



Llywodraeth Cymru
Welsh Government

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Pre-16 education budget reductions 2024 to 2025 and grant amalgamation: impact assessment

We assessed the impact of reductions to the pre-16 education budget and combining grants for pre-16 education funding.

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Contents

Overview

Section 1: What action is the Welsh Government considering and why?

Section 8: Conclusion

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Overview

This impact assessment considers the impacts of both:

- reductions in education budgets (schools) as part of the draft budget 2024 to 2025
- grant amalgamation proposal for education funding

Section 1: What action is the Welsh Government considering and why?

The following budget reductions are being implemented as part of the 2024 to 2025 draft budget:

- Curriculum & Assessment BEL (5162): £2.4m
- Teacher Development and Support BEL (4880): £2.3m
- Tackling Barriers to Attainment – School Essentials (4764): £0.5m
- Food & Nutrition in Schools BEL (5219): £1m
- Youth Engagement & Employment BEL (4760): £1m
- Research Evidence and International BEL (5480): £0.05m
- Cymraeg 2050 - Welsh In Education BEL (5164): £3.5m
- Welsh Language BEL (6021): £0.17m
- Education Infrastructure BEL (4765): £3m

Alongside budgetary cuts as part of the 2024 to 2025 draft budget, the Welsh Government is considering amalgamation of its education grants which are provided to local authorities and regional consortia and partnerships.

The proposal will see funding which we currently provide to local authorities and regional consortia and partnerships through the Local Authority Education Grant

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(LAEG), Regional Consortia Grant (RCG) and Pupil Development Grant (PDG) to be amalgamated into one grant to local authorities with increased flexibility within its terms and conditions.

To note, some funding currently provided through the LAEG, where grants are on a demand-led basis, will not be included in this new grant approach.

The decision needs to be taken in the context of:

- the request from the Minister for Finance and Local Government to commence work to make changes and improvements to our grant funding landscape with the aim to reduce the administrative burden on local authorities
- the current financial circumstances and the pressures our local authorities and schools will be facing in the coming years, it is now more important than ever to use the levers we have available to us, to provide as much flexibility as we can to our trusted local authority partners
- the education union negotiations which took place earlier in 2023, where the Minister for Education and Welsh Language has committed to reduce the workload burden on school leaders and school staff

As part of the 2024 to 2025 draft budget preparations, reductions against indicative budgets have been made. Schools funding has been prioritised within the Education and Welsh Language portfolio.

We will see a reduction of £13.9m across pre-16 education from Welsh Government's Education budgets. None of these reductions apply to the grant amalgamation.

Core funding to schools, which is determined by LAs, is provided through the Revenue Support Grant (RSG); this budget has been protected to ensure public services, including schools, are prioritised.

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The 5 ways of working of The Well-being of Future Generations (Wales) Act 2015

Prevention

Introducing a new amalgamated grant for education grants to local authorities will prevent future problems for our local authority partners and help in ensuring more effective delivery of our public sector objectives at a local level. We have received feedback for some years around complexity and burden of our grants on local authorities and schools, so this new approach is being taken to reduce the administrative burden and provide more flexibility for our trusted local authority partners.

Integration

This action involves a joined-up approach, with our trusted local authority partners delivering on the outcomes of the funding, with the action incorporating education focussed objectives of both WG and local authorities.

Collaboration

Close collaboration with partners and key stakeholders will be required as we implement this new approach. We will work with stakeholders prior to the implementation in April 2024, to work through any potential foreseen problems, and will continue this engagement into the financial year to fully support with any operational issues.

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Involvement

All relevant stakeholders will be informed and involved in the delivery of the action.

Long-term

The decision to change to the grant structure for education grants going forward is being taken with a longer-term view. The School Funding Review reported the complexities in education funding in Wales and recommended the need for more transparency and consistency in our funding. This change will play a significant role in our work towards meeting the recommendations of the review and will provide a long-term solution to some of the current and long-standing issues in our school funding system.

Section 8: Conclusion

How have people most likely to be affected by the proposal been involved in developing it?

The proposal to amalgamate pre-16 education funding grants to local authorities has been developed in response to the recommendations of the '[Review of School Spending in Wales](#)'. The review highlights the current complexities in school funding and call for a simplified and transparent school funding system in Wales.

We have engaged with our key stakeholders in further reviews of current funding structures and mechanisms, where the outcomes of these have further highlighted the complexities in the current school funding system and re-

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enforced the need for transparency going forward.

In relation to the reductions being applied to education budgets in the 2024 to 2025 draft budget, we have protected funding which is directed to schools and applied reductions to other areas of the education budget.

What are the most significant impacts, positive and negative?

In relation to the proposal to amalgamate pre-16 education grants to local authorities, the most significant impact is the flexibility we will be providing local authorities going forward. As trusted partners and in line with Welsh Government's policy that local authorities are best placed to make decisions on local needs and circumstances, this increased flexibility will enable them to apply funding and deliver activity in the most suitable way for their local needs whilst still meeting policy objectives set by Welsh Government.

There are some risks with this increased flexibility given that some current grants have very specific terms and conditions in meeting the purposes of the specific funding being awarded. However, this risk will be mitigated by ensuring local authorities meet the terms and conditions of the grant by achieving the suite of policy objectives set out in each of the grant funding elements.

In relation to the reductions being applied to education budgets as part of the 2024 to 2025 draft budget, the most significant positive impact is the protection of funding which is focussed on supporting schools. We have acted to minimise the negative impacts as far as possible within the funding available. This is why we have ensured the same level of funding as in 2023 to 2024 for grants which we provide local authorities to support schools.

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In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals**
- **avoid, reduce or mitigate any negative impacts?**

Given the financial challenges we are facing, maintaining the previous year's level of grant funding to local authorities to support schools is largely positive and will have a positive impact on learners in pre-16 education.

Changes to the way that we allocate the funding will mean that local authorities will have increased flexibility to help them plan and deliver more efficiently and effectively. This new funding structure will assist in providing a more consistent, transparent and fairer funding system across Wales. Officials will continue to work with key stakeholders, especially during the transition period, to ensure all parties are supported in delivery of the expected outcomes.

How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

We will work closely with stakeholders to monitor the changes and review impact during the next financial year as the changes are implemented. We expect that within a year, we will be able to identify the impacts of this decision and use these to inform any future decisions.

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