

Scrutiny of the Welsh Government Draft Budget 2021-22

February 2021

1. Background and approach

Each year we consider how the Welsh Government Draft Budget meets the needs of children and young people in Wales. We focus on how Welsh Ministers deliver their legislative responsibilities to give 'due regard' to children's rights. We scrutinise how resources have been prioritised, whether services are affordable and deliver value for money, and whether they do this in a clear and transparent way. This work is informed by the financial scrutiny we mainstream into all our work, throughout the year.

1. Matters affecting children and young people cut across a wide range of the Welsh Government's portfolios and associated budgets. In considering whether the Welsh Government has allocated 'to the maximum extent of its available resources', we have sought to examine whether children and young people get their 'fair share' of funding. We have also looked for evidence about what outcomes are being achieved when money is spent, and the extent to which spending on children is delivering value for money.

¹ Article 4 of the United Nations Convention on the Rights of the Child.



2. In our approach to the Draft Budget 2021-22 we have sought to work in a co-ordinated way with the other Senedd Committees to maximise the impact of the Senedd's scrutiny.

- We have used evidence provided by stakeholders to the **Finance Committee** to inform our questioning of Ministers.
- We have worked with the **Health, Social Care and Sport (HSC&S) Committee** to ensure there is shared information about the health and social care allocations in respect of children and young people. This is particularly the case in terms of children and young people's emotional and mental health and also perinatal mental health.
- Some evidence provided to our Committee about the Minister for Education's budget lines was gathered on behalf of, and passed on to, the **Economy, Infrastructure and Skills (EIS) Committee**, particularly in relation to research and innovation, and to lifelong learning.
- Given the key role played by local government in a number of the core services provided for children and young people, such as education and social care, matters falling within the remit of the **Equalities, Local Government and Communities (ELGC) Committee** are also of shared interest.

2. Welsh Government Draft Budget 2021-22

3. The total Welsh budget is just over £22 billion. The graphic below shows revenue allocations to Welsh Government departments compared to the Final Budget 2020-21.

Welsh Government Draft Budget 2021-22

Changes between the **Revenue*** Departmental Expenditure Limits in the Draft Budget 2021-22, from the Final Budget 2020-21 (restated to enable comparison and including £231m direct payments farm subsidies, but excludes subsequent 2020-21 COVID and other allocations)



*Revenue allocations consist of day to day running costs such as staff pay and the purchase of consumable goods and services.

Revenue by portfolio	Year on year change
 Health and Social Services £8,682m	+5.2% +£425m
 Housing and Local Government** £4,190m	+6.8% +£268m
 Education £1,625m	+3.7% +£57m
 Economy and Transport £773m	+4.9% +£36m
 Environment, Energy and Rural Affairs*** £529m	+6.6% +£33m
 Central Services and Administration £378m	+3.9% +£14m
 Mental Health, Wellbeing and the Welsh Language £274m	+4.0% +£11m

** Excludes £1.1bn non-domestic rates income.

*** For the purposes of showing a like-for-like year on year comparison, £231.145m in respect of direct payments funding for farm subsidies has been included which reflects an adjustment made in the First Supplementary Budget 2020-21.

Figures are rounded, please refer to the Welsh Government Draft Budget 2021-22 for exact figures.

Source: Senedd Research

3. Transparency of spending on children

'The maximum extent of available resources'

4. The Rights of Children and Young Persons (Wales) Measure 2011 (the Measure) means that that Welsh Ministers need to give 'due regard' to the United Nations Convention on the Rights of the Child (UNCRC) in everything it does. Article 4 of the UNCRC says:

States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures **to the maximum extent of their available resources** and, where needed, within the framework of international co-operation.

5. Throughout this Senedd we have emphasised that the Welsh Government should provide clear information about how it has assessed the impact of its Draft Budgets on children and young people, in accordance with its duty of due regard to the UNCRC under the Measure.

6. We have consistently called on the Welsh Government to present more clearly in the Draft Budget documentation information about how resources for children and young people are being allocated. Our 2019 joint report on Assessing the impact of budget decisions, referred to this as a 'recurring challenge'²

7. The evidence which informed our recently published report on Children's Rights in Wales suggested stakeholders have clear frustrations about the pace at which the Measure has influenced policy and spending.

8. Our Children's Rights report made two recommendations specific to Welsh Government spending. First, it recommended:

That the Welsh Government restate its commitment to ensuring that the legislative requirements in relation to children's rights are fully and effectively reflected in its financial decisions across all portfolios by swiftly amending its Budget Improvement Plan to make clear the

² Children, Young People and Education Committee, Equality, Local Government and Communities Committee and Finance Committee, Assessing the impact of budget decisions, March 2019.

specific steps the Welsh Government is taking to ensure it is complying with the “due regard” duty in the Rights of Children and Young Persons (Wales) Measure 2011.

- 9.** In its response, published in September 2020, the Welsh Government said it accepted this recommendation:

This Government is fully committed to fulfilling the legislative requirements for all impact assessments, including where these relate to the assessment of our financial decisions. We are committed to continuously improving our approach to assessing the impacts of our budget proposals which is why we set out in the Budget Improvement Plan (BIP) the steps we intend to take over the next five years, including short-term and medium-term milestones. As was outlined in the first BIP, we intend to refine and update the plan annually on a rolling five year horizon, and publish it alongside the annual draft Budget.

- 10.** Our second recommendation, directly relevant to the transparency of spending on children, was:

That the Welsh Government return to publishing an individual Child Rights Impact Assessment on its Draft Budget to evidence compliance with the Rights of Children and Young Persons (Wales) Measure 2011, until this Committee can be reassured that the Strategic Integrated Impact Assessment accompanying a Draft Budget demonstrates the duty of “due regard” to the United Nations Convention on the Rights of the Child has been exercised.

- 11.** The Welsh Government rejected this recommendation saying:

The Integrated Impact Assessment tool provides a single, integrated framework that guides policy and legislative development. The tool helps us to undertake a rounded assessment of the impact of a proposed action, including the social, economic, cultural and environmental effects. [...]

Within the Integrated Impact Assessment tool there are screening questions to determine whether a more detailed analysis of a particular topic is needed. For children’s rights, the screening stage is statutory for all proposals, and a full assessment is required depending on the outcome of the screening stage. This process enables impact on children to be considered throughout the process.

We believe that taking an integrated approach to impact assessments of the draft budget through the Strategic Integrated Impact Assessment better reflects our responsibility to consider our decisions in the round through a number of lenses to understand their impact, including consideration of children's rights.

12. While education allocations are more straightforward than health in terms of their direct link to children and young people (in particular for pre 16 education), they are not without their challenges. Schools' core budgets are funded predominantly by the un-hypothecated Local Government Settlement. Our 2019 report on school funding sought to scrutinise this issue in detail and our scrutiny of the funding decisions arising from the Sibieta report, [Review of school spending in Wales](#), linked to our work in this area is detailed in paragraphs 68 to 76 of this report.

13. During our scrutiny of this Draft Budget 2021-22, we asked the Minister for Health and Social Services whether he could tell us approximately how much of the £9.2 billion within the Health and Social Services MEG has been allocated to provision specific to children and young people. He responded:

I don't think I can do that in the way the committee would want me to, and that's because, as we've touched on before in the budget conversation, the great majority of budget that we have is allocated in an hypothecated way for health boards and trusts for their delivery plans.³

14. The Minister gave us his assurance that children are getting a fair share of funding in comparison to adult services⁴, adding:

[...] within the planning framework we're very clear about our expectations for children and young people's services. In particular, there's a section around children and young people with priorities around prevention, timely access, primary community care, mental health and reducing health inequalities.⁵

15. We went on to ask the Minister about the hypothecated funding provided to Health Boards. Given that some Health Boards remain in a very difficult financial position, we were keen to understand how the Minister assesses whether their

³ Oral evidence, CYPE Committee, RoP [para 163], 21 January 2021.

⁴ Oral evidence, CYPE Committee, RoP [para 166], 21 January 2021.

⁵ Oral evidence, CYPE Committee, RoP [para 163], 21 January 2021.

financial allocations are sufficient to deliver the government's on-going priorities in relation to children and young people's health.

16. The Minister told us that, in his view, there has been 'real progress on financial discipline within health boards in Wales'.⁶ He also referred to health board funding formulas and the inclusion of children and young people within them.

Cross-portfolio allocations

17. We know that policies affecting children and young people cut across the Welsh Government's portfolios and associated budgets. As a Committee we are particularly mindful of the local government portfolio and the allocations made via the Revenue Support Grant for education and social care.

18. We asked the Minister for Education how she has worked with other Ministers across the Government to ensure a cross-portfolio approach to considering priorities for children and young people.

