

Y Pwyllgor Plant a Phobl Ifanc  
Children and Young People Committee

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales



Jeff Cuthbert AM  
Minister for Communities and Tackling  
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Deputy Minister for Tackling Poverty

29 October 2013

Dear Ministers

**Welsh Government draft budget 2014-15**

Thank you for attending Committee on 16 October 2013 to discuss the Welsh Government's draft budget for 2014-15 and the subsequent follow up information provided on the 22 October. Our scrutiny concentrated on matters affecting our Committee portfolio, the main conclusions of which are outlined in the Annex to this letter and will be published on our website. This letter will also be shared with the Finance Committee with a view to aiding its overarching scrutiny of the draft budget.

We have sought to label our key issues in accordance with the four principles of good financial scrutiny: affordability, prioritisation, value for money and budget process.

Yours sincerely

**Ann Jones AC / AM**  
Cadeirydd / Chair

## **Budget Process**

### ***Strategic approach***

1. The Committee recognises that there are considerable pressures on budgets, and that a strategic approach by the Welsh Government is vital to mitigate the impact of these pressures. In this context, we note your commitment to minimise the impact of budget reductions on front-line services:

“I just want to re-emphasise the point that we are determined that, whatever changes we have to make because of a reducing budget over the next few years, we will minimise the impact on front-line services as far as possible. This will impact on a number of organisations, undoubtedly. For example, very shortly, I shall be announcing the outcome of the refreshing of the relationship with the third sector, and many of those organisations impact on this work. What is crucial, and should happen in the best of times, is that there is greater collaboration between organisations that are doing more or less the same thing. That will now have to happen as a result of reduced spending. Hopefully, we are doing it in a joined-up way that is fair and equitable.”

2. We asked you how you and your cabinet colleagues were approaching the reductions in budgets strategically, particularly in the context of joint-working across portfolios. We note your response that working with other Ministers is critical, and welcome the fact that you made particular reference to the importance of joint working to deliver the tackling poverty agenda. We also note the Deputy Minister’s comments that discussions were ongoing with the Deputy Minister for Social Services about complimentary parts of the portfolio, for example, the future of the children and families organisation grant.

3. However, we were not entirely persuaded by your explanation of the process used by you to decide on your priorities as a result of reductions in budgets. In answer to a request to explain that strategic process, you said:

“The process is the normal one – I receive advice via submission folders from my officials. Where it is just a question of readjusting budgets without fundamental change, officials will advise me on that matter. Any major transfers have to be approved by me. What is crucial is that we now have a very good relationship with all other Ministers. Where there are major contributions to be made by other Ministers, such as on education, employment and skills—all of which contribute in a very direct way to tackling poverty, shall we say?—then those discussions take place. Within the tight financial framework that we have, it is as open, transparent and practical as we can make it.”

4. The Committee would have preferred to hear more about your strategic approach to prioritisation.

### ***Evaluation***

5. As you will see from this letter, a key area of interest for the Committee is the evaluation of the effectiveness of policies, particularly in the context of value for money. We feel that, in order to ensure that budget allocations have been used effectively, progress needs to be measured against defined outcomes. We would be grateful if you could provide the Committee with a detailed update on which policies are undergoing evaluation and the mechanisms used to do so.

### ***Children's Rights***

6. The Committee notes the reduction of 70.1% in real terms in the budget for children's rights over the next two financial years and questioned whether or not you were confident that the full range of duties under the Rights of Children and Young Persons (Wales) Measure 2011 could be implemented following such a reduction. We note your commitment to ensure that the impact on front-line services is mitigated as much as possible. We do however question whether in taking this approach you have given full account of the benefits of 'preventative spending' in this regard. Your letter of 22 October provides some examples of 'sustainable systems' that you have developed in terms of awareness raising and training in respect of children's rights. In light of the evidence presented to our scrutiny session on the children's scheme held in May, we query whether there is scope for additional capacity building which may result in longer term savings. Further to this, we also note your response that "we have certainly looked at where we can make savings in terms of administration and where projects are coming to a natural end, or where we can do things in a different way".

7. We are concerned that the reductions in this area are such that it is not possible for front-line services to escape unharmed. We also note that, in response to a query on the costs of implementing the Measure fully, you said:

"Clearly, we have to do a cost analysis on everything new, so I am quite happy to share that information at the earliest opportunity."

8. It appears, from the answer above, that a full cost analysis has not been completed. It is difficult therefore to come to a view on this. We would welcome information on the cost savings work that has been carried out to ensure that the Measure is fully implemented and, when available, a cost analysis for its implementation. We would also welcome further information on the allocations within other Ministers' portfolios for the implementation of the Measure.

