

# **The 2022-23 Welsh Government Draft Budget**

February 2022



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## Recommendations

**Recommendation 1.** Every year, when it publishes its Draft Budget and supporting documentation, the Welsh Government must also publish the Children’s Rights Impact Assessment(s) that it undertakes as part of the budgeting process, and clearly set out how they feed into the overarching Strategic Integrated Impact Assessment and decisions on funding allocations.....24

**Recommendation 2.** Every year, when it publishes its Draft Budget and supporting documentation, the Welsh Government must also publish any data it holds that sets out the extent to which funding in the Health and Social Services MEG and all other relevant MEGs has been allocated to children and young people. ....24

**Recommendation 3.** The Welsh Government must put in place a framework to monitor and evaluate the value for money of 3<sup>rd</sup> sector mental health support schemes that are funded by the public sector. The framework should be consistent, focused on delivering measurable outcomes for children and young people, and proportionate to avoid placing overly-burdensome reporting requirements on 3<sup>rd</sup> sector organisations. ....28

**Recommendation 4.** In relation to the proposed perinatal mental health service in England to support families in north and mid Wales, the Welsh Government must set out: .....29

- a timetable for when the Welsh Government expects that the unit in England will start accepting referrals for families;.....29
- clarification about what provision will be available to Welsh families, including capacity, staffing and Welsh-language provision; .....29
- the extent to which working with NHS England will affect provision for patients; accountability for service delivery; and the extent to which support for Welsh families will be provided within the framework of Wales-specific legislation (e.g. the Well-being of Future Generations (Wales) Act 2015) and the Welsh Government’s wider policy objectives. .... 29

**Recommendation 5.** As part of its ‘daily active group’ workstream and of any relevant evaluation or monitoring activities that it undertakes, the Welsh Government must consider how it can ensure that all schools offer their pupils a range of high-quality sport

and physical exercise opportunities as part of its wider childhood obesity prevention strategies.....32

**Recommendation 6.** The Welsh Government must set out a clear and detailed timetable for its plans to reform services for looked after children as set out in the Programme for Government and response to the Children’s Commissioner for Wales’ Annual Report. The timetable must include key implementation milestones and associated funding requirements. ....35

**Recommendation 7.** The Welsh Government must ensure that there is sufficient funding side aside to resolve capacity issues within the childcare workforce to enable it to successfully expand childcare as set out in the Programme for Government.....36

**Recommendation 8.** The Welsh Government must provide this Committee with 6-monthly updates on COVID recovery as it relates to children and young people, including any available data on COVID recovery health services and the impact of COVID recovery on educational provision (educational progress, attainment, inequalities, etc.).....41

**Recommendation 9.** The Welsh Government must publish its response to the Sibieta review of school funding and set out how it will take forward the recommendations.....45

**Recommendation 10.** The Welsh Government must clarify how the Minister for Education and Welsh Language works alongside the Minister for Finance and Local Government and local authorities to ensure that schools receive sufficient funding to deliver on the Welsh Government’s policy commitments. ....46

**Recommendation 11.** The Welsh Government must ensure that the Pupil Development Grant continues to be used to develop and deliver targeted interventions that benefit children from low income families and care experienced and adopted children. ....46

**Recommendation 12.** The Welsh Government must clarify details about the expansion of the Pupil Development Grant Access scheme, including any changes to eligibility criteria (including to year groups), how much funding will be available to eligible pupils, when the changes will take effect and the likely cost impact. ....46

**Recommendation 13.** As soon as it is able to do so, the Welsh Government must clarify the following in relation to the Programme for Government commitment to extend eligibility for free school meals in primary schools: .....47

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<ul style="list-style-type: none"> <li>▪ Whether there will be any changes to the eligibility criteria for the Pupil Development Grant or Pupil Development Grant Access.....47</li> <li>▪ What changes schools, local authorities and the Welsh Government will need to make to their administrative processes to ensure that schools receive Pupil Development Grant funding for all eligible children on roll, and how schools will be supported to make those changes during the transition period.....47</li> <li>▪ How the Welsh Government will ensure that all families eligible to receive Pupil Development Grant Access will continue to be able to claim that funding. ....47</li> <li>▪ Details of what indicator(s) the Welsh Government intends to use instead of eligibility for Free School Meals for the purposes of data reporting, tracking pupil outcomes and the basis of its policies aimed at supporting the education of children from deprived backgrounds.....47</li> </ul>	
<p><b>Recommendation 14.</b> The Welsh Government must confirm the anticipated cost of the expanded Free School Meals scheme, what its policy objectives are, and the policy rationale for prioritising this funding over other initiatives that target low income or care experienced children. ....47</p>	
<p><b>Recommendation 15.</b> The Welsh Government must clarify why it believes that the ‘Curriculum and Assessment’ and ‘Teaching and Leadership’ actions require less funding in 2022-23 than they do in 2021-22. ....51</p>	
<p><b>Recommendation 16.</b> The Welsh Government must clarify how much of the funding it has allocated for Additional Learning Needs is earmarked to meet exiting pressures, and how much is reserved to implementing the Additional Learning Needs and Educational Tribunal (Wales) Act 2018.....51</p>	
<p><b>Recommendation 17.</b> The Welsh Government must: .....51</p> <ul style="list-style-type: none"> <li>▪ provide this Committee with updates on the progress of its work focusing on overcoming challenges to delivering one million Welsh speakers by 2050; and.....51</li> <li>▪ publish an assessment of the current capacity of the workforce to support the Welsh Government to deliver one million Welsh speakers by 2050. ....51</li> </ul>	
<p><b>Recommendation 18.</b> The Welsh Government must clarify how much of the additional £11m allocated to the Post-16 Provision BEL when compared to the 1<sup>st</sup> Supplementary</p>	

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Budget is to enable FE providers to accommodate additional learners during 2022-23, and how much is for other purposes. ....54

**Recommendation 19.** The Welsh Government must carry out a review of both the EMA award and the income eligibility threshold to establish appropriate rates that provide the same benefits for the same proportion of learners and their families as they did when the EMA was introduced in 2004.....55

**Recommendation 20.** The Welsh Government must clarify: .....55

- the policy rationale for not increasing the EMA rate of £30 per week since 2004, which has resulted in a significant depreciation of the value of the award; and .....55
- the impact of changes (or lack thereof) to the EMA income threshold on the proportion of learners able to claim the EMA since 2011-12 (i.e., data setting out the number of learners claiming the EMA against the total number of learners and the income threshold for each year). .....55

**Recommendation 21.** The Welsh Government must clarify why the demographic changes that are likely to lead to more learners in Further Education from 2022-23 onwards have not resulted in an increased budget for the EMA.....55

**Recommendation 22.** The Economy, Trade and Rural Affairs Committee and the Children, Young People and Education Committee jointly recommend that the Welsh Government should set out a breakdown of the contributions from each Main Expenditure Group, at Budget Expenditure Line level, that combine to make the total £500m estimated funding required to deliver the Young Person’s Guarantee. This breakdown should make it clear what is new funding and what is a continuation of existing programmes. ....56

**Recommendation 23.** The Welsh Government must set out clearly how it plans to work alongside stakeholders, learners and employers to stimulate demand for, and uptake of, Degree Apprenticeships across a range of sectors. ....60

**Recommendation 24.** The Welsh Government must provide the Committee with 6 monthly updates on the progress of the implementation of the ILE programme, including information on how the Welsh Government is promoting the programme to learners in Further Education.....60



# 1. Background

## An overview of the budget scrutiny process

1. Scrutiny of the Draft Budget is led by the Senedd's Finance Committee. The Finance Committee takes a broad view of the budget as a whole, and undertakes public engagement and strategic scrutiny to support policy committees. The Finance Committee may report on its findings.
2. It is the responsibility of policy committees - such as the Children, Young People and Education Committee – to scrutinise specific areas of policy that are relevant to them. They can do this by writing to Welsh Ministers to ask for written information about the Draft Budget, inviting Welsh Ministers to give oral evidence to the Committee, drawing on the findings of the Finance Committee's engagement work, and/or doing engagement work of their own. Once they have collected the evidence they need, policy committees may report on their findings.
3. The Senedd debates the Draft Budget in Plenary, supported by the committees' reports. After the Draft Budget has been debated, the Welsh Government will table the Annual Budget Motion. The Annual Budget Motion includes the Final Budget for the Welsh Government, which the Government may have changed since the Draft Budget debate.

## Budget scrutiny in 2022-23

4. The Finance Committee wrote to the chairs of Senedd policy committee in July 2021 to set out its proposed approach to Draft Budget scrutiny.<sup>1</sup> It recommended that policy committees follow the four principles of financial scrutiny as they carry out budget scrutiny (affordability, prioritisation, value for money, and budget processes). The letter also confirmed that the Finance Committee would carry out public engagement on behalf of all Senedd committees. The engagement included a consultation<sup>2</sup> and a series of focus groups, and was carried out between 17 September and 26 November 2021.<sup>3</sup>

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<sup>1</sup> Welsh Parliament, '[Letter from the Chair of the Finance Committee to Senedd Committees regarding Financial Scrutiny](#)', 16 July 2021

<sup>2</sup> Welsh Parliament, '[Welsh Government Draft Budget 2022-23](#)'

<sup>3</sup> Welsh Parliament, '[Welsh Government Draft Budget 2022-2023: Engagement Report](#)', December 2021

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**5.** The 2022-23 Draft Budget was published on 20 December 2021. The Finance Committee and policy committees' reporting deadline was 4 February 2022. The Draft Budget debate will be held on 8 February 2022, and the Annual Budget Motion will be debated on 8 March 2022.

## 2. Our approach

7. The Committee agreed that its approach to budget scrutiny would be framed around our 6th Senedd Strategy.<sup>4</sup>

### Children's rights

8. We have committed to putting children's rights at the heart of everything we do. Article 4 of the United Nations Convention on the Rights of the Child ("UNCRC") states:

*"States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources [...]"<sup>5</sup>*

9. Adopting a children's rights approach involves scrutinising whether the Welsh Government is using the maximum extent of its available resources to implement the UNCRC. To do so, we need clear and transparent information about the impact of the Welsh Government's Draft Budget on children and young people.

10. Our predecessor Committee consistently pressed the Government to get that clear and transparent information. It, and other committees of the Fifth Senedd, raised concerns about the transparency of the Draft Budget, such as:

- the lack of an individual Child Rights Impact Assessment on the Draft Budget even if it were eventually merged into the overarching integrated assessment,<sup>6</sup> and the insufficiency of the government's over-arching Strategic Integrated Impact Assessment<sup>7</sup>;

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<sup>4</sup> Welsh Parliament, '**Children, Young People and Education Committee: 6th Senedd Strategy**', December 2021

<sup>5</sup> UNICEF, '**The United Nations Convention on the Rights of the Child**'

<sup>6</sup> Welsh Parliament, '**Children, Young People and Education Committee: Children's rights in Wales**', Pages 61-70

<sup>7</sup> National Assembly for Wales, '**Assessing the impact of budget decisions**', Pages 21-22

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- the lack of clarity over how much money is allocated to provision specifically for children and young people in certain areas of the budget;<sup>8</sup> and
- whether the appropriate Minister has control over money that is spent on children and young people.<sup>9</sup>

**11.** With this in mind, on 9 November 2021 we wrote to the Minister for Education and Welsh Language<sup>10</sup> and the Minister for Health and Social Services<sup>11</sup> to ask for detailed written information about the Draft Budget that goes beyond the information that the Welsh Government publish. We are very grateful to the Ministers and their officials for their comprehensive responses.<sup>12</sup>

### **The mental health and well-being of children and young people**

**12.** A key finding of our consultation exercise on our 6<sup>th</sup> Senedd priorities was that the mental health and well-being of children and young people should be front and centre of all that we do. So, in our 6<sup>th</sup> Senedd Strategy we stated that mental well-being will be a thread that runs throughout all of our work. We will monitor closely the impact of Welsh Government decisions on the mental health and well-being of children and young people to ensure they deliver positive outcomes.

**13.** We asked about the implications of the budget for the mental well-being of children and young people as we gathered both written and oral evidence from the Welsh Government.

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<sup>8</sup> Welsh Parliament, '**Children, Young People and Education Committee: Scrutiny of the Welsh Government Draft Budget 2021-22**', February 2021, pages 10-12

<sup>9</sup> Welsh Parliament, '**Children, Young People and Education Committee: Scrutiny of the Welsh Government Draft Budget 2021-22**', February 2021, pages 18-19

<sup>10</sup> Welsh Parliament, '**Letter from the Chair of the Children, Young People and Education Committee to the Minister for Education and Welsh Language**', 9 November 2021

<sup>11</sup> Welsh Parliament, '**Letter from the Chair of the Children, Young People and Education Committee to the Minister for Health and Social Services**', 9 November 2021

<sup>12</sup> For the written evidence relating to the Health and Social Services MEG, see: Welsh Government, '**Scrutiny of the Health and Social Services Draft Budget 2022-23**', December 2021. For the written evidence relating to the Education and Welsh Language MEG, see: Welsh Government, '**Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group (MEG)**', December 2021

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## Working with other Senedd committees and hearing from children and young people

**14.** In our 6th Senedd Strategy we commit to working with other Senedd committees where we can, and to putting the voices of children and young people at the heart of everything we do.

