

## **WELSH GOVERNMENT RESPONSE TO RECOMMENDATIONS FROM THE CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE REPORT: SCRUTINY OF THE WELSH GOVERNMENT DRAFT BUDGET 2018-19**

The Welsh Government Draft Budget 2018-19 was scrutinised by the CYPE committee on two occasions in November 2017. Following on from those sessions, the CYPE committee has completed a report containing 21 recommendations. This paper is the Government's formal response to those recommendations.

### **Priorities and impact assessments**

#### **Impact assessments**

##### **Recommendation 1 (page 5)**

**We urge the Welsh Government to undertake a CRIA on its Draft Budget as a matter of course. There is nothing to prevent Welsh Ministers using such a CRIA to inform a wider integrated impact assessment. We fear that without a CRIA, resources to support the rights of children and young people may at best be difficult to identify. At worst, the absence of a CRIA could lead to the Welsh Government paying inadequate attention to paying inadequate attention to the rights of children and young people in important financial decisions.**

##### **Response – Reject**

The Welsh Government acknowledges that detailed impact assessments (e.g. EIA and CRIA) must be undertaken as part of policy development. These will inform ongoing budget decisions and individual Ministers are responsible for completing the relevant impact assessment, where necessary, in order to inform the wider impact assessment of the budget, and further scrutiny. This approach means that CRIAs are completed more comprehensively at a programme and policy level, where they are appropriate, rather than an overall assessment of the draft budget. The Welsh Government intends to retain the publication of integrated impact assessments alongside the publication of the draft budget.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets

## **Education**

### **Presentation of information: the revised baseline**

#### **Recommendation 2 (page 7)**

In future budget-setting cycles we call on the Welsh Government to ensure that:

- removals from the baseline budget for comparison purposes should only be where funding, and the purpose of that funding, has been transferred to another MEG or the expenditure was genuinely one-off, atypical and unique to that year. To ensure credible year-to-year comparisons, the Welsh Government should not remove allocations where they are repeated the following year;
- there is greater transparency about the reasons why the Welsh Government has removed certain expenditure from baselines for comparative purposes to avoid the potential for misleading impressions to be given on the actual changes in budgets.

#### **Response – Accept in principle**

The budget is presented in a manner which is transparent and allows for comparison on a meaningful basis.

Budget agreements with other parties are for a limited time only, therefore where funding is not agreed recurrently it will be removed as part of the baseline. This does not preclude similar elements of an agreement in future years.

**Financial Implications – None.**

## **Funding for school budgets**

### **Recommendation 3 (page 9)**

**We understand the challenging situation facing public finances and sustained pressures on funding local services however, for future budget-setting cycles, we call on the Welsh Government to:**

- **be more forthright about the actual changes in funding provided for schools in its headline announcements;**

### **Accept in principle**

The Welsh Government's Draft Budget is focused on frontline delivery and the services which are most important to our communities. Through this Draft Budget and a whole government approach we have prioritised funding through the Local Government Settlement. This supports Local Authorities in managing the challenges of austerity, and securing the delivery of key services for schools and social care.

Local Authorities in Wales are responsible for schools funding as is set out in law. The Revenue Support Grant Settlement is unencumbered and as a consequence, the Standard Spending Assessment blocks within the Settlement are not targets. On this basis it is not always possible to present changes in funding in the way the Committee asks. Local authorities set their budgets for schools following the Budget.

- **work closely with local government to ensure the intended protection of school budgets is implemented by local authorities given that the AEF is unencumbered and there is therefore no guarantee that any protection for school budgets in the local government settlement will translate to the 'chalkface'.**

### **Accept**

The Welsh Government has good working relationships with Local Government in Wales both generally and within education. Welsh Government officials are working closely with Local Government officers and the WLGA and will continue to do so to ensure Local Government is best able to deliver on our shared priorities including for frontline schools delivery.

In reply to the Cabinet Secretary for Education, the WLGA Leader has confirmed education remains a priority for Local Government in Wales and given assurance that Local Government will continue to prioritise frontline schools delivery. It is noted that Local Authority budgeted expenditure on schools is increased this year [2017-18] from £2.123billion to £2.142billion.

I can assure the Committee that the Welsh Government will continue to work with Local Government to influence and support our shared priorities for education and schools.

**Financial Implications – None.**

## **Raising school standards**

### **Recommendation 4 (page 10)**

**To ensure that the Raising School Standards BEL does not become a 'miscellaneous' budget line, we call on the Welsh Government to:**

- **set out clearly how it is targeting strategically the £25 million in 2018-19 and £100 million across the Fifth Assembly;**
- **set clear targets detailing what it hopes to achieve from this investment, with equally clear timescales.**

### **Accept in principle**

The Welsh Government's commitment to invest £100million over this Assembly term to raise school standards is aligned to our priorities for action in Education in Wales: Our national mission.

This investment will support and enhance a range of actions to deliver a better school system for Wales with a transformational curriculum and assessment arrangements at its heart.

