

# The Welsh Government's Draft Budget 2023-24

February 2022

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## Recommendations

**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.....15

**Recommendation 2.** The Welsh Government should set up a cross-departmental working group to improve the quality and consistency of written evidence that it provides to Senedd Committees to support the Draft Budget scrutiny process, drawing on the good practice that already exists across governmental departments. ....16

**Recommendation 3.** The Welsh Government should guarantee the extension of the school holiday free school meals programme throughout the 2023-24 budget period: up to and including the February 2024 school holidays.....39

**Recommendation 4.** The Welsh Government should create an additional Budget Expenditure Line within the Pupil Development Grant Action (or whichever Action it believes appropriate) for School Essentials, to clearly separate funding allocated to the Pupil Development Grant for schools one the one hand, and to School Essentials for families on the other.....40

**Recommendation 5.** The Welsh Government must clarify:.....40

- whether schools must meet the costs of the 2022-23 academic year teachers' pay award using funding given to them via the Revenue Support Grant for the 2022-23 and 2023-24 financial years; and
- how much additional funding it expects to be made available to schools in 2023-24 compared to 2022-23 after the costs of the 2022-23 teachers' pay award have been met.

**Recommendation 6.** The Welsh Government must commission an independent review into the Education Maintenance Allowance, which should report no later than December 2023. The review should consider:.....41

- the impact of the EMA on learners' decisions to engage in further study;
- the impact of the EMA on learners' engagement with their studies once they have enrolled;

- the impact of the EMA on learners' ability to cope with financial pressures more generally, specifically in light of the cost-of-living crisis;
- in the context of the above, what the eligibility criteria and value of support for the EMA should be; and
- how that criteria and value of support should be kept under review in future years.

**Recommendation 7.** The Welsh Government must publish the findings of the work it has undertaken since its March 2022 response to our report on the 2022-23 Welsh Government Draft Budget to understand what the allowance rate and income thresholds would look like today, for the same proportion of learners when compared to 2004, and how much additional budget that would require.....42

**Recommendation 8.** The Welsh Government must reconsider its decision to "maintain" the EMA which has, in effect, led to the EMA being of less real-terms value to fewer students.....42

**Recommendation 9.** The Children, Young People and Education Committee and the Economy, Trade and Rural Affairs Committee jointly recommend the Welsh Government should supply both committees with details of how the Ministers for Economy and Education and Welsh Language are working together on incentives for young people to remain in education, employment or training. This should include any work being undertaken as a result of the increased cost of living.....42

**Recommendation 10.** The Welsh Government must clarify its policy position on school reserves. Specifically:.....43

- what funding streams schools can transfer to reserves;
- what schools' reserves can be used for, and specifically whether they can be used by schools for capital purposes (with the appropriate consent of the relevant local authority); and
- how it expects local authorities to work with schools to strike an appropriate balance between school autonomy and appropriate use of funds for pupils across Wales (including local authorities' use of their statutory powers to direct schools to spend balances above specified thresholds or otherwise recover those funds).

**Recommendation 11.** The Welsh Government should consider how the data it publishes on school reserves could illustrate the levels of school reserves according to factors such as

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the percentage of pupils on roll as a proportion of total pupil capacity, percentage of pupils on roll whose families meet the criteria for the Pupil Development Grant, percentage of pupils on roll who have been identified as having Additional Learning Needs, rurality, and any other factors that the Welsh Government sees fit.....44

**Recommendation 12.** The Welsh Government should clarify the details of the cross-governmental expenditure which will support the growth of Welsh medium education and the development of Welsh language skills in all educational settings. ....45

**Recommendation 13.** The Welsh Government must set out its plans for the Welsh Language Sabbatical Scheme for 2023-24, including total funding allocations for the programme, anticipated numbers of applicants, the support - financial or otherwise - provided to schools to enable teachers to go on the sabbatical, and how it monitors and evaluates the effectiveness of the programme.....45

**Recommendation 14.** The Welsh Government must set out clearly via a diagram, or otherwise, the governance structures overseeing the evaluation and delivery of the Young Person's Guarantee and Degree Apprenticeships programmes.....46

**Recommendation 15.** The Welsh Government must set out the following:.....46

- How the Welsh Government engages with the further and higher education sectors to develop its strategic approach to supporting and developing research and innovation.
- The mechanisms by which civil servants from different Welsh Government departments work together to develop policy and funding proposals for Welsh Ministers' consideration.
- The mechanisms by which relevant Welsh Ministers consider and agree the proposals from their officials, and how decisions are made about allocating funding across their portfolios.
- How the Welsh Government monitors and evaluates the value for money of its investments in research and innovation.
- How the Welsh Governments works alongside other UK governments and post-16 educations establishments outside Wales in relation to the above.

**Recommendation 16.** The Children, Young People and Education Committee and the Health and Social Care Committee jointly recommend that in its responses to our reports,

and at 6-monthly intervals thereafter, the Welsh Government must provide both committees with data, broken down by local health board, setting out:.....61

- waiting times for the first appointment with CAMHS;
- the proportion of young people who are offered second appointments; and
- the waiting times for second appointments.

**Recommendation 17.** The Welsh Government must clarify the following in relation to its programme of work to reduce the significant costs of employing agency social services staff on local authorities: .....62

- The programme's terms of reference
- Key timelines relating to its delivery
- The stakeholders that will work alongside the Welsh Government
- The programme's governance arrangements: how the work is being delivered, monitored and evaluated
- Estimated funding allocated to the programme per financial year

**Recommendation 18.** The Welsh Government must provide a project-level breakdown of the of the looked after children change fund, the radical reform fund, and funding for the elimination-of-profit from foster care. That breakdown must include a summary of the purpose of those projects, their key deliverables, funding allocated to - and timetables associated with - their delivery. The Welsh Government should also explain why this information was not provided to the Committee in its written evidence submitted to us on 21/12/2022 as requested. ....63

**Recommendation 19.** The Welsh Government must produce, within 6 months, the development of an action plan to eradicate child poverty in Wales. The action plan must set out clear, costed, deliverable, measurable and time-bound actions that are within the gift of the Welsh Government to take to eradicate child poverty in Wales. ....64

# 1. Background

## The 2023-24 Welsh Government Draft Budget

1. The 2023-24 Draft Budget was published on 13 December 2022. It sets out revenue and capital spending plans for the period April 2023 to March 2024, and revised planning allocations for 2024-25.

2. The Welsh Government's Draft Budget Narrative is subtitled 'A Budget in Hard Times'. In her foreword, the Minister for Finance and Local Government calls this Draft Budget "one of the toughest we have ever made" and refers to a "perfect storm of economic and budgetary pressures". She adds that:

*Our funding settlement, which comes mainly from the UK Government, is not sufficient to meet all the extraordinary pressures, which Wales is facing, let alone all our priorities in 2023-24.<sup>1</sup>*

3. The narrative goes on to state that the Welsh Government has focused on "three key investment pillars:

- Protecting frontline public services and its ambitions for the future;
- Continuing to provide help to those most impacted by the crises Wales faces; and
- Supporting Wales' economy through recessionary times.<sup>2</sup>

4. More specifically, the budget narrative sets out some policy areas directly relevant to this Committee amongst the Welsh Government's priorities for 2023-24:

- mental health;
- free school meals; and

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<sup>1</sup> Welsh Government, '[Welsh Government Draft Budget 2023-24: A budget in Hard Times](#)', December 2022, page 1

<sup>2</sup> Welsh Government, '[Welsh Government Draft Budget 2023-24: A budget in Hard Times](#)', December 2022, page 1

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- funding for schools (rollout of the new curriculum and Additional Learning Needs reforms, teacher training and post-pandemic support for learners), the basic income pilot for care leavers, and apprenticeships.<sup>3</sup>

## Our approach to Draft Budget scrutiny

### Gathering evidence

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5. On 8th November 2022 we wrote to request written evidence from the Minister for Education and Welsh Language,<sup>4</sup> to the Ministers for Health and Social Services,<sup>5</sup> and to the Minister for Social Justice.<sup>6</sup> We received the written evidence on 19 December, 21 December and 19 December respectively.
6. We took oral evidence from the Minister for Education and Welsh Language on 11 January 2023 and from the Ministers for Health and Social Services on 18 January 2023.
7. We appreciate that the Draft Budget scrutiny timetable is challenging for both the Welsh Government and for the Senedd. We are grateful to Ministers and officials for their support throughout the scrutiny process.

### Support from the Finance Committee

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8. Senedd committees' scrutiny of the Welsh Government's Draft Budget is led by the Finance Committee. This year, to support the Senedd's policy committees, the Finance Committee engaged with stakeholders, members of the public, and the Welsh Youth Parliament. It also ran a consultation on the Draft Budget, which closed on xx November 2022. Alongside its engagement and consultation, the Finance Committee liaised regularly with the

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<sup>3</sup> Welsh Government, '[Welsh Government Draft Budget 2023-24: A budget in Hard Times](#)', December 2022, pages 18-24

<sup>4</sup> Welsh Parliament, '[Letter from the Chair of the Children, Young People and Education Committee to the Minister for Education and Welsh Language](#)', 08/11/2022

<sup>5</sup> Welsh Parliament, '[Letter from Chair of the Children, Young People and Education Committee to the Minister for Health and Social Care, Deputy Minister for Social Services and Deputy Minister for Mental Health and Wellbeing](#)', 08/11/2022

<sup>6</sup> Welsh Parliament, '[Letter from the Chair of the Children, Young People and Education Committee to the Minister for Social Justice](#)', 08/11/2022

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Welsh Government to raise concerns or seek clarification about issues relevant to the Senedd's scrutiny of the Draft Budget.<sup>7</sup>

**9.** We would like to thank members of the Finance Committee, and officials supporting the Committee, for their work, which has fed directly into our own scrutiny of the Draft Budget.

## **Budget Scrutiny through the lens of our Sixth Senedd Strategy**

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### **Policy priorities**

**10.** We considered our approach to Budget Scrutiny on 6 October 2022. We took into account:

- the work that the Finance Committee had done to identify budgetary priorities through its scrutiny, engagement and consultation work;
- matters arising from our committee's work over the previous year, including concerns raised to us by our stakeholders;
- matters arising from individual Committee members' constituencies and regions; and
- our Sixth Senedd Strategy.<sup>8</sup>

**11.** We decided to carry out detailed scrutiny of the entire Welsh Government's Draft Budget as it relates to our remit. We also agreed to pay particular attention to the impact of the budget on children's rights; the mental and physical health of children and young people; school funding; the education workforce; and, crucially, the impact of the cost of living crisis on children and young people (including the free school meals programme).

### **Working collaboratively**

**12.** In our Sixth Senedd Strategy we commit to working with other Senedd committees where we have a shared area of interest and where doing so would improve scrutiny. We were therefore keen to work collaboratively throughout the 2023-24 Draft Budget scrutiny process.

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<sup>7</sup> More details of the Finance Committee's scrutiny of the 2023-24 Draft Budget, including engagement reports, consultation responses and correspondence to and from the Welsh Government, are available on the Senedd's website: Welsh Parliament, '[Welsh Government Draft Budget 2023-24](#)'

<sup>8</sup> Welsh Parliament, '[Children, Young People and Education Committee: Sixth Senedd Strategy](#)', 16/12/2021

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On 23 November 2022 we wrote<sup>9</sup> to the chairs of other Senedd committees to propose joint working in the following ways where relevant:

- Sharing the written evidence we receive from Welsh Government Ministers and briefing material prepared by Senedd officials between committees.
- Encouraging Senedd officials to explore opportunities for joint committee recommendations where two or more committees hold similar views on the issues of mutual interest.
- Highlighting cross-cutting themes that may be relevant to other committees as well as our own: the Welsh Government's so called 'revised baseline' (how clearly and accurately it presents changes in expenditure from one year to the next), and how well the Welsh Government takes into account the impact of its Draft Budget on different groups of people.

**13.** We also considered the Cymraeg 2050 strategy in the context of the 2021 census results at the request of the Culture, Communications, Welsh Language, Sport and International Relations Committee,<sup>10</sup> with which we are carrying out a joint inquiry into Welsh in Education Strategic Plans.