19. The Minister for Education told us that:

Clearly, cross-collaboration through portfolios is particularly important in education—so, working very closely with the Minister for Housing and Local Government, recognising that where schools get the vast majority of their money from is via the local government settlement; working with her to, for instance, ensure that we have got the additional money for local authorities to provide continuity of support for free-school-meal children right the way through, now, this budget round. We know that taking that pressure off families—that they know that they can count on the continued provision of free-school-meal support during the school holidays I think is particularly important.⁷

20. She went on to refer to collaborative allocations for mental health and the rates of pay for early years education, saying:

I'm very, very pleased that we have been able to work with colleagues in the health field to identify additional resources in this budget to support our shared agenda and children's mental health and well-being. So, for 2021-22, the Minister for Health and Social Services and I

⁶ Oral evidence, CYPE Committee, RoP [para 177], 21 January 2021.

⁷ Oral evidence, CYPE Committee, RoP [para 60], 21 January 2021.

have identified funding totalling £3.8 million to harmonise funding rates for early years and foundation phase. So, that's another area where that's been a longstanding concern in the sector and we've been able to address that. So, mental health, local government, free school meals and childcare rates are just some examples of where we've worked together to do that.⁸

21. When we asked the Deputy Minister for Health and Social Services about discussions with the Minister for Local Government and Housing about looked after children, she told us:

And then, we've had, as I say, with the local government Minister and with the local government, a considerable amount of discussion about safe accommodation for children, particularly for children with complex needs, because those are the children that Eluned has already mentioned in her responses to you, who do need some specific residential provision, and we really want them to stay in Wales, we want them to stay near to their homes, near to their families and friends, and that is why we've put this £2 million that Eluned also referred to in the ICF fund in order to develop complex provision for children with complex needs. And that is to try to stop the children escalating so that they need in-patient mental health provision, or sometimes go on the juvenile justice route; we want this to stop that happening [...]⁹.

Transparency in respect of COVID-19 allocations

22. In addition to the usual challenges of examining allocations for children, these are unique times. The COVID-19 pandemic means we are facing some totally new challenges and there have been—and will be—significant changes to the way the Welsh Government will need to allocate funds.

23. In its budget documentation, the Welsh Government sets out that the UK Spending Review 2021 included a £766 million consequential allocation for Wales related to spending announcements in England linked to the pandemic.

24. There is an initial package of £77 million linked to COVID-19 within this Draft Budget 2021-22 across all portfolios. Of this, £12 million has been allocated to the

⁸ Oral evidence, CYPE Committee, RoP [para 61], 21 January 2021.

⁹ Oral evidence, CYPE Committee, RoP [para 246], 21 January 2021.

Recover, Recruit and Raise Standards school catch up funding, which we discuss in further detail later in this report.

25. This Draft Budget also includes £811 million of unallocated revenue reserves. This means that the vast majority of COVID-19 allocations over the coming financial year may fall outside the Senedd's Draft Budget scrutiny.

26. Audit Wales reported that in the first six months of the financial year 2020-21 the total net cost of NHS COVID-19-related activity was £501 million. By the time the Audit Wales published this figure in November 2020, the Welsh Government had already announced additional health and social care funding of £495 million to manage the COVID-19 response. The Welsh Government also announced a further £800 million stabilisation funding in August 2020 for the NHS for 2020-21. This took the total amount of COVID-19 support for NHS organisations to more than **£1.3 billion**.

COVID-19 allocations to the Education MEG

27. We asked the Minister for Education about the fact that this budget is presented in a time of unprecedented uncertainty and how the changed path of the pandemic since December will impact on the 2021-22 education main expenditure group and school funding.

28. The Minister for Education told us 'we'll need to keep spending under review'¹⁰ and went on to say:

[...] we've worked really hard across the Government to look at the broader impact of the pandemic on public services, and we've looked to try and instigate the fairest possible settlement to help partners prepare for the challenges they're facing now, and the challenges they're facing ahead.

[...] the changed path of the pandemic and especially the increased risk of transmissability has resulted in further disruption to education, and we will need to look at how that potentially affects spending going forward. But we've tried to anticipate some of that—there's £12 million of the 2021-22 element of the recruit, recover and raise standards fund.¹¹

¹⁰ Oral evidence, CYPE Committee, RoP [para 51], 21 January 2021.

¹¹ Oral evidence, CYPE Committee, RoP [paras 50-51], 21 January 2021.

29. We also asked the Minister for Education to explain what processes are in place to identify and prioritise any additional funding from reserves that may be needed due to the pandemic later in the financial year. We were keen to understand what the Minister's top priorities are should additional funding become available.

30. She told us that the 'evolving challenges' of the pandemic mean that 'reserves are a sensible way to approach that'.¹² She stated there was 'very close contact with the Minister for Finance to consider allocations in future budgets once we can better assess how the funding needs to be targeted as we move forward'¹³.

31. The Minister went on to say that:

In allocating any new funding, our approach will continue to be guided by the evidence about where we need to put those resources. So, I would argue that we're already trying to support our key priorities for investment¹⁴.

32. She further explained that, in the context of additional funding, current priorities were¹⁵:

- supporting learners in exam years;
- disadvantaged learners;
- FE and the logistical challenges of delivering vocational qualifications and delivery in that sphere as we go forward;
- digital exclusion and support for remote learning.

COVID-19 allocations to the Health and Social Care MEG

33. When looking at the allocation for children's health and social care we asked the Minister for Health and Social Services about the initial package of £77 million in COVID-19 funding across all portfolios for 2021-22. We wanted to know what specific children's health and social care needs had been accounted for within this initial allocation and what the Minister's approach would be when the

¹² Oral evidence, CYPE Committee, RoP [para 53], 21 January 2021.

¹³ Oral evidence, CYPE Committee, RoP [para 53], 21 January 2021.

¹⁴ Oral evidence, CYPE Committee, RoP [para 53], 21 January 2021.

¹⁵ Oral evidence, CYPE Committee, RoP [para 53], 21 January 2021.

remainder of this substantial funding package is allocated across government portfolios.

34. The Minister told us that this £77 million ‘is the first allocation for the whole Government’ and ‘within that £77 million, the health part of it is the £10 million for contact tracing, to invest in that’.¹⁶ He went on to say that ‘future priorities’ would include vaccination, testing and field hospital maintenance:

[...] not all of those are necessarily directly and specifically and uniquely about children and young people. But what we do know is for a path out of where we are with lockdown and all the alternative harms it causes, despite the fact that it reduces transmission, children and young people are a group of people who actually do have a real harm that comes from lockdown. So, all of those things may not be directly about children and young people, but the sooner we get out of lockdown with suppressed and reduced—and sustainably reduced—virus transmission, there'll be a definite benefit for the rights and interests of children and young people.¹⁷

OUR VIEW: TRANSPARENCY OF SPENDING ON CHILDREN

35. We note and welcome the increased allocations in the Draft Budget 2021-22 across the portfolios, in particular those MEGs that have the most potential to directly impact on children and young people: education, local government, health and social care, and mental health.

36. However, we are disappointed that the Welsh Government yet again rejected our recommendation to publish a Child’s Rights Impact Assessment to accompany its Draft Budget proposal as set out in our Children’s Rights Report of August 2020. Our recommendation was based on evidence from key stakeholders. We do not agree that the Strategic Integrated Impact Assessment ‘better reflects’ the Welsh Government’s ‘responsibility to consider decisions in the round through a number of lenses to understand their impact, including consideration of children’s rights’¹⁸.

37. We are clear that allocations across the Welsh Government’s portfolios can have a massive impact on children and young people’s lives. That is what drives us

¹⁶ Oral evidence, CYPE Committee, RoP [para 168], 21 January 2021.

¹⁷ Oral evidence, CYPE Committee, RoP [para 169], 21 January 2021.

¹⁸ Welsh Government, [response to Children's Rights report](#), September 2020.

to scrutinise the extent to which Welsh Government Ministers have worked collaboratively in this regard. We are particularly pleased to hear evidence of the joint approach to funding the whole school approach to mental health and also to harmonising the rates of pay between the non-maintained and the maintained sector for early years provision. Both are things this Committee has recommended, in our Mind over Matter report and our Stage 1 scrutiny report on the Childcare Funding (Wales) Bill respectively.

38. In paragraphs 179 to 182 of this report, we express our disappointment at the lack of transparency about spending on children since the amalgamation of a range of grants directly relating to children into the Children and Communities Grant and its transfer into the Local Government and Housing MEG two years ago. We expressed concern at the time and made recommendations about this. Given the total of that Children and Communities Grant, at over £138 million, is not insignificant, it is vital that allocation across portfolios does not lead to a lack of transparency about value for money and outcomes. Recommendation 26 in this report reflects our concerns.

39. With a significant amount of revenue funding yet to be allocated for the 2021-22 financial year, the Welsh Government must ensure it gives 'due regard' to children's rights when these Cabinet decisions are made.

