

Kirsty Williams AM
Cabinet Secretary for Education
Welsh Government

14 March 2018

Dear Kirsty

Thank you for your update, received 28 February 2018, on your response to the Committee's Recommendation 7 in its report on the Welsh Government 2018-19 draft budget.

Your response appears to confirm that funding to support the educational outcomes of Gypsy, Roma and Traveller, and Minority Ethnic learners is indeed being removed from the Educational Improvement Grant (EIG) and is to be provided from the un-hypothecated Revenue Support Grant (RSG). The Committee noted your update at its meeting of 8 March 2018 and decided to write to you to raise a number of points on this matter.

These points relate to first, the decision to fund this area of provision from the RSG rather than the EIG, and secondly, the mechanism for moving this funding from the EIG to the RSG.

Decision to further de-hypothecate funding for Gypsy, Roma and Traveller, and Minority Ethnic learners

As you are aware from the Committee's *Education Improvement Grant: Gypsy, Roma and Traveller, and Minority Ethnic Children*, we are concerned about the impact the amalgamation of former ring-fenced grants into the EIG from 2015-16 has had on these groups of pupils. The Committee concluded from the evidence it received that, following the merging of the previous individual grants into the un-



hypothecated EIG, there was a lack of monitoring of how funding is being used to support the educational outcomes of these learners and a lack of evaluation of the impact it is having.

You accepted a number of recommendations aimed at improving the monitoring and evaluation of the EIG, specifically in relation to Gypsy, Roma and Traveller, and Minority Ethnic learners. For example, you committed to strengthening the outcomes framework for the EIG, accepting in principle a recommendation that such a framework should make far more specific reference to the intended outcomes for Gypsy, Roma and Traveller, and Minority Ethnic learners. In the Plenary debate on 3 May 2017 you said:

One of the recommendations I am particularly very strongly in agreement with, and that is that the current education performance framework is not sufficiently robust. It simply is not, and there was no hiding from that during the committee sessions. (...)

It [the Committee's 'valuable report'] has strengthened my arm in being able to galvanise action within the department, especially with regard to monitoring.

However, it appears this 'more robust outcomes framework' will in the future have no benefits for Gypsy, Roma and Traveller, and Minority Ethnic learners, as a result of the decision to remove the relevant funding from the EIG. When the Committee recommended you consider whether the introduction of the Education Improvement Grant has improved outcomes for these groups of learners and keep the funding model under review during this Assembly, we did not envisage that one year later this funding would be de-hypothecated further and local authorities expected to find it from the RSG.

Whilst the Committee recognises that there has been a Welsh Government-wide approach of 'reprioritising' local government funding through a shift away from



specific grants towards the RSG, we are disappointed with this decision and believe it goes against the direction of travel set out in your response to our inquiry.

We note that one of the purposes of the reprioritisation of local government funding is to protect frontline school budgets. However, as discussed further on in this letter, it is not apparent to us how the Welsh Government has made available in the RSG the £13 million removed from the EIG. We would therefore be grateful for further information in response to the following questions:

- **How does the Welsh Government plan to monitor and evaluate the outcomes from funding in the RSG to support Gypsy, Roma and Traveller, and Minority Ethnic learners?**
- **How will the Welsh Government act on the Committee's recommendations, which you accepted, in terms of the impact and outcomes of the EIG on these groups of learners, now the funding sits outside the EIG?**
- **Can you provide the Committee with a copy of the Child Rights Impact Assessment (CRIA) and Equality Impact Assessment, undertaken by the Welsh Government before making the decision to change the way funding for these groups of learners is provided?**
- **How did the Child Rights Impact Assessment (CRIA) and Equality Impact Assessment influence the Welsh Government's decisions when taking this decision?**

Movement of funding from the EIG to the RSG

In addition to the Committee's concerns about the decision to further de-hypothecate the funding for Gypsy, Roma and Traveller, and Minority Ethnic learners, we are particularly concerned about ensuring transparency in the exact way this money is moving to the RSG.



The Local Government Settlement for 2018–19 (Excel Table 9) shows that the value of the EIG is reducing by £15 million from £133 in 2017–18 to £118 million in 2018–19. During draft budget scrutiny, you informed the Committee that £2 million of this is an actual reduction, while £13 million is being ‘removed’ from the EIG and ‘made available’ to local authorities through the RSG. However, it is not clear how this is contained in the RSG for 2018–19 as it is not listed amongst the grant transfers in Table 8 of the Settlement.