**15.** Our remit overlaps with the remits of other Senedd committees. The remit of the Health and Social Care Committee includes physical, mental and public health, and the well-being of all of the people of Wales, including children and young people. The remit of the Equality and Social Justice Committee includes equality, human rights, poverty and the implementation of the Well-being of Future Generations (Wales) Act 2015, all of which have significant impacts on children and young people.

**16.** To minimise duplication and to coordinate our efforts as much as possible, we have shared the written information that we have received from the Welsh Government with the Health and Social Care Committee, and vice versa. Officials supporting this Committee, the Health and Social Care Committee, the Equality and Social Justice Committee and the Economy, Transport and Rural Affairs Committee have also worked together to coordinate their support for Members.

**17.** We have also drawn on the findings of the Finance Committee's engagement work. The engagement included a consultation exercise<sup>13</sup> and a series of focus groups.<sup>14</sup> The focus groups that were particularly relevant to this Committee were those with the following attendees.

- Young people from the Young Wales Project Board at Children in Wales
- A mixture of headteachers and school governors
- Five participants who, at the time of the focus group, accessed support from the National Youth Advocacy Service (NYAS)
- Head teachers and School Governors
- Lifelong learners at college

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<sup>13</sup> Welsh Parliament, '[Welsh Government Draft Budget 2022-23](#)'

<sup>14</sup> Welsh Parliament, '[Welsh Government Draft Budget 2022-2023: Engagement Report](#)', December 2021

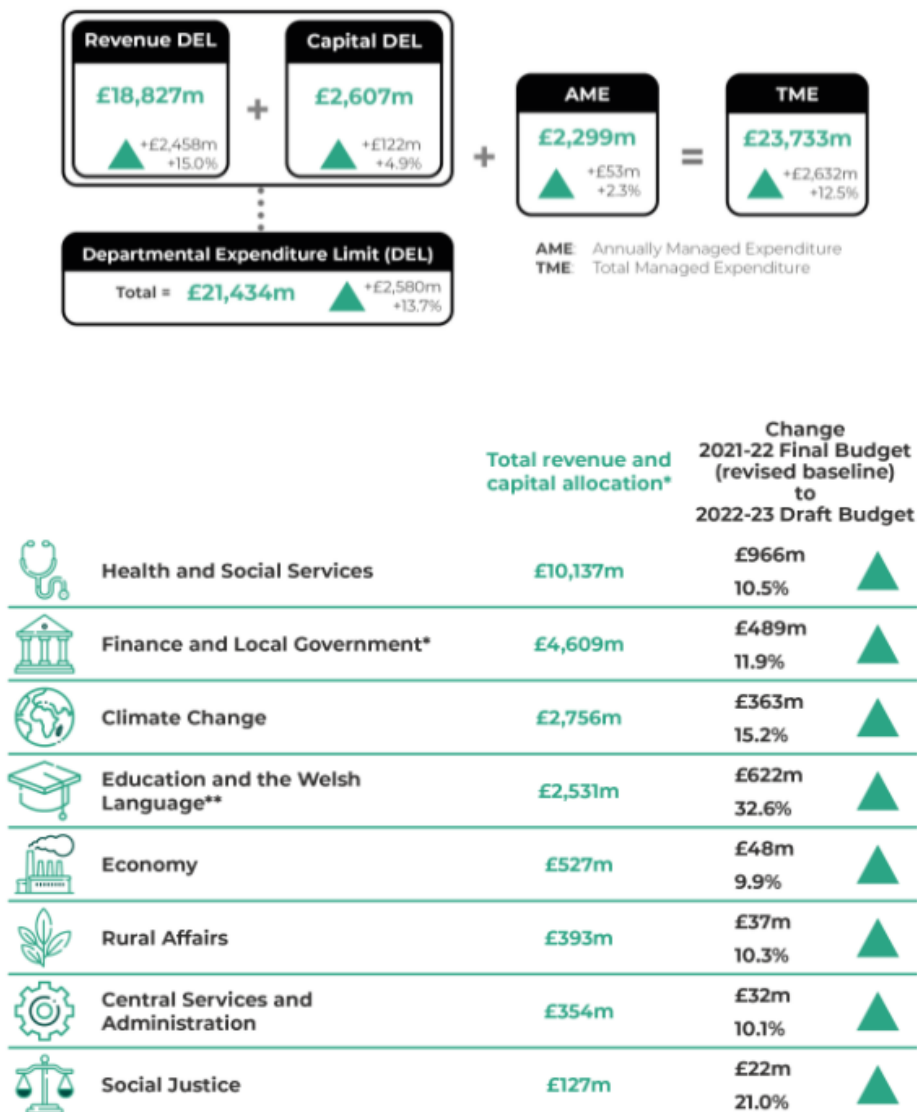
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18. We are grateful to the Finance Committee for its support throughout the budget scrutiny process.

### 3. Overview of the Draft Budget

#### Summary of the 2022-23 Draft Budget as a whole

19. The following infographic summarises the key allocations by government department. Source: Welsh Parliament, 'Welsh Government Budget 2022-23 – Explore the budget', December 2021.



— \*Excludes around £1 billion non-domestic rates income.  
 — \*\*Includes allocation of £459 million of non-fiscal revenue due to student loans.  
 — Figures are rounded. Refer to the Welsh Government Draft Budget 2022-23 for exact figures.

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## Comparing the 2022-23 Draft Budget to 2021-22 allocations

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**20.** When the Welsh Government presents changes between this year's Draft Budget with 2021-22, it is actually comparing the 2022-23 Draft Budget with a so-called 'revised baseline'. To calculate the revised baseline, the Welsh Government takes the Final Budget approved at the start of the 2021-22 financial year. It then adjusts the figures to calculate what it believes is a budget that enables more accurate comparison to future budgets. The revised baseline can be less than the Final Budget allocations and funding increases in the 2022-23 Draft Budget can therefore appear larger when compared to the revised baseline than when compared with the final allocations in the 2021-22 budget.

**21.** Furthermore, comparing the 2022-23 Draft Budget with:

- the 2021-22 Final Budget, set at the start of the financial year (whether revised baseline or not); or
- the 2021-22 budget as amended during the financial year (known as 'Supplementary Budgets');

will give you different results.

**22.** There are usually two Supplementary Budgets, taking place in June and February. The Supplementary Budgets reflect changes to the Final Budget made during the financial year. This is particularly significant in this budget setting round for the Education and Welsh Language MEG because the 1<sup>st</sup> Supplementary Budget 2021-22 is considerably higher than the Final Budget 2021-22. We discuss this issue further under "The presentation of changes to funding" on page 22.

**23.** When we compare the 2022-23 Draft Budget with previous years in this report, we will specify the nature of that comparison.

## The Health and Social Care Main Expenditure Group (MEG)

### The MEG as a whole

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**24.** In 2022-23, as in the previous year, the Health and Social Services MEG has the largest financial allocation of all the MEGs. The Total Managed Expenditure (TME) is £10.14bn, a 10.5% increase from the 2020-21 Final Budget. The £10.14bn is made up of £9.8bn revenue and £335m capital. Of the £9.8bn revenue, £9bn is allocated for core NHS services such as funding for local health boards, NHS trusts, Public Health Wales and Health Education Improvement Wales. This

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is an increase of £881.3m (10.6%) for core NHS services on the 2021-22 Final Budget in cash terms.

## Children's Health and Social Care

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### 2022-23

**25.** There will be a £28m increase for childcare and early years, offset by other budget adjustments, relative to the 1st Supplementary Budget in 2021-2. This will support the Programme for Government commitment on Early Years and Childcare, and includes:

*"(£4.550m) reduction on Support for Childcare & Play - BEL 310, due to an in-year Covid19 allocation and adjustment.*

*£11.5m increase (from new funding) in BEL 60 for A Healthier Wales Early Years funding*

*£15.500m increase (from new funding) for Support for Childcare and Play in respect of Childcare Offer and Baby Bundles.*

*£0.029m – increase (from new funding) to the Support for Children's Rights BEL for funding consultations within CiW.*

*£0.971m increase (from new funding) to the Support for Children & Families BEL*

*£1.9m reversal of a MEG to MEG transfer (in 21-22) in relation to Education MEG for Foundation Phase Alignment and £1m Playworks funding also moving between the Support for Families & Children and the Support for Childcare and Play BEL."<sup>15</sup>*

### 2023-24

**26.** The Minister for Health and Social Services' paper sets out a £2m additional overall increase for childcare and early years to £30m recurrently from 2023-24 onwards. This funding will fall within the Support for Childcare and Play BEL, which includes the Childcare Offer, Baby Bundles and Workforce training.

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<sup>15</sup> Welsh Government, '**Scrutiny of the Health and Social Services Draft Budget 2022-23**', December 2021, pages 3-4

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## The Education and Welsh Language Main Expenditure Group (MEG)

### A breakdown of the MEG

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**27.** The 2022-23 Draft Budget resource allocation for Education and Welsh Language is £2.176bn, which is made up of 17 resource budget 'Actions'. Each Action can be broken down into one or more Budget Expenditure Lines (BELs). Some key elements of the resource Actions making up the Education and Welsh Language budget can be summarised as follows.

- Two Actions, which provide core funding to further and higher education (totalling £771m).
- One Action providing financial support to students (£833m).
- One Action concerning Youth Engagement and Employment (£17m).
- Five Actions which finance key aspects of pre-16 education such as Literacy and Numeracy, Curriculum, Teaching and Leadership, Qualifications and Welsh language skills in education (totalling £118m).
- Two Actions supporting key Welsh Government education objectives: the Education Standards Action to support school improvement (£174m) and the Pupil Development Grant Action to tackle the negative impact of deprivation on attainment (£133m).
- Two Actions relating to well-being and engagement (totalling £99m).
- Two Actions supporting Estates, ICT and information management systems (totalling £5m).
- One Action to support the Welsh Language (£26m).
- A Delivery Support Action within the Welsh Government (£1m).

**28.** There are six budget Actions making up the £355m capital draft budget 2022-23. Almost all of this (£352m) is the Estate and IT provision Action, which finances the Sustainable Communities for Learning Programme (formerly called the 21st Century Schools Programme).

**29.** More detail is set out on the Welsh Government's website<sup>16</sup> or Annex A of the Minister's paper.<sup>17</sup>

### **Changes in 2022-23**

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**30.** The Education and Welsh Language MEG consists of: £2.176bn resource (revenue) funding and £355m capital funding. The Education and Welsh Language resource funding is £537m higher in 2022-23 than the 2021-22 revised baseline.

**31.** However, when compared with the most recent budget figures (as set out in the 1<sup>st</sup> Supplementary Budget), the 2022-23 Final Budget is an increase of just £9.7m on 2021-22. £519m resource funding was added to the Education and Welsh Language MEG during the 2021-22 financial year, such that the current 2021-22 budget is £2.166bn, not the £1.647bn set in the Final Budget back in March 2021, nor the £1.639bn set out in the revised baseline.

**32.** The majority of the £537m increase from the 2021-22 revised baseline is a £349m non-cash transfer in respect of student loans, which covers the cost of writing off student loans that are not repaid, including foregone interest.

**33.** Other increases in the Draft Budget 2022-23, compared to the Final Budget revised baseline 2021-22, include:

- £62m for education recovery and reform, much of which is associated with the impact of the COVID-19 pandemic.
- £40m for the extension of free school meals eligibility.
- £20m for the Pupil Development Grant (PDG).
- £5.5m to support children and young people's mental health in schools and colleges.
- £51.5m for sixth forms and colleges to recognise demographic trends in enrolments, adult learning and Renew and Reform funding associated with the pandemic.

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<sup>16</sup> Welsh Government, '[Welsh Government Detailed Draft Budget Proposals 2022-23](#)', December 2021, rows 190-277

<sup>17</sup> Welsh Government, '[Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group \(MEG\)](#)', December 2021

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- £6.5m for the International Learning Exchange (ILE) programme.<sup>18</sup>

**34.** Several Budget Expenditure Lines (BELs) have received small decreases (e.g. Foundation Phase, HEFCW Capital, Targeted Student Support Awards), while the Raising School Standards BEL has been discontinued. This BEL contained approximately £25 million per year that was allocated to the school improvement/standards agenda in the previous Senedd. The Minister's paper explains that this funding is now being mainstreamed into other BELs.<sup>19</sup>

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<sup>18</sup> Welsh Government, '[Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group \(MEG\)](#)', paragraph 1.1.4, December 2021

<sup>19</sup> Welsh Government, '[Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group \(MEG\)](#)', paragraph 2.2.2, December 2021

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## 4. Our scrutiny of the Draft Budget

### The Welsh Government's approach to budgeting

#### Transparency

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**35.** It is crucial that the Welsh Government presents clearly and transparently what resources are allocated for children and young people in the Draft Budget. If not, it is difficult to establish whether a fair share of the Welsh Government's funding goes to children and young people, and that the Welsh Government is meeting its statutory duty to give due regard to the United Nations Convention of the Rights of the Child when it makes spending decisions.

