

The Welsh Government's Draft Budget 2024-25

February 2024

1. Background

1. Published on 19 December 2023, the Draft Budget for 2024-25 sets out allocations for each of the Welsh Government's Main Expenditure Groups.¹ The 2024-25 Draft Budget is the final year of the three-year spending period the Welsh Government set out when setting the 2022-23 budget. There are no indicative plans set out beyond 2024-25.

Our approach to Draft Budget scrutiny

Gathering evidence

2. On 19 September 2023 we considered our approach to scrutiny of the budget. We agreed to take up the Welsh Government's offer of a technical briefing on the Strategic Integrated Impact Assessment, as well as agreeing the areas we wanted to focus our scrutiny on. Following these discussions, we wrote to the following Ministers in October outlining the information we wanted ahead of our oral evidence sessions:

- Letter to the Minister for Health and Social Care, Deputy Ministers for Social Services; and Mental Health and Wellbeing;²
- Letter to the Minister for Education and Welsh Language;³ and

¹ Welsh Government, Draft Budget 2024 to 2025, 19 December 2023.

² Letter from CYPE Committee Chair to Minister for Health and Social Care, Deputy Ministers for Social Services and Mental Health and Wellbeing, 9 October 2023.

³ Letter from CYPE Committee Chair to Minister for Education and Welsh Language, 9 October 2023.



- Letter to the Minister for Economy.⁴

3. Due to scheduling clashes, we were unable to take oral evidence from the Minister for Economy. We therefore agreed that a written paper did not need to be provided.

4. We received the written response from the Minister for Education and Welsh Language on 21 December 2023,⁵ and from the Minister for Health and Social Care on 22 December 2023.⁶

5. We also drew on the relevant consultation responses to the Finance Committee's consultation held earlier in the Autumn term.⁷

6. We received the technical briefing from Welsh Government officials on the Strategic Integrated Impact Assessment in November 2023. We held oral evidence sessions with the Minister for Health and Social Services, Deputy Minister for Social Services and Deputy Minister for Mental Health and Wellbeing on 11 January 2024; and with the Minister for Education and Welsh Language on 17 January 2024.

7. We agreed to build on the work from our previous budget scrutiny, and look to ensure we were working with other Senedd committees on shared areas of interest. In particular, our Chair followed up issues on schools and social care funding with both the WLGA and the Minister for Finance and Local Government in her capacity as member of the Local Government and Housing Committee. Members of the Economy, Rural Affairs and Trade Committee also followed up issues relating to degree apprenticeships during that Committee's scrutiny of the Minister for Economy. We believe working collaboratively is an important feature of effective scrutiny of the Welsh Government, and are pleased to see it continue in this year's scrutiny of the draft budget.

2. The Draft Budget 2024-25

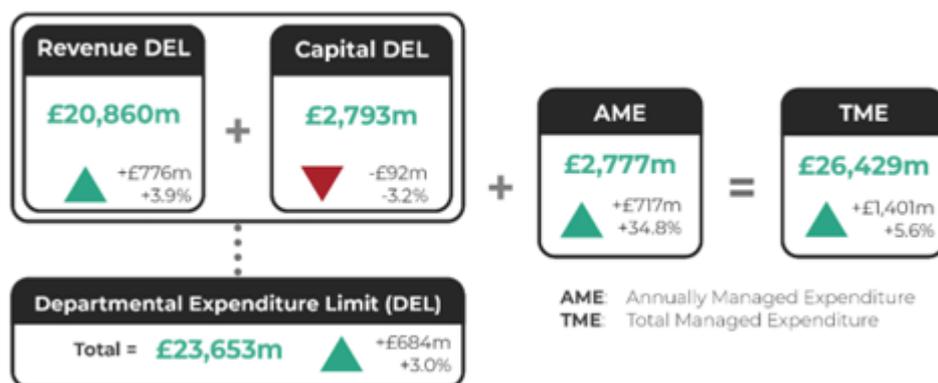
8. The Welsh Government's Draft Budget for 2024-25 (resource, revenue and capital combined) is approximately £23.7 billion.

⁴ [Letter from CYPE Committee Chair to Minister for Economy, 9 October 2023](#)

⁵ [Welsh Government, Evidence Paper on Draft Budget 2024-25 -- Education and Welsh Language Main Expenditure Group, December 2023](#)

⁶ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

⁷ [Finance Committee, Welsh Government, Draft Budget 2024-25, Consultation](#)



Main Expenditure Group Changes

9. The infographic below sets out changes between the Departmental Expenditure Limits in the Draft Budget 2024-25, from the Final Budget 2023-24 (restated).

	Total revenue and capital allocation	Change 2023-24 Final Budget (restated) to 2024-25 Draft Budget	
Health and Social Services	£11,690m	£929m 8.6%	▲
Finance and Local Government*	£5,092m	-£33m -0.6%	▼
Climate Change	£2,848m	-£84m -2.9%	▼
Education and the Welsh Language**	£2,586m	-£56m -2.1%	▼
Economy	£541m	-£4m -0.8%	▼
Rural Affairs	£420m	-£29m -6.4%	▼
Central Services and Administration	£333m	-£27m -7.4%	▼
Social Justice	£142m	-£12m -7.6%	▼

Source: Senedd Research 2024

* Excludes around £1.1 billion non-domestic rates income.

** Includes allocation of £514 million of non-fiscal revenue due to student loans.

Figures are rounded. Refer to the [Welsh Government Draft Budget 2024-25](#) for exact figures.

10. Other measures can be used to compare the new budget with:

- the current year's budget as it stands following the first Supplementary Budget in June 2023;⁸

⁸ Welsh Government. First Supplementary Budget 2023-24.

- the current year's budget to account for the movements announced in October 2023 as part of additional money for the NHS and Transport for Wales⁹ (which will be formally documented in the second Supplementary Budget 2023-24);
- what the Welsh Government planned to spend in 2024-25 when it set the indicative budget in February 2023¹⁰ (this is the approach taken by the Welsh Government when describing changes to the budget).

Financial pressures

11. We know that 2024-25 is the final year of the three-year spending period the Welsh Government set out when setting the 2022-23 budget. Changes to allocations in the Draft Budget 2024-25 are therefore presented in Welsh Government budget documents against the indicative budget for 2024-25 set in February 2023 (at the time of the 2023-24 Final Budget). There are no indicative plans set out beyond 2024-25.

12. In the Draft Budget narrative, the Minister for Finance says that, for the second year in a row, the Welsh Government's funding is "not sufficient to respond to the extraordinary pressures Wales faces", including persistently high inflation, cost of living pressures, public sector pay rises, and rising demand for services. This despite an additional £178 million and £305 million for 2023-24 and 2024-25 from the UK Government's Spring Budget and Autumn Statement respectively.¹¹

13. The Welsh Government says its funding settlement for 2024-25 from Westminster is worth £1.3 billion less in real terms than when it was indicatively set at the start of the three-year spending review period at the time of making the 2022-23 budget.

Welsh Government's 'Guiding principles'

14. The Welsh Government says it has "reshaped" its budgets in line with a set of "guiding principles":

- "to protect core, frontline public services as far as possible;

⁹ [Welsh Government. Update on 2023-2024 financial position: summary of main changes. December 2023](#)

¹⁰ [Welsh Government. Final Budget 2023-24. February 2023](#)

¹¹ [Welsh Government. Draft Budget 2024-25. December 2023](#)

- to prioritise jobs wherever possible;
- to deliver the greatest benefit to households which are hardest hit;
- to work in partnership with other public sector bodies to face the financial storm together; and
- to refocus funding away from non-devolved areas, “which the UK Government should be funding”.¹²

3. Allocations for children and young people

Are allocations transparent?

15. In line with our remit, we have a clear role in scrutinising whether children and young people are getting their fair share of the resources the Welsh Government has to spend.

16. In its Children's Rights Scheme 2021,¹³ the Welsh Government sets out that to meet its legal obligations in the Rights of Children and Young Persons (Wales) Measure 2011, it will produce and publish a Children's Rights Impact Assessment (CRIA) for any decisions that directly or indirectly impact on children. This CRIA should examine the potential impacts on children of its decisions as they are being developed and, if necessary, avoid or mitigate any negative impacts.

17. We have called for the Welsh Government to publish a Children's Rights Impact Assessment (CRIA) of its Draft Budget in both of our 2022-23¹⁴ and 2023-24¹⁵ reports. This recommendation has been made, in one form or another, every year for the past decade by the Senedd committee with responsibility for scrutinising children's policy.

18. The Welsh Government did not accept the recommendations in last year's report, giving its view that a Strategic Integrated Impact Assessment (SIIA) is a more effective way to consider holistically the impact of the Draft Budget on different groups of people.¹⁶ However during last year's scrutiny of the Draft Budget the Welsh Government offered us a technical briefing on how the

¹² [Welsh Government, Draft Budget 2024-25, December 2023](#)

¹³ [Welsh Government, 'Children's Rights Scheme 2021', December 2021, page 9](#)

¹⁴ [CYPE Committee, Welsh Government Draft Budget 2022-23, February 2022](#)

¹⁵ [CYPE Committee, Welsh Government Draft Budget 2023-24, February 2023](#)

¹⁶ [Welsh Government, Response to the recommendations from the CYPE Committee report: The Welsh Government's Draft budget 2023-24, March 2023](#)

Strategic Integrated Impact Assessment considers children's rights, which took place with Welsh Government officials on 16 November 2023.

19. Again this year, the Welsh Government has not undertaken a separate CRIA, continuing instead with its SIIA, which is included as Annex A to the Budget Narrative. The SIIA says:

"The stark reality of the extraordinary financial circumstances we are facing has necessitated a more fundamental approach."¹⁷

20. We note that this SIIA has no reference to the Rights of the Child and Young Person's (Wales) Measure nor the articles of the UN Convention on the Rights of the Child. It says:

"Children and Families

111. Based on latest forecast demand for our Childcare offer we are reprioritising £11.2m, with no anticipated direct impact to delivery. We are reprioritising funding of £7m from our Children and Communities Grant (CCG) which supports early intervention and prevention activities for children, young people and their families. While the CCG still provides funding of £171.4m, we will work with local authorities to mitigate impacts of the reprioritisation of funding.

112. We are also refocusing our Bwndel Babi programme releasing £3.5m. We are moving from a universal to a more targeted model to ensure it can reach those expectant parents in most need of support."¹⁸

21. We also note that the Welsh Government's Budget Improvement Plan 2024 to 2025, which was published alongside the Draft Budget, refers to continuing "to work with Children in Wales to publish a Young Person's version of the Budget Improvement Plan along with an animation in January 2024". Going forward it says the Welsh Government will:

"Continue to refine and improve the transparency of budget information, working with external stakeholders, with the aim

¹⁷ [Welsh Government. Draft Budget 2024-25. December 2023](#)

¹⁸ [Welsh Government. Draft Budget 2024-25. Annex A: Strategic Integrated Impact Assessment December 2023](#)

of improving understanding of and engagement with the Annual Budget.”¹⁹

22. Also of interest to us is the Welsh Government's distributional analysis of devolved public spending which includes reference to children in the context of free school meals and student finance.²⁰

Using the maximum available resources on children

23. During successive Draft Budget scrutiny we have consistently considered Article 4 of that UN Convention on the Rights of the Child 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 and, where needed, within the framework of international co-operation.”²¹

24. Whilst we understand that this does not simply mean spending all available resources, it implies the need for a fact based assessment of what the 'maximum available resources' are and the need for some assessment of that to be possible in terms of spending on children.

25. However this joint submission from children's charities to the Finance Committee in advance of the Draft Budget 2024-25 says:

“The Welsh Governments preference for a holistic Strategic Integrated Impact Assessment to accompany their draft budget means that it is not possible to assess or analyse whether the ‘maximum level of available resources’ to fulfil UNCRC obligations are being met.”²²

26. It goes on to say a CRIA should be published alongside the 2024-25 Draft Budget and elaborates:

¹⁹ Welsh Government, Budget Improvement Plan 2024 to 2025, 19 December 2023

²⁰ Welsh Government, Distributional analysis of devolved public spending in Wales: December 2023

²¹ United Nations, Convention on the Rights of the Child

²² Written Evidence, WDGB 24-25.38, Children in Wales (Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service (NYAS) Cymru, TGP Cymru and Action for Children Wales)

“There is a lack of transparency on expenditure on children in public budgeting across all ministerial portfolios making it difficult to track and assess changes in funding allocations to specific policy priorities and programmes, as well as the proportion of spend on children. Without transparent evidence it is impossible to determine whether the Welsh Government have adhered to their duty of due regard to the UNCRC or whether the principle of the ‘best interest of the child’ has been applied. A published CRIA would aid openness, transparency and accountability, and enable us to better understand how budgetary decisions are taking account of babies, children and young people and whether allocations are sufficient.”²³

Distributing of funding to the frontline

27. In looking at transparency of allocations and spending on children and young people, we are conscious that much of the Welsh Government’s funding is distributed in unhypothecated allocations to health boards and via the Local Government Settlement. This raises significant challenges in terms of seeing what is spent and monitoring outcomes for children. We are also mindful of how the Welsh Government, local authorities and health boards commission services from the third sector and also allocate grants for service delivery or core functions. The time limited nature of these allocations and the impact of that and other factors on services to children and young people has been raised with us in numerous inquiries and with the Finance Committee in its consultation on the Draft Budget 2024-25. These concerns are dealt with in further detail later in our report.