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<sup>9</sup> Welsh Parliament, '[Letter from the Chair of the Children Young People and Education Committee to Committee Chairs](#)', 23/11/2022

<sup>10</sup> Welsh Parliament, '[Letter from the Culture Communications Welsh Language Sport and International Relations Committee](#)', 09/12/2022

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## 2. Transparency

### Children's rights

**14.** To make sure children and young people are getting their fair share of funding, the Welsh Government should make every effort to make it as clear as possible in their Draft Budget how much resources are allocated for children and young people. The Welsh Government's Rights of Children and Young Persons (Wales) Measure 2011 places a duty on the Welsh Government to have due regards to the United Nations Convention on the Rights of the Child when exercising any of their functions – including when producing a Draft Budget. Article 4 of that convention 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." [Our emphasis.]*

**15.** The Welsh Government sets out in its Children's Rights Scheme 2021 that it will demonstrate that it is meeting its duties set out in the 2011 Measure is by producing a Children's Rights Impact Assessment (CRIA) of any decisions that directly or indirectly impact on children.<sup>11</sup> However, the Welsh Government did not publish a Children's Rights Impact Assessment in relation to its 2023-24 Draft Budget. Instead, the Welsh Government uses a Strategic Integrated Impact Assessment (SIIA) to set out the impact of the budget on different groups of people.<sup>12</sup>

**16.** The Welsh Government has not published a CRIA in relation to its Draft Budget since the Rights of Children and Young Persons (Wales) Measure 2011 came into force. Consequently, Senedd committees have consistently called for a CRIA of the Welsh Government's Draft Budget for over a decade. For example, in a letter setting out the Committee's views on the 2014-15 Draft Budget, the Children and Young People Committee wrote:

*"The Committee wrote to you in July 2013 requesting a copy of the Child's Rights Impact Assessment (CRIA) in advance of the scrutiny of the Draft Budget meeting. This was not provided. It was difficult for the Committee to*

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<sup>11</sup> Welsh Government, 'Children's Rights Scheme 2021', December 2021, page 9

<sup>12</sup> Welsh Government, '**Welsh Government Draft Budget 2023-24: A budget in Hard Times**', December 2022, pages 27-39

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*ascertain, from your oral evidence, whether or not such an analysis had taken place.*"<sup>13</sup>

**17.** In our report on the 2022-23 Draft Budget we recommended specifically that the Welsh Government publish a Children's Rights Impact Assessment to demonstrate how children's rights feed into the budgeting process.<sup>14</sup> The Welsh Government rejected the substance of that recommendation. Their response to our report states that the Welsh Government believes that its Strategic Integrated Impact Assessment (SIIA) "sets out the contextual evidence that has supported our spending decisions, including more detailed case studies on the impacts of specific spending decisions which covers the impact on children and young people."<sup>15</sup>

**18.** We are not the only ones calling on the Welsh Government to publish a CRIA of its Draft Budget. In their written evidence to the Finance Committee, the Observatory on Human Rights of Children and Children's Legal Centre Wales wrote:

*"Evidence given to the Senedd Children and Young People and Education Committee on the Welsh Government Draft Budget 2022-2023 (January 13th 2022)5 confirms that (once again) Ministers have failed to implement their own policy as set out in the Scheme and apply a comprehensive CRIA to the draft budget."*<sup>16</sup>

**19.** In recent correspondence to us, the Children's Commissioner for Wales wrote that "I and my predecessor have repeatedly called for a comprehensive children's rights impact assessment to inform the decision making on the draft budget." She notes that the Welsh Government's Strategic Integrated Impact Assessment references the disproportionate impact of negative impacts to public services on children and young people. However, she concludes that "a detailed Children's Rights Impact Assessment (CRIA) which considered all relevant decisions against the specific article of the UNCRC would have provided the detail required for us and others to analyse the considerations made."<sup>17</sup>

**20.** We pressed the Deputy Minister for Social Services on why there was such a difference of opinion on whether the Welsh Government should publish a CRIA of its Draft Budget. The

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<sup>13</sup> National Assembly for Wales, '[Letter to the Minister for Communities and Tackling Poverty and the Deputy Minister for Tackling Poverty](#)', 29/10/2013, page 4

<sup>14</sup> Welsh Parliament, '[The 2022-23 Welsh Government Draft Budget](#)', February 2022, page 24

<sup>15</sup> Welsh Government, '[Welsh Government response to the recommendations from the Children, Young People and Education Committee report: the 2022-23 Welsh Government Draft Budget](#)', March 2022

<sup>16</sup> [Written evidence, WGDB 23-24 16 Observatory on Human Rights of Children and Children's Legal Centre Wales](#)

<sup>17</sup> Children's Commissioner for Wales, '[Re: Annual scrutiny follow-up](#)', 12/01/2023

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Deputy Minister for Social Services told us that “We continue to believe that we need an integrated approach to impact assessments that enables us to better understand the impact of spending decisions—the intersectional and the unintended impacts of spending—to maximise the impact of available funding.” She stressed the importance of decisions about children not being made in isolation, but alongside other intersectionalities. However, she said that “We are committed to continually reviewing our approach on this issue, and I think we'd be very happy to explore how we can better reflect children's rights as part of this work.” The Deputy Minister offered to us a technical briefing on the integrated impact assessment, which we welcomed.<sup>18</sup>

## **The information provided by the Welsh Government about its Draft Budget**

**21.** We look to the Draft Budget itself and whatever supporting documentation is published by the Welsh Government to consider the impact of the Welsh Government's proposed funding allocations on children, young people and education.

**22.** We also rely on the written evidence submitted to us by the Minister for Health and Social Services and her deputies; the Minister for Education and Welsh Language; and this year from the Minister for Social Justice, too.<sup>19</sup> The written evidence provides crucial detail that we need to fulfil our scrutiny role, particularly in the absence of a robust CRIA of the Draft Budget as a whole.

**23.** We asked the Minister for Health and Social Services specifically to what extent she was confident that the Draft Budget as it relates to her remit and its supporting documentation – including the written evidence she submitted to us - gives the full picture of the resources that are allocated to children and young people. The Minister told us most of her Main Expenditure Group (MEG) goes directly to health boards. The Welsh Government “asks the health boards to make decisions on the basis of the needs of their population”. The Welsh Government sets out guidance and priorities for the health boards to follow, but in doing so does not differentiate for children and young people within that guidance:

*“We don't differentiate for children within that; we don't differentiate for disabled people within that either. So, if you start going down that route, the*

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<sup>18</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 28](#)

<sup>19</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 5-8](#)

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*point is that we could go on for a long, long time, and it's complicated enough as it is."*<sup>20</sup>

**24.** In our request for written evidence, we asked the Minister for Health and Social Services and her deputies for changes between the 2023-24 Draft Budget 2023-24 compared to the 2022-23 Draft Budget and the first Supplementary Budget in June 2022, alongside indicative allocations for 2024-25. We asked the Minister why that information had not been provided. A Welsh Government official explained that:

*"So, I think in the evidence paper, we have shown, for each of the key BELs, the budget expenditure lines, relevant, the movement between last year's budget and the draft budget in terms of the final budget. We haven't shown the movements specifically in-year in terms of supplementary budgets, but by definition, they're part of that movement, and I think there's a degree of explanation there. Also in the annex, we have shown the 2024-25 budget movements as well. So, we've aimed to try and cover it in total, so hopefully it is all in there."*<sup>21</sup>

## **Our view**

**25.** Once again, we are deeply disappointed that the Welsh Government has not published a comprehensive Children's Rights Impact Assessment (CRIA) to accompany its Draft Budget. We heard yet again this year – contrary to the views of the Children's Commissioner, children's rights legal experts, and indeed the Welsh Government's own Children's Rights Scheme - that the Welsh Government believes that its Strategic Integrated Impact Assessment is a more effective way to incorporate the impacts of the Draft Budget on different groups of people.

**26.** This is missing the point. The impacts of the budget on other groups of people should be taken fully into account by the Welsh Government when formulating the Draft Budget. The Strategic Integrated Impact Assessment may be an appropriate way to document those impacts. However, this does not negate the need for a dedicated CRIA. The Welsh Government has a specific legal duty to have due regards to the United Nations Convention on the Rights of the Child when producing a Draft Budget. The Welsh Government itself has set out that a CRIA is

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<sup>20</sup> All published here: Welsh Parliament, '[Welsh Government Draft Budget 2023-24](#)'

<sup>21</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 12](#)

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“the tool that officials are expected to use to support Welsh Ministers in ensuring the due regard duty is fulfilled”.<sup>22</sup>

**27.** We are wholly unconvinced by the Welsh Government’s arguments that it does not need to comply with its own legislation and guidance. This year, like we did last year, and like our predecessor committees have done for the best part of a decade before that, we recommend that the Welsh Government carries out and publishes a comprehensive CRIA of its Draft Budget.

**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.

**28.** Most of Welsh Government's funding for public services that affect children and young people is un-hypothecated. Funding is given to health boards and local authorities and, subject to any additional guidance or priorities set out by the Welsh Government, it is up to those individual authorities to spend that funding based on local needs. We acknowledge that this makes it more complicated for the Welsh Government to monitor expenditure by those public services on children and young people specifically as a subset of the wider population. Ultimately, we accept that it may be impossible for the Welsh Government to account for every £1 of public expenditure that affects children and young people.

**29.** However, we expect the Draft Budget and its supporting documentation to clearly and transparently set out where the Welsh Government is proposing substantive changes to the funding of public services from one year to the next. Unfortunately, this level of detail is not routinely published by the Welsh Government. We therefore ask for a lot of written information from the Welsh Government ahead of our oral scrutiny sessions to supplement what has already been published. We recognise that takes a lot of time to pull together, at a very time-pressured period of the year, and we are grateful to the Ministers, their deputies and to officials for their support.

**30.** Unfortunately, the written information that we received from the Minister of Health and Social Services and her deputies was not as clear, transparent or as detailed as we had hoped. The relative lack of detail in the written evidence was particularly notable given that the Minister for Health and Social Services, her deputies and officials provided considerably more detail to us during oral scrutiny. We regret that this additional information was not provided to us in the written evidence. Had it been, more time during our discussions could have been focused on

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<sup>22</sup> Welsh Government, ‘[Children’s Rights Scheme 2021](#)’, December 2021

substantive issues of policy, rather than on clarifying budgetary details. We therefore recommend that the Welsh Government commits to working across departments to draw on existing best practice across departments with a view to improving the consistency of the written evidence it provides to Senedd Committees.

**Recommendation 2.** The Welsh Government should set up a cross-departmental working group to improve the quality and consistency of written evidence that it provides to Senedd Committees to support the Draft Budget scrutiny process, drawing on the good practice that already exists across governmental departments.



## 3. Education and Welsh Language

### The Education and Welsh Language MEG as a whole

#### A summary of key changes

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At £2.647 billion, the Education MEG (resource and capital combined) is £76 million higher in 2023-24 than in 2022-23. This is a 3.0% increase in cash terms and a 0.3% decrease in real terms.<sup>23</sup>

Education resource funding is increasing by £60 million to £2.275 billion (2.7% rise in cash terms, 0.5% decrease in real terms) between 2022-23 and 2023-24. £43 million of this increase was already planned at the time of setting the indicative budget for 2023-24 in March 2022.

Education capital funding is increasing by £16 million to £373 million (4.6% rise in cash terms, 1.3% increase in real terms) between 2022-23 and 2023-24. This £16 million increase was already planned at the time of setting the indicative budget for 2023-24 in March 2022.

#### Cross-cutting budgetary issues

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**31.** In his opening statement, the Minister for Education and Welsh Language reasserted the Welsh Government's wider messaging: this Draft Budget "was probably one of the toughest budgets during devolution". The Minister told us that against the backdrop of inflationary and cost-of-living pressures arising from the war in Ukraine and the ongoing effect of the pandemic, the funding settlement from the UK Government was "not sufficient to meet the current pressures in the budget, let alone future plans". He confirmed to us that there is no longer a UK Government COVID funding stream, nor is there a central Welsh Government COVID reserve. His primary challenge has been to "maintain the level of funding", which has been "an accomplishment in its own terms". In that context, the principles that have underpinned the Draft Budget are to prioritise funding for front-line services and to support vulnerable groups with any additional support that they need.<sup>24</sup>

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<sup>23</sup> These real terms figures are likely to underestimate the impact of inflation. The GDP deflator, which is used to calculate real terms changes in public sector funding, is only 3.23% (November 2022). This is very low compared to inflation as measured by the Consumer Price Index (CPI), which is expected to be around 7 to 8% next year.

<sup>24</sup> **Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraphs 13-14**

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## Cost of living pressures on learners and families

**32.** The Welsh Government argues that cost of living pressures are disproportionately felt by single parents and larger families with children, amongst others.<sup>25</sup> The key policies that the Welsh Government has outlined to ease the burden on children and young people and their families are set out below.

### Free school meals (including during school holidays)

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**33.** Free school meals for all primary school children by 2024 is a key commitment in the Welsh Government's Co-operation Agreement with Plaid Cymru.<sup>26</sup> The Welsh Government has already allocated £200 million resource funding over three years to support the roll out (£40 million in 2022-23, £70 million in 2023-24 and £90 million in 2024-25). The Minister for Education and Welsh Language told us:

*"Our principle in relation to that policy has, obviously, been to maximise the roll-out, really, as quickly as possible, given the cost-of-living pressures that families are under. There's been an increasing eligibility for free school meals, but we also all know that there is a large cohort of families who don't qualify, but are finding it very, very hard. So, that's been a top priority for us to do that as quickly as possible."<sup>27</sup>*

**34.** In April 2020, the Welsh Government guaranteed free school meals for eligible families during the school holidays. Free school meals have been provided during the school holidays since then but were due to end after summer 2022. However, the Welsh Government announced in September 2022<sup>28</sup> that they would continue until the end of the February 2023 half term, for which £11 million was earmarked. This has been found from an underspend in the 2022-23 budget for the rollout of universal primary free school meals. However, no such funding has been allocated to the 2023-24 Draft Budget, suggesting that holiday provision of free school meals will finally come to an end after February half term. We asked the Minister for Education and Welsh Language to confirm.

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<sup>25</sup> Welsh Government, '[Welsh Government Draft Budget 2023-24: A budget in Hard Times](#)', December 2022, page 31

<sup>26</sup> Welsh Government, '[Universal Primary Free School Meals \(UPFSM\)](#)', July 2022

<sup>27</sup> [Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraph 20](#)

<sup>28</sup> Welsh Government, '[Free school meals for lower income families to continue in school holidays](#)', 20/09/2022

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**35.** He explained that he was able to fund the extension of the school holiday free school meal initiative to February 2023 because there was an underspend in another budget (in this case the rollout of universal primary free school meals). The Minister confirmed to us that he and his officials were actively discussing whether funding could again be found from other budgets, with a view to extending school holiday free school meals beyond February 2023.<sup>29</sup>

### **Free breakfasts - the Year 7 pilot**

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**36.** The Welsh Government is currently running a pilot of a free breakfast programme for Year 7 pupils. The pilot involves 45 secondary schools and began in 2020. The Minister for Education and Welsh Language confirmed to us that the pilot will finish at the end of the 2022-23 academic year. £391,000 of costs for that pilot fall into the 2023-24 financial year. The Minister went on to commit to sharing with us the Welsh Local Government Association's interim evaluation of that pilot when it is completed in February 2023.<sup>30</sup>

**37.** Year 7 pupils who are eligible for free school meals will continue to receive an additional allowance of £1 per day to use near the start of the day after the universal free breakfast pilot ends. Similarly, the Welsh Government's Free Breakfast in Primary Schools scheme will continue.

### **School Essentials (formerly 'PDG Access')**

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**38.** Children whose families are on lower incomes and qualify for certain benefits can apply for a grant of £225 per learner, or £300 for those learners entering year 7, for uniform and other school-related costs. In 2022-23, the Welsh Government provided eligible families with a one-off additional £100.

