

## **Welsh Government Draft Budget Proposals**

### **NEU Cymru response**

#### **About the National Education Union Cymru:**

- The National Education Union Cymru stands up for the future of education. It brings together the voices of teachers, lecturers, support staff and leaders working in maintained and independent schools and colleges to form the largest education union in Wales.
- The National Education Union is affiliated to the Trades Union Congress (TUC), European Trade Union Committee for Education (ETUCE) and Education International (EI). It is not affiliated to any political party and seeks to work constructively with all the main political parties.
- Together, we'll shape the future of education.

#### **Consultation Responses**

1. What, in your opinion, has been the impact of the Welsh Government's 2018-19 budget?

The education sector is at the very edge of its capacity. We have said for many years that the education budget is under enormous pressure.

With the supplementary budget in June we saw £3 million moved from Work-Based Learning (WBL) provision. This could have an impact on the post-16 (PCET) sector, due to deliver us the skills and economic future which Wales needs.

In recent years the 'quiet crisis' impacting our schools due to a chronic lack of funding has not been adequately addressed and there is little in this budget that would offer succour to heads and senior leaders in these times of hardship as they seek to juggle finances.

Anecdotally we hear of schools effectively receiving stand still budgets for upwards of six or more years resulting in difficult decisions being made between staffing and resources or more frequently both.

Class sizes are being driven up, curriculum choice reduced, workload increased while school buildings deteriorate.

2. What expectations do you have of the 2019-20 draft budget proposals? How financially prepared is your organisation for the 2019- 20 financial year, and how robust is your ability to plan for future years?

Within the Draft budget we would expect to see the 3.5% pay increase for teachers promised by the UK Government. This statutory pay award is going to be met through managed expenditure in England, we understand. If WG fail to secure additional funds from the Treasury we would expect this money to come from outside of the Education budget in Wales.

Today (12 September), we are aware that a question was asked during Prime Ministers Questions in Westminster how the pay award would be met in Wales. The response has not yet provided concrete assurances and there will remain a concern regarding the additional funds required that the WG must still address regardless of what ultimately comes from the Treasury.

Taken as a whole, we believe education funding has been decreased enough with little sign, so far, of it abating. If WG is serious about Wales' future, education in all sectors should be its top priority.

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below?

- *Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early),*

*particularly in relation to the financing of local health boards and health and social care services*

From our perspective, the whole education budget should be preventative. A better education leads to improved outcomes throughout life.

Higher education may lead to an increase in life expectancy<sup>1</sup>. We also know that Higher education has a positive impact on wellbeing<sup>2</sup>, higher pay, more healthy behaviours and civic involvement<sup>3</sup>. These things are critical within “Education: Our national mission”, and underlie the very make up of a Government which looks to the Wellbeing of Future Generations.

- *Sustainability of public services, innovation and service transformation*

The Welsh Government has put forward significant plans to change the Post Compulsory Education and Training (PCET) sector. These changes will mean that the Tertiary Education and Research Commission for Wales (TERCW) will take over from HEFCW and provide funding for the whole of the PCET sector – including further education and potentially school sixth forms.

These are significant plans which will require legislation and significant investment from WG. This funding must not come from within the education budget, which is facing challenging times. This year, we have seen £3 million taken from WBL to help HEFCW plan higher level apprenticeships<sup>4</sup>. This is unacceptable.

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<sup>1</sup> <http://college.usatoday.com/2015/07/16/study-higher-education-can-help-you-live-longer/>

<sup>2</sup> <https://www.timeshighereducation.com/news/degrees-happiness-graduates-report-higher-well-being>

<sup>3</sup> <https://www.collegeboard.org/releases/2016/college-education-linked-to-higher-pay-job-security-healthier-behaviors-and-more-civic-involvement>

<sup>4</sup> <https://beta.gov.wales/1st-supplementary-budget-2018-2019>

- *Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform*

The WG has proposed changing eligibility for free school meals (FSM) in line with the English model. We are concerned that this will have a detrimental impact on the most disadvantaged pupils who have parents in insecure work arrangements. This will in turn impact the pupil development grant (PDG) available to the school and be detrimental to overall school budgets.

Whilst delegated school budgets have increased by a small amount annually<sup>5</sup>, because of inflation etc, they have decreased in real terms. They have also decreased significantly because expenditure which was previously met by the local authority is increasingly being passed down to schools.

- *The Welsh Government's planning and preparedness for Brexit*

We have not been party to any discussions around preparedness for Brexit but have previously written to the Committee outlining significant funding for the education sector from the EU.