Amalgamating grants and monitoring outcomes for children

28. This year we have focused some of our scrutiny on the continuing approach to amalgamate grants in the draft budgets for Health, Social Care and Education. Within the Education and Welsh Language MEG, the Welsh Government is amalgamating previously separate individual grants and other funding streams into a new Local Authority Education Grant, worth £379 million in 2024-25. This is discussed in specific detail later in this report.

²³ [Written Evidence, WDGB 24-25 38. Children in Wales \(Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service \(NYAS\) Cymru, TGP Cymru and Action for Children Wales\)](#)

29. In terms of transparency of spending, we are aware that whilst amalgamating grants can offer local authorities and health boards the flexibility to respond to local need, it also brings potential risks. Those being the challenges of seeing trends in which programmes are being funded and which children are benefiting. Longer term it potentially makes monitoring outcomes for children even more challenging. Unless robust monitoring mechanisms are in place, the increases of millions of pounds of public funding being spent through amalgamated grants will potentially limit the ability to assess value for money and effectiveness of outcomes.

Cost of living and child poverty

30. Our focus on value for money is sharpened by the current cost of living pressures which, in turn, may mean more children and young people experience the negative outcomes we know are associated with child poverty. Several of the responses to the Finance Committee in advance of the Draft Budget raise concerns and make recommendations about the impact of the costs of living on children and young people.

31. The Bevan Foundation notes concern that several measures introduced in 2022-23 to mitigate the cost of living crisis have been withdrawn in the current year, when pressures could be argued to be greater. Referencing its work on the final report of the Wales Expert Group on the Cost of Living Crisis,²⁴ it puts forward several recommendations, including:

- Payments or reliefs to put cash in pockets including a winter cash payment to most severely affected households and changes to council tax relief taper.
- Extending eligibility and improving the provision of public services such as free school meals, accelerating the provision of social housing, and stepping up home insulation schemes.
- Boosting uptake of UK and Welsh benefits, grants and allowances through targeted campaigns.²⁵

32. Barnardo's Cymru's written evidence to the Finance Committee calls for the implementation of direct payments and the extension of free school meals. Barnardo's Cymru welcomed the uplift to Education Maintenance Allowance

²⁴ [Welsh Government, Report of the Wales Expert Group on the cost of living crisis, September 2023](#)

²⁵ [Written evidence, WGDB, 24-25 49 Bevan Foundation](#)

(EMA). However it notes young people spend £20 of the £40 allowance on travel. It goes on to urge the Welsh Government to consider the impact of expensive travel for young people and the parents/carers who support them.²⁶

33. In a submission on behalf of several large children's organisations, Children in Wales told the Finance Committee of concerns about the impact of child poverty on mental health, highlighting the importance of better resourced services for Child and Adolescent Mental Health Services (CAMHS) and urged the Welsh Government to:

- Focus on poverty, specifically income maximisation for families and
- Implementing a direct payment to support those who need it most.²⁷

What we asked the Ministers: allocations for children

34. During the scrutiny session we discussed with the Minister for Health and Social Services and the Deputies a range of issues relating to being able to see children are getting their fair share of Welsh Government funding and that quality outcomes can be seen as a result of that investment.

35. The scale of unhypothecated spending on health is a significant area of interest for us. We note that the Health Main Expenditure Group is the only one to receive a budget increase in 2024-25 taking it to £11.7 billion and with that coming in addition to an additional £425million in-year allocation for 2023-24.²⁸

36. During the scrutiny of last year's Draft Budget the Minister consistently emphasised to us that most of this health spending goes directly to Health Boards, saying:

"I set some priorities and some guidelines for them to follow, and of course they then have to make sure that they deliver for all people, but that includes children and young people. We don't differentiate for children within that; we don't differentiate for disabled people within that either. So, if you

²⁶ [Written evidence, WGDB, 25-25 31, Barnardo's Cymru](#)

²⁷ [Written Evidence, WDCB, 24-25 38, Children in Wales \(Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service \(NYAS\) Cymru, TGP Cymru and Action for Children Wales\)](#)

²⁸ [Welsh Government, Update on 2023-2024 financial position: summary of main changes, 17 October 2023](#)

start going down that route, the point is that we could go on for a long, long time, and it's complicated enough as it is'.²⁹

37. We noted evidence from the Welsh NHS Confederation in advance of the Draft Budget which does not refer to children and young people. However it says that reducing the elective backlog will take sustained investment over many years and points to a range of factors which placed financial pressures on the NHS. These include:

- underlying health board deficits carried over from previous financial years;
- an increase in workforce costs and inflationary pressures;
- capacity challenges in the social care sector negatively impacting on the ability for hospitals to discharge patients;
- increased spending on primary care and hospital prescriptions due to increased demand and increased costs of drugs;
- maintenance of outdated estates and infrastructure leading to increased costs; and
- the ongoing effects of the COVID legacy.³⁰

38. In light of such pressures, we asked whether the Minister was fully confident that children and young people's health would get an evidence based and fair share of the unhypothecated £9.5 billion core NHS allocation that is going direct to health boards and how we can assess the impact of that on children.³¹

39. The Minister for Health and Social Services, referred to the NHS Wales Planning Framework³² and said:

"[...] we don't hypothecate within health to any particular groups, but what we do within our planning framework is to make clear that there is an expectation that they have to show to us, when they come up with their plans—which, obviously, we haven't had yet, but we have issued the planning framework to them—that children and young people are ring-

²⁹ CYPE Committee, 18 January 2023, Record of Proceedings, Paragraph 6

³⁰ Written evidence, WGDB 24-25 Welsh NHS Confederation, December 2023

³¹ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 6

³² Welsh Government, NHS Wales Planning Framework 2022 to 2025, 10 November 2021.

fenced within that planning framework. So, we're expecting that to be honoured. Obviously, until we see their plans, we won't be sure, but, as Minister, I can actually reject their plans, if they don't include those."³³

40. During the oral evidence session we asked for further clarity on the 'ringfence' as this does not appear, for example, in the list of Ministerial priorities in the NHS Wales Planning Framework 2022 to 2025. We are also aware that the most recent annual planning framework, issued to health boards in December 2023, has not yet been published.

41. The Minister agreed to provide greater clarity in writing. The Minister's subsequent written response said:

"... at paragraph 8 of the transcript, I used terminology that indicated that children's services were 'ring-fenced' within the planning framework. This was picked up by yourself in a summary at paragraph 166 and has led to a specific action following the meeting, as follows:

The Minister for Health and Social Services agreed to provide further information on how the NHS planning framework supports ring-fencing of funding for children and young people.

To clarify, allocations for children and young people are not ring-fenced from a funding perspective. I was aiming to convey that there are specific expectations within the planning framework that relate to quality and equity of services and how they impact on children's services. I am keen to see evidence of the approaches being taking across these areas set out in the narrative of the three-year plans."³⁴

42. In terms of transparency of spending across the range of cabinet portfolios piece we asked again this year about the quality of the impact assessments on the Draft Budget as it relates to children and young people. During scrutiny of the Draft Budget for 2023-24 the Minister had emphasised to us there had not been reductions to funding in relation to children and young people's budgets

³³ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 8

³⁴ Letter from Minister for Health and Social Services to Chair, CYPE Committee, 23 January 2024

and that expenditure had been maintained for them.³⁵ Yet this year we could see a very different picture.

43. During our scrutiny of the Minister we pointed to direct reductions in funding for children and that there is significant grant funding for children which will end in 2024-25. The reductions include:

- £11.2 million for the Childcare Offer;
- £3.5 million from Baby Bundles;
- £0.5 million from the Children & Families Communication budget;
- £0.350 million budget reduction from A Healthier Wales (Early Years);
- £7.085 million from the indicative 2024-25 Children and Communities Grant; and
- £11 million from the Social Care Workforce Grant.

44. In light of these reductions to spending on children and the ongoing financial pressures, we asked the Minister whether now is the time to start undertaking and publishing detailed Child Rights Impact Assessments in line with the legal obligations under the Children's Rights Scheme.

45. In response the Minister wanted to "make it clear that the Government is committed to fulfilling our legislative requirements for impact assessments, but the way we do this is through the strategic integrated impact assessments". The Minister went on to say:

"We will continue to engage with our budget improvement impact and advisory group in terms of exploring how we can reflect better, perhaps, children's rights in our improvements to budget and tax processes. So, I think we recognise there's probably a bit more work to do in this space and we can do that, but that's the framework within which we're hoping to address that issue."³⁶

³⁵ CYPE Committee, Welsh Government Draft Budget 2023-24, February 2023

³⁶ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 18

Our view: Spending on children

This year spending on children will be reduced or ended in a number of policy areas. There are acute financial pressures. We know that inflationary pressures means it will cost more next year to deliver the same health services as in 2023-24.

Many of the highlighted pressures on health and social care are arguably adult focused systemic issues, such as delayed hospital discharge. In this context we are concerned that children's specific health and social care needs are at risk of being overlooked.

We have consistently advocated for more transparent spending on children given that more than £10 billion of public funding is unhypothecated to health boards. During our meeting we questioned the Minister on this unhypothecated health board funding and were told "that children and young people are ring-fenced within that planning framework".³⁷

It is disappointing therefore to have had clarification, at our request, that this is not the case. As we noted earlier in the report, in the letter following the Committee meeting the Minister said "I used terminology that indicated that children's services were 'ring-fenced' within the planning framework" but goes on to say "to clarify, allocations for children and young people are not ring-fenced from a funding perspective." She also said "I was aiming to convey that there are specific expectations within the planning framework that relate to quality and equity of services and how they impact on children's services."³⁸

We also note that since the scrutiny session the Minister has announced further escalated interventions in health boards meaning that two health are getting targeted intervention in relation to finance and planning. Our concern is that a focus on children and young people's health needs is maintained during these challenging times.³⁹

The move to amalgamate grants across social care and education may bring benefits of local flexibility in terms of spend on children. Yet there are significant 'pots' of Welsh Government money such as the £174.6 million Children and Communities Grant where each year it appears to be more challenging to

³⁷ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 8](#)

³⁸ [Letter from Minister for Health and Social Services to Chair, CYPE Committee, 23 January 2024](#)

³⁹ [Plenary, Oral Statement by the Minister for Health and Social Services: Escalation and intervention arrangements, 24 January 2024](#)

monitor changes and outcomes. This year this includes a new Local Authority Education Grant, worth £379 million in 2024-25. Robust mechanisms to monitor outcomes must be put in place.

We have consistently called for the Welsh Government to make every effort to ensure it is as clear as possible in their Draft Budget how much resource is allocated for children and young people. Again this year, it is disappointing to see there is not a separate Child Rights Impact Assessment. It is our view that when the public purse is tight, more than ever, we must be rigorous in making sure children and young people's rights are not overshadowed by the situation for adult health and social care. We do not accept the Welsh Government's rationale that a separate CRIA is not needed. This remains our view following the technical briefing provided by Welsh Government, and considering the SIIA for the Draft Budget 2024-25 and the evidence we have heard.

As with most MEGs, the Education and Welsh Language has been asked to find savings to fund protection for NHS and local government budgets, with £103 million "reprioritised" out of the MEG. With schools being the largest element of local government expenditure, children and young people should be among the beneficiaries of the protection for local authority budgets, although much of the average 3.1% increase will go towards teachers' pay. Furthermore, most of the reallocation of funding is for the NHS, about which we have already indicated our concern about disproportionate spending on adults.

More broadly, all aspects of the public purse is currently under intense pressure. While monitoring the effectiveness of expenditure is always incredibly important, this is put into even sharper focus in the current financial climate. It is imperative that the Welsh Government is using all the data available to it, and identifying any data gaps, that could hamper its ability to monitor effectiveness of spend. This needs to go hand in hand with the ability to re-prioritise and re-allocate funding if any particular projects are not demonstrating the desired outcomes. This is an issue which cuts across all the Welsh Government budget, and is not specific to only the Health and Social Services, and Education and Welsh Language MEG. We note that other Senedd committees have also made similar recommendations calling for improved monitoring of financial spend, including Finance Committee, Economy, Trade and Rural Affairs Committee; and Equality and Social Justice Committee. The Welsh Government must produce a Children's Rights Impact Assessment of its Draft Budget to demonstrate its compliance with the Rights of Children and Young Persons (Wales) Measure 2011, as set out in the Welsh Government's own Children's Rights Scheme.