**39.** This scheme was formerly known as PDG Access, and will be rebranded as 'School Essentials' as part of a communications campaign to encourage eligible families to sign-up. This is particularly important given that parents in primary schools will no longer have to apply for free school meals - which was a gateway for PDG Access eligibility - as a result of the rollout of universal free primary school meals.

**40.** Funding for PDG Access/School Essentials sits within the funding allocated for the Pupil Development Grant (see below). Although the Minister for Education and Welsh Language

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<sup>29</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 35](#)

<sup>30</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 38](#)

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indicates in his paper that £13.6 million has been allocated to the School Essentials programme for 2023-24,<sup>31</sup> it is not clear how this compares to funding for School Essentials in 2022-23.

**41.** The Pupil Development Grant budget line has fallen from £147.6 million in the most up-to-date budget for 2022-23 (the 1st Supplementary Budget), to £142.5 million in the 2023-24 Draft Budget. When we asked the Minister to explain why, he indicated that funding for School Essentials was reducing:

*So, the budget hasn't gone down by £5 million; one item in the budget has gone down by £5 million, but the net increase in the budget is the £9 million figure. So, the budget, taken as a whole, is £9 million higher this year than it was last year. The £5 million figure, incidentally, is referable to that one-off intervention that we made last year to temporarily increase the PDG access element of the funding.<sup>32</sup>*

**42.** In citing an overall £9 million increase to the Pupil Development Grant budget line, the Minister may have been referring to the change to what the Welsh Government planned to spend in 2023-24 when it set the indicative budget for 2023-24 in March 2022, rather than the actual budget level in 2022-23.

## **The Education Maintenance Allowance (EMA) and other student support grants**

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### **EMA**

**43.** In our report on the 2022-23 Draft Budget, we set out our concerns that the value of the EMA grant has fallen significantly since it was first introduced in 2004:

*If the maximum EMA award had kept up with inflation alone, it would have been worth £47.10 in 2020. Given that the income eligibility threshold has also not been revised since 2011-12, meaning that relatively fewer learners are eligible for it each year, the EMA has effectively been subject to a real-terms cut every year since it was introduced.<sup>33</sup>*

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<sup>31</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee](#)', 19/12/2022, page 16

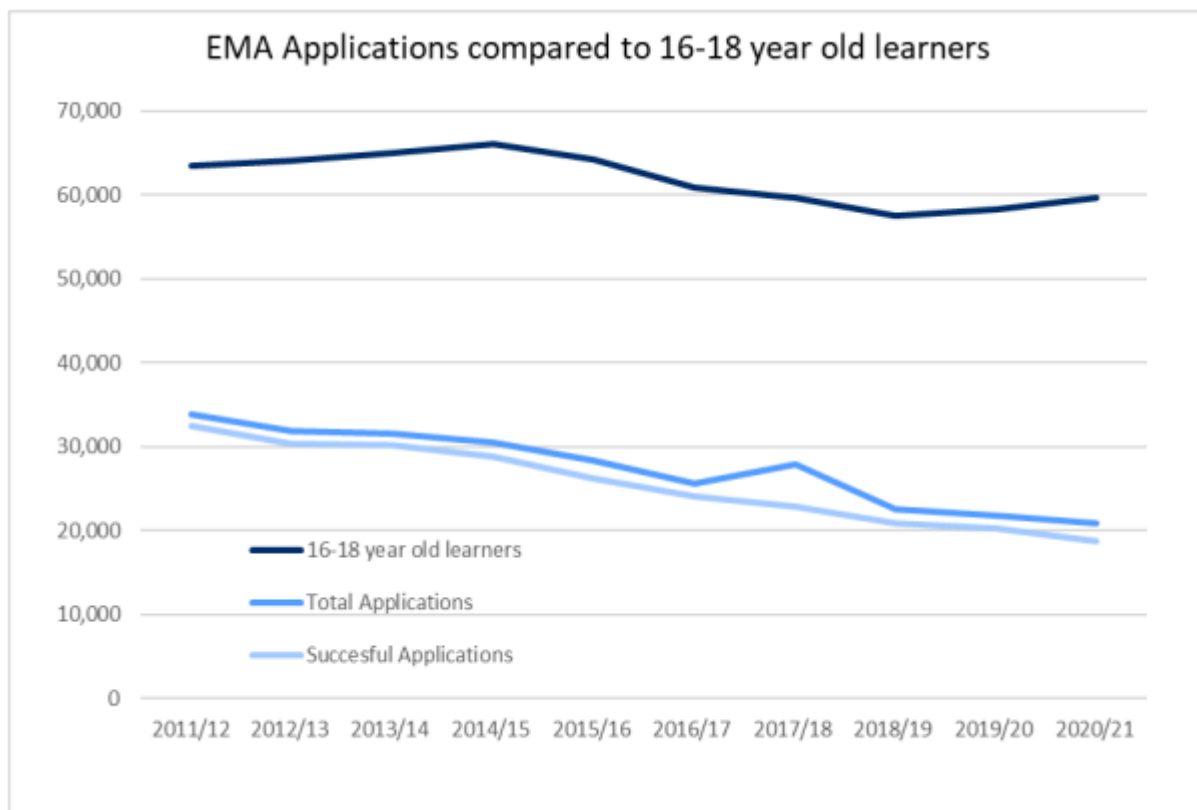
<sup>32</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 42](#)

<sup>33</sup> Welsh Parliament, '[Children, Young People and Education Committee: The 2022-23 Welsh Government Draft Budget](#)', February 2022, page 54.

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**44.** In our report, we asked the Welsh Government to review the EMA award and income eligibility threshold. The Welsh Government replied that officials had "carried out initial scoping work" to establish how much additional budget would be needed to raise the award and household income thresholds to align with recommendations in the Bevan Foundation's report, 'Learning a living, better support for post 16 learners' of February 2020.<sup>34</sup> The Welsh Government also referenced a full review of the EMA, carried out in 2014, and said that officials were continuing working "to understand what the allowance rate and income thresholds would look like today". We also asked the Welsh Government to clarify the impact of the lack of changes to the EMA income threshold on the proportion of learners able to claim EMA. It responded with the following:

**Graph showing the numbers of EMA applications compared to 16-18 year old learners. Source: Welsh Government, 'Welsh Government Response to the Recommendations from the Children, Young People and Education Committee report: The 2022-23 Welsh Government Draft Budget,' March 2022, page 24**



**45.** The EMA budget allocation in the 2023-24 Draft Budget has been "maintained", with a budget of £17.4 million for students. We asked the Minister for Education and Welsh Language to clarify how he calculated and assessed the potential demand from learners for the EMA, and whether he is considering any changes to the level of support. He told us that it has been

<sup>34</sup> Bevan Foundation, 'Learning a living, better support for post 16 learners', February 2020

"challenging" just to maintain levels of funding across the budget. "We've got a programme for government commitment to maintain the funding, and we've been able to carry on doing that, which I'm pleased that we've been able to do."<sup>35</sup>

**46.** The Minister told us that his focus has been to make it as easy as possible for those eligible to claim EMA. The Student Loans Company is working with the Welsh Government to create an online platform to make it easier to apply. The Minister also reminded the Committee that all care leavers are eligible for the EMA.

**47.** The Minister went on to indicate that he would shortly be making an announcement in relation to the Financial Contingency Fund, which he did the following day:<sup>36</sup>

*"The Financial Contingency Fund will also receive a boost of £1.345 million. The fund supports learners who are experiencing financial hardship, enabling them to continue to access a college education. Learners who might be entitled to this support should get in touch with their college."*<sup>37</sup>

### **Other grants within the Student Support Grants expenditure line**

**48.** The Student Support Grants expenditure line sits within the Post-16 Learner Support Action, and funds "demand-led statutory student support programme accounts" for higher and further education. This includes Part-Time Grants and Fees, Student Loan Company Targeted Grants, Student Support Grants and the EMA. Although funding for the EMA has been maintained in the 2023-24 Draft Budget, the Student Support Grants expenditure line as a whole has been reduced by £11.8 million in 2023-24 and £12.8 million in 2024-25. The Minister for Education and Welsh Language's paper explains that this reduction is due to "historical underspends", and that the spending in this area is demand-led and fluctuates according to demographics and uptake of higher education.<sup>38</sup> We asked the Minister to confirm whether the budgetary reduction is because he has reprioritised that funding elsewhere.

**49.** The Minister told us that the budget for Student Support Grants reflects projected demand. If it becomes clear that, over the course of the year, there is an underspend, you "can

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<sup>35</sup> **Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraph 34**

<sup>36</sup> **Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraphs 35-37**

<sup>37</sup> Welsh Government, '[£5 million fund to be created to support innovation in Further Education](#)', 12/01/2023

<sup>38</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee](#)', 19/12/2022, page 10

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release that for other purposes as you move through the year". This year, however, the "pressures were so significant" that "we've looked at that earlier on in the year". The Minister confirmed, however, that "that doesn't mean that we won't meet demand: whatever the demand is, we will meet it, we will answer it."<sup>39</sup>

**50.** Wales' student finance system provides a means-assessed combination of grants and loans for living costs, and loans to pay for tuition fees. There are other grants to support eligible students in specific situations (for example, to help towards childcare costs, or if a student has financially dependent children or adults).<sup>40</sup> We note that the Welsh Government's policy of linking the rate of undergraduate student support to the National Living Wage has led to an increase of 9.4% for the 2023/24 academic year. The Minister for Education and Welsh Language confirmed to us that this package of support is not available to non-Welsh domiciled students living in Wales. He added that universities' hardship funds are available to all students, alongside any other initiatives universities run to help students, telling us he expected to see a "significant number" of claims on hardship funds by non-Welsh domiciled students. He added that any student in Wales has access to mental health support services provided in Wales.<sup>41</sup>

## Pre-16 education

### Funding for schools

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#### Revenue funding

The vast majority of funding for school budgets comes from the Revenue Support Grant (RSG), which sits within the Finance and Local Government MEG rather than the Education and Welsh Language MEG. The Provisional Local Government Settlement 2023-24 provides a 7.9% or £227 million overall increase to local authorities (with no local authority receiving less than 6.5%), from 2022-23 levels.<sup>42</sup> It will be for local authorities to decide on which services this increase is spent. However, £117 million of the additional funding comes from an education Barnett consequential from the UK Government, which the Welsh Government has committed to investing in schools.<sup>43</sup>

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<sup>39</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 101-103](#)

<sup>40</sup> Welsh Government, ['Student finance: higher education'](#)

<sup>41</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 28-31](#)

<sup>42</sup> [Plenary, 13/12/2022, Record of Proceedings, paragraph 160](#)

<sup>43</sup> Welsh Government, ['Budget to "protect public services and the most vulnerable"', 13/12/2022](#)

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**51.** In this year's Draft Budget, local authorities will have to meet the cost of the teachers' pay award for the 2022-23 academic year (around £44m) and the September to March costs of any 2023-24 academic year pay award (estimated to be around £75m) from the 2023-24 Local Government Settlement. In previous years, when teachers' pay awards have been determined in the autumn, the Welsh Government has provided additional grant funding to local authorities to cover the costs in the remainder of the current financial year (up to March) and put resources into the following financial year's RSG to cover the costs thereafter.

**52.** In his written evidence, the Minister pointed to the 7.9% increase to the RSG for 2023-24, alongside the 9.4% increase back in 2022-23, implying that local authorities have already been given the resources to fund the teachers' pay award.<sup>44</sup>

**53.** However, in its response to the Finance Committee's consultation ahead of the Draft Budget, the WLGA warned that schools are facing inflationary pressures of £177 million and £114 million in 2023-24 and 2024-25 respectively.<sup>45</sup> We asked the Minister how much of the £227 million of extra funding put into the Local Government Settlement 2023-24 will be left for schools to meet those pressures once the cost of the teachers' pay awards has been met

**54.** The Minister told us that funding for teachers' pay award and funding for schools were separate: "The teachers' pay funding was part of the negotiation for the last round of RSG, and this is money that has come in, obviously, more recently than that." He went on to acknowledge that "local authorities face very significant pressures, as do we and as do other public services."<sup>46</sup>

### **Raising school standards and the Regional Consortia School Improvement Grant**

**55.** In the Fifth Senedd (2016-2021), the Welsh Government provided schools with over £100 million targeted at raising standards aligned to specific national objectives. This funding appeared in the budget in the form of a dedicated Raising School Standards budget expenditure line (BEL). In 2022-23, the Welsh Government discontinued the Raising School Standards expenditure line, and moved that funding to other expenditure lines. For 2023-24, the main way the Welsh Government targets funding at particular school improvement objectives is through its Regional Consortia School Improvement Grant.

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<sup>44</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee](#)', 19/12/2022, page 22

<sup>45</sup> WLGA, '[Finance Committee: Scrutiny of Welsh Government's Draft Budget Proposals 23-24](#)'

<sup>46</sup> [Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraph 47](#)

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**56.** We asked the Minister for Education and Welsh Language how he ensures that there is no dilution in focus in the school improvement agenda and that the funding channelled through the regional consortia continues to deliver best value for money. He told us that there is "no link between where in my budget this funding sits and the focus of the system on delivering the outcomes. One is a budget management exercise, the other is delivered by a very clear set of expectations". A Welsh Government official added that the key focus of regional consortia is school improvement, and that local authorities are currently having discussions about their level of investment for the regional consortia that support their schools. The Minister confirmed that the Welsh Government discusses and reviews the expectations for each policy area with the consortia and with local authorities "through a regular process of engagement and monitoring".<sup>47</sup>

### **Capital funding**

**57.** There is no additional capital funding in the Draft Budget 2023-24 compared to what the Welsh Government planned to spend in 2023-24 when it set an indicative budget for 2023-24 in March 2022 (£373 million). However, this is a £16 million increase from the Final Budget 2022-23.