40. We fully understand that this budget is presented in a time of unprecedented uncertainty. It is also clear that since this Draft Budget was published in December 2020, the course of the pandemic has worsened.

41. Whilst we recognise the need for flexibility within this Draft Budget in order to respond swiftly and flexibly to the on-going COVID-19 pandemic, we note that the vast majority of 2021-22 allocations intended to address the impact of COVID-19 to be made over the coming financial year will fall outside the Senedd's Draft Budget scrutiny (a total of over £811 million unallocated revenue).

42. The extent of unallocated funding for 2021-22 makes our scrutiny task more challenging, but at this stage we are reassured that allocations from reserves are being made based on evidenced need and through cross-Government working.

Recommendation 1. That our successor Committee in the Sixth Senedd monitor the commitment made in the Welsh Government's response to our Children's Rights Report to refine and amend its Budget Improvement Plan, reflecting its compliance with the 2011 Measure, when publishing its Draft Budget 2022-23.

Recommendation 2. That the Welsh Government should ensure a transparent process for allocating in-year COVID-19 funding and that the legal duty to give ‘due regard’ to children and young people’s rights is a consideration for all Welsh Government Ministers when deciding on the allocations they are requesting.

Recommendation 3. That the Welsh Government, in addition to publishing its Supplementary Budget, should provide regular and detailed updates to the Senedd and relevant committees on the in-year allocations during the financial year 2021-22, in order to ensure robust scrutiny of this significant amount of additional COVID-19 funding.

Recommendation 4. That all Welsh Government Ministers should continue to take into account children’s rights when considering allocations they make within their portfolios. The potential for joint allocations across portfolios should be continuously considered to give further effect to the wide range of children’s rights as set out in the UNCRC.

4. Education

The Education MEG

43. Compared to the 2020-21 Revised Baseline budget, the Welsh Government provided us with information about the following increases in both revenue and capital within the Education Main Expenditure Group (MEG):

- A £60.2 million increase in revenue funding, to £1.625 billion;
- A £42 million increase in capital funding, to £251.5 million.

44. We were also told that the increase in revenue funding includes a £57.6 million allocation from Welsh Government reserves:

- £7.9 million for curriculum reform and £0.37m to Qualifications Wales for curriculum reform work;
 - £5 million for COVID-19 FE recovery;
 - £21.7 million for demographic increases at 6th form and FE institutions;
 - £5.4 million for Personal Learning Accounts;
 - £12 million for COVID-19 school catch-up funding;
 - £1 million for Minority Ethnic and Gypsy, Roma and Travellers;
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- £2 million for PDG-Access;
- £2.2 million for the School Holiday Enrichment Programme (SHEP).

Pre-16 education

45. In our scrutiny of previous years' Draft Budgets we have drilled down into key issues such as school funding, funding for additional learning needs and funding to tackle the link between attainment and deprivation. These have also been the subject of some of our specific scrutiny inquiries and reports.

46. Within the context of the COVID-19 pandemic, our focus has broadened in this year's Draft Budget scrutiny. We have considered how allocations have been made for issues such as: catch up funding to help pupils get back on track; how specific groups of pupils will need targeted help to catch up; and how the roll out of the new curriculum can still be delivered.

COVID-19: Recruit, Recover and Raise standards

47. The Minister for Education announced the £29 million Recruit, Recover and Raise Standards (RRR) programme on 9 July 2020. She stated that the funding would be provided to schools (via local authorities), funding the equivalent of 600 extra teachers and 300 teaching assistants throughout the next school year, targeting extra support at Years 11, 12 and 13, as well as disadvantaged and vulnerable learners of all ages.

48. The Minister clarified that the allocation for this programme for 2021-22 is £12m. She also explained that the RRR allocations for the current 2020-21 year are:

- £17 million;
- an additional £7 million for 2020-21 to support coaching and mentoring.

49. As part of our ongoing scrutiny of the impact of COVID-19 on children and young people we have considered this allocation. We note that the Welsh Government's press release said staff would be recruited on a one-year fixed term contract and expected to move into educational roles in the following school year. It also said that professional learning resources would be provided to support the new and existing teachers.

50. We wrote to the Minister on 7 November 2020 to ask for details of how many new posts have been created and how the Welsh Government is monitoring the use of this money¹⁹. The Minister replied on 19 November 2020 saying:

We currently do not have a complete set of data on the numbers of teachers and other staff recruited. We are however working with local authorities to understand how schools and LAs are deploying this additional capacity and the nature of the support they are creating. (...)

As a Government, we have also worked with the Education Workforce Council (EWC) to promote the programme. EWC worked with us to ensure eligible registered practitioners were made aware of the opportunities that the scheme could provide. During September, over 14,000 emails were issued to eligible registrants and they were provided with a link to an 'expression of interest' (EOI) form on the EWC website. Over 2,300 individuals submitted a form to the EWC. Those EOIs have now been collated and the data and details passed on to the relevant Local Authorities to help them in matching interest in the scheme to possible personnel²⁰.

51. We wrote again to the Minister on this issue on 10 December 2020, as part of our scrutiny of the impact of COVID-19 on children and young people, saying

We note that you “currently do not have a complete set of data on the numbers of teachers and other staff recruited” and that you are “working with local authorities to understand how schools and LAs are deploying this additional capacity and the nature of the support they are creating”. It is vital that schools are utilising the grant to deliver the Welsh Government’s objectives.²¹

We will be carefully scrutinising that this money is being used in line with your intentions: “to create additional teaching posts, support the needs of learners, and mitigate the impact of loss of teaching time”.

¹⁹ [Letter from the Chair of the Children Young People and Education Committee to the Minister for Education](#)

²⁰ [Letter from the Minister for Education to the Chair of the Children, Young People and Education Committee](#)

²¹ [Letter from the Chair of the Children Young People and Education Committee to the Minister for Education](#)

52. When asked during our scrutiny of the Draft Budget 2021-22 about what this RRR funding had funded to date, the Minister told us:

[...] it's being spent and it's being spent on people's wages predominantly. The vast majority of that money has been allocated to recruit additional people into schools and those people are in schools. The local authorities report that 1,052 roles have been recruited to utilising the RRR programme funding.

53. When asked whether the £12 million allocation for 2021-22 was sufficient to deliver the Welsh Government's aims for the RRR programme, the Minister told us:

As we work on plans now for a longer term programme, then we would look to resource that. As I said, I've got no complaints when it comes to the conversations I've had with the Minister for Finance; when we're able to put forward an evidence-based approach for good use of public money, then education is being supported.²²

Supporting disadvantaged pupils during and after the COVID-19 pandemic

54. In previous years, we have undertaken significant scrutiny of the Welsh Government's aim to break the link between deprivation and attainment, including the allocations it has made over time for the Pupil Development Grant. We already know that the pandemic is far more likely to impact disadvantaged pupils and therefore wanted to question the Minister about how the Education MEG allocations reflected this additional challenge for those pupils.

55. Up to £3 million has been allocated in 2020-21 for digitally excluded learners as a demand-led form of support for local authorities to meet the costs associated with all licenses, hardware, and connectivity up to 31 March 2021.

56. We therefore asked the Minister whether the Welsh Government expects there to be any further financial support to help digitally excluded learners, in light of ongoing disruption to education, and what assessment she had made of any costs of this in the upcoming financial year.

57. As the Minister had already informed us that 'connectivity' was a major source of the digital exclusion problem²³, we asked whether there have been any

²² Oral evidence, CYPE Committee, RoP [para 74], 21 January 2021.

²³ Oral evidence, CYPE Committee, RoP [para 8], 21 January 2021.

discussions with internet providers or mobile phone providers about how they could help.

58. The Minister for Education told us:

[...] those discussions have been happening between officials and telecommunications companies of all sorts, and there is a real keenness on behalf of those organisations to assist where they can²⁴.

59. She went on to say:

I've recently approved further investment of just under £12 million in this financial year to purchase an additional 50,000 devices for schools²⁵.

60. The Minister for Education pointed to the PDG allocations of over £100 million, saying that this was a higher allocation than ever before. She also talked about the PDG Access funding, which provides a £125 grant for children entitled to free school meals to help with purchasing school uniform, equipment and kit. The Minister said:

With regard to PDG access, which, of course, is demand led, an early indication from the pupil level annual school census data reports an increase in demand for that budget, and that has been reflected in an increase to the PDG baseline to be able to respond appropriately to what we perceive will be an increased demand because of the economic circumstances that families will find themselves in, and therefore wanting to access support that is available²⁶.

Curriculum reform

61. The Welsh Government's Curriculum and Assessment (Wales) Bill is currently in Stage 3 of the Senedd's legislative process. If passed, the Bill will provide the statutory foundation for the Welsh Government's reform of the curriculum for 3 to 16 year olds. The Welsh Government intends to phase the introduction of the new curriculum from September 2022.

²⁴ Oral evidence, CYPE Committee, RoP [para 106], 21 January 2021.