Recommendation 1. The Welsh Government must produce a Children's Rights Impact Assessment of its Draft Budget to demonstrate its compliance with the Rights of Children and Young Persons (Wales) Measure 2011, as set out in the Welsh Government's own Children's Rights Scheme.

Recommendation 2. The Welsh Government must set out to how it will ensure effective in-year monitoring of outcomes against financial expenditure, and how it will use this information to be agile in reprioritising financial spend if necessary when the intended outcomes are not being realised.

Recommendation 3. The Welsh Government must set out the detail of how it monitors outcomes for children for all the programmes funded through both the Children and Communities Grant and the new Local Authority Education Grant and publish this data on an annual basis.

4. Health and Social Care

Background published in the Draft Budget

46. Almost half of the Welsh Government's £23.7 billion budget is allocated to Health and Social Services.

47. The Minister for Finance and Local Government told the Finance Committee that the Welsh Government has sought to protect the NHS by allocating an additional £450 million, and also the core local government settlement through an average 3.1% rise.⁴⁰

48. A detailed budget table for the Health and Social Services (HSS) MEG has been published. The MEG contains the core revenue and capital funding for NHS Wales, as well as funding to support public health, social care and supporting children:

- In 2024-25, as in previous years, the HSS MEG has the largest financial allocation of all the MEGs
- The total revenue and capital allocation is £11,690 million, an increase of 8.6% from the 2023-24 final budget (this is the Departmental Expenditure Limit (DEL) – the discretionary part of the budget that the Welsh Government chooses how to spend. Annually managed expenditure (AME) – the non-discretionary part of the budget – is £368 million)
- The £11,690 million DEL is made up of £11,291 million revenue and £399 million capital
- Of the £11,291 million revenue budget, £10,513 million is allocated for delivery of core NHS services (i.e. is direct funding to the NHS).⁴¹

Minister for Health and Social Care evidence paper: detail of BELs

49. The Draft Budget includes Budget Expenditure Line allocations, the most detailed overall level published. We made an advance request for a further breakdown of the 2024-25 Health and Social Services MEG allocations as relevant

⁴⁰ Finance Committee, 20 December 2023, Record of Proceedings, paragraph 11

⁴¹ Welsh Government, Detailed Draft Budget Proposals 2024-25

to children and young people down to Budget Expenditure Line (BEL) level.⁴²
The table below was provided in the Minister's paper:⁴³

Table One: Changes by Budget Expenditure Line

Budget Expenditure Line	2023-24 Final Budget	2023-24 First Supplementary Budget	2023-24 Forecast Outturn P8	2024-25 Draft Budget
	£m	£m	£m	£m
A Healthier Wales – (Early Years) – BEL 0060	7.200	7.200	6.493	6.850
Support for Childcare and Play – BEL 310	100.951	99.727	88.404	82.378*
Support for Children's Rights – BEL 311	1.020	1.020	0.920	1.020
Supporting Children – BEL 410	3.865	3.865	3.883	3.865
Supporting Families and Children – BEL 1085	11.710	11.710	5.465	5.960*
Children and Communities Grant – BEL 1087	171.045	172.269	171.861	174.583*
CAFCASS Cymru – BEL 1268	15.195	15.195	15.195	15.873
TOTAL	310.986	310.986	292.221	290.529

**Note – elements of budget is moving from BEL 310 and BEL 1085 into BEL 1087 in 24-25 as grants move into the main Children and Communities Grant.*

Health and Social Care Changes in allocations for 2024-25

50. The Welsh Government's paper also includes the description of changes as follows:

- "A Healthier Wales – (Early Years) – BEL 0060 £0.350m budget reduction: A proportionate reduction was made to this BEL as part of the budget review and reprioritisation exercise carried out in the HSS MEG for 2024-25. Impacts were considered and discussed with

⁴² Letter from CYPE Committee Chair to Minister for Health and Social Care, Deputy Ministers for Social Services and Mental Health and Wellbeing, 9 October 2023

⁴³ Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023

Ministers. This will also apply below where 'budget reductions' are referenced.

- Support for Childcare and Play – BEL 310 A £14.7m budget reduction from the 2024-25 indicative budget of £99.151m and a budget transfer of £2.073m, within the MEG, to BEL 1087 - Children & Communities Grant. There is also a budget transfer included for first Supplementary 2023-24 of £1.224m moving to the CCG non recurrently. The budget reduction was made from the main Childcare Offer budget line £11.2m, the Early Years Pathfinder budget line £3m and the CIW / SCW and Workforce budget £0.5m
- Supporting Families and Children – BEL 1085 A £4m budget reduction and a budget move of £1.1m, within the MEG, to BEL 1087 - Children & Communities Grant. The £4m budget reduction is, £3.5m from Baby Bundles and £0.5m from the Children & Families Communication budget.
- Children and Communities Grant – BEL 1087 A reduction of £7.085m from the indicative 2024-25 Children and Communities Grant (CCG) budget allocation of £178.495m. A budget transfer between BELs of £3.173m, from within the MEG, from BELs 310 and 1085, with grants being added to the bigger CCG brings the total 2024-25 budget to £174.583m.
- CAFCASS Cymru – BEL 1268 A budget increase of £0.678m which relates to the baseline adjustment for the 2023-24 pay.”

Children's health

Mental health and wellbeing

51. The Welsh Government's written evidence paper says that mental health funding for the NHS will continue to be ringfenced and that £800 million is included in the Draft Budget for this: "This budget is supporting services across the age range, including child and adolescent mental health services".⁴⁴ However we can see the budget narrative document notes that:

⁴⁴ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

"... we can no longer increase funding by £15m in 2024-25, as was originally planned. We have also reduced the existing mental health central budget by a further £6m".⁴⁵

52. The Welsh Government's evidence paper also highlights £2.2 million annual funding for the NHS Wales Executive to develop a strategic programme for mental health and a patient safety programme. It says this work will continue to support health boards to meet waiting time standards on a sustainable basis and to reduce variation through a CAMHS service specification. It goes on to note that the Welsh Government's new draft mental health strategy will be published early in the new year, and will be accompanied by a costed delivery plan which will be reviewed over the strategy's lifespan.⁴⁶

53. During scrutiny of last year's Draft Budget, the Deputy Minister for Mental Health and Wellbeing referred to the ring-fenced mental health funding that goes out to health boards and said that while there's no 'demarcation' for children and young people, health boards are expected to deliver the priorities set out by the Welsh Government:

"The integrated medium-term plans that all boards have to use have mental health very clearly in there as a priority. There are meetings, a plethora of meetings, between officials, the delivery unit, individual health boards to make sure that the focus is there on delivering on mental health. So, they have to deliver on those priorities.

Obviously, we monitor their performance against a whole range of measures. ... I don't think there's much wriggle room, really, for health boards in terms of not delivering on these priorities. I have been crystal clear that children and young people are my top priority."⁴⁷

Specialist Child and Adolescent Mental Health Services (CAMHS)

54. In our report on the Draft Budget for 2023-24, we welcomed a significant reduction in the number of children waiting for a specialist CAMHS first outpatient appointment.⁴⁸ We note that data on [StatsWales](#) shows that the

⁴⁵ [Welsh Government, Draft Budget 2024-25, December 2023](#)

⁴⁶ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

⁴⁷ [CYPE Committee, 18 January 2023, Record of Proceedings, paragraphs 96-97](#)

⁴⁸ [CYPE Committee, Welsh Government Draft Budget 2023-24, February 2023](#)

improvement in CAMHS waiting times for a first outpatient appointment within secondary care has largely been sustained. The most recent figures from November 2023 show 37 patient pathways waiting over four weeks, compared with 46 in at November 2022 and 527 at November 2021.

55. We also monitor StatsWales data on CAMHS provision within primary care through the waiting times for a Local Primary Mental Health Support Services (LPMHSS) assessment and waiting times for a therapeutic intervention. We can see that by September 2023, 80.2% of these assessments for children under 18 were undertaken within 28 days of referral. Looking at when therapeutic interventions started latest figures show that 44.7% interventions started within 28 days following an assessment compared to 38% 12 months previously. However there is a big difference between health boards, ranging from 95% in Swansea Bay to 0% in Aneurin Bevan. The reasons for the wide disparity between health boards aren't clear.

56. There has been a significant increase in the number of referrals for a LPMHSS assessment for under 18s since the data first became available. The numbers have increased from 640 under 18s in September 2020 to 1,019 in September 2023. Stakeholders continue to raise concerns about what they see as the worsening mental health among children and young people. In their response to the Finance Committee's consultation on the 2024-25 Draft Budget, Children in Wales highlighted the impact of child poverty on mental health, and called for CAMHS to be better resourced so that all children and young people can access support when needed, and have access to long-term recovery support after initial interventions.⁴⁹

Whole school approach

57. During 2023, we have raised concerns about the consistency of approaches to supporting learners' mental health across schools in Wales, and the extent to which Welsh Government funding for the whole school approach is reaching the front line.

58. The Deputy Minister for Mental Health and Wellbeing confirmed to us that the plan remains to allocate the £13.6 million as shown in the indicative allocations for the whole school approach in 2024-25 (£7 million Health and

⁴⁹ Written Evidence, WDGB 24-25 38, Children in Wales (Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service (NYAS) Cymru, TGP Cymru and Action for Children Wales)

Social Services MEG and £6.6m Education and Welsh Language MEG).⁵⁰ This compares to a baseline of £12.4 million for 2023-24. However it is difficult to assess actual spending as there is no publicly available information which provides a breakdown of allocations to/spending by local authorities (and subsequently schools).

Children's physical health

59. The main focus of our scrutiny of NHS allocations this year has been the 'bigger picture' issue of health board allocations and which are dealt with earlier in this report. However we also have an ongoing interest in funding for children's public health.

60. The Chief Medical Officer's Annual Report 2023 highlights that nearly one in three children in Wales are starting primary school overweight or obese.⁵¹ Back in 2022 we expressed concern that the Welsh Government was not focusing enough on preventing childhood obesity.⁵² Therefore we continue to examine allocations for delivery of the Healthy Weight Healthy Wales strategy, the Welsh Government's long term strategy to prevent and reduce obesity in Wales.

61. The Minister's paper says the Welsh Government is currently developing the delivery plan for the period 2024-2026, and that this will be supported by a total of £6.9 million in 2024-25. It also says that £2.9 million is being invested in the continued delivery of the All-Wales weight management pathway, and that £600k has been allocated to Public Health Wales to continue to support children and families pilots for a further year (these are taking place in Cardiff, Merthyr Tydfil, and Anglesey).⁵³

62. We are also keen to examine the levers available to the Welsh Government to tackle the issue of vaping among young people, and where the costs for these would fall. The Welsh Government's evidence paper refers to the UK Government's action on tobacco and vaping, including the Tobacco and Vapes Bill, announced in the King's Speech in November 2023, and its consultation on creating a smokefree generation and tackling youth vaping, which closed in December. The Welsh Government said that officials are working closely with UK

⁵⁰ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 47](#)

⁵¹ [Welsh Government, Chief Medical Officer for Wales, Annual report 2023](#)

⁵² [CYPE Committee, Draft Budget 2022-23 report, February 2022](#)

⁵³ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

Government to analyse the responses, and that the response to the consultation was due to be published by 18 January 2024.

What we asked the Ministers: children's health

Mental Health

63. We asked about the Welsh Government's assessment of demand for mental health support from children and young people and whether the level of investment is sufficient to meet these needs. We also asked whether the money that health boards are getting is actually being spent on children and young people to improve their mental health and 'not being funnelled into other areas of mental health support'. The Deputy Minister for Mental Health and Wellbeing told us:

"... projecting demand is a complex area, but just to assure the committee that we have done lots of work around trying to project demand for mental health services. For example, we had a significant piece of work through the Centre for Mental Health that informed the original budget decisions to prioritise investment in mental health, so the additional £50 million and £75 million that was invested last year. The Welsh Health Specialised Services Committee has also undertaken a piece of modelling work for us as well, and I'm very happy to provide the committee with more information on that when that's available."⁵⁴

64. The Deputy Minister also told us that 'similar modelling work' had been done to inform funding into specialist eating disorder services.⁵⁵ In June 2022, the Deputy Minister announced additional funding of £2.5 million from 2022-23 to help tackle eating disorders, with a focus on achieving the 4 week waiting time target.⁵⁶ However the eating disorder charity Beat has previously expressed concern about a lack of health board data on waiting times for eating disorder services.⁵⁷

65. The Deputy Minister told us that Welsh Government would be "be publishing costed delivery plans so the committee will be able to see how much

⁵⁴ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 52

⁵⁵ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 55

⁵⁶ Letter from Deputy Minister for Mental Health and Wellbeing to Chair, CYPE Committee, 24 June 2022.

