

Welsh Assembly Government Written Response to the Children and Young People's Committee Report on Children's Budgeting in Wales

November 2010

Executive Summary

Jane Hutt AM, former Minister for Children, Education Lifelong Learning and Skills (CELLS) gave evidence to the Committee in March 2009 and following this requested that a Task and Finish Group of officials across all Welsh Assembly Government departments (with expert advisers from Save the Children Cymru and WLGA) be established.

The purpose of the group was to develop a shared, better understanding of current progress and developments in children and young people's budgeting at a national level in Wales, and to develop ideas and proposals for improvements in budget forecasting and spend on children and young people, including greater transparency at a Welsh Assembly Government level.

The Group considered ways in which children and young people might be more closely involved in budgeting processes in the future. The Group also considered how rights based budgetary decision-making for and with children and young people might contribute to alleviating child poverty. One of the key aims of the new Child Poverty Strategy for Wales is to demonstrate how the Assembly Government will address the needs of low income families with children and ensure that our range of policies, resources and service will improve outcomes and reduce the inequalities that currently exist. Targeting resources to those who need them most through "pro-poor" budgeting is a key issue.

Children and young people's budgeting has significant potential to help inform decision making nationally and locally. It provides a more detailed understanding of budgets and spend at a national and local level to ensure that resources reflect, and are better aligned with, policy priorities.

There are a number of methodological issues that need to be addressed to support the development of children and young people's budgeting nationally and locally. The Committee will be aware that at a national level we have begun to analyse spending on children and young people, this work presents a number of challenges and further development is needed to ensure the approach is robust and meaningful. We will continue to undertake the work needed to support the better use of financial information.

At the same time as we make progress nationally I am committed to developing a model of best practice in children and young people's budgeting for use at a local level. This will be an important tool which can help to drive and improve local decision making and planning in line with national and local priorities.

The Task and Finish group noted that Children and Young People's Partnerships are not currently required to produce any financial information

relating to their investment in children and young people locally. They are though, encouraged to pool budgets and undertake joint commissioning. We will continue to explore ways in which the planning process can be strengthened through improving the availability of information on the budgets of all partners. In the longer term this will allow for better quality planning and decision making at a local level taking into account the priorities and needs of children and young people and in addition may enhance the pooling of budgets and joint commissioning.

Developments in the area of participative budgeting with children and young people have the potential to make an important contribution to encouraging active citizenship. This will not only enhance children and young people's personal development but also their contribution to the development of their communities and an understanding of the need and process for prioritising resources.

Participative budgeting can also contribute to developing the skills and knowledge that children and young people need to make more informed decisions about managing their money and so can contribute to breaking the poverty cycle.

The recommendations made by the Children and Young People's Committee were also considered by the Task & Finish Group and were helpful in further informing the future work programme in this area.

Following the deliberations of the Task and Finish Group, I asked my officials to take into account recent developments, in particular the Proposed Children and Young Persons Rights (Wales) Measure, the Children and Families (Wales) Measure 2010, the new Child Poverty Strategy Delivery Plan for Wales and the newly developed Families First Initiative.

The response identifies a range of issues where further work is likely to be required and I am looking forward to working with the Committee to ensure the issues are addressed and progress is made.

The recent Comprehensive Spending Review increases the pressure on us to make sure every penny counts. The recommendations of the Task and Finish Group aim to make better use of budgets and existing work streams rather than creating new ones that bring with them additional financial pressures.

I have set out below my response to the Report's individual recommendations 1 – 11, below.

Detailed Responses to the report's recommendations are set out below:

Recommendation 1

The Committee recommends that:

The Welsh Government publishes a single strategy detailing the expected outcomes of its expenditure towards children and young people, accompanied by an action plan for realising this strategy.

Response: Accept in Principle

I agree that our approach to children and young people's policy should be coordinated and integrated and that we should all work to a consistent and coherent set of principles in pursuit of shared goals. I believe we do this already and I am not convinced that publishing a single strategy would add any real value. To achieve a comprehensive, broad, coherent approach to children and young people's policy we work at a number of levels using a range of mechanisms.