#### Children's Rights Impact Assessments (CRIAs)

**36.** The Draft Budget is structured in such a way that it is not always possible to know whether funds will be allocated for children and young people. For example:

**37.** Most of the £9.8bn revenue funding within the Health and Social Services MEG is allocated to health boards and NHS Trusts for their delivery plans. This means that it is difficult to know exactly how much of that money will be allocated for children and young people.

**38.** Some key areas of funding (e.g. schools' core budgets, funding for social care, youth services and play provision) are mainly funded by the Local Government Settlement, which is un-hypothecated (i.e. local authorities can spend it as they see fit within the framework of their statutory duties). Different local authorities allocate different proportions of their budgets to schools, so it is difficult to work out from the Draft Budget how much is being spent on children and young people's education.<sup>20</sup> We asked the Minister for Health and Social Services whether she was able to tell us approximately how much of the £10.14bn in the Health and Social Services MEG has been allocated to children and young people.

*"[...] it is really difficult to give a precise answer and that's partly because the majority of the funding within my budget is allocated to the NHS directly as un-hypothecated funding for the delivery of their plans, and we tell them where we'd like them to focus their plans, but the whole point is you're making local decisions based on the need to respond to the needs of that area."<sup>21</sup>*

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<sup>20</sup> However, detailed local authority spending breakdowns are published *retrospectively* onStats Wales.

<sup>21</sup> **Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 159**

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**39.** She went on to state that “the difficulty when you're thinking about children is we don't know how many of them are going to break their leg, we don't know how many of them are going to develop diabetes, we don't know how many of them are going to develop cancer.” This makes it difficult to allocate funding to children and young people in particular. Instead, the Welsh Government puts in place a “planning framework”, which sets out her ministerial priorities, including services for children and young people. However, the Minister was able to commit to writing to the Committee to provide data on spend on children and young people where that information is available.<sup>22</sup>

**40.** One way that the Welsh Government could be more transparent is to produce and publish in full a specific Children’s Rights Impact Assessments (CRIA) of its Draft Budget. A CRIA would aid transparency and help us to understand better how spending decisions are taking account of children and young people. Our predecessor Committee repeatedly urged the Welsh Government to publish a CRIA of its Draft Budget on a number of occasions, including in a joint report with the Equality, Local Government and Communities Committee and the Finance Committee of the 5<sup>th</sup> Senedd.<sup>23</sup> The Welsh Government refused to do so, arguing that the tool it currently uses to assess the impact of its budget – the ‘Strategic Integrated Impact Assessment’ was sufficient:

*“[...] taking an integrated approach to impact assessments of the Draft Budget through the Strategic Integrated Impact Assessment better reflects our responsibility to consider our decisions in the round through a number of lenses to understand their impact, including consideration of children's rights.”<sup>24</sup>*

**41.** We asked the Minister for Health and Social Services why, if the Strategic Integrated Impact Assessment considers children’s rights, does it make no reference whatsoever to the UNCRC or any of its articles. The Minister responded:

*“[...] we have, over recent years, taken an integrated approach to impact assessments, which includes, of course, the consideration of children's rights [...] We believe it's best to bring all those together in an integrated approach,*

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<sup>22</sup> **Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 159 - 168**

<sup>23</sup> See: Welsh Parliament, ‘**Children, Young People and Education Committee: Children’s rights in Wales**’, Pages 61-70; National Assembly for Wales, ‘**Assessing the impact of budget decisions**’; Welsh Parliament, ‘**Children, Young People and Education Committee: Scrutiny of the Welsh Government Draft Budget 2021-22**’, February 2021

<sup>24</sup> Welsh Government, ‘**Letter from Julie Morgan AS to Lynne Neagle MS**’, 23 September 2022

*and that enables us to understand more clearly the overall impact of decisions on children and young people."*<sup>25</sup>

**42.** She added that "detailed impact assessments, including children's rights impact assessments, are undertaken as part of our ongoing policy development and review, and these assessments will continue to be used to inform budget decisions and the wider impact assessment of the budget." The Welsh Government agreed during the meeting to share more information about any children's rights impact assessments that fed into the 2022-23 Draft Budget's Strategic Integrated Impact Assessment.<sup>26</sup>

### **The presentation of changes to funding**

**43.** Even when it is clear whether expenditure relates to provision for children and young people, it can be difficult to work out whether funding allocated to specific areas of the budget has gone up or down compared to previous years – and if it has gone up, how much of that increase is a genuine year to year increase in usable funding (see paragraphs 20 to 22).

**44.** The Welsh Government has stated that the Education and Welsh Language MEG has increased by £537m compared to the 2021-22 Final Budget revised baseline. However, when compared with the most up-to-date budget - the 1st Supplementary Budget of June 2021 - the increase is only £10m. We asked the Minister for Education and Welsh Language explain why the figures are different. He told us

*"[...] the first question is: what is the most instructive, comparatively, budget to compare with, really? And I just listed to you a number of ways in which, in the last financial year, there was additional funding available on a one-off basis to respond to COVID—in historic terms, quite extraordinarily large sums of money, for obvious reasons. But that is not a steady-state position [...] The best comparison is the like-for-like comparison, which, in the context of the language that we use there, is the revised baseline budget for last year."*<sup>27</sup>

**45.** The Minister went on to clarify that, of the £537m increase in resource funding compared with the revised baseline, only £188m of that figure is "resources around the budget generally

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<sup>25</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 177](#)

<sup>26</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 178 - 181](#)

<sup>27</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 22](#)

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[...] the rest of it is a non-cash budget, which essential relates to student support finance, which is, effectively, earmarked for that purpose".<sup>28</sup> He added:

*"[...] even compared against the supplementary budget [...] if you were challenging me, on the most conservative approach, there is still a budget increase of about £48 million. So, on any basis, the budget is going up, and, on most of those bases, reasonably, you'd expect the following year's budget to be coming down."*<sup>29</sup>

## Accountability

**46.** Policy initiatives that affect children and young people cut across Welsh Ministers' portfolios. However, although the responsibility for a policy may sit with one Minister, the funding for it may sit within the budget of another. For example, the Flying Start Programme and services for looked after children are both key Programme for Government priorities for the Minister for Health and Social Services. However, most of the funding for those initiatives sits within the budget of the Minister for Finance and Local Government.

**47.** We asked the Deputy Minister for Social Services whether inconsistencies in ministerial responsibility for policy delivery and ministerial responsible for policy funding can present any challenges. In relation to the Flying Start programme, she replied that this "is a well-established arrangement" that "works, it doesn't cause any difficulties." Officials "work hard to ensure that the governance arrangements are clear." There are "regular joint meetings, and funding and policy decisions are integrated." The key, for both Flying Start and services for looked after children, is "close working relationships with local authority delivery partners."<sup>30</sup>

## Our view

**48.** We acknowledge that it is an enormous challenge for the Welsh Government to calculate accurately how much funding it intends to allocate to provision targeted at children and young people across its entire budget. We understand that, in some instances, it is not be possible to do so without placing an unreasonable administrative burden on public service providers.

**49.** However, we are deeply concerned that the Welsh Government's approach to budgeting for children and young people in 2022-23 appears to be less transparent than it was during the 5<sup>th</sup> Senedd. No CRIs have been published as part of the Draft Budget narrative, and there are

<sup>28</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 23](#)

<sup>29</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 23](#)

<sup>30</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 184](#)

no references whatsoever to the UNCRC in the Welsh Government's Strategic Impact Assessment. The assurances we were given did not address our concerns that children's rights have been sufficiently embedded into the budget development process. We therefore urge the Welsh Government to publish any CRIAs it undertakes that feed into the Draft Budget's Strategic Integrated Impact Assessment to evidence compliance with the Rights of Children and Young Persons (Wales) Measure 2011.

**Recommendation 1.** Every year, when it publishes its Draft Budget and supporting documentation, the Welsh Government must also publish the Children's Rights Impact Assessment(s) that it undertakes as part of the budgeting process, and clearly set out how they feed into the overarching Strategic Integrated Impact Assessment and decisions on funding allocations.

**50.** We heard that some data about expenditure on children and young people within the Health and Social Services Main Expenditure Group is being gathered routinely by civil servants and NHS staff. We believe that it is important to share that data and clarify how it feeds into the process of determining future budget allocations. Data is critical not only for the Welsh Government to demonstrate compliance with the Rights of Children and Young Persons (Wales) Measure 2011, but also to ensure that non-government organisations are able to understand and feed into the budget scrutiny process.

**Recommendation 2.** Every year, when it publishes its Draft Budget and supporting documentation, the Welsh Government must also publish any data it holds that sets out the extent to which funding in the Health and Social Services MEG and all other relevant MEGs has been allocated to children and young people.

## Emotional and mental health

### Services for children and young people

**51.** Latest statistics show that in November 2021, 527 5 children and young people were waiting more than the target of four weeks for a first appointment from referral for Specialist Child and Adolescent Mental Health Services (CAMHS). This compares to 301 in October 2020.

<sup>31</sup> Barnardo's Cymru responded to the Finance Committee's consultation on the Draft Budget 2022-23. It advocated additional resources to fund mental health for children and young people, to respond to the "traumatic period since the pandemic began".<sup>32</sup>

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<sup>31</sup> StatsWales, '[CAMHS patient pathways waiting for a first appointment by month and grouped weeks](#)'

<sup>32</sup> Barnardo's Cymru, '[Welsh Government Draft Budget](#)', November 2021

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**52.** We asked the Deputy Minister for Mental Health and Wellbeing to clarify how much was allocated for children and young people’s mental health in the Draft Budget for 2022-23, 2023-24 and 2024-25. She said:

*“There’s £5.5 million in 2022-23 and that rises to £10.5 million by 2024-25 annually. [...] It’s important, I think, not to forget the money that we put into substance misuse services [...] We already spend £2.75 million of the substance misuse area planning board money—that’s ring-fenced for children and young people. I’m very pleased to say that we’ll be increasing that by £1 million in 2022-23, and thereafter, there are plans to increase this to £5.25 million and £6.25 million.”<sup>33</sup>*

**53.** The Deputy Minister added that “improving the mental health of children and young people is my top priority, so I can say to the committee very clearly that you can expect to see additional funding in this area.”<sup>34</sup>

**54.** In December 2021, we wrote to Regional Partnership Boards to ask for information about work they are doing alongside the third sector to support children and young people with their mental health.<sup>35</sup> We asked the Deputy Minister what funding allocations are being put in place to support NHS/third sector joint working on children’s mental health.

**55.** The Deputy Minister explained that “Some of the support that we provide via the third sector is commissioned nationally via us, but health boards also invest significantly in the third sector.” The Welsh Government has “provided an additional £1.4 million—£200,000 to each health board—to commission directly with the third sector. That’s recurring funding”. She added that the Government is looking at what additional funding can be provided to allocate low-level intervention, alongside support for emotional health, mental health, and the “new regional investment fund”.<sup>36</sup>

**56.** We asked for further detail about Welsh Government funding for suicide prevention. Specifically, what exactly is the Welsh Government planning on delivery to support children and young people. The Deputy Minister told us that the Government has recently reviewed the

<sup>33</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 135](#)

<sup>34</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 134 - 135](#)

<sup>35</sup> Welsh Parliament, ‘[Letter from the Chair of the Children, Young People and Education Committee to Chairs of all Regional Partnership Boards](#)’, 1 December 2021

<sup>36</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 140](#)

delivery unit of crisis services, with a particular focus on children and young people. The report on that review is due shortly.

**57.** Our Committee has committed in our Sixth Senedd Strategy to focusing on policy delivery, and ensuring real, concrete change on the ground for children and young people.<sup>37</sup> We asked the Deputy Minister for Mental Health and Wellbeing what checks and balances are in place to ensure that funding to improve children and young people's mental health is being spent as intended.

**58.** The Deputy Minister explained that health boards have to provide plans to support funding requests made against the additional £50m allocated for mental health services overall. Those plans are scrutinised by officials and monitored by her as the relevant Minister. She has regular meetings with NHS chairs and Regional Partnership Boards, and draws on the NHS performance monitoring framework. However, she went on to emphasise the importance of focusing on outcomes for children.<sup>38</sup>

**59.** Funding for mental health support provision also falls within the Education and Welsh Language MEG – specifically, the Programme for Government commitment to “Roll out child and adolescent mental health services ‘in-reach’ in schools across Wales”.<sup>39</sup> We asked the Minister for Education and Welsh Language how much funding is there in his budget to support this so-called ‘whole school approach’, how much comes from the Health and Social Services MEG, and whether this is new funding or a continuation of funding in place in 2021-22.