## ***Children's Rights Impact Assessments (CRIAs)***

9. The Committee wrote to you in July 2013 requesting a copy of the Child's Rights Impact Assessment (CRIA) in advance of the scrutiny of the Draft Budget meeting. This was not provided. It was difficult for the Committee to ascertain, from your oral evidence, whether or not such an analysis had taken place. Given the Committee's previous scrutiny of these important issues in May 2013, we are disappointed that the outcome of our work does not appear to have an impact on the work of your department.

10. The Committee asked again in a subsequent letter for this information to be provided. No additional documents have been provided to the Committee and in your letter of 22 October you say that you were not required to undertake a CRIA on the budget. The Committee is surprised at this being the case, given the information in the [Welsh Government Draft Budget 2014-15: Assessing Equality Impacts](#) document, which makes four references to such work being undertaken (pages 6, 10 and 127). Specifically the document states that 'a "child and young people due regard analysis" has been completed on this budget'. The Committee would welcome an explanation of this apparent discrepancy in the information being provided to us.

11. The allocation of resources has a major impact on the delivery of children's rights. The Committee is aware that the due regard duty will not apply to all decisions and actions made by Welsh Ministers until May 2014. However, given the Welsh Government's emphasis on implementing the UNCRC and within the context of the Assembly's powers to ask Ministers to provide information at any time about how they have complied with the due regard duty, the Committee is frustrated that there appears to be a lack of transparency in this regard.

12. The Committee recommends that, in future, all children's rights impact assessments should be made public, and notes the former Minister for Communities and Tackling Poverty's view that he could see no impediment, in principle, as to why they should not be made public.

## ***Child Poverty***

13. The Committee notes that child poverty figures released in June 2013 show that the percentage of children in Wales living in households with less than 60 per cent median income to be 33%, higher than any other of the home nations. Recent research produced by Loughborough University estimated that the annual cost of child poverty to local authorities in Wales to be over £1.4 billion and the Committee was interested in what discussions you had with the Minister for Local Government in terms of taking forward preventative spending approaches

14. In response to a question on monitoring the impact of Families First, a programme aimed at tackling child poverty, the Deputy Minister said that this was a new programme, and objective evaluations would be published over the end of this year and the start of next year. The Deputy Minister recognised that it was likely there would be “some unevenness in the picture. I will be interested in what it tells us about what has been achieved and then about how we improve what has been achieved”. We look forward to discussing progress in this area with the Deputy Minister in due course.

15. On the broader issue of tackling poverty, the Deputy Minister emphasised the importance of a “whole-Government” approach, which is something we welcome and believe is vital.

16. On the issue of a reduction of 3.4% of the budget of the Families First scheme, and why that decision was taken, the Deputy Minister emphasised that it was a matter of prioritisation:

“For the next year, the savings in Families First are being made through a range of internal efficiencies and potential delays in some implementation, but, actually, it will fund the programme across every local authority area. It is more difficult in 2015-16, but, again, there is no point in trying to say otherwise. We know that the budget will reduce even further, as there is another cash reduction in 2015-16, and the pressure across all programmes is very real, but the choices that we are making are about where to spend money and where to prioritise it. It does mean that, looking back at the earlier conversation about the children’s rights line budget, we made a choice to put money into a programme that is directly helping children in a difficult situation.”

17. The Committee recommends that the Deputy Minister should provide the Committee with further information on how the savings in the Families First programme will be evaluated and outline what criteria will be used in future prioritisation for the funding of the schemes.

## **Value for Money**

### ***Flying Start***

18. In the Programme for Government, the Welsh Government has committed to double the number of those gaining from Flying Start to 36,000 so that almost a quarter of all children in Wales will be able to benefit. In terms of the budget allocation for this scheme, we note from your written evidence that:

“Through Flying Start we will be investing £72.1m revenue and £8m capital in 2014-15 to support high quality early years childcare. We are also

allocating an additional £5m of revenue in 2015-16 to ensure we deliver on our commitment to double the number of children benefitting from Flying Start. The investment noted above includes additional capital funding of £4m in 2014-15 (£2m in 2015-16).”

19. In terms of monitoring the value for money of the scheme, we welcome the fact that there is an ongoing process of evaluation. In light of the significant Government investment in the programme we are keen to see evidence that the scheme is delivering the desired outcomes for children. During the scrutiny of the draft Budget 2013-14 the then Deputy Minister for Social Services told us that the second wave of the longitudinal survey was expected to be published in spring 2013. In Committee on the 16 October, the Deputy Minister informed us that the survey data is now due to be published in December 2013. We request that the Deputy Minister provides us with an update on why the publication of this survey was delayed.