The Cabinet Committee for Children and Young People is the cross-government mechanism for coordinating policy for children and young people at Ministerial level. All Welsh Assembly Government policies for children and young people have, since 2004, been underpinned by the seven core aims, which themselves are founded in the UN Convention on Rights of the Child (UNCRC). The proposed Rights of Children and Young Persons (Wales) Measure will further strengthen our commitment to children and young people's rights and will apply across all Ministerial portfolios. At official level, we have a cross-Government Children and Young People's Development Network which provides further coordination of children and young people's policy development. In terms of securing local delivery of better outcomes for children and young people, the local Children and Young People's Partnerships are guided by the planning guidance we issue which sets out the Assembly Government's priorities and approach to local delivery of services and support for children and young people.

I will continue to work closely with my Cabinet colleagues to ensure the approach I have described remains effective. The Children and Young People's Cabinet Committee terms of reference set out the Committee's role in providing strategic direction and reviewing policy and programme effectiveness and impact in order to contribute to the realisation of the Government's priorities for children and young people. I intend to explore further how I can increasingly utilise the Committee in the future monitoring of allocation, expenditure and outcomes for Welsh Assembly Government budgets relating to children and young people.

Financial Implications Work will be carried out by current teams and costs will be met within the current divisional running cost budgets, there will be no additional costs.

Recommendation 2

The Committee recommends that:

The Welsh Government set with local authorities outcomes that are designed to result from local government's budgetary expenditure towards children and young people.

Response: Accept in Principle

The Children and Young People's Plans are designed to provide a "strategic vision" for delivering and improving services for children and young people within each local authority. The 2011 revised Children and Young People's Planning Guidance asks local authorities to establish a set of local priorities for each of the seven core aims. These should be based on an analysis of local data, and include an action plan with a particular focus on outcomes for children and young people.

Supporting this there are ongoing discussions with local authorities in relation to their Outcome Agreements. Each such agreement will contain ten outcomes. One of these must relate to the objective that "children and young people grow up as active citizens and achieve the highest possible standards of well-being"; and, under that, to one of the seven core aims. Local authorities are free to select the aim they will pursue, based on their analysis of local circumstances. They are then required to develop a programme of actions and targets which will demonstrate delivery, so as to align local priorities with national objectives.

We will also require local authorities to identify clear outcomes for children, young people and their families resulting from the newly established Families First Funding Initiative. Families First will become the main thrust of our approach for family support, particularly for those families with children or young people living in poverty.

This approach is supported by measurement tools such as the Children and Young People's Wellbeing Monitor for Wales which provides an analysis of children and young people's well-being in relation to the Welsh Assembly Government's seven core aims for children and young people. Work is under development to consider how to link reporting of children and young people's budget information at an all Wales level with future editions of the Children and Young People's Wellbeing Monitor for Wales.

Work has also been continuing to develop Demonstrating Success. The model will demonstrate how at the local authority or national level, outcome-based performance indicators can be used to demonstrate the progress made and changes in outcomes over time. This model will assist local authorities in developing appropriate outcomes in conjunction with other current developments they are using such as Results Based Accountability.

Financial Implications I have made up to £1.5million available in the current financial year to support the work of the pioneer LAs and for associated evaluation and dissemination. We will work with the WLGA during the transition from Cymorth to Families First Funding to agree outcomes and establish an appropriate budget to underpin the fund.

Work will be carried out by current teams and costs will be met within the current divisional running cost budgets, there will be no additional costs.

Recommendation 3

The Committee recommends that:

The Welsh Government issues statutory guidance on the collection of data by local partners, including local authorities and local health boards, to enable the production of Children and Young People's Budget Statements, and sets out timescales for producing such.

Response: Accept in Principle

I understand the Committee's concerns in this area and although I agree that further guidance is required, I do not share their view that additional statutory guidance is the best mechanism that can be used at this stage. Children and Young People's budgeting is developmental and exploratory in nature. I am aware that a paper has been produced called *Children's Budgeting at the Local Level*. It includes an element of guidance for local authorities and a step by step guide to budget analysis, participatory budgeting, and some practice based examples and links to further resources. This work represents a starting point and was undertaken by Save the Children Cymru with Welsh Assembly Government funding under its Children and Families Organisations Grant.

Any additional guidance provided will need to be in the context of revised guidance on Shared Planning for Better Outcomes. Local authorities are already required to collect a range of such information and any increased burden will bring with it a cost implication.