²⁵ Oral evidence, CYPE Committee, RoP [para 106], 21 January 2021.

²⁶ Oral evidence, CYPE Committee, RoP [para 108], 21 January 2021.

62. As in previous years, this Draft Budget includes an allocation for delivery of the new curriculum. The Minister for Education explained that this includes:

- an additional £8.3 million towards supporting its introduction as well as 'additional resources for other parts of the curriculum reform such as RSE and RVE'²⁷;
- £15 million for teacher's professional learning funds;
- £5.5 million to regional consortia;
- £1 million to Qualification Wales²⁸.

63. We asked the Minister to further explain the basis for those allocations and what other sources of information she had considered which might help better understand how much is needed for 2021-22 and further ahead. The Minister's official told us:

[...] the Minister will be making an announcement in relation to the curriculum implementation plan²⁹, which will set out a range of activities as well as a range of partners who will be delivering on those activities. It's been built on an evaluation with those groups of the work to date³⁰.

64. The official went on to say:

There have been some challenges, for example, around the professional learning. We're at early days³¹.

65. The Minister went on to refer to a meeting with the Central South Consortium which led her to tell us that:

[...] even in these most difficult times, we're delivering it slightly differently, but there is a real desire and a real demand for professional learning opportunities [...]³².

²⁷ Oral evidence, CYPE Committee, RoP [para 96], 21 January 2021.

²⁸ Oral evidence, CYPE Committee, RoP [para 97], 21 January 2021.

²⁹ The Curriculum for Wales: Implementation plan was published on 27 January 2021.

³⁰ Oral evidence, CYPE Committee, RoP [para 101], 21 January 2021.

³¹ Oral evidence, CYPE Committee, RoP [para 101], 21 January 2021.

³² Oral evidence, CYPE Committee, RoP [para 102], 21 January 2020.

66. We considered the financial implications of curriculum reform as part of our scrutiny of the Curriculum and Assessment (Wales) Bill and made several recommendations in our Stage 1 report.

School funding

67. Schools' core budgets are funded predominantly by the un-hypothecated Local Government Settlement. Paragraph 13 above refers to school funding within the context of the Welsh Government needing to adhere to its duty to give 'due regard' to the UNCRC across all its portfolios, including local government.

68. We asked the Minister for her view about the balance in this Draft Budget between what should be in the RSG for schools and how much should be from the education MEG, so that she has direct control over it.

69. The Minister told us:

Well, you're right, it is a balancing act, recognising that the vast majority of money that goes to schools comes from the local education authority and therefore ensuring that the revenue support grant to local government is as good as it needs to be and having conversations, not only with the Minister for local government, but indeed the leaders of local government themselves about the need within that budget to prioritise schools and to ensure that as much of that money gets to the front line—

What we then do in the education department is look to see where we need to add value on top of that basic core funding for education to deliver against specific Welsh Government priorities³³.

70. The Minister added:

[...] we have to trust our colleagues in local government to respond to the needs in their local communities. I mean, we've been very clear—both myself and the Minister for local government—about the need to use the revenue support grant to support front-line services and to get as much money as possible out to schools³⁴.

71. Our 2019 [report](#) on school funding looked in detail at a range of relevant matters including the sufficiency of school funding and the extent to which the

³³ Oral evidence, CYPE Committee, RoP [para 83], 21 January 2021.

³⁴ Oral evidence, CYPE Committee, RoP [para 85], 21 January 2021.

level of provision for school budgets complements or inhibits delivery of the Welsh Government's policy objectives.

72. The Welsh Government subsequently commissioned and published a Review of school spending in Wales in 2020, authored by Luke Sibieta.

73. We asked the Minister about the evidence in her paper to us that this Review of school spending in Wales has not impacted 'directly to allocations in this draft budget' but will inform decisions in the future.

74. The Minister told us that the:

[...] work was commissioned in very different circumstances', and I certainly wouldn't think that in the middle of a pandemic, when we're all dealing with as much as we're dealing with, that a whole-scale change to how we fund our schools would have been appropriate.

75. She went on to refer to the Sibieta report influencing funding for learners aged 16 to 19, in both school sixth forms and in colleges, adding:

So, although we haven't been able to have the bandwidth, both within Government and outside of Government, for that whole-scale debate about school funding and mechanisms for school funding and funding formula, we have been able to take some of the headline issues and try to react accordingly³⁵.

Whole school and whole systems approach to mental health

76. Given the impact of the pandemic on children and young people's mental health, we welcome the total allocation of £9 million in 2021-22 from the Education MEG and the Health and Social Services MEG to fund the whole-school approach. Further detail of our scrutiny on mental health provision and our recommendations in this regard are set out later in this report in paragraphs 122 to 123, which outline further questions to the Minister for Mental Health, Wellbeing, and the Welsh Language.

77. We asked the Minister for Education whether she believed that the increased allocation for the whole school approach for mental health and well-being will be adequate to meet potential demand. The Minister told us:

³⁵ Oral evidence, CYPE Committee, RoP [para 88], 21 January 2021.

I'm very grateful to my colleague the Minister for Mental Health, Wellbeing and Welsh Language for providing an additional £4 million to support that work. That additional funding builds on the £5 million that we made available in 2020-21 previously, and that will go to support our response to COVID-19. That's a significant increase on where we began these particular interventions³⁶.

OUR VIEW: PRE-16 EDUCATION

78. Article 28 of the UNCRC says that every child has the right to an education.

79. We welcome the detail provided in oral evidence about the spend on the Recruit, Recover and Raise Standards funding. A year ago it would have been impossible to predict a position in which schools would be physically closed for such long periods of time and the loss of teaching hours occurring as a consequence. This funding is crucial. We must ensure it delivers the intended impact, and that swift decisions to allocate additional allocations to support our learners are enabled as and when it becomes apparent they are needed. We welcome evidence from the Minister for Education that evidence-based approaches to help learners catch-up with the loss of teaching time during the COVID-19 pandemic are being supported by the Minister for Finance.

80. We note that spending on the PDG has never been higher and welcome the Welsh Government's efforts to support disadvantaged pupils and reduce the gap in their attainment compared to other pupils. We do have concerns that attention should be paid to whether any temporary changes might be required to this funding in 2021-22 to accommodate the physical restraints associated with the pandemic and in order to maximise the benefits of this significant allocation.

81. We note the on-going allocations to support curriculum reform, for example the £15 million for teachers' professional development. We were pleased to hear the Minister's evidence that there 'is a real desire and a real demand for professional learning opportunities'. However, we are concerned to hear evidence from the Minister's official that there have been some challenges, for example, around professional learning, and the view that 'we're at early days'. We seek assurance that the Welsh Government is using all the sources of information available to it to establish the true cost of curriculum reform for 2021-22 and going forward.

³⁶ Oral evidence, CYPE Committee, RoP [para 110], 21 January 2021.

82. We were pleased to hear that the Minister has been able to take forward some of the headline messages in the Sibieta review of school funding (October 2020). We also note her evidence that ‘a whole-scale change to how we fund our schools’ would not have been ‘appropriate during these past few months’³⁷. However the Welsh Government must not take its eye off the ball as far as the wider issue of school funding is concerned. Whilst there has been an overall announcement of £36 million for the Recruit, Recover and Raise Standards funding, this pales into insignificance compared to the funding for schools in the RSG.

Recommendation 5. That the Welsh Government should work with consortia, local authorities and schools to continue to develop costed and evidence-based approaches intended to support learners to catch up after the COVID-19 pandemic. This work should inform the Minister’s requests for additional funding from the as yet unallocated Welsh Government COVID-19 funding for 2021-22.

Recommendation 6. That the Welsh Government should fund a review of the efficacy of the different methods of online and blended teaching in order to inform allocations from the Welsh Government’s COVID-19 allocations.

Recommendation 7. That the Welsh Government should provide us with further details about the “1052 roles that have been recruited to” using the Recruit, Recover and Raise Standards funding. This should include information about:

- how the total amount spent to date has been used, specifically whether spend has been on new or existing post holders, and
- from where the new post-holders were recruited (e.g. has there been a noticeable pattern of retired teachers returning or qualified teachers being attracted back to the profession?).

Recommendation 8. That the Welsh Government should publish transparent and regular data on an on-going basis about spending on the Recruit, Recover and Raise Standards funding.

Recommendation 9. That the Welsh Government should undertake a quick top-line review of spending on the Pupil Development Grant in 2020-21 to assess the extent to which funding has been able to be used in line with the PDG Guidance, given the physical constraints associated with the pandemic. The

³⁷ Oral evidence, CYPE Committee, RoP [para 87], 21 January 2021.

findings of this review should inform whether any interim changes may be required for the year 2021-22.

Recommendation 10. That the Welsh Government should ensure it is using all sources of available information to inform its exact allocations to support curriculum reform in order to establish the true cost for 2021-22 and going forward.

