

Jeremy Miles AS/MS
Gweinidog y Gymraeg ac Addysg
Minister for Education and Welsh Language



Llywodraeth Cymru
Welsh Government

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Jayne Bryant MS
Chair of the Children, Young People and Education Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

20 July 2022

WELSH GOVERNMENT UPDATE ON ITS RESPONSE TO THE RECOMMENDATIONS OF THE REVIEW OF SCHOOL SPENDING IN WALES

Dear Jayne,

I write in response to the CYPE Committee recommendation in their report on the draft budget 2022-23 and the Welsh Government commitment to provide an update on its response to the Sibieta review of school funding and how it is taking the recommendations forward.

Nobody could have foreseen the circumstances which we have been living and working under for the past 2 years. The Covid pandemic has had a huge strain on public services, both financially and operationally. The Welsh Government's priorities have adjusted to respond to the urgency of the situation, and this has of course affected our ability to take forward some of the recommendations in the time frame we would have liked. However, much work has still been completed and we continue to be committed to ensuring our schools receive the appropriate levels of funding.

The Review of School Spending has been valuable in providing an in-depth analysis and recommendations of how the school funding system can be adapted to best support policy goals and ambitions to improve the school system in Wales. The review highlights the complexities in the system, but also how these complexities reflect local authorities' ability to target funds where there are higher needs and where extra funding can have the best effects.

A wide range of the Welsh Government's portfolios are involved in the education system and the funding available to our children and young people. Set out below are updates relating to the recommendations and the work the Welsh Government is taking forward. Many of the recommendations in the reports cut across areas, therefore they have been collated into key themes as set out below.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Jeremy.Miles@llyw.cymru
Correspondence.Jeremy.Miles@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Funding

While the UK Spending Review does give us some medium term financial certainty and some additional investment, it is more than offset by the inflationary and system pressures that we are facing. The budget available to us as a result does not meet the scale of the challenge that families, public services and the wider economy are still facing as a result of the pandemic. Despite this, however, we are committed to delivering our ambitious Programme for Government with health, social care and local government remaining our core priorities.

Providing local government with the best possible settlement, which delivers the majority of local authorities' core funding for education, was central in the 2022-23 Budget. In the Draft Budget 2022-23, the increase to the Revenue Support Grant (RSG) for 2022-23 was £368m (10.2%), which together with changes in no domestic rate funding, led to an overall increase in the settlement on a like for like basis of £437m (9.4%) to support front line services, including schools and social services. By to 2024-25 we will provide additional revenue funding of £743m, underpinning critical and valued local services, providing support for the ongoing response to the pandemic and prioritising schools and social care.

The Welsh Government published its final budget on the 1st of March which contains more than £1.3bn investment specific to early years and education. This investment is in addition to unhypothecated funding provided to Local Authorities to deliver essential services, including schools. These funding priorities encompass both children's development and their learning, to provide the highest quality offer to give the best start in life. We recognise that the pandemic is continuing to have the greatest impact on some of our most vulnerable and disadvantaged learners, including those from low income families.

Alongside funding for local government which will support schools, in 2022-23 we are making a number of specific investments. This includes £40m in 2022-23 to support the rollout of free school meal provision to primary school pupils; further investment in the Pupil Development Grant with the budget increasing by £20m per annum from 2022-23; and an extra £7m being invested from 2022-23 into meeting the needs of children and young people with additional learning needs.

We are also providing an additional £37.5m to schools in 2022-23 to support the continuation of the Recruit, Recover and Raise Standards (RRRS) Programme, supporting learner well-being and progression as we work through the implications of the pandemic and progress our new Curriculum for Wales.

As part of the Final Budget 2022-23, published on 1 March, we allocated an additional £28.4m in 2022-23 to address both the issues around holiday hunger, and access to free activities for children and young people during school holidays. Of this allocation, £21.4m will extend Free School Meal provision over the Easter, Whitsun, and Summer holidays, reflecting our ongoing co-operation agreement with Plaid Cymru. A further £7m is being provided to deliver the Summer of Fun programme which also provides food and free activities during the summer period for all children and young people aged up to the age of 25. In 2021 the scheme reached over 67,500 children, supporting their social, emotional and physical wellbeing and helping them to re-engage with peers. To further support the most disadvantaged families, we are providing £13.1m for the Pupil Development Grant. For our PDG-Access grant, this includes a top up of £100 to all school years, which will address other costs of the school day including meeting PE kit and additional uniform costs

Due to the welcome multi-year settlement by the UK Government, we have been able to provide indicative budget allocations up to 2024-25, giving much more certainty for our local authority partners to deliver those vital services.