You stated in your most recent update to the Committee that ‘this’ (we assume the removal from the EIG of the £13 million) does not constitute a grant transfer and is therefore not subject to the same processes and distributional considerations. We understand that the usual process when grant funding transfers to the RSG is for the Distribution Sub Group to recommend how this is undertaken. An example is that a new Indicator Based Assessment (IBA) may be added to the information published as part of the Local Government Settlement to demonstrate notionally how the RSG has been calculated. This has happened in the case of a number of grants transferred in 2018–19, including the Social Workforce Grant, the Welsh Independent Living Grant and the Waste element of the Single Revenue Grant. This does not appear to be the case with the movement of the element of the EIG which supports Gypsy, Roma and Traveller, and Minority Ethnic education.

This causes considerable concern to the Committee. Whilst it is clear that the £13 million has been removed from the EIG, it is unclear whether this money will be transferred to the RSG and if it is, what the mechanism for this will be. Your paper to the Committee on the draft budget (page 39) stated that a ‘reduction’ to the EIG of £13.145 million in 2018–19 was financing a transfer to central reserves.

The Committee is aware that there are some concerns amongst local government that it risks being short-changed, i.e. expected to continue providing these services from RSG allocations but with no visible or obvious addition to that RSG



funding. As was highlighted during draft budget scrutiny (the Cabinet Secretary for Local Government and Public Services' letter to the Communities, Equality and Local Government Committee dated 13 November 2017), the schools element of the Aggregate External Finance has increased by only £1.5 million (0.1%) between 2017–18 and 2018–19.

Furthermore, the Committee is concerned that, without the requisite funding, local authorities may not continue providing these services to Gypsy, Roma and Traveller, and Minority Ethnic learners or they may scale them back significantly.

The Committee notes that the Welsh Government is providing £5 million from reserves for 2018–19 to 'alleviate the impact on [Wales'] main urban authorities', and a further £2.5 million in 2018–19 to facilitate regional approaches to supporting these groups of learners. You state that this funding is 'additional' but it is unclear what this is additional to, given a lack of clarity over whether or not the money removed from the EIG is now in the RSG or in the Welsh Government's reserves.

We would be grateful if you could provide further information in response to the following questions:

- Can you provide further clarity on whether the £13.1 million is being transferred to the RSG and the mechanism by which this is happening? (*You state in your update that 'this' is not a grant transfer but can you confirm what 'this' means in this context?*)
- Can you confirm whether the £5 million you have allocated in 2018–19 for urban authorities is only available to Cardiff, Newport and Swansea and how is it being apportioned?
- What arrangements are in place to finance other local authorities' provision where they have Gypsy, Roma and Traveller or Minority Ethnic Learners? (*Whilst Cardiff, Newport and Swansea might have the largest concentrations*

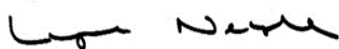


of these groups of learners, other local authorities also provide services to these learners. It is arguably more challenging and proportionately costly to ensure quality services in areas without a 'critical mass' of learners.)

- Can you provide details of how the £2.5 million allocated in 2018–19 to facilitate regional approaches will be apportioned between the four regions?
- Can you confirm that Wrexham will be the lead authority in the North Wales region (and if it is not receiving part of the £5 million, the reasons for that decision)?
- Are the £5 million and £2.5 million allocations in addition to the £13.1 million which the Welsh Government says has been made available within the RSG or does it actually constitute a £5.6 million reduction from the current level of funding? *(The Committee believes it is important to clarify this as you made a distinction during draft budget scrutiny between the £2 million 'reduction' to the EIG in 2018–19 and the 'removal' of the £13.1 million to be 'made available' in the RSG.)*
- Are the £5 million and £2.5 million allocations a one-off in 2018–19? What support will be provided on a recurring basis to fund this area of provision?

The Committee looks forward to receiving your response to the points raised in this letter, including the specific questions highlighted. We would appreciate an early response given the proximity to the new financial year.

Yours sincerely



Lynne Neagle AC / AM
Cadeirydd / Chair