Further analysis and work will be required with the Welsh Local Government Association (WLGA) and local authorities to ensure that the burden and cost of any additional data collection can be balanced against the benefit to be achieved by it.

The Welsh Assembly Government has recently commissioned a project as part of the wider work taking place on participative budgeting. This will include a review of literature available to identify existing examples of participative budgeting and the production of children and young people's budgets (including children and young people's budget statements). Further work will include some local pilots under the Reach the Heights European Social Fund (ESF) project which are likely to assist local authorities in future

developments and sharing good practice. Following the completion of this work we will be in a better position to consider what may be required at a local level to facilitate further development.

Revised guidance for producing local Children and Young People's Plans will contain reference to the development of this work and will, in due course, identify and encourage the use of the effective practice identified by the project.

I do not intend enforcing the collection of data at a local level but will facilitate the development and encourage the use of the methodology for producing such information. I believe that in time the development of this work will allow better alignment of budgets against priorities and enable a consistent approach to data collection which will facilitate analysis of expenditure, and outcomes for children and young people.

Financial Implications The grant to Save the Children was met from DCELLS 2009-10 programme budget. The cost of the participative budgeting work over an 18 month period is £120k; currently being funded from within the Extending Entitlement Budget Expenditure Line (BEL) (Successful Foundations and Opportunities Spending Programme Area (SPA)) and is further supported by the Reach the Heights ESF Project. However, there is scope for an 18 month extension to the project which may allow for further roll out within each area should the pilots prove to be successful.

Until the pilots have concluded and been evaluated it is unclear whether further work will be required. If necessary a full financial review will be carried out at this time.

Recommendation 4

The Committee recommends that:

The Welsh Government publishes Children and Young People's Budget Statements.

Response: Accept

The Committee is already aware of the work that has been undertaken analysing spending on children in Wales. A methodology paper and analysis were presented to the Committee during its evidence gathering and has informed these recommendations. The article published on the Welsh Assembly Government website titled, *Financial Provision for Children within the Welsh Assembly Government* highlights this work. Further work has recently been undertaken and a new estimate covering the full 0-25 age group has been published. At this stage we plan to analyse the budget every 3 years. (<http://wales.gov.uk/topics/statistics/articles/expenditureanalysis/>)

A new planning and reporting system is currently being introduced across departments of the Welsh Assembly Government. The aim of this system is to improve the planning and reporting process and ensure the links between outcomes and budget can become more visible and transparent. Officials are currently considering whether this mechanism can be used as a basis for the development of future Children and Young People's Budget Statements. This approach also has the potential to contribute towards the identification of areas in which 'pro-poor' budgeting might be used to help target resources to those who need them most. On 12 May 2010, the Welsh Assembly Government published a new Child Poverty Strategy and Delivery Plan for Wales for a three month period of public consultation. This new Strategy sets out the Welsh Assembly Government's vision for tackling child poverty and ensuring that no child or young person is disadvantaged by child poverty by 2020. Delivering this vision will require a renewed focus on providing services, including financial support, to families living in poverty.

The framework for the new Child Poverty Strategy is provided by the 13 Broad Aims of the Children and Families (Wales) Measure and it sets out a range of policy priorities to provide more effective and targeted support to low income families. Addressing the needs of low income families with children (and ensuring that policies resources and services from across Assembly Government Departments are aimed at improving their outcomes and reducing the inequalities that currently exist) is central to this new Strategy. As part of the strategy work is also underway to develop an evaluation framework which will focus on how Welsh Assembly Government policy is reducing child poverty in Wales and improving outcomes for children, young people and families living in low income households. The evaluation will also assess how (and when) programmes combine to improve outcomes for children in low income families.

In addition, work is under development to consider how to link reporting of children and young people's budget information at an all Wales level with future editions of the Children and Young People's Wellbeing Monitor for Wales. The next edition of the Monitor is due to be published in early 2011, and every three years thereafter.

Work will continue to evaluate individual programmes in relation to outcomes and publish the findings from those evaluations.

Financial Implications The current 0-25 work on producing an updated budget estimate is already part of the work plan and is being met from DRC budgets. The Children and Young People's Well-being Monitor is being funded from the DCELLS Research Budget, evaluation work on individual programmes is funded from DG budgets. The evaluation of the Child Poverty Strategy is being met from the SJLG research budget.