**58.** The Minister for Education and Welsh Language's written evidence sets out that band A of the Sustainable Communities for Learning programme is drawing to a close. £1.6 billion has been invested (£800 million by the Welsh Government and the rest by local authorities and colleges). 167 projects have been completed against a target of 150, and a further seven remaining under construction. Band B officially started in April 2019 and 82 business cases have been approved, with 29 projects completed and 19 underway. The Welsh Government is contributing 65% of costs to band B projects, and higher rates for special schools and faith schools.<sup>48</sup>

**59.** £300 million is allocated for Sustainable Communities for Learning in 2022-23 and this budget is being maintained for the next two years. We asked the Minister whether he is concerned about the real-terms value of his capital budget, given there is no increase to the planned spending in 2023-24 and school construction costs are facing reported inflation of about 15 per cent. The Minister told us that "this is one of the most extraordinary aspects of the

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<sup>47</sup> **Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 60-63**

<sup>48</sup> Welsh Government, '**Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee**', 19/12/2022, page 40

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settlement from the UK Government: there is not a single penny allocated for capital in that budget." He went on:

*"There's a real knock-on effect in manufacturing costs, on the cost of equipment and obviously also the cost of the workforce, and they will inevitably and inescapably lead to less being delivered for the same amount of money. That is the consequence of there being no further capital allocation into the Welsh Government's budget."<sup>49</sup>*

**60.** The Minister told us that the 2022-23 capital allocation is being maintained for 2023-24. The 2022-23 allocation was a 33% increase on the 2021-22 allocation, which represented a "sharp increase" in funding. However, he acknowledged that:

*"[...] the practical implication of inflation on the budget is that we are seeing local authorities, further education colleges revisit their plans in relation to construction and new development. There is a pretty much universal pressure, I would say, across the system and a number of projects slowing down as a result of that."*

He added that the Welsh Government is working on a project-by-project basis to support authorities and colleges with their projects, including with extra costs if possible.<sup>50</sup>

**61.** We pushed the Minister on the extent to which he believed that the condition of school buildings across Wales was detrimental to young people's educational attainment. He told us that "there is a link between a school's ability to teach in the appropriate way with the facilities the school has. So, that's why we want to make sure that pupils in all parts of Wales are taught in modern, appropriate surroundings." In addition to the Sustainable Communities for Learning scheme, the Welsh Government also intends to provide support to local authorities for work on maintenance, health, safety, decarbonisation and ventilation. More information about those plans will be published in the coming weeks.<sup>51</sup>

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

**62.** The Pupil Development Grant (PDG) is the main financial mechanism through which the Welsh Government aims to improve the educational outcomes of disadvantaged learners.

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<sup>49</sup> [Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraph 49](#)

<sup>50</sup> [Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraph 49-51](#)

<sup>51</sup> [Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraph 57](#)

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Schools receive an extra £1,150 for each pupil on their roll whose parents are in receipt of certain benefits, while regional consortia receive £1,150 for each looked after child in their region.

**63.** The 2023-24 Draft Budget has allocated £9 million more for the Pupil Development Grant than the indicative budget for 2023-24. As discussed in the earlier section on School Essentials, this is still a decrease in the PDG budget line of £5 million from 2022-23. There is no breakdown of the £142.5 million value of the budget line by how much is for the PDG for schools and how much is for School Essentials for families.

**64.** The Minister for Education and Welsh Language confirmed to us that the revised allocation reflects that more learners are eligible than anticipated at the time that the indicative budget was set. We asked the Minister what additional funding the Welsh Government targets at narrowing the attainment gap between disadvantaged learners and their peers, which remains stubbornly wide. He told us that, on top of the PDG, the Welsh Government has allocated £37.5 million to the Recruit, Recover and Raise Standards programme, which is weighted to give more funding to schools with higher numbers of disadvantaged pupils. He also pointed to funding for the community-focused schools programme, family engagement officers, education welfare officers, and the education endowment fund toolkit.<sup>52</sup>

### **School reserves**

**65.** School reserves are currently at a historic high, standing at £301 million as at March 2022 compared to £32 million in March 2020.<sup>53</sup> We asked the Minister whether he is satisfied that schools are using these balances during the year, and how the Welsh Government monitors that usage. The Minister argued that the March 2020 figure was unusually low. Long-term patterns indicate that, previously, reserves usually hovered at around twice that. The Minister explained that reserves were particularly high at the moment because schools operated differently during the pandemic, and therefore did not spend all of their revenue budgets. He added that schools have plans for using part of those reserves - "they're earmarked for all sorts of things that we want them to spend that money on." However, he reminded us that reserves can only be used once, and are therefore not a solution to long-term funding pressures. He anticipated that reserves would fall back to normal levels within 18 months or so.<sup>54</sup>

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<sup>52</sup> **Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraph 44**

<sup>53</sup> Welsh Government, '**Reserves held by schools: as at 31 March 2022**', 27/10/2022

<sup>54</sup> **Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraphs 87-88**

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**66.** Under the School Funding (Wales) Regulations 2010, local authorities have powers to either direct schools to spend balances over specified thresholds or recover those funds from schools. These thresholds are reserves of £50,000 for primary schools and £100,000 for secondary schools. The annual statistical release published by the Welsh Government includes data on the numbers of schools holding reserves over a certain proportion of their budget and the relative position across local authorities. It doesn't refer to the number of schools exceeding the monetary thresholds stated in the Regulations.

**67.** As well as discussing the level of school reserves, we asked the Minister to clarify whether these reserves could be used for capital spend, in light of limited capital funding opportunities. His official confirmed that the reserves are mainly revenue and running costs, which are drawn from different funding pots.

## **The implementation of key education reforms**

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### **The new curriculum**

**68.** The new Curriculum for Wales was introduced in primary schools in September 2022 and will be rolled out, year group by year group, in secondary schools until September 2026. The Curriculum and Assessment expenditure line, which supports implementation, receives £36 million in 2023-24. Overall, this level is broadly the same, once movements between budget lines are factored in. We asked the Minister for Education and Welsh Language whether he considered prioritising this budget for any increases, given Estyn reported in its summary of findings ahead of its 2021-22 annual report that schools' progress towards implementation is too variable.

**69.** The Minister re-asserted that "being able to maintain the level of funding has been challenging in its own terms". He stated that the new curriculum is a priority area for the Welsh Government. However, he argued that Estyn's work highlighted variations in how funding should be deployed, not simply that there needed to be more funding overall:

*"Our assessment is that, where there is variability in curriculum roll-out, that is not limited or isolated to questions of the new curriculum, and it correlates with, generally speaking, other challenges that the school faces—perhaps underlying challenges. And schools in that situation are already getting bespoke support from school improvement services, and, in a different way,*

*from Estyn, and indeed from the Welsh Government education officials as well. So, I think that's the way to link the two points that you are making."*<sup>55</sup>

### **Additional Learning Needs (ALN) reforms**

**70.** Our scrutiny of the implementation of the Welsh Government's education reforms has highlighted concerns that capacity limitations within schools and local authorities could mean that the threshold for learners to be identified as having ALN could rise under the new system: a 'raising of the bar' effect. In his response to our letter<sup>56</sup> highlighting those concerns, the Minister for Education and Welsh Language acknowledged that SEN may have been incorrectly identified and over-reported in the past.<sup>57</sup> We asked the Minister whether he was concerned that resource issues rather than need could become a key driver for decisions about which learners get ALN support.

**71.** The Minister assured us that he would make sure that the new ALN system is driven by the particular profile of needs of the individual learners, rather than the levels of resource available. He added that he did not feel that the reduction in numbers of learners identified as having ALN was a reflection of reduced need, and that they were likely to rise again:

*"What I think is the case is that the particular list of individuals—these aren't just numbers, they're individual learners, aren't they—having looked at those, authorities have decided that perhaps people have been miscategorised, perhaps people's needs were temporary and have been met, but they remain on the list. I think those have generally been the driver for that change on that list. My own expectation is that we will see the numbers increase again. That's certainly what happened when England introduced, in their case, actually more modest changes [...]"*<sup>58</sup>

### **Mental health in schools: the whole school approach**

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**72.** The Draft Budget allocates £7.4 million for the Whole School Approach to well-being. This figure remains as planned compared to the indicative budget, but is an increase from £5 million in 2022-23. There is also £7 million in the Health and Social Services MEG for the whole school

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<sup>55</sup> **Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraphs 67**

<sup>56</sup> Welsh Parliament, '[Letter from the Chair of the Children, Young People and Education Committee to the Minister for Education and Welsh Language](#)', 08/08/22

<sup>57</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Education and Young People Committee](#)', 28/09/22

<sup>58</sup> **Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraph 69**

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approach, including £5 million for the national roll out of the CAMHS school in-reach service. We have heard numerous concerns about the mental health of learners in Wales during our policy work to date, including in relation to pupil absence and peer-on-peer sexual harassment. We asked the Minister whether this funding was sufficient.

**73.** The Minister told us that he saw the initiative as a "whole-system approach", which extends from early years to universities: across the entire education journey. He told us that "The budget has increased significantly [...] from £9 million in 2021 to over £14 million in this year, which I think shows the level of need in the system. [...] We're recognising and identifying a greater level of demand, and so that's why we're doing it." But he cautioned that funding is "only one part of it":

*"[...] it's really important that we look at how best to make sure the system works together. We are not in a place, I would say, across the Government in the current climate where we can afford to have different budgets doing different things in a way that isn't joined up."<sup>59</sup>*

## The Cymraeg 2050 agenda

**74.** In light of our joint inquiry with the Culture, Communications, Welsh Language, Sport, and International Relations Committee on Welsh in Education Strategic Plans, we focussed specifically on the 2011 Census results and their implications for the Welsh Government's commitment to 1 million Welsh speakers by 2050. We asked the Minister for Education and Welsh Language for his views on the census results, and whether he felt confident that the necessary resources are in place to support the education system's role in contributing to the 'Cymraeg 2050' agenda.

**75.** The Minister told us that while he was disappointed with the census results, he was "heartened" by the results in the Annual Population Survey, which show the opposite trend. He added that the Office for National Statistics is going to support the government to work out why those two surveys give such different results. While he acknowledged that there "are always new things that we can find to invest money in", he added that:

*"[...] the budget now stands at just under £21 million for the Welsh in education side of my budget. There's also a Welsh language policy side of the budget. And, in addition to that, there's a range of ways in which funding*

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<sup>59</sup> **Children, Young People and Education Committee, 11/01/23, Record of Proceedings, paragraphs 83-84**

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*from other portfolios are designed to support the Welsh language, and that's really important and that mustn't change."*<sup>60</sup>

**76.** We pushed the Minister to confirm whether he was confident that there will be sufficient investment in initial teacher training and sabbatical programmes in order to secure growth in the Welsh-medium education workforce, which is key to delivering Cymraeg 2050. The Minister assured us that "the budget we have is sufficient to take us to the next phase", and that "we are on the pathway to achieving that".<sup>61</sup>

**77.** When we asked the Minister whether he felt that there are enough resources in the system to actually put new Welsh-medium provision in parts of Wales where there is no Welsh-medium provision at all, he replied with an unequivocal "yes".<sup>62</sup>

## Post-16 education

### Further education

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**78.** The umbrella organisation representing the further education sector, ColegauCymru, responded to the Finance Committee's consultation on the Welsh Government's draft budget 2023-24.<sup>63</sup> They highlighted a number of challenges and potential solutions, including:

- One-year budgeting, the complexity of funding streams available, and one-off competitive "pots" of money do not provide certainty or consistency, and the Welsh Government should consider a three-year funding model to allow for better planning provision across the sector.
- The cost of energy prices is likely to be significant for FE providers. The positive trend of FE funding is positive, but needs to continue in real terms with a flexible approach to supporting the FE sector.
- Parity between sectors should be maintained, particularly with regard to pay awards for college staff and for work-based learning providers.

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<sup>60</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 73](#)

<sup>61</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 76](#)

<sup>62</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 79](#)

<sup>63</sup> [Written evidence, WGDB 23-24 09, CollegesWales](#)

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**79.** The budget line that funds FE institutions receives an additional, recurrent allocation of £9 million from central reserves to “review R&R funding and absorb any further pay pressures for school sixth form and FE sector”.<sup>64</sup> We asked whether, given inflationary pressures, the additional £9 million is sufficient to ensure further education settings can meet the financial demands on them.

**80.** The Minister for Education and Welsh Language told us that the Welsh Government wants to give priority to the further education sector. He explained that the £9 million is to ensure pay parity between school teachers and further education lecturers, a principle which is “very important” to the government. The Minister also told us about additional pressures that the sector faces because the cost to provide materials for vocational qualifications has increased (for example, within construction)..<sup>65</sup>

**81.** The day after our evidence session with the Minister, he announced the creation of a new Innovation Fund, which will invest in projects that “aim to support learners in key areas including skill development, wellbeing and resilience and adaptability while helping FE colleges work together.” This fund includes £2.5 million for FE colleges to support the increased costs associated with the delivery of vocational learning programmes.<sup>66</sup>

## Higher education

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### Financial pressures facing higher education providers

**82.** According to the Minister for Education and Welsh Language’s paper, the Draft Budget 2023-24 provides the HEFCW Programme Expenditure Budget Expenditure Line (BEL) with a net decrease in the budget of £1.36m in 2023 and 2024-25. This reflects the transfer of the Global Wales III funding (£1.6 million) to the ILE BEL for Taith, and is offset by “£0.24 million allocation to cover an uplift for pay”.<sup>67</sup>

**83.** Universities Wales responded to the Finance Committee’s consultation on the Welsh Government’s Draft Budget 2023-24. The response stressed the challenges of inflation, with a

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<sup>64</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee](#)', 19/12/2022, page 7

<sup>65</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 111-114](#)

<sup>66</sup> Welsh Government, '[£5 million fund to be created to support innovation in Further Education](#)', 12/01/2023

<sup>67</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee](#)', 19/12/2022, page 36

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falling real-terms value of the £9,000 maximum fee for full-time undergraduate students. It made some recommendations to the Finance Committee, including:

- Commitment to fully implementing the Diamond Review recommendations in real terms
- Bridging costs to help with the increase of costs relating to energy, pensions and the cost of living
- Bridging support for universities to maintain “talent and infrastructure” at risk of being lost as a lack of replacement for EU funding sources<sup>68</sup>

**84.** We asked the Minister for Education and Welsh Language how he would reassure stakeholders that this budget takes account of the financial pressures facing higher education providers. He told us that the Welsh Government is in “ongoing discussion with HEFCW on the funding situation across the sector, as you'd expect, to ensure that we understand in as much detail as possible the situation on the ground in the short term and, perhaps, the trends for the longer term so that we can plan for that”. He added that he was pleased that he has been able to maintain the level of funding for universities and the broader sector, which itself has been a challenge.<sup>69</sup>

### **Mental health support for HE students**

**85.** The Minister for Education and Welsh Language's written evidence says that universities are meeting the additional costs of supporting students and staff with cost of living pressures from their existing budgets. The paper gives details of funding which has been hypothecated within HEFCW's total allocation, which includes £2 million to support mental health and wellbeing.<sup>70</sup> In HEFCW's evidence to our inquiry on mental health support in higher education, HEFCW said that while this funding is welcome, it is “having to stretch to address the mental health needs of continuously increasing numbers of students”.<sup>71</sup> We asked the Minister to what extent he is satisfied that a one-year allocation of £2 million is sufficient, and what could be done to provide longer-term allocations of funding for mental health support.

