

## E&L Committee

### Follow-up report. Arrangements for School Funding

#### Government response.

I appreciate the Committee's continued interest in school funding and was grateful to have an opportunity to present evidence. However, I am disappointed that the report has concentrated on issues to which I have responded previously and where the Welsh Assembly Government's policy is clear. Education policy, and the Welsh Assembly Government's relationship with and expectations of local government, have changed considerably since 2006 when the first School Funding Committee Report was published. School funding needs to be considered in that evolving context. My responses refer to the wider context in which school funding needs to be understood.

**We recommend that the Welsh Government should review school funding mechanisms to reduce obscurity, complexity and disparity within the current system, to improve its responsiveness to current and future need, and to focus on desired outcomes. We also recommend that new approaches to funding distribution should be subject to robust scrutiny and a timetable for implementation published so that progress can be monitored.**

I accept the **first recommendation** in principle. We will continue to strive to improve the clarity of information and understanding of how school funding is derived. However, the Welsh Assembly Government is not prepared to undertake a fundamental review of funding mechanisms as this is unnecessary. Schools are not funded in the way the report appears to suggest. The Welsh Assembly Government's policy is that local government is best placed to maintain schools, to organise and to fund them. Local government is responsible for managing and delivering a wide range of local services; schools are one of these services. Accordingly, school funding (with the exception of sixth form funding) and local government funding cannot be treated as separate entities; a point that does not seem to be understood by some who gave evidence to the Committee.

The Welsh Assembly Government's role is to set the broad strategic direction for education; to provide the legal and macro-policy context and to make sure that local government works with us within that framework. It is not the Assembly Government's role to micro-manage delivery and that, ordinarily, includes matters of resource. The regulatory framework establishes the principles which local authorities must use when distributing funds to schools. The regulations are clear and consistent and ensure that all local authorities take account of important drivers like pupil numbers or deprivation and sparsity, for example.

Authorities are required to have school budget fora which allow for input from schools before setting their school budget each year, but ultimately decisions are a matter for individual authorities in the light of local needs and priorities across all services for which they are responsible.

These arrangements contain complexities but only such as are necessary to meet the differing needs within the Welsh education community and to allow local authorities

sufficient discretion to fund, organise and support schools in what they, the local decision makers consider to be best. Local decision making inevitably generates a degree of disparity; the alternatives, which the Welsh Assembly Government reject, are direct funding of schools or a detailed national funding formula which all authorities must use. Complexity should not be confused with flexibility and local discretion for decision making.

However the Welsh Assembly Government recognises that local government needs to be responsive and that there needs to be focus on current and future need. To increase focus on outcomes, we are introducing outcome agreements for local authorities for all areas of service delivery. The Assembly Government will scrutinise authority performance against them and we will focus on results. I will return to this in more detail later in this response.

**Financial implications:** None

**We recommend that the Welsh Government should provide us with early sight of its response in the Finance Committee's report, and that it should not only look to improve the transparency of information about educational grants and reduce the bureaucracy of administering them but seek to replace inappropriate use of grants with a more targeted and sustainable approach.**

I accept the committee's **second recommendation** although it has been overtaken by events because my response to the Finance Committee's report was published on 14 September. In that response the Government accepted all bar one of the Finance Committee's recommendations including a commitment to improving information about existing specific grants and a review of the protocol arrangements for the use of specific grant funding.

**Financial implications:** None

**We recommend that the Welsh Government should improve the transparency, comparability and consistency of published information on school funding in Wales, both on the funding distributed to local authorities and in turn to schools; also the requirements for reporting on education expenditure.**

With regard to the **third recommendation**, which I accept in principle, I would point out again, as I did in my evidence, that the Assembly Government has done much to ensure transparency, comparability and consistency of published information. We will make further improvements if we judge them necessary. I am content that the present situation is appropriate.