*“[...] we are increasing very significantly the budget for implementation of the whole-school approach to mental health and well-being [...] the budget for that is divided between my budget and Lynne Neagle's budget. The larger part is in that budget and that's staying constant at £7 million a year for the next three years, but, in my budget, that's increasing very significantly. For the first year, there's an increase of £3.2 million, and that gets us to £9.6 million by the end of that period.”<sup>40</sup>*

**60.** We asked the Deputy Minister for Mental Health and Wellbeing whether there was any provision for mental and emotional ill health training for school staff as part of the roll-out of

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<sup>37</sup> Welsh Parliament, **‘Children, Young People and Education Committee: Sixth Senedd Strategy’**, December 2021

<sup>38</sup> **‘Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraph 157’**

<sup>39</sup> Welsh Government, **‘Programme for Government – Update’**, December 2021, page 3

<sup>40</sup> **‘Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraphs 67 - 68’**

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the new curriculum. She replied that the funding for children and young people’s mental health noted above (£5.5m in 2022-23, rising to £10.5m in 2024-25) includes the whole-school approach to mental health. She added that “There will undoubtedly have to be training moneys to underpin that going forward, because we’ll have to have the whole workforce equipped to deal with that.”<sup>41</sup>

**61.** We put the same question to the Minister for Education and Welsh Language. He told us that the funding put in place to support professional learning for the new curriculum “will be available for the whole range of professional learning for teachers” (see “The new Curriculum for Wales” on page 47 of this report for more details).<sup>42</sup>

### **Perinatal mental health**

**62.** Mental health remains one of the leading causes of maternal death during pregnancy and the first postnatal year. Data shows that Perinatal Mental Health (PMH) problems affect 10-20% of women during pregnancy and the first year after having a baby.<sup>43</sup> The only inpatient Mother and Baby Unit in Wales is located in South Wales. We asked the Deputy Minister for Mental Health and Wellbeing to guarantee that the Draft Budget allocations will ensure that mothers across Wales are getting equal access to perinatal mental health support.

**63.** The Deputy Minister stated that “the vast majority of families won’t need a mother and baby unit, and we want those families to be supported in the community [...] there will be further investment in that area going forward, as it’s a key strategic area for us.” She went on to acknowledge that she is “acutely aware of the need” to deliver access to mother and baby specialist placements that will meet the need in north Wales, and that “the funding has already been identified to develop that service”. That work will be undertaken in partnership with NHS England, but is being “driven at pace” by the Welsh Government.<sup>44</sup>

## **Our view**

### **Services for children and young people**

**64.** We welcome the additional funding from the Welsh Government to health boards to commission mental health support services from the 3<sup>rd</sup> sector. We support the Welsh Government’s approach of encouraging health boards to work with local partners to develop

<sup>41</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 145](#)

<sup>42</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 67](#)

<sup>43</sup> LSE, ‘[The costs of perinatal mental health problems](#)’, 2014

<sup>44</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 155](#)

and deliver tailored services for their communities. However, the Welsh Government must ensure that money for mental health support services is being spent effectively even if it has delegated the responsibility for commissioning those services to the NHS. We recommend that the Welsh Government puts in place a consistent but proportionate framework for monitoring and evaluating the outcomes of NHS/3<sup>rd</sup> sector partnership working on mental health.

**Recommendation 3.** The Welsh Government must put in place a framework to monitor and evaluate the value for money of 3<sup>rd</sup> sector mental health support schemes that are funded by the public sector. The framework should be consistent, focused on delivering measurable outcomes for children and young people, and proportionate to avoid placing overly-burdensome reporting requirements on 3<sup>rd</sup> sector organisations.

### **Perinatal mental health**

**65.** The Deputy Minister told us that work to provide perinatal mental health services for families in mid and north Wales will be driven “at pace”. But, back in 2017, our predecessor Committee recommended that:

*“the Welsh Government, in light of the fact that an MBU in south Wales will not necessarily be suitable for mothers and families in mid and north Wales, engage as a matter of urgency with NHS England to discuss options for the creation of a centre in north east Wales that could serve the populations of both sides of the border [...]”<sup>45</sup>*

**66.** We acknowledge that the Welsh Government needs to balance accessibility with the critical mass of clinical work needed to make Mother and Baby Units viable. We are also conscious that other complications, such as workforce pressures, may add to the challenges facing the Government as it looks to open a unit to support families in mid and north Wales.

**67.** However, we are disappointed and frustrated by the slow rate of progress. Families across Wales should not have to travel unreasonable distances to access perinatal mental health support. We are also unclear about the impacts of working jointly with NHS England, both for patients and for the Welsh Government’s wider policy objectives. The Welsh Government must set out with clarity what provision it is intending for families in north and mid Wales, when families will be able to access that support, and the impact of having a unit for Welsh families in England rather than within Wales.

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<sup>45</sup> National Assembly for Wales, ‘[Children, Young People and Education Committee: Perinatal mental health in Wales](#)’, October 2017, page 9

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**Recommendation 4.** In relation to the proposed perinatal mental health service in England to support families in north and mid Wales, the Welsh Government must set out:

- a timetable for when the Welsh Government expects that the unit in England will start accepting referrals for families;
- clarification about what provision will be available to Welsh families, including capacity, staffing and Welsh-language provision;
- the extent to which working with NHS England will affect provision for patients; accountability for service delivery; and the extent to which support for Welsh families will be provided within the framework of Wales-specific legislation (e.g. the Well-being of Future Generations (Wales) Act 2015) and the Welsh Government's wider policy objectives.

## Physical health

### Childhood obesity: 'Healthy Weight: Healthy Wales'

**68.** Healthy Weight: Healthy Wales is the Welsh Government's long term plan to prevent and reduce obesity across Wales. Latest Child Measurement Programme statistics show 'there has been a small but statistically significant rise in obesity prevalence between 2012/13 and 2018/19'. It found that 27% of children in Wales are overweight or obese. It also states that 'the gap between obesity prevalence in the most and the least deprived areas has risen from 5.9% in 2017/18 to 6.9% in 2018/19'.<sup>46</sup>

**69.** The Minister for Health and Social Services' written evidence to this Committee refers to a budget of £6.63m being allocated in 2022-23 to support the Healthy Weight: Healthy Wales strategy. The adds that a 2022-2024 delivery plan will be published in early 2022. The plan had not been published when we took evidence on the 2022-23 Draft Budget. We asked the Deputy Minister for Mental Health and Wellbeing how the figure of £6.63m relates to any costings arising from the delivery plan, and how will the plan address the widening gap in obesity levels between the most and least deprived areas in Wales.

**70.** The Deputy Minister confirmed that the delivery plan will be launched on 1 March 2022. She added that:

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<sup>46</sup> Public Health Wales, '**Every Child: Child Measurement Programme 2018/19**', March 2021

*"[...] there'll be a further £2.9 million investment per year into the delivery of services provided through health boards through our all-Wales weight-management pathway, and that includes services for children. There's a £1.2 million investment into system-based approaches to help support and drive local action and delivery [...] We're investing £600,000 in a children and families pilot, and that's taking place at the moment in three areas—Cardiff, Merthyr and Anglesey [...]"<sup>47</sup>*

**71.** The Deputy Minister stressed that "this has to, again, be a cross-Government effort", and that "I'm very keen to see as much effort as possible targeted in the communities where we know that we've got the most significant problems, and we also know that the pandemic has made those inequalities so much more pronounced".<sup>48</sup>

**72.** We asked the Deputy Minister to explain why the new curriculum recommends that 120 minutes of sport should take place in schools per week, but does not require schools to do so. The Deputy Minister told us that "the new curriculum places a really strong emphasis on health and well-being, and that's not just mental health." She went on to acknowledge that "we need to take urgent action now", and that "we have set up within Welsh Government a daily active group that is looking at how we can improve physical activity levels in schools".<sup>49</sup>

### **Children's hospices**

**73.** Tŷ Hafan and Tŷ Gobaith's response to the Finance Committee's consultation on the Draft Budget 2022-23 included a summary of statutory funding for nights of respite care for the families they support by nation. Children's hospices in Scotland receive 50% of their funding from statutory sources; in Northern Ireland it is 25%; in England 21%; the Republic of Ireland has announced it will fund 30% of running costs. They explain that more investment from the Welsh Government, in line with funding they receive in other UK nations, would enable hospices to employ more staff, secure additional nights of care at hospices for children with life-limiting conditions and alleviate the burden on hospitals, amongst other benefits.<sup>50</sup>

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<sup>47</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 193](#)

<sup>48</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 193 - 194](#)

<sup>49</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 198](#)

<sup>50</sup> Tŷ Hafan & Tŷ Gobaith, [Tŷ Hafan & Tŷ Gobaith Consultation Response: Draft Budget for 2022/23](#)'

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**74.** We asked the Minister for Health and Social Services whether the Draft Budget makes any additional allocations for Tŷ Hafan and Tŷ Gobaith, and, if not, how would she respond to their concerns.

*"We are very confident that we are going to be able to help them out, and I'm going to be making an announcement on it, actually, not next week [...] but the following week [...] it's good news."<sup>51</sup>*

**75.** During Plenary on 25 January 2022, the Minister for Health and Social Services confirmed that the Welsh Government had accepted a recommendation of a hospice funding review to fund children's hospices at a 21% contribution of all agreed care costs. £888,000 will be allocated from the Draft Budget to Tŷ Hafan and Tŷ Gobaith on a recurring basis from 2022-23 accordingly.<sup>52</sup>

### **Support for disabled children**

**76.** The Welsh Government's detailed Draft Budget Narrative says that "More than three in five families of disabled children have seen the levels of formal and informal support decrease since the coronavirus outbreak, with many still going without vital forms of support".<sup>53</sup> We asked the Deputy Minister for Social Services how this is being addressed in the 2022-23 Draft Budget.

**77.** The Deputy Minister told us that "the additional funding of £1.3 billion for the NHS and £0.75 billion for local government in the Draft Budget will support a range of core services and improve core services, and that will of course include services for disabled children and their families." She cited funding for early years in the 'healthier Wales' budget, the 'supporting children' budget, and the mental health budget expenditure line. She also noted the impact of smaller budget allocations, such as the Family Fund Trust, Whizz-Kids, and emergency respite and short breaks funding.<sup>54</sup>

### **Our view**

**78.** We welcome the Welsh Government's £6.63m allocation for the delivery of the Healthy Weight: Healthy Wales programme, and look forward to scrutinising the delivery plan when it is published in March. We are also pleased that the Welsh Government acknowledges the impact

<sup>51</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraph 201**

<sup>52</sup> Welsh Parliament, '**Plenary: 25/01/2022**', paragraphs 164 - 171

<sup>53</sup> Welsh Government, '**Draft Budget 2022-23**', December 2021, page 67

<sup>54</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraph 205 - 207**

of obesity, that it disproportionately affects the poorest people in Wales, and intends to pursue the matter urgently.

**79.** However, we remain concerned that the Welsh Government is not focusing enough on preventing childhood obesity developing in the first place. After all, children’s long-term interest and involvement in sport and exercise often begins in school. We urge the Welsh Government to consider how it can ensure that schools are offering an array of sports and other physical exercise opportunities to children as part of its newly established ‘daily active group’ workstream.

**Recommendation 5.** As part of its ‘daily active group’ workstream and of any relevant evaluation or monitoring activities that it undertakes, the Welsh Government must consider how it can ensure that all schools offer their pupils a range of high-quality sport and physical exercise opportunities as part of its wider childhood obesity prevention strategies.

## Safeguarding

### Risks to children and young people

**80.** NSPCC Cymru’s response to the Finance Committee’s Draft Budget consultation said that “the pandemic and subsequent lockdowns intensified risks for children and young people” and that its helplines saw an average 12% increase in contacts compared to pre-lockdown. These included concerns about mental ill health, physical abuse, domestic abuse and child sexual abuse.<sup>55</sup> We asked the Deputy Minister for Social Services how the Draft Budget reflects the apparent increase of those significant safeguarding risks to children.

**81.** The Deputy Minister told us that £1.6m of grants were made available to local authorities in 2021-22 for a family intervention fund “to support child and family well-being through a mixture of practical and direct support, to try to safely divert cases from the child protection registration”. In 2022-23, “the social care reform fund includes an indicative £3.2 million to continue the intervention fund for local authorities”.<sup>56</sup>

### Out-of-court parent support diversion scheme

**82.** The Children (Abolition of Defence of Reasonable Punishment) (Wales) Act 2020 is due to come into force in March 2022. Under the Act, the defence of reasonable punishment will no

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<sup>55</sup> NSPCC Cymru, [NSPCC Cymru/Wales evidence to inform the Finance Committee scrutiny of the Draft Budget 2022-23](#)

<sup>56</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 211 - 212](#)

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longer be available to parents (or adults acting in loco parentis) as a defence to a charge of common assault or battery of children. The Bill's supporting documentation included funding for a 'Out of Court Parenting Support' scheme, to be used where the police decide it is more appropriate to do so. Between £162,000 and £473,000 per year was initially allocated for the scheme, but the allocation in the 2022-23 Draft Budget is nearly double that. We asked the Deputy Minister for Social Services why the estimated costs have gone up so substantially.