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<sup>68</sup> [Written evidence, WGDB 23-24 24, Universities Wales](#)

<sup>69</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 95](#)

<sup>70</sup> Welsh Government, '[Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee](#)', 19/12/2022, page 24

<sup>71</sup> [Written evidence, MHHE 14, HEFCW](#)

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**86.** The Minister acknowledged "the pressures on any element of the budget in the economic context, but also in the context of increasing demand". However, he argued that the Welsh Government has provided similar support for mental health in HE since 2018. He added that while he understood calls for longer-term budgeting:

*"[...] the fact that funding is allocated annually doesn't necessarily mean that institutions have to make decisions on an annual basis. Every element of the public sector, to a certain extent, receives an annual budget, but they make commitments that extend far into the future, of course. So, it's a choice available to any institution as to how they do that [...]"<sup>72</sup>*

### **Degree apprenticeships**

**87.** Apprenticeship policy sits with the Economy portfolio, but funding for degree apprenticeships is provided through the HEFCW BEL. HEFCW's budget includes a ringfenced £5 million to support the delivery of degree apprenticeships in Wales, which according to the Minister's paper "maintains the level of support provided from HE budgets in previous years".<sup>73</sup> £4.87 million is to be transferred from the Economy Main Expenditure Group in future supplementary budgets.

**88.** In their consultation response, Universities Wales also called for further support to expand degree apprenticeships in Wales.<sup>74</sup> We asked the Minister for Education and Welsh Language how he co-ordinates the delivery of degree apprenticeships with the Minister for Economy, and how he intends to carry forward the delivery of an expanded degree apprenticeships programme. He told us that the Minister for Economy and he agree on priorities for any policy initiatives that are jointly funded. He added that they are prioritising making it easier to access degree apprenticeships. Together with the funding from the Minister for Economy's budget, the total funding for degree apprenticeships will be around £10 million in 2023-24.<sup>75</sup>

### **Research and innovation**

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<sup>72</sup> **Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraphs 97-98**

<sup>73</sup> Welsh Government, '**Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee**', 19/12/2022, page 37

<sup>74</sup> **Written evidence, WGDB 23-24 24, Universities Wales, page 2**

<sup>75</sup> **Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraphs 107**

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**89.** A number of stakeholders have contacted the Senedd to call for increased investment in research and innovation.<sup>76</sup> We asked the Minister for Education and Welsh Language how he works with the Minister for Economy on this policy area, and how his budget supports research and innovation. A Welsh Government official explained that:

*"Research and innovation isn't just about higher education; the funding sources aren't just ours. So, there's an interplay with the UK Government, there's an interplay with the different parts of the organisation to actually clarify what the research priorities are and the best ways of addressing them. And again, a close working relationship between the Ministers."*<sup>77</sup>

Members of the Economy, Trade and Rural Affairs Committee asked a similar question of the Minister for Economy. They cited the Minister's written evidence, which stated there is no overarching lead in the Welsh Government for research and innovation. The Minister pointed to the Welsh Government's Innovation Strategy, the consultation on which closed in September 2022.<sup>78</sup> He explained that the strategy tries to "draw together the different parts of the Government, different departments, different Ministers with decision-making responsibilities, to make sure we have more coherence around our offer". The Minister explained that this was particularly important due to the loss of EU funds and the impact of inflationary pressures on the value of the Welsh Government's budget. He told the Committee:

*"What we are trying to do in our innovation strategy is reflect and take on board that honest truth, and at the same time, to say, 'This is how we need to draw together and have a more coherent whole from the Government'. It's how and why we need to work right across our system, with private sector research partners, as well as higher and further education."*<sup>79</sup>

The Minister set out in stark terms that the cuts in funding are "having a direct impact on higher and further education—higher education especially—and I'm afraid we've got people who are

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<sup>76</sup> See: **Written evidence, WGDB 23-24 24, Universities Wales; Institute of Physics,**

**'Letter from Institute of Physics to the Chair of Children, Young People and Education Committee and the Chair of Economy, Trade, and Rural Affairs Committee'**, 06/12/2022; The Learned Society of Wales, Learned Society of Wales, **'Letter from the Learned Society of Wales to the Finance Committee's inquiry into the Welsh Government Draft Budget'**, 18/11/2022

<sup>77</sup> **Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraph 120**

<sup>78</sup> Welsh Government, **'Innovation strategy for Wales'**, 02/12/2022

<sup>79</sup> **Economy, Transport and Rural Affairs Committee, 12/01/23, Record of Proceedings, paragraphs 267-271**

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unlikely to carry on in those research-funded posts in higher education in the new financial year."<sup>80</sup>

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

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**90.** Delivery of the Young Person's Guarantee is a key Programme for Government commitment, contributing to at least 90% of 16 to 24-year-olds in Wales being in education, employment, or training by 2050. The Young Person's Guarantee is an umbrella structure, which incorporates a range of programmes for young people. The Minister for Education and Welsh Language's written evidence explains that "FE college, local authority sixth form, local authority adult community learning and personal learning account funding" are all allocated from the Post-16 provision BEL and all contribute to the Young Person's Guarantee.<sup>81</sup>

**91.** During last year's scrutiny of the 2022-23 Draft Budget, we made a joint recommendation that the Welsh Government should clarify how funding is allocated to the Young Person's Guarantee across MEGs. Once again, this year we asked the Minister to set out how Ministers and officials co-ordinate the funding and delivery of the guarantee, and how its impact across portfolios evaluated.

**92.** The Minister explained that co-ordination takes place at Cabinet level, and that he and the Minister for Economy work "very closely together" on an ongoing basis to deliver the programme. At an official level, there is a "young person's guarantee programme board and there's also an employability and skills board" which includes officials from the Minister's department and officials within the Minister for Economy's team. He stressed that "we have a very conjoined system, really, where the officials work as part of one team, even though the budgets are separate."<sup>82</sup>

**93.** We asked the Minister whether any health officials sit on the programme board, given the interplay between mental health, education, skills and employment outcomes. A Welsh Government official explained that the board works "very closely with health officials". In particular, officials are:

*"[...] making sure that we align the young person's guarantee more closely with the work that we do around young people who aren't in education,*

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<sup>80</sup> **Economy, Transport and Rural Affairs Committee, 12/01/23, Record of Proceedings, paragraphs 269**

<sup>81</sup> Welsh Government, '**Letter from the Minister for Education and Welsh Language to the Chair of the Children, Young People and Education Committee**', 19/12/2022, page 39

<sup>82</sup> **Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 116**

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*employment or training, and very much trying to use some of the additional funding that's in the economy MEG to make sure that we're targeting the support much more around the issues that are manifesting, and joining that up across all of the support that's available is absolutely key.*"<sup>83</sup>

The official told us that there is not a contribution from the Health and Social Services MEG to the Young Person's Guarantee. Instead, the government makes use of signposting to "programmes that we've had that are long-standing, that have a strong brand and reputation", which can provide the required support to young people.<sup>84</sup>

**94.** The day after our evidence session with the Minister for Education and Welsh Language, members of the Economy, Transport and Rural Affairs Committee asked the Minister for Economy how is he planned for the delivery of the Young Person's Guarantee given the current economic climate. The Minister explained he wanted to "make sure that we don't leave people behind and that we give people opportunities to make sure that they can access the labour market". He stressed the importance of early intervention, particularly in relation to mental health:

*"[...] the youth engagement and progression framework is really important—the work we've done with both the Deputy Minister for Mental Health and Well-being and indeed the Minister for Education and Welsh Language on that as well—and that's about joining up the different potential interventions at the earliest possible stage. [...] the reality that one of our big challenges that we're going to need to address through our young person's guarantee work and the broader support for young people, is that there is a much more significant mental health challenge."*<sup>85</sup>

## **Implementation of the TER Act**

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**95.** The Commission for Tertiary Education and Research (the Commission) was established by the Tertiary Education and Research (Wales) Act 2022. The Commission will be the "national

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<sup>83</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 124](#)

<sup>84</sup> [Children, Young People and Education Committee, 11/01/2023, Record of Proceedings, paragraphs 126](#)

<sup>85</sup> [Economy, Transport and Rural Affairs Committee, 12/01/2023, Record of Proceedings, paragraph 243](#)

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steward for tertiary education and research."<sup>86</sup> It will be responsible for the funding, oversight and regulation and quality of all post-16 education and training. The 2023-24 Draft Budget includes a Post Compulsory Education and Training (PCET) Reform expenditure line. This has a budget of £6 million in 2023-24 and 2024-25, a reduction of £1 million from the 2023-24 Indicative Final Budget published in March 2022. The reduction comes from a re-prioritisation exercise and an assessment of the programme costs of establishing the Commission. We asked the Minister for Education and Welsh Language to explain why this change occurred and how he anticipates the budget structure may change as the commission begins to operate its functions.

**96.** The Minister explained that the funding reduction was a result of the "reprofiling of the spend for establishing the commission". The Minister's original intention was for the Commission to be operational from April 2023. However:

*"[...] there was just too much to do, effectively, to make that happen in April this year, we delayed that until April next year to allow all the important work that needs to happen to set up the commission, bringing in the statutory instruments and so on, to happen during this year. As a consequence, it's a reprofiling in spend, effectively. It doesn't affect the overall funding to be spent by the commission; it just starts to spend it later, basically."<sup>87</sup>*

## Our view

### School holiday free school meals

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**97.** We support the Welsh Government's decision taken in April 2020 to guarantee free school meals for eligible children during the school holidays. The rationale for doing so then, in the context of the COVID pandemic, was clear and convincing.

**98.** We believe that the rationale for continuing school holiday free school meals provision beyond February 2023, in the context of a cost of living crisis, is also clear and convincing. The Minister seemed cautiously hopeful that money could be found to do so. We strongly urge the Minister to take an active decision to prioritise the extension of the programme throughout the Draft Budget period (i.e. up to and including the 2024 February school holidays) to give

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<sup>86</sup> Welsh Government, '[Appointment of a Chair of the Board for the Commission for Tertiary Education & Research \(CTER\): Information pack for applicants](#)', September 2022, page 4,

<sup>87</sup> [Children, Young People and Education Committee, 11/01/2023. Record of Proceedings, paragraphs 128](#)

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certainty to families across Wales that this essential support will not be dropped just as children need it most.

**Recommendation 3.** The Welsh Government should guarantee the extension of the school holiday free school meals programme throughout the 2023-24 budget period: up to and including the February 2024 school holidays.

### **The Pupil Development Grant and School Essentials**

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**99.** From the work we carry out in our own constituencies and regions, we know that many schools depend on the additional funding they receive from the Pupil Development Grant. Likewise, we know that the money provided to eligible families for school uniform and other school-associated costs via the School Essentials initiative is invaluable to many families.

**100.** Universal primary free school meals has decoupled eligibility for free school meals with eligibility for the Pupil Development Grant and School Essentials. This poses real challenges for both schools and the Welsh Government to ensure that families who are eligible for those grants go through the necessary administrative process to claim that money for themselves and for their child's school. We strongly welcome the Welsh Government's rebranding of PDG Access to School Essentials and the accompanying communications campaign to ensure that eligible families know how to claim that money.

**101.** Currently, funding allocated to the Pupil Development Grant and to School Essentials falls within the same Pupil Development Grant Budget Expenditure Line (BEL). We therefore do not know how much of Pupil Development Grant BEL relates to School Essentials, and how much relates to the Pupil Development Grant itself.

**102.** We know that the Welsh Government distinguishes between funding allocated to those two grants for its internal purposes. And we recognise that having both funding streams within the same BEL gives officials some flexibility over how to deploy that pot of funding. We recognise that flexibility is useful.

**103.** However, both schools and families are currently facing significant cost-of-living pressures. It is absolutely critical that the rollout of universal primary free school meals does not inadvertently negatively impact on schools and families. For the purposes of fulfilling our scrutiny function, and in the interests of transparency more generally, we believe the Welsh Government should create an additional Budget Expenditure Line for School Essentials specifically within the Pupil Development Grant Action (or whichever Action it believes appropriate), to enable us and others to track the Pupil Development Grant for schools and School Essentials independently from one-another.

**Recommendation 4.** The Welsh Government should create an additional Budget Expenditure Line within the Pupil Development Grant Action (or whichever Action it believes appropriate) for School Essentials, to clearly separate funding allocated to the Pupil Development Grant for schools on the one hand, and to School Essentials for families on the other.

### **Revenue and capital funding for schools**

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**104.** We note the Minister's frank assessment of the impact of inflation and this year's capital budget on the real-terms value of the capital funding available to schools. We recognise that this presents real challenges to schools' estates, and urge the Welsh Government to do what it can to support individual projects to maximise their value for money.

**105.** We are less clear, however, on the impact of the teachers' pay award for academic year 2022-23 on schools' budgets. Our understanding is that increases to the Revenue Support Grant for both the 2022-23 and 2023-24 financial years need to cover the cost of teachers' pay increases, as well as other inflationary pressures facing schools. However, the Minister suggested to us that funding for the teachers' pay award was separate to funding for schools more generally. We ask the Welsh Government to clarify this for us, and to set out clearly how much additional cash funding it expects to be available to schools in 2023-24, compared to 2022-23, after the costs of the 2022-23 (academic year) teachers' pay award have been met.

