

NATIONAL ASSEMBLY FOR WALES
REPORT FROM THE FINANCE COMMITTEE

Report on the financial implications of the Proposed Children and Families (Wales) Measure

Background:

1. Standing Order 14.2 states:

The [Finance] Committee may also consider and, where it sees fit, report on:

(i) financial information in explanatory memoranda accompanying proposed Assembly Measures;

Evidence

2. At its meeting on 7 May 2009, the Finance Committee considered the proposed Measure, the accompanying Explanatory Memorandum and a further paper from the Minister for Social Justice and Local Government: FIN(3) 08-09 (p4) proposed *Children and Families (Wales) Measure*. It also received oral evidence from the Minister and officials:

- Brian Gibbons, Minister for Social Justice and Local Government
- Michael Lubienski, Welsh Assembly Government Lawyer
- Tracey Breheny, Head of the Child Poverty Unit, Welsh Assembly Government
- Elizabeth Williams, Head of Children and Young People Strategy Division, Welsh Assembly Government
- Donna Davies, Head of Children First Branch, Welsh Assembly Government

3. The Committee also had regard to the evidence submitted to Legislation Committee No.2 as part of its consultation on this proposed Measure.

4. Following the evidence session the Chair wrote to the Minister seeking clarification of various issues and the Minister responded on 15 May¹.

The proposed Measure:

5. The Welsh Assembly Government introduced the proposed *Children and Families (Wales) Measure* to the Assembly on 2 March 2009.

6. The proposed Measure makes statutory provision, through a legislative framework, to take forward the Welsh Government's commitment in terms of child poverty, and to take forward early development of its strategy for vulnerable children by bringing forward legislation to provide greater support to families where children may be at risk, and strengthened regulatory enforcement in children settings. The Measure is cross-cutting with the Departments for Social Justice and Local Government, Children, Education, Lifelong Learning and Skills and Health and Social Services.

7. The proposed Measure is in four parts.

8. Part 1 - Eradicating Child Poverty – this part of the proposed Measure places a duty on authorities to produce and review strategies contributing to the eradication of child poverty. The Explanatory Memorandum states that this will lead to compliance costs which will have resource implications for the Welsh Assembly Government. This will involve strengthening the Child Poverty unit which is estimated will cost £55,000.

9. The Minister told the Committee² that a great deal of the work that the proposed Measure requires from local authorities should already be being done if an authority is fulfilling its statutory duties. The EM states³ that for

¹ FIN(3) 09-09 (p3)

² Record of Proceedings FIN(3) 08-09 [145]

³ FIN(3) 08-09 (p3)

those authorities who have entered into an arrangement under section 25 of the *Children's Act 2004*, the duty to prepare and publish a strategy for contributing to the eradication of child poverty would be discharged if the strategy is an integral part of a plan published under section 26 of the *Children's Act 2004*. In this case there would be no additional costs. For the other authorities (those set out in Section 12 of the proposed Measure) there would be some additional costs in preparing and publishing a strategy but it is anticipated these will be minimal and could be met from existing budgets.

10. The Minister emphasised⁴ that the purpose of this part of the proposed Measure is to create a coherent legislative framework. It was being introduced⁵ in the context of a range of policies to which extra resource is being given at the moment. He said⁶ that a considerable amount of thought had been given to ensuring the proposed Measure did not create any additional burdens.

11. Part 2 – Child Minding and Day Care for Children – this part of the proposed Measure relates to child minding and regulation of day care for children. It seeks to ensure that enforcement practices are consistent across all settings and agencies regulated. The Explanatory Memorandum (p74) states that the proposals will not impact the ability of persons to register with Welsh Ministers under part 10A of the *Children's Act 1989* and will also not impose any additional regulatory costs or compliance costs. The Explanatory Memorandum says the Government does not consider a regulatory assessment is required. The Minister confirmed⁷ that from the point of view of service users the regime is going to be exactly the same⁸ and, while there were fees in the existing system, there is nothing intrinsic in the proposed Measure that is going to change them.

⁴ Record of Proceedings FIN(3) 08-09 [85]

⁵ Record of Proceedings FIN(3) 08-09 [104]

⁶ Record of Proceedings FIN(3) 08-09 [91]

⁷ Record of Proceedings FIN(3) 08-09 [160]

⁸ Record of Proceedings FIN(3) 08-09 [165]

12. There is the potential for costs in relation to the power to impose fixed penalty notices in certain circumstances. These could involve costs to administer the process. The Minister agreed⁹ that this was the case but noted that there was also the potential for savings – and that the number of cases, and the overall costs, were small. He commented also¹⁰ that if a substantial number of cases led to court proceedings the cost could be substantial but he did not think this was the situation.