Funding Distribution

The core revenue funding we provide to local authorities each year is distributed according to relative need. The formula is kept under a continuous programme of review and improvement overseen by the Distribution Sub Group (DSG). The DSG produces an annual report for consideration by the Finance Sub Group of the Partnership Council for Wales. It is important to remember that the funding we provide to local government through the settlement is unhypothecated, meaning it is up to individual authorities how they spend this funding according to local priorities, and that the funding formula aims to model the relative need of authorities to spend across all services. We continue to work closely with our local government colleagues on our shared priority to ensure funding reaches our front line services.

At the February 2022 Finance Sub Group meeting, members requested that the DSG produce a paper providing their views of the accuracy and timeliness of the data within the current settlement formula, prior to considering the options for a future more extensive review of the formula. This paper is presented at the next meeting on 14 July 2022.

Transparency in the system

We agree with the need for transparency in the school funding system and for comparable and consistent data. Further, this should be at all levels including schools, local government and regional consortia and local authority partnerships.

We collect detailed budget and outturn data via Section 52 of the School Standards and Framework Act 1998. This information is published on StatsWales and is easily accessible. Officials are currently working with stakeholders to consider amendments to the School Funding (Wales) Regulations 2010. This work will provide flexibility to allow local authorities to better support schools to manage their budgets, and provide greater transparency, comparability and consistency in the system.

Regional Consortia

We also recognise the complexity in the funding system for regional consortia and local authority partnerships. That's why we have consolidated the large number of separate grants previously provided to regional consortia into two: the Regional Consortia School Improvement Grant (which includes the Education Improvement Grant) and the Pupil Development Grant.

The regional grant funds a large number of initiatives and priorities, recognising the important and broad role that regions play in the school system – including school improvement services, professional learning and curriculum development. However, these are grouped into five categories, aligned with Our National Mission's enabling objectives, so that regions have some flexibility in how they use the funding, based on the needs of schools in their area.

We further consolidated the priorities included within the regional grant where possible, during the last 2 grant periods. We did this in consultation with the consortia and local authority partnerships to ensure an appropriate balance between consolidation and the need to ensure sufficient transparency of the Welsh Government's expenditure across different policy areas. We also intend to undertake a review of the regional grant in 2022-23 to ensure areas of consolidation are still appropriate in the current environment.

The Welsh Government has developed non-statutory school improvement guidance that sets out a framework for evaluation, improvement and accountability for schools, local authorities, regions and Estyn, which aligns with the new curriculum

The overarching purpose of the guidance is to help schools to improve in order to give learners the best possible learning experiences and outcomes and, in this way, to raise standards and narrow the gap between disadvantaged learners and their peers. The new framework is designed to ensure that schools' performance is evaluated using a wide range of evidence and information, covering the breadth of school activity, including learner progress and well-being, when determining school improvement priorities.

Within a self-improving school system, it is important that the different bodies, principally schools and governing bodies, local authorities, and regional consortia, understand their own roles and responsibilities, those of others, and the relationship between them. The guidance therefore sets out the Welsh Government's expectations of the role and responsibilities of the different bodies, in relation to evaluation, improvement and accountability, in order to help the self-improving system to function efficiently and effectively. It emphasises that accountability should be seen as separate, if related, to evaluation and improvement activities.

Evidence based policy

We also agree with the conclusion that the Welsh Government should not adopt a single minimum cost approach for use in funding or spending decisions as it is not possible to determine the right level of spend and provision for each type of resource in varying locations and with varying school configurations. We consider that a move to a funding system which provides further detail on the likely cost of specific changes to the current offer where appropriate would be beneficial, and particularly relevant in relation to policy changes. Currently, however, we believe publishing multi-year assessments of likely growth in school costs would add little value as the available data would not allow this to be provided in a meaningful way. Due to pressures on costs/spend during the pandemic and ongoing recovery, data would not provide accurate projections. We will keep this under review.

The review of school spending in Wales provides valuable evidence for policy makers to inform future funding and policy decisions.

The latest evidence is used when considering policy changes but there is more work that can be done to ensure funding to enable policy change reaches those specific areas of investment, without unintended re-distribution of funding, ensuring increased levels of investment where the need has been identified.

The Welsh Government should have available to it an ongoing evidence base of the effects of school funding. Education in Wales: Our National Mission (2017) has research embedded across the enabling objectives. There is a clear statement that the plan will be supported by policies that will be developed in partnership, based upon sound evidence and evaluated effectively at all stages.