Key features of our aspirations for our school system in Wales include strong leadership, a firm focus on professional learning and a high-quality teaching profession working collaboratively within a self-improving system which is committed to equity and excellence and supported by robust accountability arrangements.

More than half the total investment is expected to support our focus on improving teaching and learning, recognising that our teachers are our most valuable resource and central to raising standards.

Our plan of action for Education is informed by OECD review and recommendations regarding our approach.

They have been clear that we should continue with our reforms, recognising our progress and the commitment at all levels to improvement. Our budget is aligned to deliver Our National Mission and the Welsh Government has committed to produce an annual national report card to show progress.

I am content to share further information on how the budget will support our priorities over the term in due course but recognise the need to maintain flexibility on how the budget is deployed in future years as we continue a cycle of reviewing progress, identifying needs and supporting action to raise standards for all our learners and teachers.

Following launch of Our National Mission we expect to move to a more system focused approach to evidencing outcomes. The £100m investment is targeted according to evidence based research and we expect our delivery partners, Local Authorities, consortia and schools, to support delivery of Our National Mission and reflect our priorities in their planning. Building on previous work to rationalise our grant funding and move to outcome-focused funding, I expect to move quickly

towards a system approach to monitor delivery of Our National Mission. This is expected to include an education outcomes framework approach, within which the £100 million investment will be included.

**Financial Implications – None.**

## **Infant class sizes**

### **Recommendation 5 (page 11)**

**We urge the Welsh Government to maintain a high level of proactivity in identifying and targeting local authorities and schools that would benefit most from the intervention in order to prioritise funding and achieve as much value for money as possible. We would welcome further detail about the business cases submitted by local authorities, including how many schools and classes will benefit from this funding.**

### **Response – Accept**

The funding is being targeted where international research and evidence tells us it will make the most difference; namely our youngest pupils, particularly those from poorer backgrounds or with particular needs.

There are strict criteria for the funding; these being classes of 29 or over in schools, where the schools demonstrate at least one, or a combination, of the following:

- Significant levels of free school meals;
- Below average outcomes and where a school is judged to be red or amber
- Significant levels of special educational and additional learning needs
- Significant levels of where Welsh/English is not the first language

The grant is being administered by local authorities on the Welsh Government's behalf and is being distributed on a formula basis which takes into account the Nursery and Primary School Teaching and Other Services Indicator Based Assessment element of the Standard Spending Assessment and the number of classes of 29 and over in each local authority area.

The revenue element of the grant is subject to receipt and approval of local authority business cases setting out their proposals, evidencing how they meet the criteria and including a range of supporting information including details of the existing support going into the schools in question, the current focus of the Pupil Development Grant and Education Improvement Grant, anticipated outcomes and plans to ensure sustainability. Value for money considerations are considered as part of this. Local authorities are required to bid for the capital element of the grant.

Officials are in the process of assessing local authority business cases against all of the requirements above. These will be subject to final ministerial approval.

Once this process has been undertaken we will be in a position to provide further the Committee with further detail on proposals and the number of schools, pupils and classes that will benefit from the funding.

**Financial Implications – None.**

## **School governance budget**

### **Recommendation 6 (page 12)**

**We call on the Welsh Government to review the impact of any changes to support arrangements for governors in Wales.**

### **Response – Reject**

School governors play a critical role in the running of our schools and there are services available for school governors across Wales, offered by Local Authorities and consortia. This includes access to governor support teams, clerking services, dedicated information, guidance and more. The Welsh Government will continue to support high quality services for school governors, including through working to strengthen the National Model for Regional Working and the role of consortia and in developing the role of the National Academy for Education Leadership.

Any decision to reduce funding to services is taken seriously and only after careful consideration. While the budget has been relatively small and was projected to reduce, it is appropriate that we acknowledge that Governors Wales is a very small organisation, with some 3 staff members and limited capacity to have a greater impact on our national mission. Penetration levels are low, servicing an estimated 2,000 of the 21,000 governors in Wales. There is risk of duplication between the support offered by Governors Wales, Local Authorities and consortia. A clean cessation of funding for these services at this point in context of prioritising frontline schools funding must be a reasonable consideration.

Officials have been in regular communication with Governors Wales and have urged the organisation to seek alternative funding which to date they have failed to do. We will continue to work with them over the next period.

**Financial Implications – None.**

## **Education Improvement Grant**

### **Recommendation 7 (page 13)**

**On the basis of the evidence provided in our Education Improvement Grant: Gypsy, Roma and Traveller, and Minority Ethnic Children Report(February 2017) we urge the Cabinet Secretary to retain funding to support Gypsy, Roma and Traveller, and Minority Ethnic learners as part of the Education Improvement Grant.**

### **Response – Reject**

I welcomed the CYPE Committee's inquiry and subsequent report into the Education Improvement Grant for Schools, specifically the element of support for Minority Ethnic Achievement and Gypsy, Roma Traveller learners. The evidence provided was wide-ranging and I note on many issues there were varying and sometimes competing views with for example the WLGA calling for sustainable funding through the Settlement, some LAs working comfortably through a regional service, notably in the South East, some delegating a large element of the support to schools for example in Cardiff and others calling for increased funding and or ring-fencing of the grant support.