**Financial implications:** None. Ongoing monitoring and assessment is a part of my officials' work programme

**We recommend that the Welsh Government commission an independent review of schools' revenue needs which would form a basis for agreement between the Welsh Government and local authorities on a recommended minimum funding requirement in respect of local authorities' education spend.**

I am able to accept in part the committee's **fourth recommendation**. Local Authorities and the Assembly Government need to work together well in order for education services, particularly schools, to run well and improve. I cannot however agree with the need for an independent review or with the stated goal for that review of agreeing a recommended minimum funding requirement in respect of local authorities' education spend. A similar recommendation was made by the School Funding Committee and to take such a recommendation forward would cut across the significant improvement programmes through which we are transforming our schools system and would ignore the very important fact that it is entirely appropriate for there to be differences.

It is not possible to be in favour of local democracy and supportive of local authorities' role in service delivery yet expect there to be no differences in spending levels or delegation arrangements for an individual service such as education. There will always be differences. It is of course appropriate for bodies such as those whose evidence is quoted in the report to question whether authorities devote a fair proportion of what they receive for education but that question must be directed to each local authority individually.

Things have moved on significantly since the first committee report with a much sharper focus on what we expect of local government and schools. We have taken radical steps to renew and refresh the relationship between the Welsh Assembly Government and Local Government, in ways which respect both our national strategic agenda and the local discretion and autonomy that local authorities need if they are to serve people well. My colleague the Minister for Social Justice and Local Government aims to capture this in a formal understanding with Welsh local authorities shortly. This mature relationship will focus not on processes or inputs but on delivering quality local outcomes, and we will in turn capture the detail of that in consensually-developed outcome agreements with each local authority. These agreements will clearly align national priorities – including priorities for school education – with local needs and capacities to deliver. Through this focus on outcomes we will provide local government with greater freedom and flexibility that they need to improve performance across all the service sectors for which they are responsible. There is no need for a review. Funding for schools is for Local Government to determine as with all other service areas and through the distribution sub group there are monitoring processes in place to ensure compliance.

**Financial implications:** None

**We welcome the Minister's willingness to receive comment and feedback on improving the school funding website and we recommend that the Welsh Government should review the accessibility and interactivity of the website to ensure it is fit for purpose by seeking the views of stakeholders.**

As the committee's **fifth recommendation** states I am happy to receive feedback with regard to the school funding section of the Assembly Government website. In addition to this my officials will look again at the positioning of the pages within the wider assembly site in order to make any improvements possible.

**Financial implications:** None

**We recommend that the Welsh Government should work with local authorities to ensure that capital investment in schools is clearly identifiable and that allocated funds are fully utilised on education capital spending.**

The committee's **sixth recommendation** that the Assembly Government works with local authorities to ensure that capital funding for schools is clearly identifiable, and that allocated funds are fully utilised on education capital spending, is accepted. Work to do this is already well underway through the development and implementation of the 21st Century Schools Programme.

The 21st Century Schools Programme will be a sustainable long term programme of work to improve and rebuild schools across Wales. The programme will represent a step-change in the strategic investment in education in Wales; with a move away from individual projects to a programme basis approach to capital investment in schools. The Assembly Government is developing the programme in partnership with Welsh Local Government Association (WLGA), local authorities, fforwm and church bodies. This partnership arrangement involves the co-production of policy and necessitates need to maintain a close engagement with Local Authorities.

This new programme of investment will look to target investment where there is a state of readiness; but more importantly where there is an identified need. The criteria for this targeted funding are also being developed in partnership with the WLGA. The programme has also initiated an estate survey to establish the condition of all schools in Wales. This survey will assist in identifying investment need. The programme will also look to assist Local Authorities in finding ways to joining up funding from DCELLS, Local Authorities' own capital, European investment where applicable, and with other public services in health, leisure, social services for the creation of facilities for the whole of the community.