Recommendation 5

The Committee recommends that:

The Welsh Government provides statutory guidance to local authorities on the production of local authorities' own Children and Young People's Budget Statements, and sets out timescales for producing such.

Response: Accept in Principle

Any increased burden upon local authorities will bring with it a cost implication. I am of the view that additional statutory guidance is not the best mechanism for achieving the desired change and feel that any such approach may be premature at this stage given the developmental and exploratory nature of this work.

Further analysis and work will be required with the WLGA and local authorities to ensure that the burden and cost of any additional data collection can be balanced against the benefit to be achieved by it.

The methodology for developing a local approach to children and young people's budgeting is very much at an early stage. Despite this, it is clear that in the longer term better use of financial information could improve the quality of local planning and allow a better understanding of current investment patterns. This in turn could lead to a reduction in duplication, improved efficiencies and greater opportunities for more effective use of resources through pooled budgets and joint commissioning to meet needs.

I can see the clear potential and the added value that it could bring to local decision making but it must be recognised that further development work is required before this can take place.

As set out in response to recommendation 3, guidance for producing local Children and Young People's Plans will contain reference to the development of effective practice in the area of Children and Young People's Budgeting at a local level. Future guidance will encourage the use of that practice to ensure a consistent and effective approach is achieved.

Financial Implications The implications of proposed alternative work to address this recommendation are the same as recommendation 3.

Recommendation 6

The Committee recommends that:

The Auditor General monitors the publication of Children and Young People's Budget Statements, by the Welsh Government and local authorities.

Response: Not for Welsh Assembly Government

The Auditor General is wholly independent of the Assembly Government, and it is for him to decide on the work of the Wales Audit Office. The Welsh Assembly Government could however request that the Auditor General undertakes such a review, as could any other interested party.

However, developments are at an early stage and at a local authority level budget statements as described do not currently exist. As developments occur, I will bear this recommendation in mind as a possibility.

However, if such a review were to occur it would incur additional costs, either to the WAO or in the fees it levies on audited bodies. In addition further clarity of both remit and the level of assurance required would be necessary.

Financial Implications Costs associated with undertaking a review would be minimal but dependant on both remit and the level of assurance required and would need to be considered once budget statements had been developed.

Recommendation 7

The Committee recommends that:

The Welsh Government makes a commitment to enabling appropriate participation of children and young people in budget monitoring and setting, to the maximum extent possible.

Response: Accept

I accept this recommendation. We are currently in the process of procuring a project to gather examples of current good practice and pilot future approaches to participative budgeting. This project will be taken forward as part of the Reach the Heights ESF project I mentioned above. Again this action has been included within Getting it Right 2009 and was highlighted under recommendation 3 and 5 above.

In taking this work forward, it is essential that a clear link is drawn to demonstrate how this work can also contribute to and be integrated with numeracy and financial education in formal, informal and non formal settings. This work will provide some practical hands on experience for children and young people of involvement with budgeting. In turn this will help to develop skills which will be valuable not only at a personal level but also for employment.

As part of this work there will be an identification of best practice in terms of 'pro-poor' budgeting and how it might be used to help target resources to those that need them most. This will help support our commitment to the UK Government's target to eradicate child poverty by 2020, as set out our new Child Poverty Strategy for Wales. In particular, it will help to ensure that

policies, resources and services from across Welsh Assembly Government Departments are aimed at improving the outcomes of parents and children living in low income families in Wales and reducing the inequalities that current exist. One of the key aims of the new Child Poverty Strategy for Wales is to set the policy direction on child poverty action at the Wales level, so that there is clarity on what the Assembly Government's contribution to tackling child poverty will be.

Financial Implications This work is underway as set out in my response to recommendation 3 above.

Recommendation 8

The Committee recommends that:

The Welsh Government's statutory guidance to local authorities, emanating from the Children and Families (Wales) Measure 2010, will include information about enabling children and young people's engagement in participatory budgetary decision making.

Response: Accept

I accept this recommendation and have asked my officials to take forward necessary arrangements to ensure this takes place. A statutory duty has been placed on local authorities under Part 1 Section 12 of the Children and Families (Wales) Measure 2010 in line with national guidance on Local Participation Strategies and the future development of a National Participation Strategy.