- *How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax*

Any additional monies raised should result in a consequential increase in the education budget to return schools and colleges, at the minimum, to the positions they were in prior to austerity measures being implemented.

- *How evidence is driving Welsh Government priority setting and budget allocations*

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<sup>5</sup> <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue/Delegated-School-Budgets/delegatedschoolbudgetsperpupil-by-authority>

Given there has been no increase in the WG education budget we can only assume that more evidence is needed in this area.

We have seen recent research by the IFS which showed that schools funding in Wales has decreased significantly over time. Whilst we would dispute the 2010 figures (which WG's own statisticians said saw a funding gap between Wales and England of £604<sup>6</sup>), it has been useful to see that the level of schools funding in Wales has been unacceptable for many years.

We recognise there are challenges to funding, but we believe now is the time to invest in education funding in Wales. School are at budget breaking point. And without access to a well-funded, good education we know that young people will need more support as they go on through their lives – either as NEETs or from the health service for example. Therefore, the education budget is Wales' chance to ensure social justice and should be funded accordingly.

Post compulsory education and training (PCET) needs support too.

We would note the Bevan Foundation's report on young people, "I want to be something"<sup>7</sup>, points to access to education as a clear priority. Within that, the report lists barriers to education, including transport and other costs. Therefore, we think WG need to think about education in the round.

We would also add that PCET has benefits to wellbeing and health outcomes which cannot be ignored. To that end, we would like the WG to look holistically at the budget and consider the impacts different areas have on each other. For example, the adult and community learning (ACL) envelope has been much decreased in recent years, but could have impacts on wellbeing, especially for those with mental health problems or who are isolated in the community.

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<sup>6</sup> <https://www.bbc.co.uk/news/uk-wales-12280492>

<sup>7</sup> <https://www.bevanfoundation.org/publications/want-something-better-opportunities-young-people/>

Therefore, we believe increasing this budget would have positive impacts on other areas such as health and should be funded accordingly.

We have seen a series of financial pressures facing the education budget – with inflation adding to the strain. Our members tell us they are spending their own money on much needed resources equating to a tax on the profession in their work. A survey undertaken by the NEU in Wales has identified an average spend by members of £170 per year to purchase badly needed resources.

Further, attempts in trying to make cost savings has had an impact on critical services such as Breakfast clubs and other activities.

*- The Welsh Government policies to strengthen the economy and promote innovation*

We believe education is the future for strengthening the economy and promoting innovation in Wales. The bases of the Donaldson curriculum are to create 'ambitious capable learners', and yet the education budget appears to be reduced.

In the supplementary budget we saw £3 million from work-based learning. Whilst we see the need to develop 'higher level apprenticeships' this money should come from outside of the education budget.

### **Skills shortage**

This is borne out in a recent report from the Open University, which shows that there are significant skills gaps in the economy in Wales. The report found:

- 92% of senior business leaders in Wales report difficulties in hiring workers with the required skills
- Over half (58%) report their organisation has struggled because of the skills shortage in the last year

- 64 % struggled to hire for a management or leadership position in the past 12 months<sup>8</sup>

The report details that the cost to employers of the skills shortage at £350m a year, and says a long-term approach is needed:

“Employers in Wales are spending more than £350 million a year on the skills shortage but buying skills and not building them is a short-term approach, which ultimately won't pay dividends. It is crucial that organisations take a more sustainable approach, using training to address their skills gaps from within and reducing their spend in the long-term.

"Investing in work-based training, which allows workers to earn while they learn, will help Welsh organisations to bridge the divide between the skills available in the labour market and the skills they need, allowing them to focus on stability and growth in the future. Simply put, better training and development will result in more agile, loyal, motivated and productive workforces that are fully equipped to rise to new challenges and drive organisations forward."

#### - *How the Future Generations Act is influencing policy making*

In terms of the decrease in education funding we cannot see how the FG Act has had an influence over funding decisions. We believe that funding education should be a priority for the WG. Whilst health funding continues to increase, education funding has fallen.

If WG is serious about the prevention agenda and FG Act, they should be looking at increasingly using cross-portfolio monies to boost the education budget. Education is about addressing the skills shortages of now, but it is also mostly about building 'ambitious capable learners' who will be the future of Wales.

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<sup>8</sup> <http://www.open.ac.uk/wales/en/news/skills-shortage-costing-welsh-organisations-over-%C2%A3350-million>

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