As part of the National Strategy for educational research and enquiry (NSERE) we have established a Collaborative Research Network on Leadership and Professional Learning bringing together expertise in this area from across our eight HEIs. The Welsh Government are working with this network to develop a research programme on the impact of school funding as well as undertaking research in other related areas such as indicators of socio-economic disadvantage that can be used for funding purposes.

Research is also an important part of our policy analysis to ensure new policy is implemented as intended. Officials, working with our Knowledge and Analytical Services Department will monitor the roll-out and impact of the new Additional Learning Needs system and will include economic analyses as part of that research. This area was highlighted in the report along with school transport. The Welsh Government carried out an initial review, working with the local authorities to understand current spending models and the impact of any potential changes to the Learner Travel Measure. The Deputy Minister for Climate Change has recently published the interim review report. The initial review found that there are not only further issues with the current Measure that need to be addressed, but also wider issues to consider that extend beyond the scope of the legislation. As such, we are keen to take forward a wider programme of work including consideration of a complete revision of the Learner Travel Measure, alongside work to improve operator provision. The detailed review of the measure will be undertaken this year.

Deprivation funding

Empirical evidence of the Sibietta review supports that higher spending has a positive effect on disadvantaged learners. Tackling the impact of poverty on attainment is at the heart of our national mission in education. That's the only way we can succeed in our aim of achieving high standards and aspirations for all.

I have made clear that in line with Programme for Government commitments to reduce inequalities in Wales, that tackling the impact of poverty on attainment is one of our major priorities. I have set out my intentions in this area in the Senedd on 22 March and officials are currently preparing a plan to take forward the actions which will be published shortly.

We recognise that the pandemic is continuing to have the greatest impact on some of our most vulnerable and disadvantaged learners, including those from low income families. Countering the effects of disadvantage and deprivation on children and young people is central to our flagship Pupil Development Grant (PDG).

Year on year we have extended the PDG to reflect the increase in eFSM learners, with funding for 2022-23 at over £126m.

We continue to work closely with PDG regional representatives to identify those areas where funding can have most impact, particularly in the context of the recommendations from the Review of School Spending in Wales report; in particular prioritising additional funding for more deprived schools, and working with local authorities' on ensuring more consistent and transparent school funding formulae.

In line with the aspirations of the Programme for Government, officials are currently undertaking a review of policies in this area. The review is focussed on key players in the system's understanding of educational inequality and its causes; what they believe has been working well to address these issues; and what barriers remain and how these might be overcome in a new policy strategy. We are considering how PDG might be used more effectively as part of this work to develop a Strategy for Educational Equity.

We have also increased funding for our demand led grants. Our PDG-Access grant is funding that goes direct to families for the purchase of uniform, sports kit and other extra-curricular activity resources. During 2021-22, the PDG-Access grant was extended to all eligible pupils in every school year in primary and secondary schools and for 2022-23 only, we are providing an up-lift of £100 to the PDG-Access grant for all eligible learners. Therefore, a total of £22.8m has been made available in 2022-23.

Sixth Forms

The Sibieta report also recommended that the Welsh Government should prioritise extra funding for schools with sixth forms. Any funding decisions for sixth forms would need to be considered as part of the wider post-16 settlement.

The 2021-22 budget recognised the priority for 16-19 provision in both schools sixth forms and colleges noting that demographics of this age cohort are increasing and that funding should increase accordingly. For 2021-22, schools sixth forms benefitted from an increase of over £3million or 3.22%. This was followed in 2022-23 by a further increase of £3.7m, a further 3.83% increase. This includes funding specifically allocated to educational deprivation of around £3.3m each year.

Alongside the increases to mainstream funding additional Learner Recovery and Progression Funding of £3.9m was allocated to sixth forms to recognise the continued support for learners needed following the pandemic and a further £12m allocated to schools and colleges to ensure learners in years 11, 12 and 13 were supported through transition to their next destination, be that college, school, university, employment or other.

Since becoming Minister for Education and Welsh Language, I have made it clear that we must consider all educational policies through the lens of whether they help tackle the impact of poverty on educational attainment. We will need a whole-system approach to succeed that supports children and young people through all phases of their education: pre-school, school and post-16. The review has been instrumental in driving forward work around ensuring the money that goes into our schools, is used to its full potential. We will continue working closely with our partners and stakeholders to ensure that this drive is maintained as we progress the work outlined above.

Yours sincerely,



Jeremy Miles AS/MS

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