

Lynne Neagle AM – Chair of Children, Young People
and Education Committee
Russell George AM – Chair of Economy, Infrastructure
and Skills Committee

11 October 2017

Dear Chairs,

You may aware that the Public Accounts Committee has recently undertaken some work on the Welsh Government's oversight of further education colleges' finance and delivery. On the 3 July 2017 the Committee took oral evidence from Welsh Government Officials and further education sector representatives on issues arising from the Auditor General's report on this matter, which was published on 28 February 2017. We also received further written correspondence from the FE sector with regard to these issues in September 2017, which are attached at Annex A.

I thought it would be helpful to highlight the issues arising from our work as these may be relevant to the work of your Committees either now or in any future consideration of this subject area. These issues are detailed below:

- We found that while generally sound, the Welsh Government's funding and oversight arrangements would benefit from a longer-term and more integrated approach. This would assist colleges in setting longer term funding objectives and provide greater certainty about income levels and assist with business planning. We welcome the Welsh Government's aim of restoring three year budgeting recognising there is a need for greater clarity about the revenue resources available to the Welsh Government, to be able to achieve this.



- There was discussion around the current condition of the FE estate, including safety and accessibility, and concerns on how this varies across Wales, and the prospects for future improvement. We have some concerns around the sufficiency of existing resources to maintain the estate in preventing further deterioration in its condition. We were assured by the Welsh Government's confidence that the FE estate will be in better repair and the percentage of institutions that have estate that is deemed to be of low quality will have reduced by the end of the 21st Century Schools and Education band B process. However, we think progress needs to be monitored to ensure this happens.
- We welcome the FE sector's approach in taking forward the implementation of the Well-being of Future Generations (Wales) Act 2015 and note the dialogue between the Welsh Government and FE institutions and universities with regard to how the sustainable agenda is taken forward. We also welcome the Welsh Government's approach into looking at the institutional review process and the remit letters to reinforce the importance of the five principles and the seven outcomes that are captured in the Act.
- We were pleased to hear about the ways in which FE colleges are working with HE institutions to deliver value for money particularly where colleges are part of groups that are led by HE institutions. We note the excellent collaboration that exists through groups like the University of Wales Trinity St David, which includes Coleg Sir Gâr and Coleg Ceredigion, and also the University of South Wales with Merthyr. Going beyond these formal group structures we welcome that 11 of the 13 colleges in Wales have significant formal relationships with universities.
- The Committee also welcomes the sectors relationship with schools particularly the creation of the Seren networks, which bring together FEs and universities and schools, to raise the aspirations of people to achieve as best they can, not just academically but also vocationally.
- We considered the wider financial position of the FE sector including its efforts to reduce and control costs. We welcome the Welsh Governments approach in undertaking an annual health check of FE college finances. We were very pleased to note that nine colleges are reported as being in band



A, in good financial health, and three are in band B, and that there is action planning on going for the band B institutions to improve their financial health.

- Finally we welcome the FE sectors approach in responding to funding reductions and the agility of the sector to respond positively. We note the working being undertaken between the sector and the Welsh Government to look at a strategy to provide equity between further education, work-based learning, higher education and school sixth forms to ensure clarity and the achievement of value for money for the taxpayer.

I trust these observations will be helpful to you in any considerations by your respective Committees of further education finances.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is written in a cursive style with a long, sweeping underline.

Nick Ramsay AM
Chair