**Recommendation 5.** The Welsh Government must clarify:

- whether schools must meet the costs of the 2022-23 academic year teachers' pay award using funding given to them via the Revenue Support Grant for the 2022-23 and 2023-24 financial years; and
- how much additional funding it expects to be made available to schools in 2023-24 compared to 2022-23 after the costs of the 2022-23 teachers' pay award have been met.

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

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**106.** We understand that the Welsh Government faced real challenges in setting its Draft Budget 2023-24. We acknowledge that maintaining funding at existing levels is undoubtedly a challenge across the entire budget.

**107.** However, it is one thing to maintain funding levels from 2022-23 to 2023-24, but it is something else entirely not to revise the EMA award or eligibility threshold for over a decade. This has a material impact on the grant in two ways:



1. Significantly fewer pupils will be eligible to receive the grant in 2023-24 than in 2011-12.
2. The money that eligible pupils receive in 2023-24 will be worth far less than it was in 2011-12.

**108.** Last year, the Welsh Government told us that one of the reasons the EMA has not been revised recently is that, in a 2014 review, 80% of student respondents stated that they would have enrolled on their course without EMA, and that EMA is an essential source of financial support for only the minority of students.<sup>88</sup>

**109.** That review was out-of-date last year, and it is even more out-of-date this year. The Welsh Government should commission an independent review of the EMA in light of the cost-of-living crisis.

**Recommendation 6.** The Welsh Government must commission an independent review into the Education Maintenance Allowance, which should report no later than December 2023. The review should consider:

- the impact of the EMA on learners' decisions to engage in further study;
- the impact of the EMA on learners' engagement with their studies once they have enrolled;
- the impact of the EMA on learners' ability to cope with financial pressures more generally, specifically in light of the cost-of-living crisis;
- in the context of the above, what the eligibility criteria and value of support for the EMA should be; and
- how that criteria and value of support should be kept under review in future years.

**110.** In the meantime, we are convinced that there is real value in the EMA for learners, particularly in the current economic climate. We believe that the Welsh Government should increase both the threshold for eligibility and the value of the support that eligible learners receive. As we await more up-to-date information from the aforementioned review, we ask the Welsh Government to publish the findings of the work it has undertaken so far to "understand

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<sup>88</sup> Welsh Government, '**Welsh Government response to the recommendations from the Children, Young People and Education Committee report: the 2022-23 Welsh Government Draft Budget**', March 2022, pages 22-23

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what the allowance rate and income thresholds would look like today, for the same proportion of learners when compared to 2004, and how much additional budget that would require."<sup>89</sup> We also ask the Welsh Government to reconsider its decision to "maintain" the EMA which has, in effect, led to the EMA being of less real-terms value to fewer students.

**Recommendation 7.** The Welsh Government must publish the findings of the work it has undertaken since its March 2022 response to our report on the 2022-23 Welsh Government Draft Budget to understand what the allowance rate and income thresholds would look like today, for the same proportion of learners when compared to 2004, and how much additional budget that would require.

**Recommendation 8.** The Welsh Government must reconsider its decision to "maintain" the EMA which has, in effect, led to the EMA being of less real-terms value to fewer students.

**111.** We, alongside the Economy, Trade and Rural Affairs Committee, agree that the Welsh Government should do what it can to ensure that young people are not disincentivised to access education, training or employment after they leave school. We believe that the EMA is an important tool to encourage and support some young people to remain in education. But we also recognise that the EMA will not benefit all young people, particularly those who do not want to carry out further studies at that time. We join Members of the Economy, Trade and Rural Affairs Committee in asking for the Welsh Government to clarify its wider policy approach to encourage young people to remain in education, training or to go into employment, particularly in the light of the financial strains on young people and their families as a result of the cost of living crisis.

**Recommendation 9.** The Children, Young People and Education Committee and the Economy, Trade and Rural Affairs Committee jointly recommend the Welsh Government should supply both committees with details of how the Ministers for Economy and Education and Welsh Language are working together on incentives for young people to remain in education, employment or training. This should include any work being undertaken as a result of the increased cost of living.

## School reserves

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**112.** As of March 2022, schools have higher reserves than they have ever held before. We are clear that individual schools are well-placed to make decisions about how they use the funding

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<sup>89</sup> Welsh Government, '[Welsh Government response to the recommendations from the Children, Young People and Education Committee report: the 2022-23 Welsh Government Draft Budget](#)', March 2022, page 23

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available to them. This may include keeping some of their funding in reserves for specific purposes. We know from work in our constituencies and regions that schools may deliberately and appropriately keep reserves for a number of reasons, such as:

- to save up for high-cost repairs and improvement works to their estates;
- in anticipation of periodic investments in technology;
- in anticipation of the need to replace or modernise resources, furniture etc. periodically;
- to cover anticipated short-term revenue costs (e.g. to cover the additional costs relating to cover for staff absence); or, critically,
- to mitigate the immediate impact of short-term funding settlements, changes in local demographics, or other factors beyond the school's control.

As a matter of general principle, where such decisions are part of school leaders' reasonable and proportionate responses to the financial challenges facing them, we believe that they should be able to take those decisions without undue interference from the local authority.

**113.** However, we are unclear about the variation between local authorities in the flexibility afforded to schools to make their own decisions about how they use their reserves, specifically in relation to capital improvements to their facilities, estates and resources. We are also unclear about the extent to which local authorities monitor and take any action, for example the powers available to them under the School Funding (Wales) Regulations 2010, regarding the levels of reserves held by their schools. We believe that the extent to which schools are entitled to make their own decisions about their reserves is an important matter of national policy, particularly in the context of insufficient capital funding and challenging revenue budgets. We therefore ask the Welsh Government to clarify its views on what schools can and should use their reserves for, and how it expects local authorities to interact with schools in relation to their reserves, including how they should use their statutory powers to either direct schools to spend excess reserves or otherwise recover those funds.

**Recommendation 10.** The Welsh Government must clarify its policy position on school reserves. Specifically:

- what funding streams schools can transfer to reserves;

- what schools' reserves can be used for, and specifically whether they can be used by schools for capital purposes (with the appropriate consent of the relevant local authority); and
- how it expects local authorities to work with schools to strike an appropriate balance between school autonomy and appropriate use of funds for pupils across Wales (including local authorities' use of their statutory powers to direct schools to spend balances above specified thresholds or otherwise recover those funds).

**114.** We are concerned that significant variation in the amount of reserves held by individual schools could indicate unintended outcomes of local authorities' school funding formulae on schools with certain characteristics. The annual data published by the Welsh Government includes data on the numbers of schools holding reserves above a certain proportion of their annual budget and the relative position across local authorities and in different sectors (primary, secondary etc.). We ask the Welsh Government to consider breaking down that data further, to consider the levels of school reserves across a range of other factors. That additional detail will help us, and others, to ensure that school funding formulae are not inadvertently benefiting certain types of school more than others.

**Recommendation 11.** The Welsh Government should consider how the data it publishes on school reserves could illustrate the levels of school reserves according to factors such as the percentage of pupils on roll as a proportion of total pupil capacity, percentage of pupils on roll whose families meet the criteria for the Pupil Development Grant, percentage of pupils on roll who have been identified as having Additional Learning Needs, rurality, and any other factors that the Welsh Government sees fit.

### **The Cymraeg 2050 agenda**

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**115.** We share the Minister's disappointment with the results of the 2021 census. We agree that the results of the Annual Population Survey (APS) are somewhat more positive. But not only does the Office for National Statistics itself caution that the APS should not be used to measure progress towards the Welsh Government target of a million Welsh speakers by 2050,<sup>90</sup> the moderate increase in reported Welsh speakers does not reflect the upward trajectory we had hoped to see. Clearly, more needs to be done or Cymraeg 2050 will become unobtainable.

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<sup>90</sup> Welsh Government, '[Welsh language data from the Annual Population Survey: July 2021 to June 2022](#)', 25 October 2022

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**116.** Despite assurances given by the Minister that funding for Welsh in education is sufficient to meet the ambition of the Cymraeg 2050, we are concerned that current allocations do not reflect the Government's aim to ensure all children are given an opportunity to become Welsh speakers.

**Recommendation 12.** The Welsh Government should clarify the details of the cross-governmental expenditure which will support the growth of Welsh medium education and the development of Welsh language skills in all educational settings.

**117.** Workforce capacity is a fundamental blockage in the Welsh education system's capacity to play its part in delivering a million Welsh speakers by 2050. The sabbatical programme is a proven and effective way to inject Welsh-language capacity into the workforce. In light of the disappointing census results, we ask the Welsh Government to set out in more detail its plans for promoting take-up of the sabbatical programme amongst schools and teachers.

**Recommendation 13.** The Welsh Government must set out its plans for the Welsh Language Sabbatical Scheme for 2023-24, including total funding allocations for the programme, anticipated numbers of applicants, the support - financial or otherwise - provided to schools to enable teachers to go on the sabbatical, and how it monitors and evaluates the effectiveness of the programme.

### **Mental health support for HE students**

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**118.** As part of our work in the Mental Health Support in Higher Education we heard about the practical impacts of short term funding on delivery and effectiveness of mental health support in this sector. It hampers the ability to maximise the most value for every pound spent in this area, as well as creating barriers to recruitment and retention of the right staff and diverting attention to seeking funding from service delivery. We believe there is a clear need to move to longer term funding in this area. We will cover this in more detail in our forthcoming report on Mental Health Support in Higher Education.

### **The Young Person's Guarantee and Degree Apprenticeships**

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**119.** We welcome the Minister for Education and Welsh Language's assurances that officials work collaboratively across Ministerial teams and budgetary portfolios. And we agree that the formalities of the Welsh Government's budget portfolio allocations should not drive policy development.

**120.** However, the current lines of ministerial accountability relating to the Young Person's Guarantee and degree apprenticeships are not clear enough. Our role as members of this

Committee - and indeed as backbench Members of the Senedd - is to hold the Welsh Government to account. We need to know who to hold responsible for policy delivery. Unfortunately, as both members of this Committee and of the Senedd more widely, we have been bounced from Minister to Minister when we seek assurances from the Welsh Government about the delivery of these key policies. Accountability is crucial, and accountability depends on transparency. We therefore recommend that the Welsh Government sets out clearly, via a diagram or otherwise, the governance structures overseeing the evaluation and delivery of the Young Person's Guarantee and Degree Apprenticeships programmes.

**Recommendation 14.** The Welsh Government must set out clearly via a diagram, or otherwise, the governance structures overseeing the evaluation and delivery of the Young Person's Guarantee and Degree Apprenticeships programmes.

## **Research and innovation**

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**121.** We do not believe that there is currently sufficient clarity over co-ordination of support for research and innovation across ministerial portfolios, across the higher and further education sectors, and with the UK Government.

**122.** We also note concerns from multiple stakeholders about pressures on research and innovation work, and the need for investment in this area.

**123.** We therefore look forward to monitoring the work of the Commission for Tertiary Education and Research, and particularly their Research and Innovation Committee, and how it will lead on work on research and innovation within the tertiary education sector. In the meantime, we ask the Welsh Government to clarify to us how the Welsh Cabinet and Welsh Government officials support, develop and promote research and innovation across the higher and further education sectors in collaboration with governments and education establishments across the UK and beyond.

**Recommendation 15.** The Welsh Government must set out the following:

- How the Welsh Government engages with the further and higher education sectors to develop its strategic approach to supporting and developing research and innovation.
- The mechanisms by which civil servants from different Welsh Government departments work together to develop policy and funding proposals for Welsh Ministers' consideration.

- The mechanisms by which relevant Welsh Ministers consider and agree the proposals from their officials, and how decisions are made about allocating funding across their portfolios.
- How the Welsh Government monitors and evaluates the value for money of its investments in research and innovation.
- How the Welsh Government works alongside other UK governments and post-16 education establishments outside Wales in relation to the above.

## 4. Health and Social Care

### The Health and Social Care MEG as a whole

#### A summary of key changes

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In 2023-24, as in 2022-23, the Health and Social Care Main Expenditure Group (MEG) has the largest financial allocation of all Welsh Government MEGs.

The £10.758 billion is made up of (excluding Annually Managed Expenditure (AME)):

- £10.38 billion revenue, an increase of £392.5 million (4.3%) for the delivery of core NHS services in cash terms compared with the 2022-23 final budget; and
- £375m capital, an increase of £35.7 million (10.5%) compared with the 2022-23 final budget.

Of the £10.38 billion for revenue, £9.61 billion is allocated for the delivery of core NHS services including funding for core NHS allocations (£8.6 billion), NHS trusts, Public Health Wales and Health Education Improvement Wales.

This funding is for the entirety of the Health and Social Care MEG, not just the funding that relates to children and young people.

#### Cross-cutting budgetary issues

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**124.** In her opening statement, the Minister for Health and Social Services stressed that "this has been a really tough year financially, that the inflationary pressures are affecting everybody, including organisations like the NHS and social services."<sup>91</sup> The Minister went on to explain that the Welsh Government asks health boards to make decisions based "on the needs of their population" because "some health boards have different challenges compared to others, so it's important that they do that on a localised basis." However, the Welsh Government sets priorities and guidance for health boards to follow. The Minister told us that because this is a "really tough budget year", she has been much clearer with health boards about what they should focus on. Her 6 priorities are: delayed transfers of care, access to primary care, urgent care,

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<sup>91</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 5](#)



cancer, mental health, and waiting lists.<sup>92</sup> The Minister later committed to sharing with us the written guidance she had sent to health boards.<sup>93</sup>

## The impact of the cost-of living crisis on children and young people

**125.** The Minister for Social Justice had already set out in her written evidence to us that “People across Wales are facing an uncertain future as a result of this unprecedented cost-of-living crisis. Families with children are more likely to be impacted than those without.”<sup>94</sup> We asked the Minister how she can assure us that the Welsh Government will deliver its planned outcomes for children.