**83.** The Deputy Minister told us "When we indicated a sum of money for this scheme, that was done without having done the intensive work that's been done since." That work involves "a number of strategic implementation groups", including the police, the Crown Prosecution Service and local authorities. She went on to explain that "What they came up with was a scheme that cost a lot more than we originally thought, but it is very high quality [...] it's the result of the work of experts that have come up with this proposal".<sup>57</sup>

### **Our view**

**84.** We note the Deputy Minister's responses and written evidence. We will continue to monitor the safeguarding impact of the pandemic over the course of our work. Similarly, we will monitor the implementation of the Children (Abolition of Defence of Reasonable Punishment) (Wales) Act 2020, including the impact of the out of court parenting support scheme, as changes to the law come into effect.

### **Care experienced children**

**85.** The responsibility for outcomes for care experienced children sits within the Minister for Health and Social Services' portfolio. However, most public expenditure on 'looked after children' (care experienced children are often referred to as 'looked after children' in legislation, government documentation, etc.) is from the Revenue Support Grant from the Local Government MEG.

**86.** The Programme for Government commits to "radical reform of current services for children looked after and care leavers", alongside other commitments such as providing additional specialist support for children with complex needs who may be on the edge of care, and eliminating private profit from the care of looked after children. The Welsh Government has

<sup>57</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 243](#)

also committed to improve outcomes for children leaving care in its response to the Children's Commissioner's Annual Report.<sup>58</sup> However, there is no reference to either in the Draft Budget.

**87.** We asked the Deputy Minister for Social Services where in the Draft Budget the costs relating to the Programme for Government Commitments relating to looked after children, including the "radical reform referred to in the Programme for Government" have been allocated.

**88.** The Deputy Minister told us that "The Draft Budget announces a new £45 million social care reform fund" to "invest in the delivery of our programme for government commitments relevant to children's services". £10m has been allocated to Welsh Government's plans to stop private fostering agencies or residential care services making "significant profit" from looking after children. The £10m "will enable the transition of existing private sector providers to not-for-profit providers".<sup>59</sup> She added:

*"we'll be investing £3 million on service transformation and preventative models and approaches, which will help support children remaining with their families. We've also got an additional £21 million investment over 2022-25 to support delivery of our commitments for children's services."<sup>60</sup>*

## **Our view**

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**89.** The Government has set out radical reform of services for care experienced children. However, we are not convinced that the roadmap to that reform and the funds to support it match the Government's commitments. Care experienced children are some of the most disadvantaged children and young people in Wales. We are concerned that this budget does not set out clearly enough how the Welsh Government intends to make a real difference to their lives.

**90.** We urge the Welsh Government to set out clearly how, and when, it will deliver on the commitments it made in its Programme for Government and in its November 2021 response to the Children's Commissioner for Wales' Annual Report.

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<sup>58</sup> Welsh Government, '**Written Statement: The Welsh Government response to the Children's Commissioner for Wales' Annual Report 2020-21**', November 2021

<sup>59</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraphs 216 - 218**

<sup>60</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraph 219**

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**Recommendation 6.** The Welsh Government must set out a clear and detailed timetable for its plans to reform services for looked after children as set out in the Programme for Government and response to the Children’s Commissioner for Wales’ Annual Report. The timetable must include key implementation milestones and associated funding requirements.

## Early years and childcare

**91.** In its Co-operation Agreement with Plaid Cymru, the Welsh Government has committed to expanding early years provision to include all two year olds,<sup>61</sup> parents in education/training, and parents on the edge of work.<sup>62</sup> We asked the Deputy Minister for Social Services when these reforms would be implemented, and how much additional capital and revenue funding these pledges will cost need.

**92.** The Deputy Minister told us that

*“[...] extending childcare for parents in education could cost in the region of £15 million to £20 million over the next three years, and the funding has been included in the budget for this purpose.”<sup>63</sup>*

**93.** She added that an independent report, published in March 2021,<sup>64</sup> indicated that the Government should consider “putting some money into other funds that already existed”, as well as “just expanding through the childcare offer”.<sup>65</sup>

**94.** The Deputy Minister confirmed that the expansion of childcare to two-year-olds is “part of the 10-year plan we have for early childhood education and care”. However, the “capacity of the sector to meet the levels of demand” is a concern for government; “developing and opening new childcare settings may be required, as well as training additional childcare workers [...] we couldn’t immediately expand to all two-year-olds, because we just don’t have the staff to do it”. She went on to confirmed that there is capital funding of £20 million in 2022-23, £25 million in 2023-24, and £25 million in 2024-25, which sits in the Education and Welsh Language MEG.<sup>66</sup>

<sup>61</sup> Welsh Government, **The Co-operation Agreement: 2021**, November 2021, page 3

<sup>62</sup> Welsh Government, **Programme for Government – Update**, December 2021, page 3

<sup>63</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraph 230**

<sup>64</sup> The Minister may have been referring to: Welsh Government, **Evaluation of the Childcare Offer: Year 3**, March 2021; and Welsh Government, **Evaluation of the Childcare Offer for Wales: year 4 (emerging findings)**, November 2021

<sup>65</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraph 230**

<sup>66</sup> **Children, Young People and Education Committee, 13/01/22. Record of Proceedings, paragraphs 230-233**

**95.** On 25 January 2022, the Equality and Social Justice Committee laid its report on childcare barriers facing working parents. The Committee was broadly supportive of the commitment by the Welsh Government and Plaid Cymru to expand free childcare to all two year olds “with a particular focus on providing and strengthening Welsh-medium childcare”.<sup>67</sup> However, it went on to note the challenges associated with the childcare workforce:

*“The greatest concerns around recruitment and retention are around the low level of pay, and terms and conditions for childcare workers, which providers, workers and unions want to see improved “The role that childcare workers play in early years development is key; however pay does not match the responsibilities of the role.”<sup>68</sup>*

## **Our view**

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**96.** We are pleased that the Welsh Government acknowledges the scale of the challenge in expanding childcare provision. This includes the need for the expansion of existing childcare settings, and the creation of new ones. We welcome the additional capital funding that the Welsh Government has earmarked for this purpose. We agree with the Deputy Minister for Social Services that the main hurdle for the Government to deliver on this pledge may be the childcare workforce. We acknowledge the work undertaken by the Equality and Social Justice Committee on this important issue.

**97.** We urge the Welsh Government to consider how it can ensure that there is sufficient funding available to improve the capacity of the childcare workforce. This, as well as generous capital funding, will be required if the Welsh Government is to successfully expand early years provision.

**Recommendation 7.** The Welsh Government must ensure that there is sufficient funding side aside to resolve capacity issues within the childcare workforce to enable it to successfully expand childcare as set out in the Programme for Government.

## **COVID recovery**

### **The Health and Social Services Main Expenditure Group (MEG)**

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<sup>67</sup> Welsh Parliament, ‘[Equality and Social Justice Committee: Minding the future](#)’, January 2022, page 21

<sup>68</sup> Welsh Parliament, ‘[Equality and Social Justice Committee: Minding the future](#)’, January 2022, page 48

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**98.** The Minister for Health and Social Services' paper sets out that NHS revenue budgets will increase by £824m in 2022-23, with further increases in the following two years. Specifically:

*"recurrent revenue funding of £190m for NHS recovery has been committed, including £20m a year to support the implementation of a value-based approach to recovery over the medium term, with a focus on improving outcomes that matter to patients. We will also allocate £180m recurrently from 2022-23 onwards to help the NHS manage the financial impact of the pandemic on their underlying financial position, including recognising the impact the pandemic has had on productivity and efficiency."*<sup>69</sup>

**99.** We asked the Minister for Health and Social Services whether these funding commitments will address issues specific to children and young people's routine healthcare and their needs in the backlog resulting from the pandemic. On waiting lists, the Minister told us that "we base the priority on a clinical priority, so regardless of age." She stated that there "are special funds available and pathways for very specialist areas, and there's a requirement in there to include paediatric-specific services within that". She went on to note that "health boards have a duty [...] to make sure that they respect equity of resources for children and young people, and paediatric recovery will, of course, be part of the national planned care recovery plan."<sup>70</sup>

**100.** In October 2021, the Deputy Minister for Social Services announced £36.6m to support families and children recover from the pandemic. The statement referred to £20m of funding for children and young people to develop their "social, emotional and physical well-being", which would include opportunities "to play, and to engage in social, cultural and physical activities outside of formal learning".<sup>71</sup> The Deputy Minister for Social Services confirmed to us that this funding would not continue into 2022-23:

*"[...] the additional £20 million in funding is in support of what we call the winter of well-being, building on the summer of fun, and this is available until*

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<sup>69</sup> Welsh Government, '[Scrutiny of the Health and Social Services Draft Budget 2022-23](#)', December 2021, Page 24

<sup>70</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 171 - 172](#)

<sup>71</sup> Welsh Government, '[Written Statement: £36.6m to support families and children recover from the pandemic](#)', October 2021

*the end of this financial year [...] it is only available for this financial year, and it's a direct response to the pandemic [...]"<sup>72</sup>*

## **The Education and Welsh Language Main Expenditure Group (MEG)**

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**101.** The Welsh Government last updated its COVID educational recovery plan, Renew and Reform, in September 2021.<sup>73</sup> It outlines that the Welsh Government provided £220 million to the education sector in 2020-21 and £150 million (now £189 million) in 2021-22 to respond to the pandemic. The Draft Budget 2022-23 includes further funding for the education sector's management of, and recovery from, the pandemic. Research indicates that disadvantaged pupils have been affected the most from the disruption to education brought by the pandemic. The mental health and well-being of children and young people has also suffered.<sup>74</sup>

**102.** We asked the Minister for Education and Welsh Language how the ongoing pandemic affected his and the wider Government's approach to setting this budget, and to what extent is he satisfied that he has have enough resources to meet his objectives.

*"Wales in 2020-21 and in this financial year has received, obviously, additional allocations from the UK Government to deal with the many, many challenges that COVID has brought [...] But, those consequentials aren't recurring. [...] So, from the 2023-24 financial year, the Wales reserves are going to be used to manage that in-year set of challenges."<sup>75</sup>*

**103.** The Minister told us that "we're not anticipating making significant additional allocations between Draft Budget and Final Budget. Essentially, we've deployed all the available funding." He went on: "with regard to [the Programme for Government commitment], I do think the Draft Budget provides the resources for delivering that".<sup>76</sup>

**104.** We asked the Minister whether there were any particular areas within his portfolio that he would have allocated greater funds to if it were not for the necessities of managing the pandemic. The Minister told us that "you're going to struggle to find an education Minister who is going to sit here and tell you that he or she couldn't usefully make creative and productive

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<sup>72</sup> [Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraphs 240 - 241](#)

<sup>73</sup> Welsh Government, '[Renew and reform: supporting learners' wellbeing and progression](#)', September 2021

<sup>74</sup> Welsh Government, '[Draft Budget 2022-23](#)', December 2021, page 65

<sup>75</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 7](#)

<sup>76</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 8](#)

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use of additional funding". However, he spoke about one specific initiative that he would have considered extending if funding enabled him to do so: the placement of Newly Qualified Teachers in schools to support the teachers to complete their training and induction, and providing additional capacity to schools to respond to staffing shortages.<sup>77</sup>

**105.** In the Draft Budget, there is only £37.5m for the Recruit, Recover and Raise Standards Programme and other funding for learners' well-being. We asked the Minister for Education and Welsh Language why the amount of money allocated in 2022-23 to the education sector to manage and respond to the pandemic less than in 2020-21 and 2021-22. He said:

*[...] there were large sums of money in both those financial years that were non-recurring. So, we spent that. But what we have done is we've ensured that, wherever possible, in the context of those budgetary restrictions, that at least the core elements of the renew and reform programme—and that programme has contributed very significantly to those large figures in the last two years— that the core elements of that programme, at least, continue."*<sup>78</sup>

**106.** Last year, the Welsh Government provided WJEC, Wales' largest awarding body, with additional funding so that it could partially waive the charges usually directed at schools when awarding qualifications. We asked the Minister to confirm whether any contingency funding had been set aside for exams if they need to be cancelled again this year. The Minister told us that "any funding that would be required for that would be considered as part of that in-year budgeting process that I talked about earlier out of that central reserve. So, the money would be found to do that, if it were needed, but we are not planning on that basis."<sup>79</sup>

**107.** We pressed the Minister on funding for measures that minimise the impact of COVID on pupil and staff absence in schools, such as ventilation. The Minister noted the Welsh Government's ventilation fund, which was put in place during Autumn 2021. He told us that "a matter of days ago, I announced very significant extra funding from a capital perspective—£50 million as part of the £100 million plus package—and that is also available to be deployed for ventilation, health and safety and so on." However, he added that "that is one of the reasons why it would have been good had there been continued COVID funding earmarked for

<sup>77</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 12 - 15](#)

<sup>78</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 38](#)

<sup>79</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 41](#)

Governments right across the UK in the settlement, because there will be ongoing pressures, obviously. That hasn't happened."<sup>80</sup>

**108.** The Higher Education (HE) sector is facing a similar challenge. Universities Wales stated in their consultation response that, unlike in 2020-21, no additional funding was provided to help universities respond to COVID in 2021-22. <sup>81</sup> We asked the Minister for Education and Welsh Language how he would respond to Universities Wales' concerns.