⁵⁷ Beat The Welsh Eating Disorder Service Review: 3 years on, January 2022

money is being set aside for the priority areas" and that "eating disorder services absolutely remain a priority for us in the Government."⁵⁸

66. Subsequently on 19 January 2024 the Welsh Government published an update which included additions to paediatric provision in a number of health boards. It also said that in the next 12 months health boards would be exploring implementing an "early intervention service model and care package targeted specifically for young people aged 16 to 25 years tailored to developmental and illness stage and designed to reduce the duration of untreated eating disorders and improve clinical outcomes."⁵⁹

67. In respect of funding for suicide prevention, the Deputy Minister told us:

"... with the new suicide prevention strategy, there will be costed delivery plans when we've brought that work to fruition, so the committee will be able to see more detail on that as far as is possible with something like suicide prevention."⁶⁰

68. Looking towards early intervention we asked for assurance that local authorities and health boards will spend their allocated money and prioritise the whole-school approach given there is not information in the public domain about actual spend.

69. The Deputy Minister responded saying she was "very confident that we have got the mechanisms in place to ensure that we continue to drive change in this area with the protected funding that we've been able to commit this year".⁶¹

Physical health

70. We asked the Deputy Minister for Mental Health and Wellbeing to explain how Welsh Government monitors this to understand what actions are having most impact on long-term health outcomes for children and young people. We also asked that given a third of Wales' children are overweight or obese by the time they start primary school, whether funding for tackling obesity is striking the right balance between weight management and prevention of obesity.

71. The Deputy Minister told us what whilst there "is no silver bullet with tackling obesity" that Welsh Government has provided funding for the all-Wales

⁵⁸ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 56](#)

⁵⁹ [Welsh Government, Written Statement: Improving Welsh Eating Disorder Services, 19 January 2024](#)

⁶⁰ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 60](#)

⁶¹ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 48](#)

diabetes prevention programme for children and families pilots and for the development of an all-Wales weight management pathway.

"That funding, even despite the very significant financial constraints we've faced, has been slightly increased this year, which I think is good news".⁶²

72. Finally we asked about Welsh Government funding for tackling vaping among children and young people. The Deputy Minister referred to a number of actions it has already taken such as issuing guidance for schools through Public Health Wales. She went on to explain:

"We are working with the UK Government, which holds many of the levers around vaping and smoking, on the legislation that they are looking to take forward to tackle youth vaping and also to create the first smoke-free generation. That means raising the age for sale of tobacco so that anyone born on or after 1 January 2009 would never legally be able to purchase tobacco. We have signed up with the other four nations as part of that consultation—that's a four-nation consultation. That closed on 12 December and the responses are currently being analysed. Details of how we intend to tackle these issues will be announced shortly. If we decide that the tobacco and vapes Bill, which was identified in the King's Speech, will apply to Wales, the cost of the measures will be set out in detail at the appropriate stage of the legislation's development, and we'll provide further updates on that."⁶³

Our view: Children's health

We welcome that funding for mental health continues to be ring-fenced in the Draft Budget, but remain concerned about the levels of mental ill health among children and young people. We will expect both the new mental health strategy and the suicide prevention strategy and associated delivery plans to demonstrate that actions to improve children's mental health and wellbeing are being given sufficient priority and investment, and that outcomes for children will be measured. Whilst the whole-school approach continues to be welcome, it

⁶² CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 65

⁶³ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 75

is difficult to understand what is being spent on it and the subsequent effectiveness of the allocated funding.

We will monitor developments outlined in the Deputy Minister's recent statement of specialist eating disorder service and the potential for much needed improvement. We also welcome that the new suicide prevention strategy will have the rigour of costed delivery plans.

It remains a grave concern for children's health that nearly one in three children in Wales are starting primary school overweight or obese. Back in 2022 we expressed concern that the Welsh Government was not focusing enough on preventing childhood obesity. We welcome that funding has been maintained for the Healthy Weight, Healthy Wales strategy and request an update on the work being done with Public Health Wales to establish an overall evaluation framework for the strategy. In the next delivery plan for the strategy we expect to see a clear focus on prevention of childhood obesity, including action/investment targeted at families and the early years.

We have already expressed concerns about the significant problem of vaping amongst children and young people and urge Welsh Government to continue to use every tool at its disposal to tackle this issue. It is positive to see close joint working between the four nations in this regard.

Recommendation 4. The Welsh Government must provide the Committee with the mental health modelling report undertaken by the Welsh Health Specialised Services Committee when finalised.

Recommendation 5. The Welsh Government must provide us with an update of the work being done on the Healthy Weight, Healthy Wales strategy with Public Health Wales to establish an overall evaluation framework for the strategy.

Recommendation 6. The next Healthy Weight, Healthy Wales delivery plan must include a clearer focus on the prevention of childhood obesity, including action and associated costings and targeted at families and the early years.

Children's social care

Financial pressures on children's services

73. Whilst the majority of public expenditure on children's social care, safeguarding and care experienced children is from the Revenue Support Grant which sits in the Local Government MEG, the responsibility for outcomes for this

group of children sits with the Minister and Deputy Ministers for Health and Social Services.

74. The Welsh Government's Provisional Local Government Settlement 2024-25 means the core revenue funding for local government in 2024-25 will increase by 3.1% on a like-for-like basis compared to the current year.' It also says that "additional funding of £1.3m is being provided to ensure no authority will receive less than a 2.0% increase."⁶⁴

75. The ADSS and Welsh Local Government Association ("WLGA") evidence to the Finance Committee says:

"The impacts of the cost of living crisis were highlighted as leading to rising pressures on families which has meant that some councils are experiencing increased numbers of children entering care. A number of councils also reported an increase in safeguarding referrals, with one council reporting a doubling of referrals in the past year. The number of child protection investigations being undertaken were also reported as increasing in a number of councils. One council identified a nearly 700% increase between 2018-19 and 2022-23, with others identifying a doubling of investigations."⁶⁵

76. The evidence paper also sets out a breakdown of local government financial pressures:

Current year pressures	2023-24
	£000s
Pay Inflation pressures	5,281
Non pay inflation pressures	3,866
Commissioning cost pressures	13,201
Demand related pressures - Adults	45,683
Demand related pressures – Children's	40,730
Overall Total	£108,761

Source: WLGA/SWT Survey September 2023

⁶⁴ [Welsh Government, Written Statement: Provisional Local Government Settlement 2024-25, 20 December 2023](#)

⁶⁵ [Written evidence, WGDB 24-25 51, Association of Directors of Social Services and Welsh Local Government Association, December 2023](#)

77. The WLGA and ADSS go on to say:

"...Weekly costs in excess of £20,000 per week for placements were identified and one local authority reported that their children's services budget has increased by £11m (56%) over the last 3 years, with specialist placement costs increasing by £6.6m (44%) over the same period".⁶⁶

Impact of budget reductions on third sector provision

78. We know that the Finance Committee heard from stakeholders in advance of the Draft Budget of the need to move away from ad-hoc and short term funding for the voluntary sector. Barnardo's Cymru said there must be sustainable funding for the "vital support for Welsh voluntary organisations through flexible, unrestricted, multi-year grants".⁶⁷

79. Whilst this may be from policy areas such as housing, we have heard concerns that funding decisions in other MEGs may have wider and longer term unintended consequences on children and young people's social care.

80. Llamau's submission to the Finance Committee says that "without an uplift to the Housing Support Grant for the financial year 2024/25, there is a real risk of services collapsing, the early intervention agenda being lost" It goes on to say "In addition, we are already being told by commissioners that early intervention, prevention, and floating support services are under threat as they focus efforts on crisis services." It refers to mediation preventing family relationship breakdowns saving over £27,000 per person in specialist supported accommodation costs.⁶⁸

Care experienced children

81. At our request the Minister's paper set out an annual breakdown how the Programme for Government financial commitment of £68 million to remove profit from accommodation for care after children as follows:

⁶⁶ [Written evidence, WGDB 24-25 51, Association of Directors of Social Services and Welsh Local Government Association, December 2023](#)

⁶⁷ [Written evidence, WGDB 24-25 31, Barnardo's Cymru](#)

⁶⁸ [Written evidence, Llamau's submission in advance of the Draft Budget 2024-2025, December 2023](#)

Annual Breakdown of £68m

<u>2022/23</u>	£13m
<u>2023/24</u>	£26m
<u>2024/25</u>	£29m

82. The Welsh Government's written paper goes on to say:

"In 2022-23 local authorities were asked to submit 3-year bids for funding (2022/23-2024/25) to support them to deliver the commitment to eliminate profit and help them reduce the number of children in care and support children who are looked after and their families.

*These bids were assessed by officials and used to determine the allocation of the £68m over the three years to local authorities in Wales. The bids were clearly focused on building in-house or not-for-profit residential and foster care provision, on moving children out of residential care back into a family setting, on providing locally based and designed services, including specialist provision for children with more complex needs and above all improving outcomes for children."*⁶⁹

83. Following a scrutiny session about radical reform for care experienced children held on 14 September 2023, we asked the Deputy Minister for a range of information including the current estimate of the number of children from Welsh local authorities placed in independent/ private placements in Wales.⁷⁰

84. The Welsh Government reported the following information that as of 30 June 2023:

Placed with independent foster agencies	Placed with independent residential providers	Total
1284	596	1880

⁶⁹ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

⁷⁰ [Letter from CYPE Committee Chair to Deputy Minister for Social Services, 9 October 2023](#)

Childcare and Flying Start

85. Access to early childhood education and care is essential. It supports children's development and can help address child poverty by enabling more parents to work. To this end we have made an ongoing contribution to the important work of the Senedd's Equality and Social Justice Committee both in terms of child poverty⁷¹ and childcare.⁷² We note the view of Oxfam Cymru and the Make Care Fair Coalition who say:

*"While considerable strides have been made in childcare provision and early education in Wales, the persisting challenge of ensuring straightforward, equitable access to high-quality and affordable childcare remains a pressing concern."*⁷³

86. In its Draft Budget Narrative for 2024-25, the Welsh Government says:

*"The UK Government's Spring Budget contained an additional £178m across 2023-24 and 2024-25 for the Welsh Government. This included an additional £139.4m in resource and £0.7m in capital in 2024-25."*⁷⁴

87. We noted a BBC article about childcare costs reported:

*"Welsh ministers said they would be "carefully analysing the impact of the UK Spring Budget on our finances," and that £180m in consequential funding would be allocated "in line with our priorities for Wales in the normal way."*⁷⁵

88. A letter from the Petition's Committee asked us to consider the issues raised in two petitions as part of our budget scrutiny about two petitions comparing childcare in England and Wales.⁷⁶

89. The Minister's paper in advance of the Draft Budget says:

⁷¹ [Equality and Social Justice Committee, Calling time on child poverty: how Wales can do better, November 2023](#)

⁷² [Equality and Social Justice Committee, Childcare - a follow up inquiry, January 2024](#)

⁷³ [Senedd Research, Childcare in the spotlight at the Senedd, January 2024](#)

⁷⁴ [Welsh Government, Draft Budget 2024-25, December 2023](#)

⁷⁵ [BBC Wales News, Childcare costs: What help is there for parents in Wales? - BBC News updated 15 August 2023](#)

⁷⁶ [Letter from Chair, Petitions Committee to Chair, CYPE Committee, 19 December 2023](#)

- “Over £76m is being allocated to the Childcare Offer for Wales programme. This includes the Childcare Offer Main grant, LA Administration Grant, the Childcare Offer Additional Support Grant, and digital and internal programme costs. This represents a reduction of approximately £11m from the 2023-24 budget.
- By the end of the academic year 22/23, 675 additional families were supported because of the expansion of the Offer to include eligible parents in education/training. Parents in education and training are being funded within the Childcare Offer main grant. Due to the way the data and monitoring information is 15 being developed under the National Digital System; it is not currently possible to disaggregate these costs from the total Childcare Offer grant.
- With current take-up rates reflecting around 55% of eligible parents, the allocated budget allows for the Welsh Government to meet all existing obligations and continue to promote take-up, encouraging more eligible parents to use the support available to them.”⁷⁷

90. In terms of Flying Start, the Minister’s paper refers to the Children and Communities Grant (CCG) and says:

- “The budget for the CCG in 2024-25 is £174.583m. Of this, £142,028m is Flexible Funding covering eight programmes, including core Flying Start.
- In 2024-25 we will be investing £32.555m in Flying Start Expansion of which £24.3m is to support more than 5,200 additional children to access high quality Flying Start childcare to support long-term, positive impacts on the lives of those children and families across Wales facing the greatest challenges
- With regards to Flying Start childcare, as part of our Cooperation Agreement with Plaid Cymru, we have committed to the expansion of early years provision for all 2-year-olds across Wales.”⁷⁸

⁷⁷ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

⁷⁸ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

What we asked the Ministers: Children's social care

Pressures on children's services

91. In respect of funding for local authority children's services we raised with the Deputy Minister for Social Services that the WLGA has warned that it's only a matter of time before a Welsh local authority goes bankrupt. We pointed to its written evidence to the Finance Committee which says that £41 million of the current year's £219 million overspend is directly from existing funding pressures in children's social care. The WLGA and ADSS also refer to a "continuing rise in the numbers of children needing care and protection".⁷⁹ We asked the Deputy Minister what can she do and what is she doing to make sure that the front-line services to protect children can sustain these financial pressures,. This is particularly given the Minister's responsibility for children's social services but with no control over the budgets.