**126.** The Minister acknowledged that inflationary pressures will have an impact “on everyone”. She explained that as well as maintaining focus on front-line services, the government has provided additional funding for schemes such as Flying Start, the childcare offer, free school meals and the discretionary assistance fund, all of which support children and young people.<sup>95</sup> The Minister went on to cite £6.9 million of funding for the Healthy Start scheme, the NHS low-income scheme, and Designed to Smile – schemes which target children in low-income families.<sup>96</sup>

## Emotional and mental health

### Clarifying changes to expenditure on emotional and mental health

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**127.** The impact of the pandemic on the mental health and well-being of children and young people in Wales has been well-documented by Public Health Wales, amongst others.<sup>97</sup> The Minister’s written evidence to states that:

*“We will continue to prioritise investment in mental health and wellbeing, demonstrated by the fact that despite ongoing budget pressures, we have protected the mental health and wellbeing aspects of the budget. We will prioritise the implementation of the mental health workforce plan, for all age services [...] Within the NHS Planning Framework 2023-2026, mental health*

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<sup>92</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 7](#)

<sup>93</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 100](#)

<sup>94</sup> Welsh Government, ‘[Scrutiny of the Welsh Government’s draft budget 2023-24](#)’, 19/12/2022, page 1

<sup>95</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 23-25](#)

<sup>96</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 27](#)

<sup>97</sup> [Written evidence, WGDB\\_23-24 07 Public Health Wales, page 8](#)

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*and CAMHS has been defined as one of the Ministerial priorities and this will enable a vehicle for us to assess the impact of allocations.”<sup>98</sup>*

**128.** The written evidence shows a £25 million increase in mental health spending for 2023-24, building on the £50 million allocated in 2022-2023 and increasing to £90m by 2024-25. However, the figures are somewhat unclear; the budget expenditure lines tables for the Health and Social Services MEG show spending of £88.2 million in the 2022-23 final budget and £83.6 million for 2023-24 on mental health policies and legislation.<sup>99</sup>

**129.** We asked the Deputy Minister for Mental Health and Well-being to clarify to us how much additional funding had been provided for children and young people’s mental health for the next two years, and how that funding will support the whole-system approach to mental health. The Deputy Minister explained that:

*“Welsh Government committed to provide £50 million extra in this financial year, rising to £75 million and then to £90 million in the third year. I'm really pleased that, despite the huge financial constraints we're facing, the Welsh Government has honoured that programme for government commitment to mental health.”<sup>100</sup>*

**130.** She explained that most of the funding for mental health goes to the NHS. However, the funding is ring-fenced for mental health, and she has been “very clear that, in mental health, the child and adolescent mental health service is a priority.”<sup>101</sup> She told us about “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”. She went on:

*“So, 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, and I feel very strongly that, if we get it right for children and young people in mental health, we will get it right for everyone. Everything that I do as a Minister is focused on delivering for children and young people.”<sup>102</sup>*

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<sup>98</sup> Welsh Government, ‘[Letter from the Minister for Health and Social Services to the Chair of the Children, Young People and Education Committee](#)’, 12/12/2022, page 17

<sup>99</sup> Welsh Government, ‘[Budget expenditure lines](#)’, 13/12/2022

<sup>100</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 36](#)

<sup>101</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 36](#)

<sup>102</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 97](#)

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**131.** The Deputy Minister went on to note workforce issues as a particular concern for the Welsh Government. She told us that Health Education and Improvement Wales and Social Care Wales have developed a mental health workforce plan, which she said would “undoubtedly” benefit children and young people. She also highlighted funding of £14.4 million for the whole-school approach, funded equally by the Health and Social Care and the Education and Welsh Language MEGs, the development of sanctuary pilots, and the 111 ‘press 2 for mental health’ service.<sup>103</sup>

### **Children and Adolescent Mental Health Services (CAMHS)**

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**132.** In her written evidence, the Deputy Minister stated that CAMHS is a priority for the Welsh Government. Specifically, the paper commits to the implementation of the recommendations from the Welsh Government’s Delivery Unit’s review of CAMHS and to improving transitions from CAMHS to Adult Mental Health Services (AMHS).<sup>104</sup>

**133.** There has been a significant reduction in the number waiting for a specialist CAMHS first outpatient appointment. The most recent data (October 2022) shows 21 children waiting over four weeks, compared with 544 at October 2021.<sup>105</sup> We asked the Deputy Minister how confident she was that these improvements can be maintained, and whether there has been any impact on waiting times for follow-up appointments from the initial contact. The Deputy Minister told us that all the health boards are working on improvement trajectories, and reiterated that additional funding would be provided to implement any recommendations from the Delivery Unit review. She told us that there remain “performance challenges with under 18s, local primary mental health services, the referral to intervention Part 1(b) of the Measure”. She added that achieving sustainable change depends on the workforce. A workforce plan is being developed which will include both short-term and long-term measures “to make the system sustainable”.<sup>106</sup>

### **Perinatal mental health**

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**134.** The only inpatient Mother and Baby Unit in Wales is located in South Wales. In 2017, our predecessor Committee urged the Welsh Government to “engage as a matter of urgency to

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<sup>103</sup> Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 35-40

<sup>104</sup> Welsh Government, ‘Letter from the Minister for Health and Social Services to the Chair of the Children, Young People and Education Committee’, 21/12/2022, page 18

<sup>105</sup> Stats Wales, ‘CAMHS patient pathways waiting for a first appointment by month and grouped weeks’

<sup>106</sup> Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 35-43

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discuss options for the creation of a centre in north east Wales".<sup>107</sup> By the time we carried out scrutiny of the 2022-23 Draft Budget over 4 years later, we heard that "funding has already been identified to develop that service".<sup>108</sup> Then in September 2022, we received an update from the Deputy Minister for Mental Health and Wellbeing informing us that the Welsh Government was "expecting to make progress on major milestones" including "developing timescales for the commissioning of access to a Mother and Baby Unit for people living in North Wales".<sup>109</sup>

**135.** The Minister for Health and Social Services' written evidence to us states that we "Will also continue to improve perinatal services in line with the Royal College of Psychiatry Standards and improve access to psychological therapies."<sup>110</sup> We asked the Deputy Minister for assurances that people across Wales are going to get equal access to service in perinatal mental health. The Deputy Minister confirmed that the unit in south Wales "should continue and is providing appropriate care". She told us that she is "very committed to doing everything that we can to deliver MBU provision for north Wales", and is having monthly updates from the Welsh Health Specialised Services Committee. The Deputy Minister did not provide any specific timescales for the delivery for the Mother and Baby Unit.

**136.** When we asked the Deputy Minister to clarify what is happening to Welsh residents who need a mother and baby unit in north Wales, she told us that they would be offered a unit in England or in south Wales, which she acknowledged was "not ideal".<sup>111</sup>

## Physical health

### Healthy Weight: Healthy Wales

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**137.** As in 2022-23, the Welsh Government has allocated £6.6 million in 2023-24 to support the delivery of Healthy Weight: Healthy Wales and the 2022-24 Delivery Plan, including:

- £2.9m into delivery of the All-Wales weight management pathway;

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<sup>107</sup> National Assembly for Wales, 'Children, Young People and Education Committee: Perinatal mental health in Wales', October 2017, page 9

<sup>108</sup> Children, Young People and Education Committee, 13/01/22, Record of Proceedings, paragraph 155

<sup>109</sup> Welsh Government, 'Update on perinatal mental health inquiry recommendations', 23/09/2022

<sup>110</sup> Welsh Government, 'Letter from the Minister for Health and Social Services to the Chair of the Children, Young People and Education Committee', 21/12/2022, page 18

<sup>111</sup> Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 104

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- £600k to Public Health Wales to develop and support Children and Families pilots in Cardiff, Merthyr Tydfil and Anglesey, with a key focus on home-based intervention and prevention.

**138.** The Committee's report on the 2022—23 draft budget welcomed the £6.6 million investment but was concerned that "the Welsh Government is not focusing enough on preventing childhood obesity developing in the first place".<sup>112</sup> In their response, Welsh Government stated that "The Welsh Government's Healthy Weight: Healthy Wales strategy requires government to enable our children and young people to have access to education settings where physical and mental health remains a priority by promoting health and wellbeing at every opportunity".<sup>113</sup>

**139.** We asked the Deputy Minister whether £6.63 million was sufficient to address the obesity problem in Wales. The Deputy Minister told us that the £6.63 million is "only part of the money that health boards are deploying in this area", and that health boards are expected to use their core resources, too, underpinned by their duties under the Well-being of Future Generations (Wales) Act 2015. The Minister explained that the Welsh Government monitors how health boards spend their funding by regular updates about the development of local services. This sits underneath a "very high level" Healthy Weight: Healthy Wales implementation board, of which she is the chair.<sup>114</sup>

### **Eating disorder services**

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**140.** In her evidence paper, the Minister for Social Services writes that the "Welsh Government is committed to continued service improvement and an additional £2.5 million was allocated from 2022/23 to deliver eating disorder services".<sup>115</sup> We asked the Deputy Minister for Mental Health and Wellbeing how that funding will be used to improve eating disorder services. The Deputy Minister explained that:

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<sup>112</sup> Welsh Parliament, '[The 2022-23 Welsh Government Draft Budget](#)', February 2022, page 32

<sup>113</sup> Welsh Government, '[Welsh Government response to the recommendations from the Children, Young People and Education Committee report: the 2022-23 Welsh Government Draft Budget](#)', March 2022, page 5

<sup>114</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 63](#)

<sup>115</sup> Welsh Government, '[Letter from the Minister for Health and Social Services to the Chair of the Children, Young People and Education Committee](#)', 21/12/2022, page 18

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*"That additional funding is going to be targeted at continuing to meet the four-week waiting time for eating disorder services. We're making good progress; we've got the clinical lead now in place."<sup>116</sup>*

She told us that north Wales has "a speed team, where the vast majority of patients are being treated within the community". She stressed that the "gold standard" is to treat people in their homes and with their families. However, the Welsh Health Specialist Services Committee is also looking at in-patient provision for adults, which is planned over the next 2 to 3 years.<sup>117</sup>

## **Safeguarding and care experienced children**

**141.** 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 Main Expenditure Group (MEG), the responsibility for outcomes for children affected by these policy areas sits with the Minister and Deputy Ministers for Health and Social Services. .

**142.** In their responses to the Finance Committee's consultation on the 2023-24 Draft Budget, both the Welsh Local Government Association and Barnardo's Cymru raise concerns about the fragility of the children's social care workforce and subsequent financial pressures on local authorities arising from using agency staff to address staffing shortages, urging the Welsh Government to "invest in new efforts to ensure that children's social care is viewed as an attractive career opportunity that is well-paid, respected and supported". They also raise concern about a lack of fostering placements and the high cost of bespoke care.<sup>118</sup>

**143.** We asked the Deputy Minister for Social Services how she would respond to such significant concerns about funding a fragile workforce that's on the front line and mitigating safeguarding risks to children.

**144.** The Deputy Minister acknowledged that the social care workforce is "under stress", with difficulties in recruitment and retention. She told us that:

*The social services workforce grant was introduced in 2018-19, and in 2023-24 it's £45 million. This grant is used to support a range of workforce-related interventions in local authorities, in children's services, in staffing challenges, services for older people and dementia care. We also provide £7.15 million for*

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<sup>116</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 66](#)

<sup>117</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 67](#)

<sup>118</sup> [Written evidence, WGDB\\_23-24.29 WLGA, pages 8-9](#) and [Written evidence, WGDB\\_23-24.17 Barnardo's Cymru](#)

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*the sector through a Social Care Wales workforce development grant, and that's administered by Social Care Wales through the local authorities.*

She went on to highlight the following interventions:

- Social Care Wales' workforce plan for the social work profession, which includes a post-qualification framework that aims to make the social work profession as attractive as possible.
- A funding package of almost £10 million to help undergraduate and postgraduate social work students in Wales. The bursary for students will increase from £6 million to £10 million over the next three years.
- Working with the Association of Directors of Social Services and local authorities to improve the use of agency staff with a view to reducing dependency on agency staff by local authorities, whilst recognising that "when there are crises, you do need agency staff".
- Working with the social care sector to support social care employers to recruit workers from overseas.<sup>119</sup>

## **Services for care experienced children**

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**145.** In the Programme for Government, the Welsh Government has committed to "Explore radical reform of current services for children looked after and care leavers".<sup>120</sup> We are currently taking evidence in an inquiry which explores what that radical reform could look like.<sup>121</sup> We asked the Deputy Minister for Social Services a series of questions about how that radical reform is will be funded.

**146.** A Welsh Government official summarised that there are "three key funding streams that come together": the looked after children change fund, the radical reform fund, and funding for the elimination-of-profit from foster care.<sup>122</sup>

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<sup>119</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 107-111, 118, and 122-123](#)

<sup>120</sup> Welsh Government, 'Programme for Government – Update', Page 3

<sup>121</sup> Welsh Parliament, 'Services for care experienced children: exploring radical reform'

<sup>122</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 131](#)

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### **The looked after children change fund (previously the 'invest to save fund')**

**147.** The Welsh Government's budget improvement plan says that the 'Invest to Save fund' has been refocused to "concentrate on taking forward our Programme for Government commitments relating to improving outcomes for looked after children across Wales."<sup>123</sup> We asked the Deputy Minister to clarify how the Invest-to-Save Fund is being used.

**148.** The Deputy Minister for Social Services told us that the fund has now been dedicated to children, and has been renamed the 'looked-after children change fund' accordingly. She explained that the budget remains in the Finance and Local Government Main Expenditure Group, and "it's been made available to Welsh Treasury and social care policy officials to come forward with proposals". She told us that, although it's "difficult to actually predict the amount that will be available in the fund each year", it's anticipated that there will be:

- £3.6 million in 2023-24
- £4.3 million in 2024-25
- £2.8 million in 2025-26

**149.** The Deputy Minister confirmed that funding of £870,000 had already been agreed for a three-year pilot scheme, which involves "specialist, highly trained family support foster carers, who will provide intensive support to families—so, keeping the children at home, and the foster carers are going in and giving as much support as they possibly can". The Welsh Government also hopes to provide £5.6 million to Foster Wales, £1.6 million to the National Adoption service and £869,000 for parental advocacy.