20. Whilst we acknowledge the Deputy Ministers reference to the Statistical Release published in September 2013, we note that it does not allow comparison between the outcomes for children in receipt of Flying Start services and children in comparison areas who have not received the service, in respect of all the data presented. Such a comparison is vital in understanding whether the significant investment in the scheme is delivering value for money. We are keen to ensure that Welsh Government is allocating its resources on evidence based interventions and this is why we await the publication of the second wave of the survey data with interest.

21. The Deputy Minister referenced the research with ‘high need families’ published on 14 October 2013. The Committee welcomes the fact that families’ experiences of Flying Start were on the whole positive. We also noted that the report stated that ‘many families had multiple needs which Flying Start is not designed to address, and therefore required complex support packages, including support from Social Services’. We are particularly interested in whether you have flexibility within your budget to respond to the findings of this report.

22. We also note the clarification that the additional Flying Start allocation is intended to fund the expansion of the scheme. On this basis, we would seek reassurances that there is flexibility within the budget to respond to evaluation data as it is released, in order to revise aspects of how Flying Start is delivered if needed.

23. In terms of the allocation of capital resources, the Deputy Minister said that:

“We do recognise that, when you look at the communities that Flying Start is serving, poorer communities across Wales do not all have facilities that are there and ready to go for Flying Start. Sometimes it is about

refurbishment, and sometimes it is about the creation of new facilities. Given that you need settings that people can easily access, they must be within easy reach with a pram rather than three bus rides away. [...] So, the new capital spend that you will see in there is about ensuring that we can have enough settings to deliver the expansion in the programme.”

24. The Committee feels that, as Flying Start is one of the flagships of the Programme for Government, and given the substantial investment in the scheme, it is vital that the effectiveness of the scheme is closely monitored and evaluated to ensure value for money. The Committee intends to return to this subject during 2014 as further evaluations are published.

### ***Advocacy***

25. Almost all of the allocation for children and young people’s advocacy from within the Communities and Tackling Poverty Major Expenditure Group are to the MEIC service. The MEIC advocacy service is a telephone, text and instant messaging service for young people. MEIC was launched in May 2010 and the helpline became operational in January 2011. In July 2013, the Minister for Communities and Tackling Poverty agreed to extend the MEIC contract to 31 August 2014, at a cost of £850,000, “on the proviso that a full evaluation of the effectiveness of the MEIC service is carried out during the time of the contract”.

26. In response to a query on the evaluation of the project, you confirmed that an evaluation was underway and that usage figures for the service had quadrupled between 2010 and 2012.

27. Given that the MEIC advocacy service receives almost all of the budget allocation in this area, we would expect to see a thorough evaluation of its effectiveness. We look forward to discussing the outcome of the evaluation with the Minister in due course. Again, the Committee is keen to ensure that Welsh Government spending is evidence based and that it is delivering both the desired outcomes for children and value for money.

### ***Childcare***

28. On this issue, you said in your paper that you would seek opportunities under the next round of European programmes (2014-20) to take action in this area as part your aim to promote social inclusion and combat poverty. In response to a question on whether or not these priorities could be delivered without European funding, the Deputy Minister said:

“The opportunities for European funding are hugely important in terms of the priorities that we have set for the next round. So, I am positive that we will find an extra source of money to go into developing childcare.

However, if you look at the whole of the early years and childcare plan, you will see that it is not just about European moneys. There are ongoing conversations with colleagues in economy, science and transport about stimulating the childcare market, but you have to see it as a joined-up whole. The childcare sufficiency assessments that are taking place will give us, again, a better picture of where need and demand are and where there are gaps in childcare provision. We also expect them to tell us where we are on the current position of affordability, because some of the key challenges that we face in childcare—and you will be aware of this—are the affordability of current provision, the volume of current provision, and whether it is in the right place and whether there is enough of it in the right place, and the flexibility of it to match the patterns of working parents and parents who want to access work and training opportunities. Some of that is about what we already have.”

## **Prioritisation**

### ***Preventative Spending***

29. In response to a query in relation to preventative spending, the Deputy Minister confirmed that “nearly £120 million is preventative spend”. He confirmed that two of the programmes aimed at delivering preventative spend are Flying Start and Families First. We will undertake further discussions with you and the Deputy Minister when more information is available on the evaluation of both schemes, to ensure that they are genuinely effective and are providing value for money.