**Financial implications:** None

**We recommend that the Welsh Government's proposed good practice on school forums should include clear guidance on their expected role and responsibilities and should draw from the recommendations of the National Foundation for Education Research review to ensure the best funding outcomes for schools.**

The committee's **seventh recommendation** reflects my plans for revising guidance around school fora very closely and as such I am happy to accept it in full. I commissioned the review of the operation of schools forums in Wales to ascertain how the system is working and how improvements might be made. My officials are currently drafting a new best practice guidance document which will of course reflect upon all the messages raised in the report I commissioned from NfER – we commissioned the work for that very purpose.

**Financial implications:** None. This work already features in my officials' work programme and costs are met by existing resources.

**We recommend that the Welsh Government should evaluate the impact of the two separate funding models for pre-16 and post-16 education on collaborative working for 14-19 education provision**

I accept the **eighth recommendation** in principle. I recognise that the 14-19 initiative straddles statutory and non-statutory education that are funded by different methods. However it would be premature to conduct a review at this stage. 14-19 is still in its early stages and its success is dependent upon the behaviour of those operating the system as much as on the system itself. The policy is based on the premise that local authorities and education providers need to work selflessly, efficiently and effectively and to put the needs of learners first. That process of system transformation is ongoing - there is still much to be done - and it would be counter productive to look at underpinning elements of the system in isolation at this point in time.

Collaboration is very much the watch word for Welsh education and the Assembly Government's core theme for working better and smarter in our aim to raise attainments and to improve learning opportunities. Collaboration between institutions, schools, across geographical and sectoral boundaries and among peers must improve. The School Effectiveness Framework is designed to embed collaborative working throughout Welsh education at all levels of the system; the Quality and Effectiveness Framework for post-school providers has a similar aim. Through our principles of tri-level reform the SEF will allow the sharing of knowledge, expertise and best practice between school, local authority and Welsh Assembly Government and any combination therein.

It will only be appropriate to undertake a review of the underpinning funding systems at such time as 14-19 and SEF and the collaborative ways of working inherent in them have been given the opportunity to become embedded and for their relative success to have been appropriately evaluated.

**Financial implications:** None

**We recommend that the Welsh Government should evaluate carefully the progress and implementation of the Learning and Skills (Wales) Measure 2009 including the funding of local curricula and the number of pupils who are unable to follow a course of their choice because of “disproportional expenditure”.**

I am happy to accept the Committee's **ninth recommendation**. We will of course be monitoring the implementation of the Learning and Skills (Wales) Measure very closely to ensure young people are offered the minimum number of options at both Key Stage 4 and post 16. This information is currently provided as part of the 14-19 Annual Network Development Plan process, and provision has been made for this information to be monitored via the Careers Wales online database. There is also regular liaison with Estyn. It is paramount that learners' demands lead 14-19 and that there is continuity of provision, although not necessarily provider, for them. Naturally there will be occasions when it is not practicable to offer a learner everything s/he would like – just as sometimes happens within any curriculum choice model. However I believe that it is rare for 'disproportionate expenditure' to drive decision making.

**Financial implications:** None. Monitoring and evaluating implementation of the Learning and Skills (Wales) Measure 2009 is a key part of an existing programme of work and as such will be met from existing resources .

**We recommend that the Welsh Government should continue to make progress on developing a sustainable and symbiotic relationship between education policy objectives and the school funding system that delivers them.**

I am very happy to express my support for the aims behind the committee's **tenth recommendation**. I have explained that the government is moving toward a system of outcome agreements and that this will be how local government performance is monitored and managed and this will very much offer change in the relationship between the policy objectives and the ways in which funding is allocated to those responsible for delivering them. I am seeking to appropriately align inputs – the School Effectiveness Framework, 21<sup>st</sup> Century Schools and the emphasis that needs to be placed by authorities on school performance and organisation, with the improvement in attainments by learners in a way that has not previously been seen in public services. Education is at the vanguard of this work and we look forward to seeing the benefits of this but we will not run before walking.

**Financial implications:** None.