Recommendation 11. That, by the end of this Fifth Senedd, the Welsh Government should set out its desired approach to take forward the recommendations of our report on school funding and the findings of the Sibietta review. This would then provide a platform for the next government to act swiftly.

Post-16 education

Further education and 6th form allocations

83. The Welsh Government provided information that further education (FE) and 6th form provision has received an additional £40 million in the Draft Budget. This is made up of £32.1 million from reserves and £7 million from savings in the student support budget. £5 million of this increase is intended for COVID-19 related catch-up funding.

84. As usual, in terms of timing, the individual allocations to further education providers and 6th forms have not yet been made for the 2021/22 academic year.

85. The majority of this £40 million increase for FE and 6th form provision has been allocated to fund an expected increase in the number of learners, a total of £27.1 million. However it was not clear to us whether this increase was being made to the level of funding per student or whether it reflects an increased number of learners.

86. We asked the Minister for further detail on this and her official explained:

It's an increase in the number of learners, primarily. There have been adjustments in terms of the level of funding per learner, and we've been keen to make sure that there's parity between the students and pupils in different institutions³⁸.

³⁸ Oral evidence, CYPE Committee, RoP [para 127], 21 January 2021.

87. The Minister's paper also sets out that the transfer of £7 million from the student support budget is 'to provide further support to sixth forms and FE commitments'.

88. We asked the Minister for further detail on this and she told us:

The £7 million is a contingency, which we have always kept back in recent years. That has meant that we haven't always used that money, so rather than just sitting on it at the moment, from the past experience, we feel that we can adequately move that money to be deployed in another area³⁹.

89. The Minister's official went on to say:

The £7 million is a transfer to the further education provision budget expenditure line to support our commitment to lifelong learning and the work that we're doing to develop offers in that area⁴⁰.

Higher Education allocations

90. Information provided by the Welsh Government shows that Higher Education provision has been allocated an additional £25 million in the Draft Budget 2021-22, bringing the HEFCW budget line to £201.9 million. The Minister's paper states that a further allocation of over £5 million is expected in order to fund new and continuing degree apprenticeships.

91. We asked the Minister about whether this £25 million transfer to HE from student support budget was intended to deliver Welsh Government's commitment to reinvest its savings from the Diamond review back into the sector.

92. The Minister confirmed that the Welsh Government has 'been able to absolutely honour our commitment to ensuring that savings accrued as a result of higher education finance reform are ploughed back into the sector'⁴¹.

93. The Minister's official referred to 'the announcement earlier this week of £40 million for higher education to provide for students who are in hardship'. He went on to say:

³⁹ Oral evidence, CYPE Committee, RoP [para 117], 21 January 2021.

⁴⁰ Oral evidence, CYPE Committee, RoP [para 118], 21 January 2021.

⁴¹ Oral evidence, CYPE Committee, RoP [para 117], 21 January 2021.

We met as recently as yesterday with the chair and chief executive of HEFCW to look again at what the impact of COVID had been this term, and what it might likely be over the course of the rest of the spring, and I'm confident that we have measures in hand. That may require additional money, but at this point, we don't have a feel for the scale of that⁴².

94. We were keen to follow up on our interest in a whole system approach to mental health and to ensure that young people get the right support and that the right allocations are in place to support this. Referring to mental health provision, the Minister told us:

We will also be maintaining the additional funding provided in last year's budget for mental health for higher education, because those needs aren't going to go away either, and in further education as well. So, we're moving from a whole-school approach to a whole-system approach to supporting mental health. Children and young people's mental health needs don't necessarily stop when they finish school; we need to make sure that there is support there within further education and higher education⁴³.

OUR VIEW: POST-16 EDUCATION

95. We note the Minister's evidence that the £7 million released to further education is a 'contingency'. We further note the Minister's explanation that 'we have always held back in recent years'. This is not an insubstantial amount in the context of FE funding. We would welcome further clarity on its purpose and about how long it has been available to the Welsh Government.

96. We also note the increase of £27.1 million for an increased demographic for FE and 6th form. This is a substantial increase and we would welcome further clarity about it.

97. We note that, other than the £7 million allocation to further education provision, the Welsh Government has invested all the remaining savings from the Diamond review back into the sector via an increase in the HEFCW budget. We also note that the un-hypothecated nature of the HEFCW budget means that we are unable to scrutinise this considerable level of funding during Draft Budget

⁴² Oral evidence, CYPE Committee, RoP [para 122], 21 January 2021.

⁴³ Oral evidence, CYPE Committee, RoP [para 110], 21 January 2021.

scrutiny. We urge our successor Committee to continue to conduct in-year scrutiny of HEFCW's funding allocation with both HEFCW and the Welsh Government.

98. We note the evidence of the recent announcement of '£40 million for higher education to provide for students who are in hardship' and would welcome further clarity on the timeframe and the intended purpose for this allocation.

99. We will work to ensure we scrutinise the important move to a whole system approach to supporting children and young people's mental health. The nature of the budgets for higher and further education mean it is not possible to understand at this stage if there will be ring-fenced funding for mental health and learner well-being. Whilst it is not therefore possible to scrutinise this during this budget round, we urge our successor Committee to keep a watching brief during the next financial year when higher and further education funding is distributed to institutions.

Recommendation 12. That the Welsh Government provide us with further detail on the nature of the £7 million contingency moved into FE and 6th form provision, including information on how many financial years it has been held, if it has been used in the recent past and for what purpose, and if it has not been used, given the cost-pressures in post-16 education, the reasons for not using it.

Recommendation 13. That the Welsh Government provide us with details of the driver, scale and nature of the demographic change expected over the next financial year which has led to the increased allocation of £27.1 million in the Draft Budget 2021-22, and details of what proportion of the funding increase is for this demographic change, and what proportion is to increase the level of funding per learner.

Recommendation 14. That the Welsh Government provide us with further detail about the recent announcement of £40 million for higher education to provide for students who are in hardship, including the intended timeframe and the detail of its intended purpose.

Recommendation 15. That our successor committee in the Sixth Senedd keep a watching brief on allocations to support students' mental health during the next financial year, when higher and further education funding is distributed to institutions.

5. Health, social care and children

Health and Social Services Major Expenditure Group

100. The majority of the Welsh Government's core revenue budget of approximately £16.5 billion for 2021-22 is allocated for spending on health and social services.

101. Whilst there is considerable additional funding across all Welsh Government portfolios in the Draft Budget 2021-22, the most significant increases are in Health and Social Services (£425 million) and Housing and Local Government (£268 million).

102. In 2021-22, for the Health and Social Services Main Expenditure Group (MEG), the Total Managed Expenditure (TME) is £9.2 billion, a 4.2% increase from the 2020-21 Final budget (restated). This comprises of:

- £8.6 billion revenue (a 5.2% increase)
- £382.5 million capital (a 3.6% increase)
- £148.4 million Annually Managed Expenditure (AME) (a 31.8% decrease): this is expenditure on programmes which are demand-led.

103. The Welsh Government's paper to us provides a wide range of detail including setting out the following additional allocations:

- £0.7 million increase support for Speech, Language & Communication for Early Years.
- £17.9 million increase for Support for Children and Play in respect of £15m increase in Childcare Offer, £1.9 million increase harmonising rate with the foundation phase and £1 million budget transfer for Holiday Hunger from the Education MEG.
- £0.576 million increase for Supporting Children in respect of National Fostering Framework.
- £2.4 million increase for Support for Families and Children including inter-parental conflict support; parenting support in relation to the Children (Wales) Act, adverse childhood experiences and additional programme costs.

- £1.47 million increase to CAF/CASS funding due to demand within the service in fulfilling their statutory obligations.
- £17 million included within the Integrated Care Fund for programme activity for 'Children on the Edge of Care' (£15 million) and a new allocation for safe accommodation for children with complex, high end emotional and behavioural needs (£2 million).
- £4 million additional support the Whole Systems Approach (previously Whole School Approach) to improve access to support the emotional and mental health well-being of children and young people.
- £5.4 million additional funding to support young people with diagnosed mental health conditions through community or specialist

The impact of COVID-19

A 'backlog' in the delivery of routine health services

104. We wanted to know about the significant impact of COVID-19 on delivering routine health care, and how allocations in the Draft Budget 2021-22 will reflect the needs of children and young people.

105. The Welsh Government's evidence to the HSC&S Committee notes the substantial backlog that has built up since March 2021 on routine health delivery. The Minister's evidence highlights the pressures on cancer services, estimating there are at least 13,500 people with suspected cancer that may be referred at some point in the near future. This backlog, coupled with delays for diagnostic tests; 'may take 132 weeks to see and review the additional volume of patients, which we believe is unacceptable'. This evidence does not reference the impact on children and young people specifically.