13. Part 3 – Integrated Family Support Teams – this part of the proposed Measure provides a legal framework to introduce new integrated family support teams (IFSTs) to strengthen support for vulnerable children and families. The Explanatory Memorandum states (p22) that IFSTs will be implemented in 3 pioneer areas across Wales starting in 2010. The Minister's subsequent note¹¹ states that a budget of up to £0.6m will be available annually to each of three IFST pioneer areas who will initially focus on the area of substance misuse. The cost allows sufficient funds for a well resourced team of multi-disciplinary professionals and support administrators. It also provides for team members to have delegated budgets to allow them to buy-in key services.

14. The Minister said¹² that his estimate for a universal service would be of the order of £10m to £15m but the speed with which they would get there would depend on the experience gained from these pioneer programmes. In his subsequent note¹³ he confirmed that the estimated cost of £10m - £15m is for the full annual cost of IFST when implemented across all of Wales and operating in the full range of circumstances listed in section 50(6) (a - d) such as domestic violence, mental health, learning disability and drug and alcohol abuse. This estimate is stated to be based on the population levels of children in need and in local authority care, and the establishment of sixteen IFSTs across Wales (with smaller areas working together in collaboration).

⁹ Record of Proceedings FIN(3) 08-09 [174]

¹⁰ Record of Proceedings FIN(3) 08-09 [177]

¹¹ FIN(3) 09-09 (p3)

¹² Record of Proceedings FIN(3) 08-09 [183]

¹³ FIN(3) 09-09 (p3)

However, the Minister recognised that the information from the pioneer areas would allow a more robust estimate of the financial implications to be made.¹⁴

14. Part 4 – Miscellaneous and General – this part of the proposed Measure places a duty on local authorities to appoint a Family Social Work Standards Officer; a duty to assess the sufficiency of play opportunities and to secure sufficient play opportunities in its area (as far as is practicable) and a duty on them to make arrangements to promote or facilitate participation by children in the decisions of the authority which affect them.

15. The Explanatory Memorandum does not provide a cost for appointing Family Social Work Standards Officers, but in his oral evidence¹⁵ the Minister said he recognised there was likely to be a cost involved in this of between £0.5m and £1m potentially. His subsequent note set out the basis on which this had been estimated and noted that the wide range of this estimate was to make allowance for a number of variables.

16. The Explanatory Memorandum (p63) states that the proposed duties on local authorities in respect of play would not place any new burdens on authorities beyond those associated with delivery of related elements of the Cymorth and Flying Start programmes.

17. The Explanatory Memorandum does not give any estimates of the costs of make arrangements to promote or facilitate participation by children in the decisions of the authority. The Minister said¹⁶ that many local authorities are striving to do this and that well over three quarters of authorities had participation policies in place at the moment. He also said that something like £3m or £4m in Cymorth is earmarked for this kind of activity. Officials commented that, while there is a resource issue attached to this, the main aim was to change the way people do things.

¹⁴ FIN(3) 09-09 (p3)

¹⁵ Record of Proceedings FIN(3) 08-09 [187]

¹⁶ Record of Proceedings FIN(3) 08-09 [206]

Conclusions

18. The purpose of the proposed Measure is to create, for the first time, a coherent legislative framework on child poverty across all public agencies in Wales. Many of the proposals involve bringing together existing provisions and involve very few direct costs for authorities that are already in compliance with existing requirements. Where these do lead to costs they are relatively small and are unlikely to have any significant impact on other budgets or programmes

19. The Measure also provides for some new initiatives such as the introduction of Integrated Family Support Teams and the appointment of Family Social Work Standards Officers. These will involve additional costs, which could be significant, but it will not be possible for the Government to prepare reliable estimates of these until further work has been done to develop the evidence base further.

20. The Committee has sought clarification of many of the costs and the Minister had provided further evidence to support his estimates where this is possible. The Finance Committee is grateful for this additional information and reassured that where it is possible to provide estimates these appear reasonable.

21. The Committee notes that some elements of the proposed Measure are largely indicative of approaches to development and are subject to further development and refinement. More accurate costing of these will only be possible when this work is complete and the Committee accepts that in these cases the Government is so far unable to provide other than very broad costings. In some senses this is disappointing and leaves the Finance Committee unable to judge the full impact of the proposed Measure and, in turn, the rate at which it might be implemented. This places the emphasis on the rate at which the Government can and does make budgetary provision to implement the Measure and this is particularly relevant in the current economic recession. Nonetheless, subject to these observations, the

Committee has concluded that there is no reason on financial grounds to object to the proposed Measure being approved.

Angela Burns

Chair, Finance Committee