

## CYPE(5)–14–16 – Papur | Paper 6

Cynulliad Cenedlaethol Cymru | National Assembly for Wales

Y Pwyllgor Plant, Pobl Ifanc ac Addysg | Children, Young People and Education Committee

Grant gwella addysg: Plant Sipsiwn, Roma a Theithwyr, a phlant o leiafrifoedd ethnig | Education Improvement Grant: Gypsy, Roma and Traveller, and Minority Ethnic Children

Ymateb gan : Cymdeithas Llywodraeth Leol Cymru

Response from : Welsh Local Government Association

### **INTRODUCTION**

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, the three national park authorities and the three fire and rescue authorities.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA welcomes the opportunity to provide evidence to the Children, Young People and Education Committee inquiry into the creation of the Education Improvement Grant. In drafting this response, the WLGA is guided by a number of key principles which underpin the work of the Association. The WLGA believes that decisions about services should be taken as close point of delivery as possible and that the people and communities using those services should be as engaged as possible in their delivery. It is also our belief that local services should be provided within a democratic framework of local accountability.
4. The WLGA recognises that it is the role of the Welsh Government to set the strategic framework and policy direction for services at a national level and that it is the role of local government to deliver those services taking account of the local circumstances and pressures. It is also recognised that services must be provided within a proportionate but effective regulatory framework to ensure that public resources are used appropriately and that services are delivered effectively and efficiently.

5. The WLGA has consistently argued for an un-hypothecated revenue support grant (RSG) as the best way of funding local government and that any new responsibilities or additional burdens placed on local government should be fully costed and appropriately funded.
6. The WLGA recognises that some policy initiatives or strategies need to have funding attached to them for specific periods of time to make sure that they become embedded and are delivered as intended. For this reason, the WLGA, by exception, supports the use of specific grants or the ring fencing of revenue funding for specified purposes on the understanding that funding will eventually return to the RSG.
7. The WLGA was closely involved in the discussions that led to the creation of the Education Improvement Grant (EIG). As a principle the WLGA supports the reduction the number of specific grants that the Welsh Government awards to local authorities in favour of funding for local government going into the Revenue Support Grant. The Association has argued for some time that there are too many specific grants in education and that too much resource is lost in the bureaucracy associated with audit and administration. It is widely accepted that between 5-10% of the value of specific grants is taken up by reporting, audit and administration costs. As stated above, however the Association recognises that in certain circumstances the use of grant funding is a useful method of pump priming programmes or supporting specific Welsh Government policy initiatives.
8. The WLGA has presented evidence to National Assembly for Wales Committees in previous years on the high number of specific grants used by Welsh Government in education and children's services. At one stage there were over 100 grants, each with their own terms and conditions and reporting mechanisms, representing a significant proportion of the education budget for local authorities. This number of specific grants represented an unacceptable bureaucratic burden on local authorities meaning that a significant amount of officer time was taken up accounting for these grants, but also the high number of grants restricted the ability of local authorities to direct funding toward services which meet the needs of their own communities. Numerous reports have recommended that the number of specific grants for local authorities be reduced, including the 2009 National Assembly for Wales Finance Committee report on school funding, the Hill Review in 2013 and the Williams Review in 2014.
9. Given the WLGA's position on specific grants the discussions between the Association and the then Education Minister, Huw Lewis, were welcomed and in total 11 grants were amalgamated into the single Education Improvement Grant. At the same time, 3

other grants were abolished completely. The hope on the part of local government was that a merger of these grants would lead to a more streamlined set of terms and conditions and a greater degree of flexibility to respond to local circumstances. The expectation was that this flexibility would in turn create efficiencies in terms of reduced bureaucracy and more of the funding going in to service delivery. Reducing the cost of administering the grants could also be deemed to offset any future cuts.

10. The 11 merged grants are detailed below along with the funding associated with each grant.

<b>Merged Grants</b>	
14-19 Learning Pathways	£4m
Foundation Phase	£97.750m
School Effectiveness Grant	£24.529m
Welsh in Education Grant	£5.130m
Minority Ethnic Achievement Grant and Gypsy Traveller Children	£8m (combined)
Induction	£0.4m
Lead and Emerging Practitioner Grant	£0.2m
Higher Level Teaching Assistants	£0.182m
Reading and Numeracy Test Support	
Band 4 and 5 funding	£0.830m (up to)
<b>Total</b>	<b>£141.021m</b>

11. Following discussions with local government it was decided by Welsh Government that the Education Improvement Grant, merging the 11 grants listed above, would commence in the financial year 2015-16. The proposed merger of the grants followed an in year cut of this group of grants of £4.4m in 2014-15 followed by a further £9m cut in 2015-16. This represented an overall cut in education grant funding over 2 years, from £155m in 2014-15 to £141m in 2015-16. These concerns over the reduction in the overall quantum of funding for the EIG were raised at a bilateral meeting between Welsh Government and the WLGA, in February of 2015 and a paper on the matter was taken to the WLGA Council on 28<sup>th</sup> February 2015, highlighting the cut in grant funding.

12. Additional concerns were also raised with the Welsh Government about the impact that the cut would have on the funding for Gypsy, Roma and Traveller and Minority Ethnic Children, given that at the time there was considerable anxiety about support for young people who were vulnerable to radicalisation. The main area of concern raised by the WLGA was that the terms and conditions of the EIG did not give scope for sufficient flexibility given that the vast proportion of the grant would be needed to support the delivery of the foundation phase; just under £100 million of the £141

million grant. The terms and conditions around the foundation phase at that time still required local authorities to meet the stated pupil-teacher/support staff ratios which effectively meant that funding did not have sufficient flexibility.

13. The Association is of the view that the best way to ensure that funding is used in the most effective and efficient way is to transfer the EIG into the RSG. This allows local authorities to make decisions about the use of that funding to ensure that services are delivered in a way that most appropriately meets the needs of their local community. The WLGA continues to lobby for the transfer of all specific grants into the local government RSG and in the run up to the 2016-17 local government settlement was in detailed discussions with the Welsh Government of the transfer of the EIG and other grants into the settlement. Some further grants have gone into the settlement but progress has been slow.
14. The WLGA has repeatedly called for subsidiarity in both decision-making and funding, believing that decisions are best made as close to the service user as possible whilst recognising that the Welsh Government sets the overall strategic direction.
15. In summary the WLGA supports the reduction in the number of specific grants for local authorities, in line with the recommendations in numerous independent reports. It is view of the WLGA however that amalgamating a number of grants into a single larger grant does not meet the needs of local authorities. The WLGA would support the transfer of the EIG funding into the RSG which would allow local authorities to delivery against national outcomes, meeting the Welsh Government's strategic priorities, whilst ensuring that funding supports the delivery of locally appropriate services.