106. We asked the Minister what assessment he has made of the impact of these delays in routine health care on children. We also asked how the funding he is planning to announce for 2021-22 will begin to address these issues specific to children and young people's routine health care.

107. The Minister told us that

[...] some aspects of children and young people's routine healthcare have obviously carried on because they've been designated as essential services. There are some things that you can't stop. So, maternity services have obviously carried on. Babies haven't stopped being born

during the period of the pandemic, so that's essential work, and so the work of health visitors as well that is essential has carried on.

[...] In other aspects, some of the more surveillance work, that's part of our challenge.

[...] So, you have those specific examples, but in the broader picture, there are a whole range of essential children and young people services that we have safeguarded, but that big backlog is definitely going to affect children and young people, and there's no getting away from that I'm afraid⁴⁴.

108. The Minister's official went on to say:

[...] the important bits of health services that we offer children, as the Minister says, haven't stopped. So, the antenatal care, the maternity care—fundamentally important for their ongoing well-being, but also, child health screening, because screening and prevention is the biggest chunk of routine health services, which includes immunisation.

[...] They have adapted to the fact that we all have to do things virtually, face-to-face where necessary, virtually where that is better for everybody, and so those things have continued. We've even done a lot of work with our colleagues in the health service to improve things like routine screening of the neonatal and six-week physical examination [...] ⁴⁵.

109. The Minister's official also provided details of how they are seeking to address challenges in surgical interventions, including cleft palate, and a 24/7 neonatal transport service. The official also referred to the monitoring of the Healthy Child Wales output process⁴⁶.

110. The Draft Budget includes an 8.2% increase for training and education of the NHS workforce, up by £2.1 million to £27.9 million in 2021-22. We wanted to know how much of this will be spent on the paediatric workforce. We were also keen to understand whether any of this funding will be used to address concerns we have

⁴⁴ Oral evidence, CYPE Committee, RoP [para 188-189], 21 January 2021.

⁴⁵ Oral evidence, CYPE Committee, RoP [para 192], 21 January 2021.

⁴⁶ Oral evidence, CYPE Committee, RoP [para 193-195], 21 January 2021.

heard that parts of the paediatric workforce are being moved across to adult services to deal with the COVID-19 pandemic.

111. The Minister told us about increases in midwifery training and child nursing training places⁴⁷. He went on to refer to questions about whether health visitors had been reallocated during the pandemic. He stated:

I wouldn't want anyone to have the impression there's been a permanent transfer of people out of paediatric services, because that isn't the case⁴⁸.

Meeting the health needs of children living in deprived areas

112. Article 27 of the UNCRC says that every child has the right to a standard of living that allows them to develop physically, mentally, spiritually and socially. Living in a deprived area can mean that children's physical health needs are less likely to be met.

113. This year we looked at the most recent child obesity statistics. They show that at reception age, children are significantly more likely than the Welsh average to be obese, if they live in areas of higher deprivation. This means that, for example, reception age children in Merthyr Tydfil are almost twice as likely to be obese than children in the Vale of Glamorgan.

114. We questioned the Minister about how he is trying to ensure that Welsh Government allocations in the Draft Budget 2021-22 for children's health will address issues faced by specific groups of children, such as those living in deprived areas.

115. The Minister offered to provide a note on the funding formula for increases in health allocations:

What I can indicate is that the formula does take account of demographic indicators; so, population health measures; it takes account of the different level of costs for different age groups; it takes account of the costs for where you have a higher level of younger people, so the birth rate is different; it also takes specific account of deprivation as well⁴⁹.

⁴⁷ Oral evidence, CYPE Committee, RoP [para 197], 21 January 2021.

⁴⁸ Oral evidence, CYPE Committee, RoP [para 199], 21 January 2021.

⁴⁹ Oral evidence, CYPE Committee, RoP [para 178-179], 21 January 2021.

OUR VIEW: CHILDREN'S PHYSICAL HEALTH

116. Article 24 of the UNCRC says that children and young people have the right to the best health possible. As a Committee, we are concerned about the impact of the COVID-19 pandemic on routine healthcare provision for children. A year in the life of a child is a significant time in terms of their development.

117. We note the Minister's evidence that the Welsh Government has safeguarded a wide range of services such as antenatal and maternity services but we are concerned by the Minister's acknowledgement that a 'big backlog is definitely going to affect children and young people'⁵⁰.

118. We note the evidence from the Minister and his official about the efforts being made to address challenges faced in respect of particular health issues such as surgical interventions for cleft palate. We are very interested about the extent to which face-to-face routine health surveillance has been maintained, including the universal screening contacts prescribed within the Healthy Child Wales programme.

119. We recognise the significant pressure on the NHS workforce in delivering care at the sharp end of the COVID-19 pandemic. We welcome the Minister's reassurance that there has not been any permanent transfer of the workforce out of paediatric services.

120. Nevertheless, we would welcome further reassurance that the needs of specific groups of children are being addressed within the Welsh Government's allocation. We recognise that this is no simple task. However we do not accept the Minister's explanation that the Townsend formula alone will address this challenge given it applies to the growth aspect rather than the overall budget.

Recommendation 16. That our successor Committee should monitor published health statistics that can demonstrate the extent of the Welsh Government's success in addressing the health needs of children in deprived areas.

Recommendation 17. That the Welsh Government should ensure that children and young people's routine health needs are considered alongside those of adults. It must make a commitment to ensuring they get their fair share of funding when the Minister announces his spending plans to address the

⁵⁰ Oral evidence, CYPE Committee, RoP [para 189], 21 January 2021.

backlogs in routine healthcare in April 2022. A CRIA should be published alongside this plan.

Recommendation 18. That the Welsh Government should provide us with a detailed update on the extent to which the Healthy Child Wales programme has achieved its universal screening contacts on a face-to-face basis across Wales between April and December 2020. If and where these contacts have not been delivered, the Welsh Government should set out its plans to do so alongside any financial allocations required.

Emotional and mental health of children and young people

121. We have consistently focused our scrutiny of the Health and Social Services MEG on allocations to support the emotional and mental health of children and young people, and perinatal mental health. We undertook very detailed financial scrutiny of both these issues when considering the Draft Budget for 2020-21.

122. Our financial scrutiny in this area builds on reports we published on these issues in 2017 and 2018 respectively.⁵¹ We recently published a follow up report on Mind over Matter in October 2020⁵².

123. In this follow up report we called for an update on the impact of the £7 million allocation for 2020-21. The Welsh Government's response provides this detail⁵³.

124. In scrutiny of the Draft Budget 2021-22 we sought to explore the impact of the pandemic. We wanted to know how the additional all age allocation of £20 million would be targeted and be sure that it would also provide support children and young people.

125. The Minister for Mental Health, Wellbeing and Welsh Language told us:

[...] first of all, we've got to put this in the context of just understanding that we recognise that there is, potentially, a mental health crisis that will occur as result of this pandemic.

There was already an issue in relation to mental health, but I think there is a particular issue that we need to address in relation to children

⁵¹ CYPE Committee, [Perinatal Mental Health Report](#), October 2017 and [Mind over Matter Report](#), April 2018.

⁵² CYPE Committee, [Mind over Matter follow up report](#). October 2020.

⁵³ Welsh Government, [response to Mind over Matter follow up](#). November 2020.

and young people, and that's why that has been recognised in the budget this year⁵⁴.

126. The Minister went on to tell us that a range of services would be funded through this allocation including 'eating disorders, perinatal and psychological therapies and CAMHS'. The Minister also referred to funding for 'Tier Zero' and 'crisis care'⁵⁵.

127. We asked the Minister about the £5.4 million allocations for Tier 4 provision and Community Intensive Teams and how much of that was for Tier 4 specifically.

128. The Minister told us:

[...] the decision as to where that funding is going to go is going to be informed by the national collaborative commissioning unit's review of the two tier 4 units—so, the Tŷ Lliardiard and the north Wales adolescent service. So we're looking—and we've been monitoring bed capacity within CAMHS—and all of that's going to be fed in for us to understand where the gaps are so we can target that funding. So, the actual lockdown of where the allocation's going to go hasn't been determined yet, but we're waiting for that review in order to inform exactly where we should be prioritising that funding.⁵⁶

129. The Minister also referred to £2 million that is ring-fenced within the intermediary care fund for complex care cases and that the Welsh Government is encouraging health boards and regional partnership boards to come forward with proposals.⁵⁷

130. We asked the Minister about information in her written evidence setting out a total allocation of £9 million to fund the whole school approach to mental health (made up of £2 million from the education MEG and a £7 million allocation from the Minister's budget, £4 million of which is new money). Referring to the £7 million, the paper said:

This will increase the allocation in 2021-22 to £7m from the MHWWL MEG. The investments will support the extension of schools counselling and further extend the existing in-reach pilots for the Child &

⁵⁴ Oral evidence, CYPE Committee, RoP [para 203], 21 January 2021.