Financial Implications This work will be carried out by current teams and costs will be met within the current divisional running cost budgets, there will be no additional costs.

Recommendation 9

The Committee recommends that:

The Welsh Government issues statutory guidance to local education authorities on the participation of school councils in budgetary decision making and monitoring, and sets out timescales for producing such.

Response: Accept

It is not our intention to produce specific separate guidance for local authorities on the participation of school councils in budgetary decision-making and monitoring. Officials are presently working on general guidance on pupil participation in Wales which, subject to Ministerial consent, will be consulted on and issued by March 2011. This guidance will encourage a

whole-school approach to pupil participation, to include a variety of inclusive and representative initiatives as well as the school council. It could include a section specifically on the involvement of children and young people in budgetary decision-making, including good practice examples across a broad range of formal and informal learning settings.

In addition we will build upon the participatory budgeting work currently out to tender. This will support the development of financial skills and decision making by young people in Wales through developing resources, training and by piloting opportunities for young people to be involved in financial decision making at personal, local and national levels including with school councils.

Financial Implications This proposal would entail no increased budgetary considerations for schools or local authorities. Any costs relating to any changes will be met from existing budgets, and therefore there will be no additional costs.

Recommendation 10

The Committee recommends that:

The Welsh Government continues to enable a greater focus on budget literacy within the Education curriculum, improving understanding of budgetary decision making processes among children and young people.

Response: Accept - Already in place

Financial education is embedded within the revised school curriculum for 7-19 year olds in Wales introduced from September 2008. This provides opportunities for children from the age of 7 onwards to develop financial literacy reflecting the Assembly Government's commitment to start building financial literacy skills as early as possible to prepare young people for adulthood and the world of work. Money management and budgeting is a central theme within personal finance education. In this sense although the focus is firmly on helping young people to manage their own money, in a number of areas the skills and knowledge acquired will be of value in managing wider budgetary processes.

The Welsh Financial Education Unit (WFEU) has been established by Welsh Assembly Government, in partnership with the Consumer Financial Education Body (CFEB), as one strand of '*Taking Everyone into Account: Financial Inclusion Strategy for Wales*'. The Unit became operational in September 2008 and is working with practitioners in schools and local authorities, and in partnership with colleagues in further education and the financial services and third sectors to:

- raise practitioners' awareness of the importance of financial education and the support that WFEU can provide;

- provide guidance and advice for practitioners on making best use of opportunities for financial education in the curriculum;
- provide advice on appropriate teaching materials and resources and support for continuing professional development;
- work with teaching resource providers to develop resources that recognise the distinctive curriculum and linguistic needs in Wales;
- identify and disseminate good practice in the provision of financial education from across Wales and the UK.

This will complement wider initiatives by the CFEB and the Welsh Assembly Government to support financial education for young people including work on Basic Skills and the One Wales commitment to provide access to a Credit Union for every secondary school by 2011.

Clear links will continue to be encouraged between the teaching of financial education and opportunities for young people to gain hands on experience through participatory budgeting as contained in recommendation 10.

Financial Implications Budget provision for WFEU in 2010-11 is £240K [£50K DCELLS, £50K SJLG and £140K from the CFEB]

Recommendation 11

The Committee recommends that:

The Welsh Government provide improved on-line information and guidance on school funding, written with children and young people in mind, with minimal financial or governmental jargon, as a resource for teaching about budgetary decision making.

Response: Accept

I agree that producing information in a simple language and format can promote a better understanding of budgets and how they work in practice. The Welsh Assembly Government website currently contains information on school funding including the method of allocation from Westminster to Wales, local government and schools. This is a useful resource that can be used by schools, authorities and the public. I accept that this could be revisited with a view to further simplification in the future, and will instruct officials to proceed accordingly.

<http://wales.gov.uk/topics/educationandskills/schoolshome/fundingschools/schoolfunding/?lang=en>

We also have to bear in mind that local authorities and school governing bodies have a range of statutory duties/responsibilities with regards to these issues and operate with regulatory frameworks none of which is simple.

Further work would be required to scope out the potential value of this as a resource for teaching about budgetary decision making.

Financial Implications Any costs relating to any changes will be met from existing budgets, therefore there will be no additional costs.