specifically provided for costs of

the teachers' workload agreement (this includes £3m currently identified separately in the ELL MEG as additional grant for administrative support in schools). The settlement should be sufficient to meet our assessment of the pay and price pressures identified by local government including those affecting schools. In addition to the increased provision in RSG, the Minister for Finance and Local Government is making available £20m deprivation grant and £30m performance incentive grant; these, like the Revenue Support Grant are unencumbered and local authorities will be free to spend them in accordance with their own priorities

6. For 2004-2005, the draft budget, in partnership with local authorities and other stakeholders across Wales will enable Wales to press ahead to become a Learning Country from early years to lifelong learning. Specifically, it provides for:

- resources to underpin attainment of the commitment to early years places for all three year olds whose parents wish it by September 2004. To date 9000 places have been provided as well as integrated centres in Flintshire, Conwy and Rhondda Cynon Taff.
- following commitments made in Iaith Pawb, £2m to improve and increase the training and provision of early years Welsh medium and bilingual provision. Further details on the use of this will be provided to the Committee as details are firmed. Welsh immersion pilots will also begin in primary schools from May 2004 and a further tranche in September 2004. This is in addition to resources to increase the Welsh medium incentive supplement and to provide further Welsh medium curriculum materials through ACCAC.
- following the extensive consultation between February and May this year, a number of pilots of new approaches to the Foundation stage of learning – for 3 to 7 year olds - to be undertaken in 2004-2005. This will mark the beginning of a phased implementation of this new approach.
- as set out in Wales a Better Country, the piloting of primary school breakfasts in 2004-2005. I shall be consulting on the shape and scope of the scheme in the coming weeks in order to ensure that we learn how to deliver this commitment in the most effective way. This programme will be a major contribution to improving the health and concentration of pupils and thus to raising standards. It should also contribute to our plans to promote community focused schools. Strengthened powers for governors to provide services to the community came into force on 1 September and guidance will be issued shortly following consultation earlier in the year. Some governing bodies and LEAs are already looking to develop a community focus for their schools and a number of capital projects being funded by Assembly grant will provide facilities suitable for school and community use. I shall be looking to secure resources in – year and for 2005-06 with a view to supporting pilot work on community focused schools from January 2005.
- The phased implementation of the 14 to 19 learning pathways programme will also commence in 2004-2005. Together with the additional revenue grant for reducing class sizes and raising standards in schools; and continuing work on developing the Welsh Baccalaureate, this will contribute to our overall objectives to raise standards and ensure that the numbers of pupils leaving school with no qualifications is reduced progressively over the rest of the decade. This can only be achieved if we narrow the gap between the best and least well performing schools. Work on the second phase of the Narrowing the Gap project related to primary schools will continue in 2004-2005.

- Increased funding for the Special Educational Needs Tribunal to take account of the full year costs following establishment of a Wales Tribunal this year following the commencement of the Education Act 2002. Proposals for regional centres for low incidence SEN, following on from the development underway in Plas Brondyffryn are being developed by local authorities and will be taken into account in allocating available school buildings improvement grant for 2004-05 and reviewing the level of funding for 2005 onwards.
- As part of the continuing drive to raise standards in science and following the success of Wales Science year, the new hands on science centre at NEWI in Wrexham has been opened with ongoing revenue support. In 2004-2005 the school PE and Sport strategy will ensure that there will be a PE Development Co-ordinator in every LEA, and 30 development centres on the ground - 1 in each LEA and 8 LEAs will have 2.
- Provision to support teachers includes the significant investment in the local government revenue settlement for 2004-05 where £30m additionally is provided and a further £3m will be transferred from the ELL MEG to meet the costs of the new provisions of the workload agreement. In addition, grant for small and rural schools will contribute to delivery of the workload agreement in these schools. Complementing the individual continuous professional development programme, resources through GEST will underpin the introduction of statutory induction procedures and the Wales-specific headship programmes. [Overall the GEST programme will be more closely focused on pump priming development, where alternative sources of funding are not available.
- Funding for schools capital has been steadily increasing and continues to do so for 2004-05. . The manifesto commitment to ensuring that all schools are fit for purpose by 2010 remains. The level of funding to be provided for 2005 onwards will reflect that commitment.
- A key policy for the development of Wales as a learning country has been to remove the barriers to learning. In addition to the work on Aim Higher and the widening access element of Reaching Higher, the introduction of the Assembly learning grant has been significant. Details on take up and income distribution established in the pathfinder year and during this year have been taken into account in setting the provision for 2004-2005 as has the expected effect of the new HE bursary. The new individual learning account is in place - after just 2 months of operation, to the end of September 2003, learn direct has issued over 6,000 ILA Wales application forms, half of which have been returned and approved as eligible by the ILA team at ELWa. 860 learners have used their ILA Wales to pay for learning, 34% of whom are from the low income priority group (i.e. people in receipt of income related benefits or credits). The pilot free training for adults to NVQ level 3 is a further arm in the strategy to increase the take up of lifelong learning. Officials are exploring the extent to which EMAs can be introduced in Wales from next academic year. I will keep the Committee informed as matters progress.
- The strategy for Higher Education - Reaching Higher is essential to strengthen the sector in Wales. Resources for the reconfiguration and collaboration agenda for 2004-2005 are maintained at planned levels, a 25% increase on 2003-04 as well as maintaining core growth in real terms In keeping with the "something for something" approach we have established with the sector, we intend to provide substantial additional resources to support well founded reconfiguration proposals in 2005-2006 over and above the resources already provided in 2004-2005
- The future prosperity of Wales is dependent upon the development of a culture of lifelong

learning culture supported by effective provision. The growth in the baseline provision for ELWa National Council is a year on year increase; it will enable it to meet demographic and cost pressures on its core programmes, and to develop its programmes in line with new funding arrangements that will begin to take effect from August next year. The increase will enable the Council to make further progress on the Assembly Government's initiative of bringing FE pay into line with that in schools and enable the Council to make a start on investing in the FE estate to meet the requirements of the Disability Discrimination Act. The work to tackle the basic skills deficit in Wales will continue through the Basic Skills Strategy for Wales

## **7. Compliance**

**This paper seeks the Committee's views on the draft budget as required under Standing Order 19.**

**Annexes :**

**Annex 1 : the Education and Lifelong Learning MEG draft budget table**

**Annex 2: Committee's chair's letter on budget priorities**