⁵⁵ Oral evidence, CYPE Committee, RoP [para 205-206], 21 January 2021.

⁵⁶ Oral evidence, CYPE Committee, RoP [para 215-216], 21 January 2021.

⁵⁷ Oral evidence, CYPE Committee, RoP [para 219], 21 January 2021.

Adolescent Mental Health Service into 2021-22. These services are helping to prevent the escalation of more serious mental health and well-being issues within school aged children and ensure sustainable improvements to timeliness of interventions. There is also £2m in the Education MEG that supports this programme, giving a total commitment of £9m.

131. It is important that we are clear how the Minister will ensure that value for money is being achieved and that outcomes for children and young people are monitored. We also asked how the Minister knows whether this allocation is sufficient

132. The Minister told us about work with Cardiff University in respect of evaluation of the whole school approach. She also told us that Welsh Government has commissioned a separate evaluation of the CAMHS in reach project.

Perinatal mental health

133. We published our report on perinatal mental health in October 2017.⁵⁸ We have been monitoring progress since then and undertook further follow-up work in February 2020.

134. The HSC&S Committee asked the Minister during its scrutiny of the Draft Budget 2021-22 whether there is ring-fenced funding for perinatal mental health.

135. The Minister told that Committee:

Well, we haven't ring-fenced it yet, but we haven't made any firm decisions on how we're going to spend the £7 million that has been earmarked for the service improvement fund. So, we'll look at that, Lynne, just to see if there is any scope to do that, because, obviously, that is one of the priority services that we've asked people to look at within mental health.⁵⁹

136. In our scrutiny of the Minister, we asked what outcomes she expected to see from the funding available to Health Boards for community perinatal mental health services and how the Welsh Government will monitor whether it is sufficient.

⁵⁸ CYPE Committee, *Perinatal Mental Health Report*, October 2017.

⁵⁹ Oral evidence, Health, Social Care and Sport Committee, RoP [para 98], 20 January 2021.

137. The Minister told us that health boards have been asked to monitor the situation⁶⁰. She further explained that health boards have been asked to ensure that they ‘come up to the standards that have been set by the Royal College of Psychiatrists’ and that additional funding had been allocated in this regard⁶¹.

138. We looked at progress on our ‘Perinatal Mental Health in Wales’ report on 26 November 2020 as part of COVID-19 scrutiny. We heard that community perinatal mental health services continue to provide support during COVID-19 and the six-bed interim Mother and Baby Unit in Tonna is on track to be completed by March 2021.

139. The Minister told us that the Welsh Health Specialised Services Committee (WHSSC) is in discussion with North West England NHS to access their perinatal mental health inpatient services.

140. We asked the Minister about the allocations in Betsi Cadwaladr Health Board for perinatal mental health. Reference was made to the Health Board itself seeking to develop in-patient provision in north Wales that would also be available for women in England.

141. The Minister responded saying:

Well, these are very specialist services, so you do have to ensure that there is sufficient population to be covered. We are in discussions with north-west England with regard to establishing, perhaps, a few beds with them in the unit that they are thinking about developing, but, of course, one of the things that we would be very eager to do is to ensure that that provision can be provided through the medium of Welsh as well. So, that discussion is ongoing.⁶²

142. Setting out the position in south Wales, the Minister said:

[...] we have allocated £1.6 million of capital to develop the centre in Tonna in Neath, so that is going forward, and we hope that that will open in March, and I know that the recruitment for that has already started⁶³.

⁶⁰ Oral evidence, CYPE Committee, RoP [para 228], 21 January 2021.

⁶¹ Oral evidence, CYPE Committee, RoP [para 228], 21 January 2021.

⁶² Oral evidence, CYPE Committee, RoP [para 234], 21 January 2021.

⁶³ Oral evidence, CYPE Committee, RoP [para 236], 21 January 2021.

OUR VIEW: EMOTIONAL, MENTAL AND PERINATAL MENTAL HEALTH

143. We know that the COVID-19 pandemic has had a significant impact on the mental health of the population and will continue to do so. Now, more than ever, our children and young people need the right support available in a way they can access easily.

144. We recognise and welcome the significant funding the Welsh Government has made available to support services for children and young people's mental health and emotional well-being.

145. Nevertheless, the Welsh Government needs to be clearer about what is— and what will be—delivered for these investments. We note the Minister's evidence about the work with Cardiff University in this regard and the evaluation of the CAMHS in-reach projects.

146. We welcome the funding allocated for the continuation of the whole-school approach to emotional and mental health and continue to commend the Welsh Government for its cross-ministerial action in this area. We believe the whole-school approach is crucial to the delivery of the whole-system approach which we called for in our 2018 *Mind over Matter* report and the 2020 follow up.

147. We welcome the fact that the Welsh Government has taken forward our recommendation that the whole *school* approach task and finish group be changed to a whole *system* task and finish group. The Government must be mindful of the impact of the closure of school premises to the majority of pupils on the Joint Ministerial Task & Finish Group's work and should adapt its approaches swiftly if needed.

148. Support for perinatal mental health is also vital during these difficult times when less direct support is likely to be available from health services, family and friends. We note the Minister's evidence that the Welsh Government is waiting for analysis of whether needs have increased⁶⁴.

149. We want to be assured that sufficient allocations are being made to deliver perinatal mental health support in the context of the pandemic. We were concerned to hear the Minister's evidence that health boards have been asked to monitor the situation and seek assurance that the Welsh Government itself has oversight of this.

⁶⁴ Oral evidence, CYPE Committee, RoP [para 230], 21 January 2021.

150. Since 2017 we have called consistently for work on the delivery of specialist mother and baby unit provision to be completed. We are therefore very pleased to hear from the Minister that a £1.6 million capital allocation to develop the centre in Tonna in Neath is going forward with the hope that it will open in March 2021⁶⁵.

Recommendation 19. That the Welsh Government provide us with detailed information about the evaluation process for the whole school approach and the CAMHS in-reach project including timescales.

Recommendation 20. That the Welsh Government provide as soon as possible further information about the next steps for Tier 4 provision, including accommodation for children and young people with the most complex needs. This information should include details of all necessary funding.

Recommendation 21. That the Welsh Government provide us with further detail of how it is satisfying itself that its expectation that Health Board perinatal services meet standards set by the Royal College of Psychiatrists is being met; and how it is assuring itself that adequate funding is being allocated by health boards in this regard.

Recommendation 22. That the Welsh Government announce its intentions in relation to specialist perinatal mental health provision in north Wales (including funding arrangements) as a matter of urgency. This should include details about community provision as well as a mother and baby unit. It should also include details about how it intends to deliver Welsh language perinatal mental health provision.

Children's well-being, social care and support

Safeguarding

151. The pandemic is estimated to have cost local authorities around £325 million in the first six months of 2020-21. Given the already challenging financial position they have faced in recent years, we asked the Deputy Minister for Health and Social Care whether she is assured that sufficient resources are being directed to frontline children's social services for safeguarding purposes.

⁶⁵ Oral evidence, CYPE Committee, RoP [para 236], 21 January 2021.

152. We wanted reassurances that these services are robust. We noted that in October 2020 the Welsh Government allocated £1.6million for local authorities to assist in the safe resolution of cases prior to reaching child protection registration.

153. The Deputy Minister told us that the Welsh Government has got ‘very close contact with the local authorities in order to see and to keep tabs, really, on what is going on’⁶⁶. Elaborating, the Deputy Minister said:

During the pandemic, of course, the services have remained open and they have had to manage the risk that has been there, of course, and they are well used to managing that risk. We've put in COVID-19 operational guidance for children's social care to give particular guidance to the local authorities [...]

There's a weekly data collection process with the local authorities and that data shows how the local authorities are dealing and coping with the services, so the children's services—we can see every week whether they are able to fulfil the duties that they have. that they are being kept safe⁶⁷.

154. The Deputy Minister went on to say:

[...] in the first lockdown, there was a drop in safeguarding referrals, and I think that was widely noticed. But I'm assured now by the chairs of the safeguarding boards that they have recovered in terms of they're more average now than they were before, but I know there was some concern about that at the beginning⁶⁸.

Looked after Children

155. Support for looked after children is a theme that has run through a number of our inquiries during the Fifth Assembly, including our *Mind over Matter* and *On the Money?* reports. We decided to take a closer look at this area as part of our scrutiny of the Draft Budget 2020-21.

156. Our focus on this in 2020 was the proposal in the First Minister's 2018 Welsh Labour Leadership manifesto for ‘new, binding targets’ to be set by the Welsh

⁶⁶ Oral evidence, CYPE Committee, RoP [para 243], 21 January 2021.

⁶⁷ Oral evidence, CYPE Committee, RoP [para 239-241], 21 January 2021.

⁶⁸ Oral evidence, CYPE Committee, RoP [para 242], 21 January 2021.