92. The Deputy Minister responded pointed to the 3.1% increase in the funding to local government and said:

*"... we have every confidence that local authorities will put children's needs high up on their agenda, as they always have. It's unhypothecated, it's going up, and so I think we've got confidence that the services will continue."*⁸⁰

93. We also note that in the Local Government and Housing Committee, local government representatives explained that they were "seeing increased numbers of children coming in and needing placements" going on to say that "at a minimum, that's normally £0.5 million a year for each child". They went on to say "as local authority leaders, we have an expectation that we settle balanced budgets. We have no option. That's a legal obligation for us as a council"⁸¹

Third sector funding

94. Based on the significant concerns raised with us about voluntary sector funding we asked whether the Deputy Minister could offer assurances in the current financial climate, and whether there anything practical that Welsh

⁷⁹ [Written evidence, WGDB 24-25 51, Association of Directors of Social Services and Welsh Local Government Association, December 2023](#)

⁸⁰ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 18](#)

⁸¹ [Local Government and Housing Committee, 18 January 2024, Record of Proceedings, paragraphs 100-102](#)

Government could do to improve the stability and address the short-term nature of funding for the children's sector.

95. We also asked about the £2.9 million to be spent on children and young people under the final year of the Sustainable Social Services Grant Scheme in 2024-25, much of which relates to services to prevent children going into care. A joint submission from children's charities in advance of the Draft Budget 2024-25 says that "the removal of this grant, and focus on short-term, project-based funding, will reduce the efficacy and long-term benefits of established projects while putting additional strain on third sector organisations from both a financial and resourcing perspective."⁸² We asked the Deputy Minister for any assurances as to future funding for those projects beyond 2024-25.

96. The Minister's paper also refers to funding of £506,000 from the Looked After Children Change Fund in 2024-25 for the roll out of independent, professional advocacy support for parents whose children are on the edge. The total funding allocated to this commitment across the four years 2022/23-2025/26 is £1,606,400.⁸³

97. The Deputy Minister for Social Services said that there had to be "difficult decisions in terms of prioritising the front-line services, and we chose not to impose any cuts on our third sector grants". She went on to say:

"We've already undertaken multiple-year grant funding arrangements with the third sector, for example, through the three-year sustainable social services third sector grant, which is one of our main ways of funding the voluntary sector. And that was extended to five years, of course, because of COVID, so we've had five years for those projects. They will be coming to an end in 2024-25—that will be their last year—and we'll be looking to see what we can do in order to continue that sort of level of support after that year."⁸⁴

98. The Deputy Minister for Mental Health and Wellbeing referred to an exercise undertaken "where we assessed health board spend on third sector support for mental health in primary care, and we are going to repeat that exercise, because

⁸² [Written Evidence, WDGB 24-25 38, Children in Wales \(Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service \(NYAS\) Cymru, TGP Cymru and Action for Children Wales\)](#)

⁸³ [Welsh Government, Information to inform scrutiny of the Draft Budget 2024-2025 by Children, Young People and Education Committee, December 2023](#)

⁸⁴ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 24](#)

we think it's really important that we do monitor what's going on on the ground".⁸⁵

99. Looking at preventative spending and cross-portfolio impacts, we asked the Deputy Minister for Social Services to what extent she was concerned that, in the long term, the social care portfolio will bear the brunt of real terms funding reductions in other cabinet portfolios, for example the static Housing Support Grant. We wanted to understand what, if anything, the Welsh Government can do in this financial climate to help maintain the focus on vital preventative spending and stop a cycle of crisis management by children's services further down the line.

100. The Deputy Minister for Social Services pointed to the Ministerial oversight board for the Transformation of Children's Services which has a range of Ministers attending and is co-chaired by the First Minister. She went on to say "we need to keep that preventative funding going or we will end up in crisis management."⁸⁶

Eliminating Profit

101. We asked the Deputy Minister for Social Services about concerns from ADSS and WLGA that the commitment to eliminate private profit from the care of looked after children is already "having a detrimental impact on the availability of placements' for children in care."⁸⁷ Children's Charities have called for "Welsh Government to provide funding to ensure that the elimination of profit from children's social care is done as safely as possible."⁸⁸

102. The Deputy Minister responded that "we don't have any evidence from Care Inspectorate Wales that this policy is having a detrimental effect on places within the system".⁸⁹ We asked whether the allocation in 2024-25 of the £29 million remaining funding for eliminating profit to the 22 local authorities individually might undermine the approach of developing regional and national

⁸⁵ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 35

⁸⁶ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 40

⁸⁷ Written evidence, WGDB, 24-25 51, Association of Directors of Social Services and Welsh Local Government Association, December 2023

⁸⁸ Written Evidence, WGDB, 24-25 38, Children in Wales (Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service (NYAS) Cymru, TQP Cymru and Action for Children Wales)

⁸⁹ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 98

placements. The Deputy Minister referred to a policy stream underneath the board for eliminating profit to develop regional provision.⁹⁰

103. Looking at the Welsh Government's spending on eliminating profit we also wanted to consider the scale of profits being made by the private sector. We note the Competition and Markets Authority report into the children's social care market stated that in 2022 children's social care services in Wales cost around £350 million.⁹¹

Children's Social Care workforce

104. In light of our on-going and well publicised concerns about the robustness of the children's social care workforce, we asked the Deputy Minister for Social Services about the reduction of £11 million in the social care workforce grant. During Draft Budget scrutiny this time last year, we were told that the Welsh Government was chairing meetings to address the use of expensive agency staff.⁹² We asked for an update about improvements in the use of agency staff and whether there have been improvements in vacancy rates in children's social care.

105. The Deputy Minister told us that "an increase in workforce staffing within children's services and the data shows an additional 89 members of the registered workforce between September 2022 and September 2023". In relation to agency workers she said "22 agency workers transitioned to permanent social workers, so, again, I think that is a very positive development".

"So, in response to the issues that the committee have raised before, I think that we are moving in the right direction, although obviously we would like it to be more and we're working for it to be more. And a formal review of the programme, including final data collection, is currently taking place, and that should be available by the end of January. So, I'm really pleased, really, that this work has been undertaken and that the situation is improving."⁹³

⁹⁰ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 102

⁹¹ Competition and Markets Authority, Children's Social Care Market Study Final Report, 22 March 2022

⁹² CYPE Committee, 18 January 2023, Record of Proceedings, paragraph 123

⁹³ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 87

Childcare, Flying Start and the Children and Communities Grant

106. We asked the Deputy Minister for Social Services about changes to the Children and Communities Grant. These include a reduction of £7.085 million in planned allocations in 2024-25 for the Children and Communities Grant. The overall grant will be £174.6 million and approximately roughly £142 million of that includes eight delivery programmes, including Flying Start.

107. The Deputy Minister told us that as “part of our commitment to local government to try to reduce the administrative burden, so that's why we are amalgamating some grants.”⁹⁴

108. Moving on to funding for childcare, we asked the Deputy Minister about a planned reduction of £11.2 million in allocations for childcare due to a lack of take-up. We also asked about the £140 million childcare Barnett consequential for 2024-25. Specifically, what direct representations were made at Cabinet level about whether the Welsh Government would use this £152 million in total on children and that the impact of the £7.1 million reduction in the CCG would not fall disproportionately on children given its remit is all age.

109. Comparisons have been made between the free childcare offers in Wales and England. This follows a commitment by the UK Government earlier in 2023 to provide free childcare to children of eligible working parents from the age of 9 months by 2025. However, the First Minister rejected criticism, and pointed to the fact that some provision is already in place in Wales, saying “...what we see is an attempt in England to catch up with services that are already available here in Wales. It's quite certainly not the other way around.”⁹⁵

110. The Deputy Minister and her officials told us that the aim to extend Flying Start to 9,500 more children by the end of 2024-25 was on track. In respect of the Childcare Offer the number of parents who are in education and training has increased from 200 to 1,100 in a year. In respect of comparisons with provision in England the Deputy Minister said:

“... it would be wonderful to extend provision from nine months upwards, but we'll see how that turns out in England. But, basically, what we're doing here is working with the sector, because there are shortages of staff, and the development is not straightforward. We're working very closely with the sector,

⁹⁴ CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 119

⁹⁵ Plenary, 21 March 2023, Record of Proceedings, paragraph 18

and I do think that it's going very well, the expansion. I did speak to somebody who's in an organisation that covers the whole of the UK yesterday and was saying that they're running up against huge problems in England because of the shortage of staff, and really that they're very, very nervous about what is actually going to happen with the planned expansion in England.”⁹⁶

Our view: children's social care

We have heard it is a precarious time for third sector providers. The demands on them are rising as pressures on children and their families are increasing. Budget decisions from across cabinet portfolios are highly likely to have long term unintended consequences on children and young people's social care. The Welsh Government must do everything in its powers to support and communicate effectively with the third sector in this regard. The ending of the grant awards in 2024-25 under the Sustainable Social Services Grant is a grave concern. We acted swiftly to communicate our concerns about the closure of the Family Drug and Alcohol Court pilot and we will continue to listen to stakeholders and monitor carefully the impact on children.

We remain very concerned about the fragility of the workforce in frontline children social services and therefore the £11 million reduction in the social care workforce grant. Care experienced young people and birth parents have told us time and again about the damage that can be done when social workers are overstretched. We are clear that the Welsh Government should introduce legislation to place a duty on local authorities to calculate maximum caseloads for children's social workers. In our report on radical reform for care experienced children we also said Welsh Government should begin consultation immediately on a comprehensive workforce sufficiency plan to inform the development and implementation of legislation on maximum caseloads of children's social workers.⁹⁷ We will continue to push for these recommendations to be implemented as soon as possible. The status quo is not acceptable.

Based on these stated ambitions, we are not reassured by the reported increases of 89 members of the registered workforce (when latest reported vacancy rates were 639) and 22 agency workers transitioning to be permanent social workers when we know percentages are at least 17%. Whilst welcome, this change is not

⁹⁶ [CYPE Committee, 11 January 2024, Record of Proceedings, paragraph 131](#)

⁹⁷ [CYPE Committee, If not now, then when? May 2023](#)

enough and more needs to be done as a matter of urgency by the Welsh Government and local authorities.

We have noted the changes to the Children and Communities Grant and recognise that approximately £142 million of that includes eight delivery programmes for children, including Flying Start. Our concerns about further amalgamations of grants are set out earlier in this report.

Recommendation 7. The Welsh Government must provide us with a written update detailing its communication plan with recipients of the Sustainable Social Services Grant as it relates to children which is due to end in 2024-25.

Recommendation 8. The Welsh Government must provide us with a copy of the Children's Rights Impact assessment on the decision to reduce the Social Care Workforce Grant by £11 million.

Recommendation 9. The Welsh Government must provide us with an update on its latest estimate of the cost and subsequent profit for private children's social care services in Wales that it is aiming to address through the eliminate profit provisions in the Social Care Bill.

Recommendation 10. The Welsh Government must publish a more detailed plan than is currently available as to the transition of 1880 children and young people out of independent placements by 2026.

5. Education and Welsh Language

Changes to the Education and Welsh Language MEG

Background published in the Draft Budget

111. In the Draft Budget 2024-25, the Education and Welsh Language (E&WL) MEG consists of:

- £2.237 billion (£2,237,198,000) resource (revenue) funding; and
- £348 million (£348,402,000) capital funding.

112. The draft E&WL resource MEG for 2024-25 contains £95 million (4.1%) less than what was planned in the indicative budget. This is accounted for by £103 million reductions to budget lines as part of the reprioritisation exercise to protect funding for the NHS and local government and £8 million which has come in from reserves. There has also been £380 million of transfers between budget lines within the E&WL MEG (which have zero net effect on the total value of the MEG). This is predominantly the result of amalgamating previously separate grants and funding streams to form the new Local Authority (pre-16) Education Grant.