*"[...] we have provided funding through HEFCW, in terms of monitors, in terms of ventilation [...] In terms of the winter of well-being, the Deputy Minister for Social Services stated that funding has been provided to HEFCW to go towards the aims of that scheme. Work has been done this year through the COVID reserve—an additional £2 million through the renew and reform scheme. That's been worked with all parts of the sector, including higher education [...] In this financial year onwards, funding won't have been earmarked from the Westminster settlement, so the resources that we provide now come from our core budget."<sup>82</sup>*

**109.** Audit Wales have concluded that the impact of the pandemic "seems to have been most negative for those in the vocational sector, especially at lower qualification levels, and for learners who are already vulnerable".<sup>83</sup> We asked the Minister whether his Draft Budget takes those challenges into account.

*"Yes—yes, it does. I think what we've learnt from everything we've seen in terms of the impact of the pandemic is consistent with what the Audit Wales report tells us. And the funding that we've made available for renew and reform has reflected the particular challenges in post-16 transition years and for vulnerable learners [...]"<sup>84</sup>*

## **Our view**

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**110.** We place on record our thanks to all the staff working for and alongside the NHS, schools, local authorities, colleges, universities and the 3<sup>rd</sup> sector for their invaluable work throughout

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<sup>80</sup> **Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraph 49**

<sup>81</sup> Universities Wales, '**Universities Wales response to the Finance Committee of the Senedd's call for information on Welsh Government Draft Budget proposals for 2022/23**', November 2021, page 3

<sup>82</sup> **Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraph 110**

<sup>83</sup> Audit Wales, '**A Picture of Higher and Further Education**', October 2021, page 41

<sup>84</sup> **Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraph 135**

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COVID. We also acknowledge that the pandemic has caused unprecedented levels of disruption for learners of all ages, and note how much work it has been for learners to adapt to radically different approaches to delivering education.

**111.** We welcome the Welsh Government's commitment to COVID recovery. We do not underestimate the scale of the task.

**112.** We will continue to monitor the impact of the pandemic on children and young people. We are concerned that children may not be allocated their fair share of health funding as a result of clinical priority assessments for COVID recovery health funding. And, of course, we will continue to pay special attention to the impact of COVID recovery on educational provision. We look to the Welsh Government to support us to do so by providing relevant data on a regular basis.

**Recommendation 8.** The Welsh Government must provide this Committee with 6-monthly updates on COVID recovery as it relates to children and young people, including any available data on COVID recovery health services and the impact of COVID recovery on educational provision (educational progress, attainment, inequalities, etc.).

## Funding for schools

### The Local Government Settlement

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**113.** We asked the Minister for Education and Welsh Language to what extent he is satisfied that there are sufficient resources for local authorities to provide for school budgets. The Minister said:

*"Well, the answer to your question is 'yes'. [...] the settlement that the Minister for finance has announced this year is, I think, on any measure, a very significant increase in terms of the annual core funding that the Welsh Government provides to our partners, and I think probably more than meets the needs that were outlined by our partners in those discussions."<sup>85</sup>*

**114.** Schools' core budgets are funded predominantly by the un-hypothecated Local Government Settlement. This means that local authorities, rather than Welsh Government, are responsible for most of the funding that schools receive. We asked the Minister for Education and Welsh Language whether he expects local authorities to prioritise schools in how they

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<sup>85</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 52](#)

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allocate funding for local services, and what action he could take if some authorities do not do so.

*"[...] it's a very well-established principle in Wales that we allow our local authorities to make the judgments about how they spend those funds. [...] we have ongoing discussions with them, and all our colleagues recognise how important it is to make sure that our school system is fully funded, and the settlement certainly permits that to happen. We'll obviously continue to monitor and publish the data that we do around how those budgets are set and how the expenditure happens in schools across Wales."*<sup>86</sup>

**115.** The Provisional Local Government Settlement gives local authorities a 9.4% increase in 2022-23. The Finance Committee's consultation has shown that head teachers and governors are very concerned about the level of funding available for school budgets. On the other hand, the latest data on the level of reserves being held by schools shows an apparent sharp rise from £32 million (£70 per pupil) in March 2020 to £181 million (£393 per pupil) in March 2021.<sup>87</sup> The Minister acknowledged that "the overall position across the schools in Wales is that the reserves currently held are around £181 million. That was the case, rather, in March of last year, and that's a very significant increase of around £140 million compared to the previous year."<sup>88</sup>

**116.** We asked the Minister how the Government is monitoring this money to make sure that it's being spent on the front line.

*"Well, school leaders work very constructively, in my experience, with local education authorities in the questions around budgets, [...] for this year and with those reserves, that will provide, I hope, some room for those decisions to be made. [...] On the question that you put about data and so on and monitoring, we have existing arrangements that do this. So, we will continue those arrangements. We collect the data, we assess it and we publish it, and that will continue."*<sup>89</sup>

## **Pupil Development Grant (PDG)**

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<sup>86</sup> **Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraph 54**

<sup>87</sup> Welsh Government, 'Reserves held by schools: as at 31 March 2021', November 2021

<sup>88</sup> **Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraph 55**

<sup>89</sup> **Children, Young People and Education Committee, 20/01/22. Record of Proceedings, paragraphs 57 - 58**

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**117.** Schools currently receive £1,150 additional funding per year via the Pupil Development Grant, for each pupil who is eligible for free school meals. That funding must be used to fund educational strategies that disproportionately target improving the attainment of children from deprived backgrounds, specifically those who are eligible for free school meals and looked after children.<sup>90</sup>

**118.** Alongside the Pupil Development Grant (PDG), which goes to schools, the families of learners eligible for free school meals can apply for Pupil Development Grant Access. The PDG Access fund is currently open to the families of children in Reception, years 1, 3, 5, 7, 8, 9, 10 and 11. Families can apply for £125 (£200 if the child is entering year 7) for school uniform, equipment, sports kit and kit for activities outside of school.<sup>91</sup>

*The Minister told us that the budget for PDF Access will be £13m for 2022-23, compared to £1.7m in 2019-20. He went on to tell us that "we are extending the coverage of PDG access, so it's available not just in every other year, but for every year."<sup>92</sup>*

**119.** There is an additional £20m in the 2022-23 Draft Budget Pupil Development Grant budget line. We asked the Minister for Education and Welsh Language why that extra money was needed, and whether it was an active policy decision or a result of more schools being eligible for funding for more pupils.

*"This is definitely an active policy decision. There are choices to be made here and we've made a very clear choice to extend the funding available to PDG by £20 million, which takes it up to £130 million every year. Based on the pupil-level annual schools census data for 2021, on which PDG is calculated, we'll be expecting a significant increase in learners being eligible—about 18,000. We've made the commitment to continue applying the existing rate of £1,150 to each of those newly eligible individuals."<sup>93</sup>*

**120.** Under the Co-operation Agreement with Plaid Cymru, the Welsh Government has said it will introduce universal Free School Meals for the youngest primary school pupils from September 2022 and all primary school pupils from September 2023.<sup>94</sup> At the moment, the

<sup>90</sup> Welsh Government, '[Pupil Deprivation Grant: Essential guidance](#)', March 2015, page 4

<sup>91</sup> Welsh Government, '[Pupil Development Grant – Access](#)'

<sup>92</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 86](#)

<sup>93</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 86](#)

<sup>94</sup> Welsh Government, '[The Co-operation Agreement: 2021](#)', November 2021, page 3

eligibility criteria for Free School Meals is linked to the eligibility criteria for Pupil Development Grant funding for schools. We asked the Minister for Education and Welsh Language whether universal free schools meals would have any implications for the Pupil Development Grant, and whether he could confirm that the Pupil Development Grant would continue after the introduction of universal free school meals.

*"it's an eligibility criterion that applies across a range of Government policies, really [...] changing the basis on which free school meals are provided does have quite a significant effect on that range of policy areas [...] We're also doing a piece of work, which we'll be talking more about in the spring, around equity in education generally, and so, those two things will need to be looked at in the round [...]"<sup>95</sup>*

**121.** The Minister went on to confirm that the Pupil Development Grant would continue once universal free school meals are introduced.<sup>96</sup>

### **Sustainable Communities for Learning programme (formerly 21<sup>st</sup> Century Schools and Colleges)**

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**122.** The Welsh Government's written evidence paper to the Committee notes that the Welsh Government will provide "General capital of £300m per annum from 2022-23 to transform learning environments through our 21st Century Schools Programme (Sustainable Communities for Learning from 1 January 2022), including the creation of net zero carbon schools."<sup>97</sup> We asked the Minister for Education and Welsh Language whether this increase of capital funding is because zero-carbon projects are more expensive, rather than because the Government intends to supports more projects in total.

**123.** The Minister explained that "the standard contribution that the Welsh Government makes to most kinds of projects in this space [...] is 65 per cent of the budget". However, following a net-zero carbon pilot, the Government has established that there will be additional costs associated with the "higher specification for net zero".<sup>98</sup> He went on:

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<sup>95</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 88 - 90**

<sup>96</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 104**

<sup>97</sup> Welsh Government, 'Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group (MEG)', December 2021, page 6

<sup>98</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 27**

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*"[...] we will need to continue to meet the 100 per cent of that premium in order that our partners are not discouraged, if you like, bring forward proposals of the sort that we want. That will reduce over time as the specification becomes standard."<sup>99</sup>*

**124.** The Minister confirmed that the Welsh Government would still be able to deliver 200 schools in the current "band" of the programme as planned, despite the extra cost of the new specification.<sup>100</sup>

## **Our view**

### **The Local Government Settlement**

**125.** A key issue for our predecessor 5th Senedd Committee was whether the Local Government Settlement provided enough money to enable local authorities to give adequate provision for school budgets.<sup>101</sup> In its 2019 report, the Committee recommended that the Welsh Government commission a review into school funding, which it subsequently did in October 2019. The review was led by economist Luke Sibieta, and was published in October 2020.<sup>102</sup>

**126.** The Welsh Government's response to the Sibieta review was delayed due to the pandemic. As its focus turns to recovery from the pandemic, we urge the Government to publish its response to the review and explain how it will take the recommendations forward.

**Recommendation 9.** The Welsh Government must publish its response to the Sibieta review of school funding and set out how it will take forward the recommendations.

**127.** We note the Minister for Education and Welsh Language's comments about giving local authorities the responsibility for spending Local Government Settlement funds as they see fit. However, we are not convinced that a hands-off approach is entirely appropriate. The Welsh Government is ultimately responsible for the performance of schools in Wales, and has made numerous commitments in relation to educational provision in its Programme for Government. How schools are funded is clearly critical if the Welsh Government is to improve educational standards. We ask the Minister for Education and Welsh Language to clarify how he works

<sup>99</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 27](#)

<sup>100</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 28](#)

<sup>101</sup> National Assembly for Wales, '[Children, Young People and Education Committee: School Funding in Wales](#)', July 2019, page 36

<sup>102</sup> Welsh Government, '[Independent report provides in-depth analysis of the school funding system in Wales and makes recommendations for improvements](#)', October 2020

alongside the Minister for Finance and Local Government and local authorities to ensure that schools have the money they need to deliver on the Government's commitments.

**Recommendation 10.** The Welsh Government must clarify how the Minister for Education and Welsh Language works alongside the Minister for Finance and Local Government and local authorities to ensure that schools receive sufficient funding to deliver on the Welsh Government's policy commitments.

### **The Pupil Development Grant**

**128.** We are pleased that an additional £20m has been allocated in the Draft Budget for the Pupil Development Grant to support schools to develop and deliver targeted interventions that benefit children from low income families. The Welsh Government should ensure that the Pupil Development Grant continues to be used for this purpose, whatever the changes to free school meals and associated policies in future.

**Recommendation 11.** The Welsh Government must ensure that the Pupil Development Grant continues to be used to develop and deliver targeted interventions that benefit children from low income families and care experienced and adopted children.

**129.** We also welcome the indication by the Minister that the PDG Access scheme will be expanded to all year groups. We ask the Welsh Government to set out further details about how the scheme will work and when the changes will take effect.

**Recommendation 12.** The Welsh Government must clarify details about the expansion of the Pupil Development Grant Access scheme, including any changes to eligibility criteria (including to year groups), how much funding will be available to eligible pupils, when the changes will take effect and the likely cost impact.

**130.** However, from the evidence we have heard from the Minister of Education and Welsh Language, the Welsh Government has allocated additional funding to the Pupil Development Grant because it anticipates that 18,000 more pupils will become eligible for it. We are not convinced that this additional funding is an "active policy decision". It appears to be the consequence of more pupils having families that are in receipt of certain benefits, rather than an extension of the programme.

**131.** We are also unclear about the practical implications for families, schools, local authorities and for the Welsh Government of severing the link between the Pupil Development Grant and Free School Meals. We appreciate that the Welsh Government's work in this area is ongoing, and ask that the Committee is kept updated with its findings as they become available.