Government to reduce the number of looked after children in Wales.⁶⁹ During 2019, we sought assurances from the Welsh Government that such targets would not lead to unsafe reductions in the number of looked after children in Wales.⁷⁰

157. Whilst the majority of public expenditure on looked after children is from the Revenue Support Grant from the local government MEG, the responsibility for outcomes for this group of children sits within the Minister for Health and Social Services' portfolio.

158. There are nearly 7,000 children being looked after in Wales and the WLGA says this trend is likely to increase further. Commenting on the Draft Budget 2021-22, it said the high cost of sourcing placements during the pandemic has led to additional financial pressures. We wanted to understand what discussions the Deputy Minister has had with local authorities and with the Minister for Housing and Local Government about allocations for looked after children in advance of this Draft Budget.

159. The Deputy Minister told us:

On the whole, during the pandemic, placements have been fairly stable, and I really want to pay tribute to the local authorities, because I think they have managed any moves really well, and, when there is additional financial pressure because of breakdown and the local authorities have had to pay for more expensive placements, they have been able to use the local government hardship fund, which, of course, we have put in place in addition to the regular funding for the local authorities in response to the pandemic. And, to date, £8 million for children's social services has been used and the finance Minister is considering what more money may be needed by health and social services out of the reserve COVID money that she has got⁷¹.

160. We note that the Draft Budget includes £15 million for services to prevent children going into care. We asked the Deputy Minister whether allocations for 'edge of care services' made in previous years have begun to have an impact on numbers.

⁶⁹ Mark Drakeford, *Manifesto for Welsh Labour Leader*, 2018.

⁷⁰ CYPE Committee, *Correspondence relating to Looked After Children*, 2019.

⁷¹ Oral evidence, CYPE Committee, RoP [para 245], 21 January 2021.

161. We also asked for clarification as to whether there has been any change in the Welsh Government's position on the requirement for Local Authorities to reduce the number of looked after children within the context of the pandemic.

162. The Deputy Minister told us:

[...] our commitment is still that we want as many children as possible to be at home with their families, so we do want to continue reducing the number of children in care safely. I think that the £15 million that we're putting in to prevent children going into care is used for some of those services I've already mentioned. I think it will help to do that.

163. The Deputy Minister also told us that '10 of the 22 local authorities have reduced their number of looked-after children'⁷² and went on to reference a decrease of two percent⁷³.

Child Poverty, the Childcare Offer and the Children and Communities Grant

164. The most commonly used child poverty measure is relative income poverty defines as children living in households with income less than 60% of the median after housing costs. The latest HBAI statistics were published March 2020 and show this figure to be 28% of children in Wales.

165. We asked the Deputy Minister her view on written evidence from the Bevan Foundation. As part of its proposals about how the Welsh Government's Draft Budget could 'achieve a step-change reduction in poverty', the Bevan Foundation told the Finance Committee that there should be a reprioritising of the existing Childcare Offer funding so that it is provided universally to all children over 9 months of age, regardless of their parents' employment basis.

166. The Deputy Minister said:

I would say it would be great if we could do that, but it does cost an incredible amount of money, the childcare offer, and it is constantly rising. It's demand led, so if it goes beyond what we've allocated in the budget, we have to go to the reserves to cover it. [...] We wouldn't have the resources to do that, although in an ideal situation it would be very good to do⁷⁴.

⁷² Oral evidence, CYPE Committee, RoP [para 251], 21 January 2021.

⁷³ Oral evidence, CYPE Committee, RoP [para 252], 21 January 2021.

⁷⁴ Oral evidence, CYPE Committee, RoP [para 269], 21 January 2021.

167. We note that there has already been an additional £20 million allocated in this current financial year for the Childcare Offer and that the Draft Budget includes a £15 million increase for it, bringing the total allocation to £76.9 million.

168. We followed up the point made by the Bevan Foundation asking how this significant allocation of £76.9 million aligns with the Welsh Government's aim to reduce child poverty given it is targeted at those children whose parents are already in employment.

169. The Deputy Minister responded saying:

[...] I think the important point to make here, really, is that poverty is not just restricted to homes where no-one is working, because there is a huge number of working parents who are struggling to meet the costs of raising a family, and it's really important that we help them as well⁷⁵.

170. We went on to ask the Deputy Minister about the amalgamation of seven revenue grants, including Flying Start and Families First, into a Children and Communities Grant which now sits within the Housing and Local Government MEG. We have undertaken a significant amount of scrutiny on the outcomes delivered by the Flying Start programme, including its allocations for outreach provision.

171. We asked about the total value of this Children and Communities Grant as it relates to children in the Draft Budget 2021-22 and how the Deputy Minister is measuring outcomes for children from this funding given it is within the portfolio of the Minister for Local Government and Housing.

172. The Deputy Minister told us:

My officials in the children and families division work very closely with officials who manage this grant to ensure that progress is reported and monitored regularly on Flying Start and Families First, along with the other five programmes included in the grant.

[...] The Welsh Government has developed a cross-Government outcomes framework, which will bring together data from each of the seven programmes, including Flying Start and Families First, and that

⁷⁵ Oral evidence, CYPE Committee, RoP [para 265], 21 January 2021.

was developed in partnership with local authorities and policy leads across the Welsh Government⁷⁶.

173. The Deputy Minister's official told us:

[...] the programme is one that has evaluation built into it, so the intention is to be reporting to an incoming administration about what benefits we've derived from the programme, and to be able to demonstrate, I suppose, the kind of value that it's added.

And in terms of the children and communities grant, the allocation for 2021-22 is £138.942 million⁷⁷.

OUR VIEW: CHILDREN AND YOUNG PEOPLE'S SOCIAL CARE

174. We note concerns in England that there has been a significant fall in referrals to local authorities of 10% between the end of April and November 2020, according to the Office for the Children's Commissioner in England. Such trends must be monitored carefully in Wales.

175. Whilst recognising that some of the important levers to address child poverty are not devolved, it is even more important therefore that we use the resources available to us to their best effect.

176. The allocation of £76.9 million for the Childcare Offer is significant. We welcome the Minister's evidence that the median salary of those receiving support is approximately £21,000 per annum, lower than the national average annual salary, and her evidence that its recipients include families experiencing in-work poverty⁷⁸.

177. We note the Deputy Minister's evidence that the Welsh Government will be 'coming up with proposals very shortly' [...] 'to say how we can move forward with extending the childcare offer to people who are in education and training'⁷⁹.

178. In respect of the Children and Communities Grant, two years ago we expressed concerns in our report on the Draft Budget 2019-20⁸⁰ about the

⁷⁶ Oral evidence, CYPE Committee, RoP [para 294-295], 21 January 2021.

⁷⁷ Oral evidence, CYPE Committee, RoP [para 298-299], 21 January 2021.

⁷⁸ Oral evidence, CYPE Committee, RoP [para 265], 21 January 2021.

⁷⁹ Oral evidence, CYPE Committee, RoP [para 266], 21 January 2021.

⁸⁰ CYPE Committee, Draft Budget Report, 27 November 2018

amalgamation of grants to fund services for children and the fact that they had been transferred into the Local Government and Housing MEG. At that time we questioned why this split between responsibility for policy and funding existed, and to what extent it is a barrier to effective oversight and control of delivery.

179. At that time we also urged the Welsh Government to ensure that allocations for the component grants within the wider Children and Communities Grant remain clear to see, and to monitor closely whether support provided via the Grant is being used to make up for shortfalls elsewhere in local government funding.

180. We went on to recommend that the Welsh Government:

- ensure there was no reduction in the transparency of information provided in relation to the component grants that make up the Children and Communities Grant; and
- monitor closely whether support provided via the Grant was being used to make up for shortfalls elsewhere in local government funding.

181. It is disappointing to see that the information given to us for this Draft Budget 2021-22 has not provided the transparency we recommended. It remains unclear to us how outcomes for children are now monitored between portfolios.

Recommendation 23. That the Welsh Government should provide us with further details of the £8 million for children's social services that was referred to in the Deputy Minister's evidence.

Recommendation 24. That the Welsh Government should continue to monitor children's safeguarding referrals on a weekly basis and respond swiftly where there are any concerns that there may be under reporting of cases.

Recommendation 25. That the Welsh Government should, as soon as practicable, publish costed proposals on how it intends to extend the Childcare Offer to parents in education and training.

Recommendation 26. That the Welsh Government should provide us with a detailed note on the Children and Communities Grant as it applies to children and young people. It should set out:

- what has been monitored since the grant was created in terms of outcomes for children and at what intervals;
 - a narrative about how this grant has delivered value for money to date;
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- an explanation of how the Welsh Government has monitored the benefits of providing an un-hypothecated grant in terms of the flexibility it was intended to provide to local authorities;
- details of any changes the Welsh Government has required any individual local authority to make as a result of its ongoing monitoring of the grant's allocation;
- details of the new 'cross-government outcomes framework' which has been developed.