113. The draft E&WL capital MEG is £7.2 million (2.0%) less than what the Welsh Government planned to spend in 2024-25 when setting the 2024-25 Indicative Budget in February 2023.

114. Compared to the 2023-24 budget, E&WL resource is:

- £33 million (1.4%) less than in the Final Budget 2023-24 (set in February);
- £71 million (3.1%) less than in the first Supplementary Budget 2023-24 (set in June);

- £42 million (1.9%) more than as of the adjustments announced in-year in October⁹⁸ (to be actioned in the second Supplementary Budget 2023-24 in February).⁹⁹

115. Compared to 2023-24, E&WL capital is:

- £24 million (6.4%) less than in the Final Budget 2023-24 and the first Supplementary Budget 2023-24;
- £16 million (4.9%) more than as of the adjustments announced in-year in October (to be actioned in the second Supplementary Budget 2023-24 in February).¹⁰⁰

The Minister for Education and Welsh Language's evidence paper

116. In his evidence paper, the Minister reported that his department, like others across the Welsh Government, had to identify funding that could be released to support cross-government pressures – namely the NHS and local government (which funds schools' core budgets). The funding to be prioritised was expected to be proportionate to the size of the department's budget, which has resulted in £103 million of E&WL resource (5.7% of the indicative budget for 2024-25) being reprioritised.

117. The Minister also said:

“Within the Education portfolio we have protected pre-16 education budgets as far as possible, which has meant some difficult choices to refocus funding from further and higher education, including our demand led student support budget.”¹⁰¹

⁹⁸ The Minister for Finance and Local Government announced [changes to 2023-24 budgets in-year](#) in October 2023, mainly to provide additional funding for the NHS and Transport for Wales. There was a £74.7 million reduction to E&WL resource and £40 million reduction to E&WL capital, compared to the Final Budget 2023-24. These budget changes have not yet been formally made but will be proposed in the second Supplementary Budget in February. The Minister for Education and Welsh Language provided a full breakdown of the in-year £74.7m resource reductions in a [letter to us on 23 January](#).

⁹⁹ [Welsh Government, Welsh Government budgets, December 2023](#)

¹⁰⁰ [Welsh Government, Welsh Government budgets, December 2023](#)

¹⁰¹ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

What we asked the Minister: Changes to the E&WL MEG

118. We asked the Minister how he went about identifying areas in his budget where funding could be reprioritised, in line with the expectation placed on all Welsh Government budgets. He explained:

*“The consistent principle, which I hope I've been able to apply, is that we would do everything we could to protect pre-16 education settings, and to focus funding, as far as we possibly could, on improving standards. That has inevitably meant that other parts of the budget, therefore, carry a larger part of that burden, necessarily, unfortunately. But just over half of it, actually, has been found from demand-led budgets, and the heavy lifting there is done by the student support budget...”*¹⁰²

119. The Minister said that reductions to demand-led budgets, for example student support, wouldn't affect individuals' entitlement to make a claim. The Welsh Government has “reproject[ed] the level of demand” but, as the Minister acknowledged, “it's an approach that carries risk. He said “if I'm wrong on that, there will be consequences in the budget, obviously”.¹⁰³

120. We also asked the Minister to confirm that, whilst the 2024-25 Draft Budget is less than the 2023-24 level, when considering either the Final Budget set in February or the first Supplementary Budget set in June, it is higher than the 2023-24 level as it currently stands after the in-year reductions announced in October. Without knowing if any other changes are planned in the 2023-24 second Supplementary Budget in February, we calculate that the Draft E&WL Resource budget for 2024-25 is £42 million higher than in 2023-24 once accounting for the in-year changes and £33 million lower than the Final Budget and £71 million lower than the first Supplementary Budget.¹⁰⁴

121. The Minister confirmed that the 2024-25 resource budget is higher than 2023-24 after taking into account the October reductions, but said this is £15 million higher rather than the £42 million difference calculated from what was announced in October.¹⁰⁵

¹⁰² [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 9](#)

¹⁰³ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 10](#)

¹⁰⁴ This is based on the following figures: Draft Budget 2024-25: £2.237 billion; Final Budget 2023-24: £2.270 billion; First Supplementary Budget 2023-24: £2.309 billion; and Revised Allocation 2023-24 (October 2023): £2.195 billion.

¹⁰⁵ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 13](#)

122. The Minister also told us that he had applied the same principles to decisions about which budgets to find savings from in the Draft Budget 2024-25 to those used in-year in 2023-24. Demand-led budgets, such as student support, have again done most of the “heavy lifting” as the Minister put it.¹⁰⁶

Our view: Changes to the E&WL MEG

We recognise that the Minister has sought to limit the harm from the decrease in money available to him, both in-year in 2023-24 and in setting the 2024-25 Draft Budget, by making savings in demand-led budgets. As he recognised, this comes with a risk that projections of future demand may prove to be wrong and vigilance is required to monitor this risk. However, we also note that not all reductions are to demand-led budgets and there will therefore be a real impact on activity and services from this. We have commented on this in other sections of this report.

It appears to us that at least some of the financial hit to the E&WL MEG has taken place during 2023-24, specifically in the reductions announced in October. The Minister acknowledged that the E&WL 2024-25 budget is an increase on the revised 2023-24 allocation. More detail is expected in the second Supplementary Budget to truly gauge the 2023-24 baseline but clarity is needed now on how the new budget compares to 2023-24 as it currently stands.

Recommendation 11. The Welsh Government must remain vigilant to future demand for the budget lines it has reduced within the Education and Welsh Language MEG and closely monitor whether it needs to revise its projections of demands so as to avoid any unanticipated future ‘shocks’ to budgets.

Recommendation 12. The Welsh Government must clarify the current level of the 2023-24 budget and therefore the change that the 2024-25 Draft Budget brings to the level of resource and capital available in the Education and Welsh Language MEG. It must clarify whether this an increase of £15 million as the Minister told the Committee or £42 million as the figures announced in October 2023 imply.

¹⁰⁶ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraphs 15-19](#)

Pre-16 education

Schools' core budgets

123. Although the vast majority of funding for school budgets is not contained within the Education and Welsh Language MEG (as it goes to local authorities through the Revenue Support Grant (RSG) from the Finance and Local Government MEG), we scrutinised the Minister on whether local authorities have adequate resources to make provision for school budgets and prioritise these accordingly. Our Chair also asked the Minister for Finance and Local Government about provision for school budgets in the Local Government and Housing Committee on 18 January.¹⁰⁷

124. The Provisional Local Government Settlement 2024-25 provides a 3.1% overall increase to local authorities (with no local authority receiving less than 2.0%), compared to 2023-24.¹⁰⁸ It will be for local authorities to decide on which services this increase is spent. The increase is less than the 7.9% and 9.4% increases in 2023-24 and 2022-23 respectively.

125. The Welsh Government points to the 3.1% average increase for local authorities as protecting the RSG for local authorities, from which schools, along with social care, are the main recipients. However, as the WLGA's submission to the Finance Committee's consultation ahead of the Draft Budget outlines, a 3.1% increase covers only around a quarter of the pressures local authorities face in 2024-25.¹⁰⁹

126. The funding notionally allocated within the RSG for schools is not ringfenced and it will be up to local authorities whether they use it in this way. However, they will have to meet the costs of the teachers' pay award for academic year 2023/24 from within their 2023-24 and 2024-25 settlements.

127. Teachers have been awarded a 5% pay rise for academic year 2023/24.¹¹⁰ The Welsh Government has not provided any additional funding for this and expects local authorities to fund this from within the RSG. When taking the same position last year regarding the initial 5% pay award for 2022/23, the Minister pointed to the 7.9% and 9.4% increases local authorities had received in the 2022-23 and 2023-24 settlements respectively as providing a means for local

¹⁰⁷ [Local Government and Housing Committee, 18 January 2024, paragraphs 226-233](#)

¹⁰⁸ [Welsh Government, Local government revenue and capital settlement 2024 to 2025, December 2023](#)

¹⁰⁹ [Written evidence, WGDB 24-25.51, Welsh Local Government Association](#)

¹¹⁰ [Welsh Government, Written Statement: Teachers' Pay Award 2023, 5 October 2023](#)

authorities to pay this. (The Welsh Government did then fund the additional 3% pay award for 2022/23 agreed in the Spring.)

128. The Minister says the 5% teachers' pay award for 2023/24 will cost local authorities £46.5 million between September 2023 and March 2024, and £79.7 million for the full year impact in 2024-25.¹¹¹ Unlike the past couple of years, local authorities only have an average 3.1% increase in 2024-25 to draw on.

129. Looking at changes to school budgets over recent years:

- Total funding for schools in 2023-24 is 8.0% higher than in 2022-23 (1.8% higher in real terms*). Funding per pupil is 8.2% higher (2.0% higher in real terms*).
- Funding has risen since 2019-20 by 25.8% in cash terms and 6.3% in real terms*. Increases per pupil are 25.1% in cash terms and 5.7% in real terms*.
- Taking a longer backward look, funding has decreased in real terms* by 1.7% (2.1% per pupil) since 2010-11.

* Real terms changes are calculated using the HM Treasury GDP deflators for November 2023.

The figures in paragraph 129 have been calculated by Senedd Research based on figures provide by the Welsh Government.

¹¹¹ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

Table Two: Gross budgeted expenditure on schools

	Gross Budgeted Expenditure on schools £ Billion	£ Per Pupil Gross Budgeted Expenditure on schools	Percentage delegated to schools
2023-24	3.343	7,327	81.9
2022-23	3.096	6,773	82.9
2021-22	2.913	6,387	83.4
2020-21	2.822	6,203	83.7
2019-20	2.657	5,857	83.9
2018-19	2.566	5,675	84.2
2017-18	2.543	5,628	84.2
2016-17	2.519	5,570	84.3
2015-16	2.496	5,526	83.8
2014-15	2.528	5,607	82.9
2013-14	2.519	5,594	82.3
2012-13	2.495	5,520	81.0
2011-12	2.470	5,451	76.2
2010-11	2.458	5,409	75.0

Source: Welsh Government, [Statistical Bulletins: Local authority budgeted expenditure on schools](#) (several years' editions)

130. We have questioned the Minister during previous years' budget scrutiny regarding the level of budget reserves held by schools. These are recorded as at 31 March each year and since March 2021 have been considerably higher than the historical norm, although there was a reduction in 2023.¹¹² The Welsh Government's explanation has been that schools had built up reserves due to the pandemic, including because they had received resources relatively late in the financial year, with the annual reporting resulting in a misleading picture.¹¹³

131. The Minister has told us in each of the past two budget scrutiny sessions¹¹⁴ that the Welsh Government would continue to monitor and assess the levels of school reserves. Table three below shows the levels of school reserves over recent years.

¹¹² [Welsh Government, Reserves held by schools: as at 31 March 2023, 26 October 2023](#)

¹¹³ [CYPE Committee, 11 January 2023, Record of Proceedings paragraphs 87-88](#)

¹¹⁴ [CYPE Committee, 11 January 2023, Record of Proceedings paragraphs 87-88](#) and [CYPE Committee, 20 January 2022, Record of Proceedings, paragraphs 55-57](#)

Table Three: Reserves held by schools

	Total	Per Pupil
March 2023	£208m	£456
March 2022	£301m	£659
March 2021	£181m	£393
March 2020	£32m	£70
March 2019	£46m	£102
March 2018	£50m	£111
March 2017	£46m	£102
March 2016	£64m	£142
March 2015	£64m	£141
March 2014	£60m	£132

Source: Welsh Government, [Statistical First Release: Reserves held by schools](#) (several years' editions)

132. While noting that the level of school reserves went down between March 2022 and March 2023 (by 31%), the Minister acknowledges they remain high. He says there are signs schools are using their reserves to manage inflationary and cost of living pressures.¹¹⁵ We know that some schools have negative reserves – 8% across Wales – with this as high as 16% of schools in Vale of Glamorgan, 17% in Bridgend and 25% in Carmarthenshire. There is also considerable variation between local authority areas, ranging from £298 reserves per pupil across the Vale of Glamorgan to £725 per pupil in Gwynedd.¹¹⁶

Grant amalgamation

133. For 2024-25, the Welsh Government has amalgamated 21 previously separate items of funding into a new Local Authority Education Grant (LAEG).¹¹⁷ The £379 million for the LAEG is the same as the sum of the individual grants and funding streams in 2023-24 and £11.8 million more than what was planned in the 2024-25 Indicative Budget. The £11.8 million has, however, come from existing E&WL budgets:

- £900,000 from the Additional Learning Needs (ALN) BEL, which will be spent on ALN implementation and provision under the new LAEG.