**Recommendation 13.** As soon as it is able to do so, the Welsh Government must clarify the following in relation to the Programme for Government commitment to extend eligibility for free school meals in primary schools:

- Whether there will be any changes to the eligibility criteria for the Pupil Development Grant or Pupil Development Grant Access.
- What changes schools, local authorities and the Welsh Government will need to make to their administrative processes to ensure that schools receive Pupil Development Grant funding for all eligible children on roll, and how schools will be supported to make those changes during the transition period.
- How the Welsh Government will ensure that all families eligible to receive Pupil Development Grant Access will continue to be able to claim that funding.
- Details of what indicator(s) the Welsh Government intends to use instead of eligibility for Free School Meals for the purposes of data reporting, tracking pupil outcomes and the basis of its policies aimed at supporting the education of children from deprived backgrounds.

**132.** We welcome the expansion of free school meals in primary schools. However, we are unclear about the cost impact, and why the Welsh Government has prioritised allocating funding to this scheme rather than to other interventions that more effectively target low-income or care experienced children. The Welsh Government should clarify the cost of the expanded Free School Meals programme and why it has prioritised spending in this area.

**Recommendation 14.** The Welsh Government must confirm the anticipated cost of the expanded Free School Meals scheme, what its policy objectives are, and the policy rationale for prioritising this funding over other initiatives that target low income or care experienced children.

## Education reforms and raising standards

### The new Curriculum for Wales

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**133.** The Curriculum and Assessment (Wales) Act 2021 established a new Curriculum for Wales, which will be phased in from 2022. The new curriculum is skills- and purpose-based. Schools will have considerable autonomy to design their own curriculum. This is a radical change from the current national curriculum, which is relatively prescriptive.

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**134.** We asked the Minister for Education and Welsh Language how the Draft Budget supports the effective implementation of the new Curriculum for Wales, including any training that might be needed to support school staff to implement it effectively.

**135.** The Minister told us that £8.3m of additional funding was put into last year's budget to support curriculum reform. That funding would continue in 2022-23, before falling to £5.3m in 2023-24, before tapering down further as the reforms are implemented. He went on:

*"the professional learning aspect of that is completely fundamental, really. [...]we'll be allocating nearly £37.5 million again in the next financial year for professional learning. Some of that is spent by consortia, some of it by the National Academy for Educational Leadership and some of it by schools directly, obviously, and that will continue."*<sup>103</sup>

**136.** The Minister acknowledged that "There'll be practitioners who are feeling a lot of pressure and anxiety about introducing the curriculum in the best way for their learners, obviously, and there's a lot of pressure in schools at the moment."<sup>104</sup>

**137.** The 2021-22 "Curriculum and Assessment" and "Teaching and Leadership" budget actions are currently forecast to be over-budget (£42m against a budget of £30m, and £61m against a budget of £45m respectively). The 2022-23 Draft Budget allocates £30m to the Curriculum and Assessment Action, and £55m to the Teacher and Leadership Action. We pressed the Minister on whether the proposed funding for 2022-23 would be enough.

*"[...] the budget appears over-budget, if I can put it like that, because we know that there'll be future transfers made in the next supplementary budget, which is coming out in mid February [...] that will end up being netted out, basically."*<sup>105</sup>

## **Additional Learning Needs**

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**138.** The Additional Learning Needs and Educational Tribunal (Wales) Act 2018 made long awaited reforms to the current system for meeting children and young people's learning difficulties. The transition of learners from the current Special Educational Needs (SEN) system to the new ALN system began in January 2022.

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<sup>103</sup> Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 62

<sup>104</sup> Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 61 - 63

<sup>105</sup> Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 70

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**139.** In his written evidence to the Committee, the Minister for Education and Welsh Language stated that £15m will be allocated to meet existing pressures and implement the reforms.<sup>106</sup> Then, in a statement on 7 January, he announced “an additional £18m”.<sup>107</sup> We asked the Minister to clarify how much additional funding is in the Draft Budget for Additional Learning Needs provision, and how this will support the implementation of the 2018 Act.

*“[...] the £18 million is all new money, if you like. In terms of the position going forward, we're doubling our direct investment in ALN with an extra £14 million, to go to schools and to local authorities. There's already £7 million in that line, so that'll end up providing £21 million in that budget line [...]”<sup>108</sup>*

### Raising school standards

**140.** In the 5<sup>th</sup> Senedd, the Welsh Government provided schools with grant funding of over £100 million targeted at school improvement. The Programme for Government 2021-26 includes a commitment to “continue our long-term programme of education reform, and ensure educational inequalities narrow and standards rise” but contains no specific details about funding.<sup>109</sup>

**141.** The Minister for Education and Welsh Language’s written evidence to the Committee refers to a “rationalisation” of the Raising School Standards budget line structure.<sup>110</sup> We asked the Minister whether there has been a change in approach to providing schools with additional funding to raise standards.

*“This year's budget commits £25.5 million into [school standards] that will be recurring into each year beyond now. [...] that has now been baselined, if I can put it like that, into our new budget. So, that now becomes the new floor [...]”<sup>111</sup>*

<sup>106</sup> Welsh Government, ‘[Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group \(MEG\)](#)’, December 2021, page 29

<sup>107</sup> Welsh Government, ‘[Written Statement: Additional funding for Additional Learning Needs provision](#)’, January 2022

<sup>108</sup> [Children, Young People and Education Committee. 20/01/22. Record of Proceedings, paragraph 72](#)

<sup>109</sup> Welsh Government, ‘[Programme for Government – Update](#)’, December 2021, page 8

<sup>110</sup> Welsh Government, ‘[Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group \(MEG\)](#)’, December 2021, page 5

<sup>111</sup> [Children, Young People and Education Committee. 20/01/22. Record of Proceedings, paragraphs 79 and 80](#)

## One million Welsh speakers by 2050

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**142.** The Co-operation Agreement reasserts the Welsh Government's commitment to one million Welsh speakers by 2050.<sup>112</sup> We asked the Minister for Education and Welsh Language how the Draft Budget will help the Welsh Government to make progress towards its Cymraeg 2050 targets of one million Welsh speakers and doubling the daily use of the language.

**143.** The Minister told us that "significant" funding had been allocated this financial year in relation to immersion and that "I'll be continuing that immersion funding into this budget period". He added that, under the co-operation agreement with Plaid Cymru, "significant additional funding [...] will go to the Coleg Cymraeg Cenedlaethol and to the National Centre for Learning Welsh, which will enable them to expand provision."<sup>113</sup>

**144.** We pressed the Minister on the impact of workforce challenges on the commitment to deliver one million Welsh speakers by 2050 and whether he was confident that there is sufficient resource in the budget to tackle recruitment concerns.

*"£1.8 million in the next year is being allocated for this, and there will be increases beyond that. There are several things that do need to be done, some relating to those financial incentives [...] But we do need to ensure that there is a mechanism in terms of how you qualify as a teacher through the medium of Welsh and that that encourages as many people as possible to do exactly that. So, we have transition work at the moment, we have work with the coleg Cymraeg [...]"<sup>114</sup>*

## Our view

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### The new Curriculum for Wales

**145.** The Minister told us that the overspend in the 'Curriculum and Assessment' and 'Teaching and Leadership' actions was a technicality, which the Government will resolve via an in-year budget transfer during the 2021-22 financial year. That transfer resolves the overspend for the 2021-22 financial year. But if the Government spends in 2022-23 what it spent in 2021-22, there will be another overspend in those same actions, and once again the Welsh Government will

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<sup>112</sup> Welsh Government, **'The Co-operation Agreement: 2021'**, November 2021, page 2

<sup>113</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 93 - 94**

<sup>114</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 99 - 101**

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need to carry out an in-year transfer to resolve the issue. We ask the Welsh Government to clarify why it anticipates spending in these vital areas will be less during 2022-23 than during 2021-22.

**Recommendation 15.** The Welsh Government must clarify why it believes that the 'Curriculum and Assessment' and 'Teaching and Leadership' actions require less funding in 2022-23 than they do in 2021-22.

### **Additional Learning Needs**

**146.** We very much welcome the additional funding in the Draft Budget for Additional Learning Needs. However, we are still unclear about how much funding in the Draft Budget is to meet existing pressures, and how much is to implement the new system.

**Recommendation 16.** The Welsh Government must clarify how much of the funding it has allocated for Additional Learning Needs is earmarked to meet exiting pressures, and how much is reserved to implementing the Additional Learning Needs and Educational Tribunal (Wales) Act 2018

### **One million Welsh speakers by 2050**

**147.** We are pleased that the Minister has recognised the workforce challenges facing the Welsh Government as it aims to deliver on its objective to have one million Welsh speakers by 2050. We note that work is ongoing to address those challenges, and we ask the Government to keep the Committee updated on its progress. In the meantime, we ask the Welsh Government to publish its assessment of the current capacity of the workforce to support the Government to meet its objective.

**Recommendation 17.** The Welsh Government must:

- provide this Committee with updates on the progress of its work focusing on overcoming challenges to delivering one million Welsh speakers by 2050; and
- publish an assessment of the current capacity of the workforce to support the Welsh Government to deliver one million Welsh speakers by 2050.

## **Further Education (FE) and lifelong learning**

### **Further Education (FE)**

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**148.** The umbrella organisation representing the further education sector, Colegau Cymru, responded to the Finance Committee's Draft Budget consultation during Autumn 2021. It

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highlighted the financial challenges they believe are facing the sector and the impact of the pandemic.<sup>115</sup>

**149.** The Draft Budget sets out an increase to the Post-16 Provision BEL of £59m (or 12%) compared to the 2021-22 Final Budget revised baseline. This is an £11m increase to the 2021-22 1st Supplementary Budget. In his written evidence, the Minister for Education and Welsh Language says most of this additional funding has been put in place “to recognise demographic trends in sixth forms and colleges, adult learning, and Renew and Reform funding.”<sup>116</sup>

**150.** We asked the Minister for Education and Welsh Language whether, in reality, “demographic trends” mean that any additional funding will be used to support an increasing number of learners, rather than to increase per learner funding for post-16 institutions.

*“Some of the increase in the budget this year, which I think, for FE in particular, is, I think it's fair to say, the largest increase that we've seen for a number of years, really. I think some of that restores, obviously, previous, more challenging settlements for the sector. But some of that is around demographic change and some of it is around payroll increases; some of it is about renew and reform funding.”<sup>117</sup>*

## **Education Maintenance Allowance (EMA)**

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**151.** Projected funding for the Education Maintenance Allowance (EMA) and the Welsh Government Learning Grant in FE remains static in 2022-23, 2023-24 and 2024-25. We asked the Minister why they haven't been increased to account for the same demographic changes that triggered additional funding for sixth forms and colleges. He told us that “

*“[...] the forecasts that we have for EMA and, in fact, the Welsh Government learning grant are based on a combination, really, of two things: one is projections of student numbers and one is last year's data, basically, so it has a kind of leveling effect [...]”<sup>118</sup>*

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<sup>115</sup> Colegau Cymru, **Welsh Government Draft Budget proposals for 2022-23**, November 2021

<sup>116</sup> Welsh Government, **Evidence paper on Draft Budget 2022-23 – Education and Welsh Language Main Expenditure Group (MEG)**, December 2021, page 6

<sup>117</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 130**

<sup>118</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 129**

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**152.** The Welsh Government carried out an evaluation of the EMA scheme in 2014<sup>119</sup>, and an evaluation of the financial support for FE students more broadly in 2015<sup>120</sup>. The £30 weekly level of the EMA has remained constant since it was introduced in 2004 and other £20 and £10 award levels have been discontinued. The maximum annual household income threshold – the maximum income a learner’s household can receive before the learner stops being eligible for the EMA - was £19,630 in 2004-05. It rose slightly until 2011-12, when it was £21,885. It then reduced to £20,817 in 2011-12, and has remained at this level since. If there is a second dependent child in the household, the threshold is slightly higher, at £23,077.<sup>121</sup>

**153.** The Programme for Government includes a commitment to protect the Educational Maintenance Allowance for young learners, but does not commit to reviewing the level paid. We pressed the Minister on why the £30 per week maximum EMA rate has not been increased since it was introduced in 2004.

*"We've done some modelling on this to see what the options would be and if we were to increase the EMA to £45 a week [...] that would add an extra £10 million a year to the budget requirement [...] unfortunately, unless we get settlements from the UK Government that are more appropriate—more generous, if you like—then this is the extent to which we can commit until that point, I'm afraid."<sup>122</sup>*

## Young Person’s Guarantee

**154.** The Programme for Government includes a commitment to deliver the Young Person’s Guarantee (YPG), “giving everyone under 25 the offer of work, education, training, or self-employment”. The Minister does not refer to this in his paper, although the Minister for Economy’s paper to the Economy, Trade and Rural Affairs Committee states that the YPG is forecast to cost around £500 million across the Welsh Government, and that this includes costs that fall within the Education and Welsh Language MEG.<sup>123</sup> We asked the Minister for Education and Welsh Language to clarify how much funding for the YPG is in his budget.