### **The radical reform fund**

**150.** We are therefore particularly interested in an allocation in the Social care Reform Fund for radical reform of children's services, which has increased from £3 million in 2022-23 to £10 million in 2023-24. We asked the Deputy Minister for Social Services to clarify exactly what new reform the £3 million was for, and what reform the additional £7 million is intended to fund.

**151.** The Deputy Minister told us that the work on the transformation programme was supported originally by £3 million, and that has increased to £7 million in 2023-24. She went on:

*"That will build on the work that we've been doing so far on preventative interventions for families with children on the edge of care, and that will*

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<sup>123</sup> Welsh Government, 'Budget Improvement Plan 2023-24', December 2022, page 4



*include a national practice framework where we hope we'll have consistent practice throughout Wales. We'll increase provision for children with complex needs on a regional basis and also strengthen corporate parenting [...]"<sup>124</sup>*

### **Funding for the elimination of profit from foster care**

**152.** The Welsh Government's Programme for Government commits to "Eliminate private profit from the care of children looked after".<sup>125</sup> On 17 August 2022, the Welsh Government launched a consultation on proposed legislation to delivery the commitment. The consultation closed on 7 November 2022. At the time of writing, responses to the consultation are currently being reviewed.<sup>126</sup>

**153.** A Welsh Government official told us that expenditure on eliminating profit from foster care will be £10 million in the 2022-23 financial year, £16 million in 2023-24, rising to £19 million in 2024-25.<sup>127</sup>

### **The national minimum allowance for foster and kinship carers**

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**154.** The Minister for Health and Social Services' written evidence to us refers to a "comprehensive review of the National Minimum Allowance, which is the basic core allowance that foster and kinship carers receive to cover the costs involved in looking after the children in their care."<sup>128</sup> The review was undertaken in 2020. We asked the Deputy Minister why there has been a delay in taking forward the findings of that review, whether there would be any changes to rates in the forthcoming National Minimum Allowance letter for 2023-26, and whether the new rates would apply to Independent Fostering Providers as well as local authorities.

**155.** The Deputy Minister confirmed to us that the letter with the new rates is expected "in the coming weeks", and will apply to both local authority and independent foster carers. She told us that responding to COVID has "helped to cause a delay" in responding to the review's findings,

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<sup>124</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 113-115](#)

<sup>125</sup> Welsh Government, ['Programme for Government – Update'](#), Page 3

<sup>126</sup> Welsh Government, ['Proposed changes to legislation on social care and continuing health care'](#), 07/11/2022

<sup>127</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 131](#)

<sup>128</sup> Welsh Government, ['Letter from the Minister for Health and Social Services to the Chair of the Children, Young People and Education Committee'](#), 21/12/2022, page 40

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and that Welsh Government is calculating the costs of looking after a child, which was part of the review. She went on to discuss kinship carers:

*"[...] we have been using kinship carers much more frequently now than we ever did in the past, and it's something that we support strongly. Because we do feel that if a child can't live in his or her home, they should be with someone in the family, if possible. And there has been a lot of concern about the rates that are paid to kinship carers, and we are hoping to harmonise those as well, to make a much more comprehensive package."*<sup>129</sup>

**156.** She told us that the funding of fostering services is "quite a complicated subject", and comprises three strands:

- An allowance for the child, using the national minimum allowance framework, currently set by the Welsh Government;
- An additional fee for fostering, which is the foster carers payment for undertaking the role, and this can vary enormously across the different local authorities in Wales, and that's set by the fostering service; and
- Additional payments, for times such as Christmas or special occasions.

She went on to explain that:

*"the 22 local authorities provide different payment levels to their foster carers, and often, it's very complex differences and quite substantial differences. So, Foster Wales are working on harmonising all the payments made to foster carers, and the national minimum allowance is one of those payments."*<sup>130</sup>

## **Flying Start and the childcare offer**

**157.** The Welsh Government's evidence paper states that £10 million will be allocated to support the expansion of Flying Start to help meet the Programme for Government commitment to deliver a phased expansion of early years provision to include all two-year-

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<sup>129</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 134-136](#)

<sup>130</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 134](#)

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olds.<sup>131</sup> The funding for Flying Start sits within the Children and Communities Grant, a £171 million grant which amalgamated 7 previously ring-fenced grants.

**158.** We asked the Deputy Minister how she could guarantee that this money will be spent on Flying Start children. The Deputy Minister for Social Services confirmed to us that the funding for Flying Start expansion is ring-fenced within the Children and Communities Grant, unlike the rest of the grant. She assured us that "that funding is very carefully guarded and will be used for the purposes it was intended for."<sup>132</sup>

**159.** In its response to the Finance Committee consultation on the 2023-24 Draft Budget, Chwarae Teg welcomed the Welsh Government's additional investment in children. However, it added that "expanding provision to two year olds through Flying Start has clear limitation" as it only provides part-time provision and is largely limited to certain postcodes. It goes on to say that "Flying Start must evolve to ensure parents of two year olds have access to the same 30 hours of support that parents of three year olds can access through the Childcare Offer".<sup>133</sup> We asked the Deputy Minister how realistic are the calls for future expansion of the childcare offer.

**160.** The Deputy Minister told us that expanding Flying Start was a "process" and that:

*"I hope the organisations that are giving this evidence [...] recognise that expanding Flying Start in these difficult circumstances shows the commitment of the Welsh Government, and it shows the commitment of the co-operation agreement, to achieve more for children."*

She went on to confirm that the Welsh Government has committed to a phased expansion of the childcare offer, which is intended eventually to reach all 2-year-olds. The expansion has started by investing money in the most deprived areas. She told us that the Welsh Government is current in phase 1 of the expansion, and phase 2 will start in April.<sup>134</sup>

**161.** The Deputy Minister also highlighted the childcare offer to 3- and 4-year-olds, which since September 2022 has been expanded to include children of parents in education and training to

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<sup>131</sup> Welsh Government, '**Letter from the Minister for Health and Social Services to the Chair of the Children, Young People and Education Committee**', 21/12/2022, page 45

<sup>132</sup> **Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraphs 140**

<sup>133</sup> Written evidence, WGDB\_23-24.10.Chwarae.Teg, page 4

<sup>134</sup> **Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 146-147**

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fill in some of the gaps in existing provision. She also confirmed that the hourly rate for childcare has increased from £4.50 to £5.<sup>135</sup>

## Child poverty

**162.** According to the Observatory on Human Rights of Children and Children's Legal Centre Wales, more than 34% of children in Wales live in poverty. It calls for "a coherent and cross-governmental child poverty strategy and action plan that clearly demonstrates how policies across ministerial portfolios will be adequately financed to urgently address child poverty."<sup>136</sup> Both Audit Wales<sup>137</sup> and The Children's Commissioner for Wales agree. In recent correspondence to us, the Children's Commissioner wrote:

*"I would like to see Welsh Government produce a Child Poverty Action Plan which would enable Welsh Government to focus efforts and resources on achieving measurable targets and outcomes through specific and time-bound actions. This would also enable Welsh Government itself as well as stakeholders like myself to measure and track progress towards these outcomes and therefore to hold Welsh Government to account."<sup>138</sup>*

**163.** We asked the Deputy Minister for Social Services when the Welsh Governments' new child poverty strategy will be published, and if it will include an action plan and spending plans. The Deputy Minister told us that "the strategy will set out the long-term objectives for tackling child poverty in Wales".<sup>139</sup>

**164.** We pushed the Deputy Minister on whether there will be an action plan with actions tied to a clear timeline and plans for expenditure, as the Children's Commissioner and other stakeholders have called for. The Deputy Minister said that "I'm sure there will be an action plan, but, obviously, at the moment, we need to work on the strategy" which "will be coming out this year". She added that:

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<sup>135</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 148](#)

<sup>136</sup> [Written evidence, WGDB 23-24 16 Observatory on Human Rights of Children and Children's Legal Centre Wales](#)

<sup>137</sup> Audit Wales, 'Time for Change' - Poverty in Wales', November 2022, page 7

<sup>138</sup> Children's Commissioner for Wales, 'Re: Annual scrutiny follow-up', 12/01/2023

<sup>139</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 152-154](#)

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*"I think we have to have a long-term strategy, but that's got to be in the context that so many of these levers are with the UK Government, so it's going to be very difficult to get a strategy unless we have a Government in the UK that recognises its responsibility in terms of running the benefits system, for example."<sup>140</sup>*

We pushed the Minister and Deputy Ministers to commit to an action plan to ensure that Welsh Government funding to eradicate inequalities for children was used effectively. In response, the Minister for Social Services acknowledged that "what we can do—you're quite right—is to try and effect change within where we are able to in Wales. One of the key things, I think, that we are aware of, is that preventative action is much better than trying to fix it afterwards". However, she stressed that "unless we get significant changes from the UK Government, then the issue of child poverty is going to remain a serious challenge for us here in Wales."<sup>141</sup>

## Our view

### CAMHS

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**165.** We, alongside the Health and Social Care Committee, welcome the significant reduction in the number of children waiting for a specialist CAMHS first outpatient appointment. That alone is a real achievement for the Welsh Government, CAMHS staff, and the medical, therapeutic and support staff who work for different public and third sector bodies to support children and young people with their mental health. We very much hope that the improvement trajectory can be sustained.

**166.** We are, however, conscious that the first outpatient appointment may be only the start of a young person's journey with CAMHS. We therefore join the Health and Social Care Committee in asking the Welsh Government to provide data setting out waiting times for the first appointment with CAMHS, the proportion of young people who are offered second appointments, and the waiting times for those appointments, broken down by local health board. We ask the Welsh Government to commit to providing us with this data at when it responds to this report, and at six monthly intervals thereafter.

**Recommendation 16.** The Children, Young People and Education Committee and the Health and Social Care Committee jointly recommend that in its responses to our reports, and

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<sup>140</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 158](#)

<sup>141</sup> [Children, Young People and Education Committee, 18/01/2023, Record of Proceedings, paragraph 164](#)

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at 6-monthly intervals thereafter, the Welsh Government must provide both committees with data, broken down by local health board, setting out:

- waiting times for the first appointment with CAMHS;
- the proportion of young people who are offered second appointments; and
- the waiting times for second appointments.

### **Safeguarding and care experienced children**

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**167.** We welcome and support the Welsh Government's work in relation to reducing local authorities' dependency on agency staff. We acknowledge the Deputy Minister's points that agency staff play a critical role in the wider social care workforce. However, we know that, per hour, agency staff are much more expensive than employing staff directly. The extra costs of using agency staff to fill vacancies in the local authority workforce can be a burden on local authorities' children's services' budgets, which we appreciate are already under significant pressure.

**168.** However, from the evidence we received in relation to the Draft Budget 2023-24, we are unsure what - and whom - this work involves, when it is due to be completed, and how much it will cost. We will explore these issues further as part of our ongoing inquiry into services for care experienced children. In the meantime, we ask the Welsh Government to provide us with more detail about this important stream of work.

**Recommendation 17.** The Welsh Government must clarify the following in relation to its programme of work to reduce the significant costs of employing agency social services staff on local authorities:

- The programme's terms of reference
- Key timelines relating to its delivery
- The stakeholders that will work alongside the Welsh Government
- The programme's governance arrangements: how the work is being delivered, monitored and evaluated
- Estimated funding allocated to the programme per financial year

**169.** We welcome the detail that the Deputy Minister for Social Services and her officials provided about the looked after children change fund, the radical reform fund, and funding for

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the elimination-of-profit from foster care when they gave evidence to us. We very much regret that this information was not provided in the written evidence submitted to us given our specific request in relation to care experienced children. To ensure that we have the most up-to-date and accurate information, we ask the Welsh Government to clarify and expand on the information they set out verbally in relation to those three funding streams.

**Recommendation 18.** The Welsh Government must provide a project-level breakdown of the of the looked after children change fund, the radical reform fund, and funding for the elimination-of-profit from foster care. That breakdown must include a summary of the purpose of those projects, their key deliverables, funding allocated to - and timetables associated with - their delivery. The Welsh Government should also explain why this information was not provided to the Committee in its written evidence submitted to us on 21/12/2022 as requested.

## **Child poverty**

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**170.** The primary focus of the Senedd's scrutiny of the Draft Budget is the Welsh Government's proposed use of funding for the financial year(s) ahead. Clearly, many, if not all, of the issues we consider during scrutiny of the Draft Budget are affected by decisions made by the UK Government. It is completely appropriate for the Welsh Government to highlight where decisions made by the UK Government (or others) have a material impact on the Welsh Government's Draft Budget. This is an inevitable consequence of the mechanisms by which the Welsh Government receives most of its funding, and the complexity and inter-related nature of the devolution settlement.

**171.** We do not dispute the Welsh Government's claim that that many of the levers to tackle child poverty lay with the UK Government. However, that does not negate the need for the Welsh Government to set out clearly how it will use whatever levers are within its gift to reduce child poverty here in Wales.

**172.** We were unconvinced by the Deputy Minister for Social Services argument that priority needs to be given to a long-term strategy, and that specific actions to deliver that strategy will come later. The Welsh Government has produced long-term strategies before. Now, in the middle of a cost of living crisis, we cannot afford to wait for concrete actions. Lifting children out of poverty is more urgent than ever.

**173.** It seems clear to us that the long-term strategy is self-evident: to eradicate child poverty. The actions that the Welsh Government intend to take to do so, however, are clearly much more complicated. We therefore echo the calls of the Children's Commissioner for Wales, Audit Wales and others for the Welsh Government to prioritise the development of a child poverty

action plan with clear, costed, deliverable, measurable and time-bound actions that are within the gift of the Welsh Government.

**Recommendation 19.** The Welsh Government must produce, within 6 months, the development of an action plan to eradicate child poverty in Wales. The action plan must set out clear, costed, deliverable, measurable and time-bound actions that are within the gift of the Welsh Government to take to eradicate child poverty in Wales.