¹¹⁵ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹¹⁶ [Welsh Government, Reserves held by schools: as at 31 March 2023, 26 October 2023](#)

¹¹⁷ Listed at Annex C of the [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

- £500,000 from the Vulnerable Groups BEL, which has been reprioritised and put into the Education Reform element of the LAEG.
- £8.3 million from the Community Schools BEL, which has been reprioritised and put into the Education Reform element of the LAEG.
- £2.1 million from the Education Infrastructure BEL, which has been reprioritised and put into the Education Reform element of the LAEG.

(The £10.9 million for the Education Reform element will be used to maintain and slightly increase the Recruit, Recover and Raise Standards (RRRS) pandemic recovery funding for schools.)

134. The £379 million LAEG is divided into four strands as follows:

- Education Reform (notably curriculum and ALN, plus teachers' professional learning): £54 million
- School Standards: £160 million
- Equity in Education: £155 million (including the Pupil Development Grant)
- Cymraeg 2050: £10 million.

135. This is a relatively, although not completely, new approach to allocating various grant funding, which currently goes via local authorities, regional consortia and partnerships. The two main components of this funding are currently the Pupil Development Grant (PDG) – worth £128 million in 2023-24 – and an already packaged grant in the form of the Regional Consortia School Improvement Grant (RCSIG) – £158 million in 2023-24¹¹⁸ and detailed in Annex E of the Minister's paper. Other funding incorporated into the LAEG includes Welsh in Education grants and the Recruit, Recover and Raise Standards (RRS) funding put in place for the educational recovery from the pandemic.

136. The Welsh Government has amalgamated funding streams before and has channelled education funding aligned to national objectives via the regional consortia. The breakdown of regional working in South West and Mid Wales over

¹¹⁸ A breakdown of this is provided in Annex E of the [Minister for Education and Welsh Language's written evidence](#). In recent years, the RCSIG has included the Education Improvement Grant (EIG) – worth £115 million of the £158 million 2023-24 – which was itself formed in 2015-16 following the amalgamation of 11 previous ring-fenced grants.. Our predecessor Committee undertook an inquiry into this, reporting in 2017.

the past three to four years has meant arrangements have not been consistent across Wales.

Capital funding

137. The vast majority of capital funding (£345 million of the £348 million) within the Education and Welsh Language MEG is for improving the educational (and childcare) estate through new build and major refurbishment projects. This is known as the Sustainable Communities for Learning programme (formerly 21st Century Schools).

138. In line with the Welsh Government's net zero carbon policy, from January 2022, all projects not already approved at Outline Business Case stage have to operate as net zero carbon in operation and have a lower carbon footprint in their construction. The Welsh Government has said it will meet the 12.5% net zero carbon 'premium' for all Band B projects.¹¹⁹

139. To summarise changes in the Draft Budget 2024-25:

- E&WL capital funding is £7 million less than what the Welsh Government planned to spend in the 2024-25 Indicative Budget and £24 million less than the 2023-24 budget set at the start of year and unchanged in the first Supplementary Budget in June.
- When taking into account the £40 million reduction announced in October 2023, the 2024-25 Draft budget has £16 million more E&WL capital than at present.

140. The Minister also reported cost increases of around 25% over the last three years, from the consequences of exiting the EU, the pandemic, and increases in energy costs. While Sustainable Communities for Learning has received a 33% increase during this three-year spending period (compared to 2021-22), these cost increases have "all but wiped this out". The increased budget since 2022-23 has "cushioned" the impact of inflation meaning that projects already in the pipeline could go ahead. However, the medium to long-term effect of inflation has adversely affected the ambition to accelerate delivery of new schools and colleges. The Minister said that, over time, with inflation remaining moderately

¹¹⁹ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

high, increased construction costs means fewer school and colleges will be built and refurbished for the same level of money.¹²⁰

What we asked the Minister: pre-16 education

Schools' core budgets

141. We asked the Minister whether he believes the 3.1% average increase to the RSG is sufficient for local authorities to adequately fund school budgets, including the teachers' pay increase, given the scale of reforms being implemented and the need to raise standards.

142. The Minister said the UK Government had not provided any additional funding to meet pay increases and that the Welsh Government's settlement is "simply not sufficient". He said the Welsh Government is doing "everything we can to prioritise core front-line services"¹²¹ and highlighted the pandemic-related Recruit, Recover and Raise Standards (RRRS), which he has been able to maintain and slightly increase in 2024-25. However, he added the Welsh Government is "having to make awful choices between competing priorities" and that "local authorities are having to do the same". Asked about potential cuts local authorities may have to make to education budgets, he conceded "there will be consequences in schools".¹²²

143. Asked for his assessment of the levels of school reserves, he emphasised that the March 2023 data published in October is almost a year-old and said he expected the next data as of March 2024 to show a higher decrease than the £100 million decrease between March 2022 and March 2023.¹²³

144. Commenting on the variation between different parts of Wales, the Minister said the Welsh Government has continual dialogue with councils and said "I'll be extremely surprised" if any of them are not working with schools to make sure reserves are being used.¹²⁴

Grant amalgamation

145. The Minister explain that the creation of a new single Local Authority Education Grant (LAEG) was a response to local authorities and schools wanting

¹²⁰ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹²¹ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 61](#)

¹²² [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 63](#)

¹²³ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraphs 69-70](#)

¹²⁴ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 72](#)

simpler arrangements for the various grants and funding streams they receive from the Welsh Government. Currently, these come in many different forms and some are channelled via the regional consortia, while some go via local authorities. The Minister said the new arrangement will be the “most coherent” and passing the funding to local authorities recognises that it is they (rather than consortia) who have statutory responsibilities for education.¹²⁵

146. Asked whether this reflected any less emphasis on the role of the consortia (and various partnerships in South West and Mid Wales¹²⁶), the Minister referred to the review of the middle tier, which he has asked Professor Dylan Jones to carry out.¹²⁷ He said terms and conditions for the elements of the grant, which consortia and partnerships are involved in, would reflect any funding they need during the review period.¹²⁸

147. The Minister indicated that, other than in the example of the Pupil Development Grant, there will not be any formal ring-fencing of elements of the LAEG beyond the four strands (Education reforms, School standards, Equity in education and Cymraeg 2050).¹²⁹ However, he said there would be a mixed approach whereby some elements would have more stringent terms and conditions, governing how they are used. Overall, the Welsh Government will be “measuring the outcomes and providing flexibilities for councils in how the [LAEG] is spent”.¹³⁰

Capital funding

148. Having said in his paper that inflation and higher construction costs meant, without additional funding, effectively a slowing down of the Sustainable Communities for Learning programme, the Minister expanded on this in oral evidence. He said the impact was likely to be greater on smaller projects, often in primary schools, due to economies of scale associated with larger projects. He quoted a 10% rise in construction costs per square metre and said smaller

¹²⁵ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 95](#)

¹²⁶ The breakdown of regional working in South West and Mid Wales over the past three to four years has meant arrangements for school improvement have not been consistent across Wales. Whereas three consortia operate in North Wales, Central South Wales and South East Wales – GwE, CSC and EAS respectively – in South West and Mid Wales, Carmarthenshire, Pembrokeshire and Swansea collaborate through ‘Partneriaeth’, Ceredigion and Powys collaborate through the ‘Mid Wales Education Partnership, while Neath Port Talbot work alone.

¹²⁷ Welsh Government, [Review of roles and responsibilities of education partners in Wales and delivery of school improvement arrangements: terms of reference](#)

¹²⁸ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 99](#)

¹²⁹ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 97](#)

¹³⁰ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 99](#)

projects are more adversely exposed to inflation.¹³¹ Asked what could be done to mitigate the impact on smaller projects, the Minister said the Welsh Government is changing the benchmark cost. This is the cost a project has to reach before it qualifies for Welsh Government funding. He said that some local authorities are taking a standardised approach to the design of new school to reduce costs.¹³²

Our view: pre-16 education

Schools' core budgets

We recognise that the Welsh Government has sought to protect, along with NHS budgets, funding for local government and that schools are the biggest service that councils spend money on. However, we have heard from head teachers who say they are struggling to maintain a safe environment for pupils, such are the financial pressures they are under. In the absence of any specific funding to meet the costs of the teachers' pay deal, we are concerned that the average 3.1% increase in the RSG (less than the 7.9% and 9.4% increases in the previous two years) will mean local authorities have to make cuts to education budgets. Indeed, the Local Government and Housing Committee wrote to advise us that the WLGA representatives were clear in oral evidence that, at a time of intense budgetary pressures, cuts to education services are inevitable.¹³³

We believe the position of school reserves must continue to be closely monitored. Whilst some amount of reserves is appropriate and part of prudent budget management, their level remains historically high despite a 31% decrease between March 2022 and March 2023. Furthermore, there is considerable variation between local authorities both in terms of average school reserves and the numbers with negative reserves. We note that the Minister is expecting a further reversion to historic levels in March 2024 and welcome that he said he would look at how information could be shared with us earlier than the usual October timeframe.

Grant amalgamation

We recognise that the Welsh Government is attempting to simplify arrangements to how grant funding is structured and distributed and that schools and local authorities have called for this. However, as our predecessor

¹³¹ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraphs 131-133](#)

¹³² [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 135](#)

¹³³ [Letter from Chair, LGH Committee to Chair, CYPE Committee 25 January 2024](#)

committee scrutinised in the past, there is a risk when amalgamating grants that the individual purposes can sometimes get lost.¹³⁴

We have reservations about how outcomes from the LAEG will be monitored and are anxious to see that important activity such as the whole-school approach to mental health and support for minority ethnic and gypsy, Roma and traveller learners continues to be prioritised. When finances are tight, it is ever more important to monitor outcomes and value for money. This is why we made recommendation two.

Capital funding

We note that the E&WL capital budget is less than what was planned in the indicative budget 2024-25 and less than the 2023-24 budget as set at the start of the year. However, it is an increase on the revised allocation announced for 2023-24 in October. With inflation and rising construction costs, it is clear that less will be delivered with the same money if budgets are static or even less will be delivered if budgets go down.

We are concerned at what the Minister said about the impact hitting smaller projects, for example those involving primary schools, mostly due to economies of scale. We urge the Welsh Government to continue exploring options to mitigate these impacts to limit the adverse effects on progress under the Sustainable Communities for Learning.

Recommendation 13. The Welsh Government must monitor closely the consequences of its decisions in the Draft Budget and local authorities' provision for school budgets, and consider what more it can do to ensure as much money as possible is invested in education. The Welsh Government should provide the Committee with an update by October 2024.

Recommendation 14. The Welsh Government must continue to closely monitor the level of reserves held by schools, in particular variation between schools and between local authorities in order to ensure that as much money is being spent on the front-line as is prudent and appropriate and to support schools struggling to balance their budget. The Welsh Government should provide the Committee with an update by October 2024.

¹³⁴ CYPE Committee [5th Senedd], Education Improvement Grant: Gypsy, Roma and Traveller, and Minority Ethnic Children, February 2017

Recommendation 15. The Welsh Government must ensure that effective monitoring systems are in place for the Local Authority Education Grant and ensure that the amalgamation of funding does not result in any dilution of previously ring-fenced activities and interventions.

Recommendation 16. The Welsh Government must explore all options to minimise any adverse impact on the progress of the Sustainable Communities for Learning programme from static or decreasing budgets, especially in light of inflation and rising construction costs.

Post-16 education

149. As we stated earlier in this chapter, the Minister told us that he had protected pre-16 education budgets which meant “some difficult choices to refocus funding from further and higher education”.¹³⁵

150. There has been an overall decrease of £14.5 million to the Post-16 Education Action, compared to what was planned, taking the total budget for 2024-25 to £579 million. The Higher Education Action has seen a decrease of £11 million, taking the total budget to £188 million. The Post-16 Learner Support Action has decreased by £63.5 million, taking the total budget to £815 million.¹³⁶

Further education, Personal Learning Accounts and Taith

151. Of the £14.5 million reduction to the Post-16 Education Action, £12.9 million is from the budget for further education (FE) colleges, while £1.6 million is from the “Taith” International Learning Exchange programme.

152. Within the £12.9 million decrease for FE, £7.2 million is from Personal Learning Accounts (PLAs). PLAs are part-time courses aimed at individuals who want to gain higher level skills to access wider job opportunities or to gain employment within a priority sector. Priority sectors include, but are not limited to: net zero and green technologies, digital skills, and health and social care.