<sup>119</sup> Welsh Government, [‘Evaluation of the Education Maintenance Allowance’](#), October 2014

<sup>120</sup> Welsh Government, [‘Evaluation of financial support for students in further education in Wales’](#), March 2015

<sup>121</sup> Student Finance Wales, [‘Household income’](#)

<sup>122</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 129](#)

<sup>123</sup> Welsh Government, [‘Evidence paper on Draft Budget Proposals for 2022-23 – Economy Main Expenditure Group \(MEG\)’](#), December 2021, pages 31-32

*"The young person's guarantee, if you like, is an umbrella structure that pulls together aspects of Government policy in Vaughan Gething's portfolio and also in mine, principally [...] But there isn't a separate line, if you like, which is 'young person's guarantee', because it reflects existing offers."<sup>124</sup>*

## **Our view**

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### **Further Education (FE)**

**155.** The 2022-23 Draft Budget allocates an additional £11m to the Post-16 Provision Budget Expenditure Line (BEL) when compared to the 2021-22 1<sup>st</sup> Supplementary Budget. Although this additional funding is welcome, it appears that this increase is a result of demographic trends rather than the Government providing more funding per learner. We ask the Welsh Government to clarify whether this is the case.

**Recommendation 18.** The Welsh Government must clarify how much of the additional £11m allocated to the Post-16 Provision BEL when compared to the 1<sup>st</sup> Supplementary Budget is to enable FE providers to accommodate additional learners during 2022-23, and how much is for other purposes.

### **EMA**

**156.** From our constituency and regional work, we believe that the Educational Maintenance Allowance is an invaluable source of income for children and, consequently, for their families. We are concerned that the maximum amount of money that eligible young people are offered in 2022 is the same as it was in 2004. If the maximum EMA award had kept up with inflation alone, it would have been worth £47.10 in 2020.<sup>125</sup> Given that the income eligibility threshold has also not been revised since 2011-12, meaning that relatively fewer learners are eligible for it each year, the EMA has effectively been subject to a real-terms cut every year since it was introduced.

**157.** Given that neither the EMA award nor the eligibility threshold have kept up with inflation since their introduction in 2004, let alone wider cost pressures facing learners, the Government should carry out a review of both.

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<sup>124</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 140](#)

<sup>125</sup> Calculated using the Bank of England's 'Inflation calculator' tool. See: Bank of England, '[Inflation calculator](#)'

**Recommendation 19.** The Welsh Government must carry out a review of both the EMA award and the income eligibility threshold to establish appropriate rates that provide the same benefits for the same proportion of learners and their families as they did when the EMA was introduced in 2004.

**158.** We were not convinced with the Minister for Education and Welsh Language's argument that the weekly EMA rate could not be increased because there was no longer UK funding to do so. As the Minister himself acknowledged, in other areas of the Draft Budget the Welsh Government has chosen to allocate funding to policy priorities even if they are not fully funded by UK Government. We therefore ask the Welsh Government to clarify its policy position on the EMA.

**Recommendation 20.** The Welsh Government must clarify:

- the policy rationale for not increasing the EMA rate of £30 per week since 2004, which has resulted in a significant depreciation of the value of the award; and
- the impact of changes (or lack thereof) to the EMA income threshold on the proportion of learners able to claim the EMA since 2011-12 (i.e., data setting out the number of learners claiming the EMA against the total number of learners and the income threshold for each year).

**159.** It is still unclear to us why, if the Welsh Government has projected more learners entering Further Education from 2022-23 onwards, why the total funding for the EMA has not increased. We therefore ask the Government to clarify the link between projected numbers of Further Education learners and the EMA budget.

**Recommendation 21.** The Welsh Government must clarify why the demographic changes that are likely to lead to more learners in Further Education from 2022-23 onwards have not resulted in an increased budget for the EMA.

### **Young Person's Guarantee**

**160.** The Young Person's Guarantee was a headline Welsh Labour pledge in its 2021 Senedd election manifesto.<sup>126</sup> It remains a key commitment in the updated Programme for

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<sup>126</sup> Welsh Labour, '**Moving Wales Forward**', page 5

Government.<sup>127</sup> However, the Minister for Education and Welsh Language was unable to tell us precisely how much funding from his budget had been allocated to support this flagship policy.

**161.** We believe that the Welsh Government should be transparent about how key policies are being funded, and the extent to which they are new policy initiatives, or just a new way to present existing ones. We recognise that funding for the Young Person's Guarantee cuts across ministerial portfolios. But if the Government is able to calculate the total amount of funding allocated to the Young Person's Guarantee (around £500m), we see no reason why the Government cannot set out more detail about which Ministers' budgets funding was drawn from to make up that headline figure. Alongside the Economy, Trade and Rural Affairs Committee, we urge the Welsh Government to set out clearly what funding will be used to deliver the Young Person's Guarantee.

**Recommendation 22.** The Economy, Trade and Rural Affairs Committee and the Children, Young People and Education Committee jointly recommend that the Welsh Government should set out a breakdown of the contributions from each Main Expenditure Group, at Budget Expenditure Line level, that combine to make the total £500m estimated funding required to deliver the Young Person's Guarantee. This breakdown should make it clear what is new funding and what is a continuation of existing programmes.

## Higher Education (HE)

### Funding for Higher Education

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**162.** The Higher Education Budget Expenditure Line (BEL) in the 2022-23 Draft Budget is lower than this year's most up-to-date budget and forecast outturn. In its response to the Finance Committee's Draft Budget consultation, Universities Wales called on the Welsh Government to maintain, "at a minimum" and in real terms, the current level of investment in higher education.<sup>128</sup> We asked the Minister for Education and Welsh Language whether he has made real-terms cuts to funding to the HE sector.

*"Well, it does maintain the level [...], if you're comparing with the supplementary budgets, significant additional in-year sums have gone into that budget, and that hasn't happened in usual years and won't happen in future years. [...] if you compare it with the revised baseline and if you take*

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<sup>127</sup> Welsh Government, '**Programme for Government – Update**', December 2021, page 4

<sup>128</sup> Universities Wales, '**Universities Wales response to the Finance Committee of the Senedd's call for information on Welsh Government Draft Budget proposals for 2022/23**', November 2021, page 2

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*the funding out for degree apprenticeships, then it is maintained at the same level.*"<sup>129</sup>

## **The Diamond and Reid reviews**

**163.** In November 2013, the Welsh Government commissioned a review of Higher Education funding and student finance arrangements in Wales. The review panel, chaired by Professor Sir Ian Diamond, reported in September 2016. The report contained a series of recommendations for the future funding of HE in Wales.<sup>130</sup> The intention was that the HE sector in Wales would receive a so called 'Diamond Dividend' of additional grant funding from HEFCW as a result of the then proposed changes to student support

**164.** We asked the Minister for Education and Welsh Language how much money in total have the reforms emanating from the Diamond Review allowed Ministers to transfer from student support funding to the HEFCW Programme Expenditure BEL in 2022-23 and in previous years, and whether that this in line with the original modelling.

**165.** The Minister told us that "it's more than the original modelling. It's around £75 million that has moved from student support in general to HEFCW specifically." He explained that, in 2020-21, "there was the transfer of £25 million to HEFCW", which included funding for degree apprenticeships, for the COVID-19 response, and to support the mental health of students.<sup>131</sup>

**166.** In 2018, Professor Graeme Reid published a Welsh Government-commissioned review into research and innovation in Wales. The review advocated changes to research funding, including rewarding institutions who bring additional investment to Wales and giving enhanced support for innovation. In their written evidence, Universities Wales call on the Welsh Government to deliver the Reid Review's recommendations on additional investment.<sup>132</sup>

**167.** Universities Wales' evidence is consistent with some of the evidence we have heard during our scrutiny of the Tertiary Education and Research (Wales) Bill. Stakeholders including Cardiff

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<sup>129</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 107**

<sup>130</sup> Welsh Government, '**Review of higher education funding and student finance arrangements: final report**', September 2016

<sup>131</sup> **Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 112**

<sup>132</sup> Universities Wales, '**Universities Wales response to the Finance Committee of the Senedd's call for information on Welsh Government Draft Budget proposals for 2022/23**', November 2021, page 2

University<sup>133</sup> and the Learned Society of Wales<sup>134</sup> also called for the Reid recommendations to be implemented in full. A broad range of stakeholders in scrutiny on this Bill have highlighted the wider importance of ensuring Welsh institutions have sufficient opportunities to access research funding.

**168.** We asked the Minister for Education and Welsh Language how the Draft Budget takes forward the recommendations from the Reid Review.

*"in responding to Reid, we've opened an office in London, we've created an innovation fund, via HEFCW, as well as investment for QR research—at a higher level than Reid called for, as it happens. We've created bursaries through HEFCW, which are worth around £4 million, with an emphasis on STEM specifically. [...] We've provided funding recently to support research—[Inaudible.]—with an additional £2 million to the Wales Innovation Network."<sup>135</sup>*

## **Degree apprenticeships**

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**169.** Degree apprenticeships enable learners to combine working with part-time study at university. The apprenticeships run for the duration of the degree course, with apprentices spending part of their time at university and the rest with their employer. Degree apprenticeships are a Welsh Government Programme for Government commitment.<sup>136</sup>

**170.** To date, degree apprenticeships have operated as a "pilot" programme. They have been funded via transfers from the Economy MEG into the Higher Education Funding Council for Wales Budget Expenditure Line. This practice is continuing in 2022-23 with £5 million being transferred over and further to follow. This appears to mean no or limited expansion of degree apprenticeships. We asked the Minister whether degree apprenticeships will become a permanent feature of the tertiary education landscape, and how he is working alongside the Minister for Economy to fund degree apprenticeships.

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<sup>133</sup> Cardiff University, '[Response to the Children, Young People and Education Committee inquiry into the general principles of the Tertiary Education and Research \(Wales\) Bill](#)'

<sup>134</sup> Learned Society of Wales, '[Response to the Children, Young People and Education Committee inquiry into the general principles of the Tertiary Education and Research \(Wales\) Bill](#)'

<sup>135</sup> **[Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 114](#)**

<sup>136</sup> Welsh Government, '[Programme for Government – Update](#)', December 2021, page 10

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**171.** The Minister confirmed that “it’s moving from being a pilot to something that is being mainstreamed”. He added that Welsh Government is currently discussing what its response will be to an active review of degree apprenticeships, but confirmed that the provision will be expanded.<sup>137</sup>

**172.** In an evidence session with the Economy, Trade and Rural Affairs Committee, Minister for Economy confirmed that the Welsh Government were looking to expand degree apprenticeships. A Welsh Government official added that:

*“[...] there is an evaluation planned in coming months. At the moment, we have £5 million allocated within the education budget, which was a previous MEG-to-MEG transfer from economy. Dependent on the scale of the provision in the next financial year, we will transfer more money across to support that activity. We haven't made that transfer in advance because we're unsure what the volumes will be.”<sup>138</sup>*

### **The International Learning Exchange (ILE) programme**

**173.** The International Learning Exchange (ILE) programme will replace the Erasmus student exchange programme and in practice complement the UK Government’s Turing Scheme mobility programme. A £26 million budget was created for the ILE in the 1st Supplementary Budget in June 2021, following the publication of the new Programme for Government. This £26 million is not included in the baseline, meaning the revised baseline used by the Welsh Government for comparison is zero. Therefore, despite the budget for the ILE only being £6.5 million in 2022-23, it shows as a £6.5 million increase when in fact it is a £19.5 million decrease compared to the actual budget level at present.

**174.** We asked the Minister for Education and Welsh Language to confirm how funding for the International Learning Exchange programme in 2022-23 and future years compares to the current budget. He outlined that “in the first year, 2020-21, we contributed £6.5 million for initial staffing and so on”. Around £26m has been spent during the 2021-22 financial year, which “is

<sup>137</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraphs 117 - 119](#)

<sup>138</sup> [Economy, Trade, and Rural Affairs Committee, 20/01/22, Record of Proceedings, paragraphs 157-163](#)

where that front-loading is taking place". Then, "every year now, over the rest of this term, £6.5 million will be invested from my budget to ensure delivery of that."<sup>139</sup>

## **Our view**

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### **Degree apprenticeships**

**175.** We are convinced of the value of Degree Apprenticeships for lifelong learning and welcome the commitment to them from the Welsh Government. We intend to monitor the uptake of Degree Apprenticeships and, consequently, the sufficiency of proposed funding levels. We ask the Welsh Government to set out clearly how it plans to stimulate demand for, and uptake of, Degree Apprenticeships across a range of sectors.

**Recommendation 23.** The Welsh Government must set out clearly how it plans to work alongside stakeholders, learners and employers to stimulate demand for, and uptake of, Degree Apprenticeships across a range of sectors.

### **The International Learning Exchange (ILE) programme**

**176.** We note the Minister's comments that the bulk of the frontloading of the ILE programme will take place during the 2022-23 financial year. We ask the Welsh Government to provide updates to the Committee on the impact of that work, with a particular emphasis on ensuring the ILE is available to Further Education learners, as well as learners in Higher Education.

**Recommendation 24.** The Welsh Government must provide the Committee with 6 monthly updates on the progress of the implementation of the ILE programme, including information on how the Welsh Government is promoting the programme to learners in Further Education.

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<sup>139</sup> [Children, Young People and Education Committee, 20/01/22, Record of Proceedings, paragraph 121](#)

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