153. The Welsh Government concedes that reductions to PLAs “will impact on our commitment to increase the number of adults who are learning”.¹³⁷ The Minister’s paper says “officials are proposing that PLA activity is mainstreamed

¹³⁵ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹³⁶ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, Annex A, December 2023](#)

¹³⁷ [Welsh Government, Draft Budget 2024-25, December 2023](#)

and prioritised within FE part-time provision". It adds that "absorbing this level of funding into mainstream part-time ... will, however, affect and reduce other forms of part-time provision currently delivered across Wales".¹³⁸

154. The Minister's paper noted that FE institutions "have faced increased costs of consumables used in the delivery of vocational learning programmes". In previous years, the Welsh Government has provided additional funding in recognition of these costs. However, the Minister's paper added that "in-year prioritisation of the 2023-24 budget has meant that we could not continue this support in 2023-24 which will have some impact on learners' ability to practice learning in certain vocational pathways".¹³⁹

155. The Welsh Government says that it is "redirecting £1.6 million from the Taith programme which will impact international learning opportunities for learners and staff across Wales".¹⁴⁰ The Minister's paper said this is a reduction of 19.75% from the 2023-24 allocation of £8.1 million.¹⁴¹

Welsh Government Learning Grant

156. In our report last year, we highlighted that the Educational Maintenance Allowance (EMA) had been frozen at its existing level for many years.¹⁴² We were pleased that the Welsh Government decided to increase it from £30 per week to £40 per week and commission an independent review to look at issues such as the household income eligibility criteria. We note that, in evidence to the Finance Committee, the Bevan Foundation called for a similar reconsideration of the Welsh Government Learning Grant for FE students aged 19 or over from low income households.

"That has all the same problems that EMA had, which is that the eligibility thresholds have been frozen and the value of the grant has been frozen. I cannot imagine any adult wanting to study or being able to study when the grant towards their living costs is barely £1,000 a year. So, it seems to me, if we're serious

¹³⁸ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹³⁹ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹⁴⁰ [Welsh Government, Draft Budget 2024-25, December 2023](#)

¹⁴¹ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹⁴² [CYPE Committee, Welsh Government Draft Budget 2023-24, February 2023](#)

about getting adults back into learning and giving them some financial support, that that is the next thing to be looked at.”¹⁴³

Post graduate student support

157. One of the largest elements of the £103 million the Minister has had to give up from his MEG to finance cross-government priorities of the NHS and local government is the £63.5m of student support. While the Minister emphasises these are demand-led and most of the reduction is based on lower numbers of students. Some of the reduction (£10 million) will in fact mean less support for some students – new Welsh-domiciled post-graduate students. From academic year 2024-25, there will be no grants for new post-graduate Masters students, only loans.

158. The Welsh Government is also saving £3.2 million by stopping three post-graduate incentive bursaries that it has provided since 2019-20:

- £4,000 for people over the age of 60. The grant aims to provide additional support for these students who are unable to access the Postgraduate Master's Finance;
- £2,000 for graduates of all ages studying STEMM subjects (these include a Master's degree in Science, Technology, Engineering, Mathematics or Medicine); and
- £1,000 for studying through the medium of Welsh.

159. The Welsh Government says that “this funding disproportionately benefits females and is used to support training in science, technology, engineering, mathematics and medicine”.¹⁴⁴

Commission for Tertiary Education and Research (CTER)

160. There is an £11 million reduction to the Higher Education Funding Council for Wales (HEFCW) programme expenditure BEL. The Minister's paper said that “the decrease in the budget [reflects] reductions as a result of the reprioritisation exercise”.¹⁴⁵ £7.8 million of the £11 million is a reduction to HEFCW's non-ringfenced budget, while £3.2 million is the removal of the post-graduate incentive bursaries discussed above.

¹⁴³ Finance Committee, 10 January 2024, Record of Proceedings, paragraph 322

¹⁴⁴ Welsh Government, Draft Budget 2024-25, December 2023

¹⁴⁵ Welsh Government, Draft Budget 2024-25, December 2023

161. The intention was for HEFCW to be dissolved and functions transferred to the new Commission for Tertiary Education and Research (CTER) in April 2024. However, shortly after our scrutiny session, the Minister announced that this will be delayed until August 2024, with the new commission only commencing its planning and preparatory work in April 2024.¹⁴⁶ CTER will be responsible for planning, funding and governing all post-16 education and training and will therefore have an expected budget of around £800 million.

162. The Minister's paper said that "specific funding allocations, including details of hypothecated funding, will follow in the Commission's funding letter".¹⁴⁷ He was due to publish a statement of priorities for CTER in December 2023 and make a statement in Plenary. The Plenary statement was withdrawn and, at the time of writing, the statement of priorities has not been published.

Degree apprenticeships

163. The Minister shares responsibility for degree apprenticeships with the Minister for Economy. As such, funding is provided by both Minister's MEGs. In 2023-24, around £5 million was provided in the HEFCW budget for degree apprenticeships and £4.4 million was provided by the Economy MEG through a transfer in the first Supplementary Budget.

164. The Minister's paper this year said that "the details of hypothecated funding for the new Commission, including degree apprenticeships, will be outlined in the Commission's funding letter".¹⁴⁸

165. The Minister for Economy's written evidence to the Economy, Trade and Rural Affairs Committee said that that "no transfers are being actioned as part of the draft budget 2024-25 to support degree apprenticeships".¹⁴⁹ Following our evidence session with the Minister for Education and Welsh Language, he wrote to us to confirm that "the appropriate budget will be transferred from the Economy MEG in the supplementary budget for 2024-25".¹⁵⁰

¹⁴⁶ [Welsh Government, Written Statement: Commission for Tertiary Education and Research -- Update, 24 January 2024](#)

¹⁴⁷ [Welsh Government, Evidence Paper on Draft Budget 2024-25 -- Education and Welsh Language Main Expenditure Group, December 2023](#)

¹⁴⁸ [Welsh Government, Evidence Paper on Draft Budget 2024-25 -- Education and Welsh Language Main Expenditure Group, December 2023](#)

¹⁴⁹ [Welsh Government, Evidence paper on Draft Budget 2024-25 -- Economy Main Expenditure Group \(MEG\), January 2024](#)

¹⁵⁰ [Letter from Minister for Education and Welsh Language to Chair, CYPE Committee, 23 January 2024](#)

What we asked the Minister: post-16 education

Further education

166. The Minister's paper pointed out that, prior to this Draft Budget, funding for FE colleges had increased by 29%.¹⁵¹ In oral evidence, he said that the decrease in 2024-25 should be seen in that context. However, he recognised that mainstreaming PLA funding, and absorbing the £7 million reduction, into the broader budget for part-time learning will have the side-effect of fewer adults having opportunities for part-time education.¹⁵²

Post-graduate grants

167. Asked why the Welsh Government is discontinuing grants for new post-graduate Masters students and switching to loans instead, the Minister said:

"This is one of those very difficult decisions that we've had to take, and the question we then have to ask is: what do we prioritise among all of the things that we want to do? The provision for postgraduates here in Wales is amongst the most supportive across the UK, so these changes start from that point, if you like. ..."

In terms of prioritising, what I decided was that we have to spend the money we have in the most innovative way we can—so, where that money has the most impact to give people the best opportunities. And we know from evidence from all sides that the sooner you spend that money in an educational journey, that's where you see the most positive impact during people's lives."¹⁵³

168. We also asked about the ending of the post-graduate incentive bursaries and, given that this will disproportionately affect females and support training in science, technology, engineering, mathematics and medicine (STEMM) subjects, whether the Welsh Government no longer sees it as a priority to support these students. The Minister said:

¹⁵¹ [Welsh Government, Evidence Paper on Draft Budget 2024-25 – Education and Welsh Language Main Expenditure Group, December 2023](#)

¹⁵² [CYPE Committee, 17 January 2024, Record of Proceedings, paragraphs 23-24](#)

¹⁵³ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraphs 26-27](#)

"I don't think it's fair to say that at all, but, again, it's a process of deciding where you spend the money that's available, and there's far less money this year than in other years. ...

... we're talking about a relatively small cohort of people, and this support is with the most generous, if you like, so it's support that's available on top of other support for graduates ...

So, the decision, again, is whether you prioritise a cohort of people in that situation, or whether you try and ensure that you can provide that money for the basic education of every child in Wales, and the decision I made was that we needed to prioritise the latter, for that purpose."¹⁵⁴

Commission for Tertiary Education and Research (CTER)

169. We asked when we could expect to see more detail about hypothecated allocation within the expected £800 million budget that CTER will control, for example its funding letter from the Welsh Government and the statement of its priorities. The Minister said that the transition to CTER is a complex process and it was a question of striking the balance between the transparency that people want as soon as possible and the fact that the commission will be an arm's-length body that is not yet fully set up. He said he was "wary about giving specific indications as that could "create speculation".¹⁵⁵

170. The Minister also said that he had decided to delay the statement about CTER's priorities from December until after the Draft Budget had been announced as "it felt strange to make a statement of priorities without the context of the budget". He said he intended to issue the statement of priorities in late January or early February.¹⁵⁶

171. Since his scrutiny session with us, the Minister has announced a delay in CTER taking up its functions until August 2024, with the new Commission only set to begin work on its strategic plan in April.¹⁵⁷ It remains to be seen therefore when the Minister will issue the statement of priorities and funding letter.

¹⁵⁴ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 32](#)

¹⁵⁵ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 40](#)

¹⁵⁶ [CYPE Committee, 17 January 2024, Record of Proceedings, paragraph 36](#)

¹⁵⁷ [Written statement, Commission for Tertiary Education and Research – Update, 24 January 2024](#)

Degree apprenticeships

172. We asked the Minister about the fact the Minister for Economy's paper on the Draft Budget 2024-25 for the Economy, Trade and Rural Affairs Committee indicated that no money from his MEG would be provided for degree apprenticeships and there are also no details of specific allocations within the HEFCW budget for this.¹⁵⁸

173. He responded to us in writing and confirmed that, whilst the amount of funding that will be ringfenced for degree apprenticeships cannot be confirmed at this stage, the appropriate budget will be transferred from the Economy MEG in the first supplementary budget for 2024-25.¹⁵⁹

Our view: post-16 education

Financial support for learners

We recognise that the Minister has sought to protect pre-16 education budgets and that this has resulted in some difficult decisions regarding post-16 education budgets. However, we are concerned that the decrease in funding for Personal Learning Accounts and the absorbing of this reduction into the mainstream part-time FE budget. We were concerned to hear the Minister's admission that this will adversely affect part-time provision and the number of adults taking up opportunities.

Similarly, we are disappointed at the ending of grants for post-graduates and that these will be replaced with loans which will need to be repaid. We will also look to see the impact on the ending of three bursaries aimed at encouraging certain groups of adult, post graduate learners (over 60s, STEMM and Welsh medium).

It is clear to us therefore that not all of the cuts to student support are simply a 'reprojection of demand' which won't result in impact on individuals. These changes are likely to result in fewer adults being able to learn and runs contrary to the second-chance agenda that adult learning represents and which the Welsh Government advocates. It is likely to be viewed as a weakening of the Welsh Government's commitment to lifelong learning. There may also be economic consequences from the replacement of post-graduate grants with

¹⁵⁸ [Welsh Government, Evidence paper on Draft Budget 2024-25 -- Economy Main Expenditure Group \(MEG\), January 2024](#)

¹⁵⁹ [Letter from Minister for Education and Welsh Language to Chair, CYPE Committee, 23 January 2024](#)

loans as often these are the types of people whose innovation and expertise drive economic growth.

Welsh Government Learning Grant

We note evidence provided to the Finance Committee by the Bevan Foundation who, whilst welcoming last year's uplift in the Education Maintenance Allowance, expressed concern about the continued freezing of the Welsh Government Learning Grant for students aged 19 and over in Further Education.

Degree apprenticeships

Degree apprenticeships are a very important part of the post-16 education and training landscape and need to be promoted. We welcome the confirmation that funding will be provided from the Economy MEG and also look forward to further details of how this will be supported from the CTER budget.

Commission for Tertiary Education and Research (CTER)

The new Commission will have a considerable budget and there needs to be transparency and scrutiny of how this is allocated and spent. It seems odd to us that the Minister has waited until after the Draft Budget has been set before deciding on CTER's priorities. The priorities should inform budget decisions, not the other way round. We look forward to the statement of priorities when it is issued in due course, although regret the announced delay to the Commission taking up its functions.

Recommendation 17. The Welsh Government must consider further how its decisions in the Draft Budget affect its commitment and objectives in respect of life-long learning, with particular reference to part-time learning and post-graduate grants, and look for ways to mitigate the impact of reductions.

Recommendation 18. Subject to its consideration of recommendation 16, the Welsh Government must consider how it can further support adult learners and post-graduate students, in the context of the importance of lifelong learning to both individuals and to society and the economy as a whole.

Recommendation 19. The Welsh Government must, without undue delay, publish its statement of priorities and funding letter for the Commission for Tertiary Education and Research and provide clear direction and transparency on its expectations for how the Commission's budget will be used.