I am mindful that no firm decision had been made when I attended the CYPE Committee session on the Draft Budget and that my officials have been working closely with the WLGA on the detail.

For 2018-19 there remain a number of considerations which must be worked through and the Welsh Government will continue to work closely with the WLGA on these matters. I will write again to the Committee in due course.

**Financial Implications** – Subject to ongoing discussions with the WLGA and consideration of any matters in full, any additional costs agreed by the Welsh Government would need to be drawn from Welsh Government budgets.

## **Pupil Development Grant**

### **Recommendation 8 (page 14)**

**To inform our forthcoming inquiry on targeted funding to improve educational outcomes, we ask the Welsh Government to share a copy of the review report and resulting actions with us.**

**Response – Accept** – no financial implications

The Committee will be aware that [the third evaluation of the Pupil Development Grant](#) (PDG) was published on 13 December and I made a written statement alongside it.

The findings of the report are very positive and show that we are making further progress in identifying and addressing the needs of disadvantaged learners. The report notes that there have been a number of positive and promising effects over time. The PDG funding is considered to be hugely valuable by schools and in many of the schools it was considered ‘invaluable’. Many schools have also acknowledged that the PDG has, over time, helped them to focus and raise the profile of tackling disadvantage across the school, changing attitudes and culture. The Committee is aware of my absolute commitment to this area of work and we will continue to explore innovative and effective ways in which we can support schools – and the wider community – to ensure that all learners are given the best possible chance in achieving their full potential.

As regards the review I referred to during the Committee session, I have asked officials to undertake an initial statistical analysis of the Key Stage 4 performance data, including to assess the impacts of the changes to the performance measures on learners eligible for free school meals and learners not eligible for free school meals. I am happy to share this with the Committee when it is available.

**Financial Implications – None.**

## **Further Education**

### **Recommendation 9 (page 15)**

**We call on the Welsh Government to publish the strategy to increase participation in adult education in the near future.**

**Response – Reject - No financial implications**

The previous administration published a policy statement on adult learning – Adult Learning in Wales – in July 2014. This statement set out the priorities for the Welsh Government and focused on the provision of essential skills, digital literacy and ESOL.

The Welsh Government is preparing to consult on the future delivery and funding structure for adult learning in Wales. This is intended to ensure that the funding for adult learning is distributed more evenly and equitably aiming to increase participation in adult learning for the future.

**Financial Implications – None.**

## **Higher Education and student support**

### **Recommendation 10 (page 16)**

**We call on the Welsh Government to provide more detail about the source of this funding and the financial planning which underpins this decision as a matter of priority.**

### **Response – Accept**

The final budget confirms that £5m will be allocated to the Higher Education Funding Council in the financial years 2018-19 and 2019-20 to help mitigate the financial impact of the decision to maintain maximum tuition fee levels at £9,000. The funding has been provided as part of the final Budget discussions with the Cabinet Secretary for Finance following my statement in October.

That statement acknowledged the decision may cause some short-term challenges within our university sector and that financial plans will have included additional income from increased tuition fees.

I sent a letter to the committee on the 30 October outlining the statistical calculations behind the allocation. I am keen to emphasise that these calculations have been prepared by a statistical team that is a part of a wider financial management system that has been set up to ensure that Welsh Government operates an effective and efficient assurance and accountability system to manage the student loans and grants system in Wales.

**Financial Implications – None.**

## **Health, Wellbeing and Sport**

### **Presentation of information**

#### **Recommendation 11 (page 19)**

- **For this financial year, we call on the Welsh Government to monitor closely the Health Boards' production of the expected CRIAs and hold them to account for their delivery.**
- **For future financial years we call on the Welsh Government to:**
  - **undertake its own CRIA in relation to the Draft Budget(see recommendation 1);**
  - **present more clearly in the Draft Budget documentation how resources for children and young people are being allocated.**
- **In adopting a more integrated approach to his future strategy, we urge the Cabinet Secretary for Health and Social Services to ensure that resources relating to children and young people are presented clearly so that we can monitor their affordability, the extent to which they are being prioritised, and their delivery of value for money.**

#### **Response – Accept in principle**

Health Boards are required to ensure that they undertake Children's Rights Impact Assessments as part of their budgeting and planning process. This requirement is enshrined in both the Integrated Medium Term Planning Guidance, that was issued for 2018-19 on the 11<sup>th</sup> October, and the Local Health Board Revenue Allocation, that was issued on the 21<sup>st</sup> December. As part of the review of 2018-19 health board plans, Welsh Government will monitor compliance with this requirement.

As outlined in our evidence paper, NHS service provision in relation to children and young people, children's medical conditions and general health of children is funded primarily through the annual revenue allocations to health boards. Given the universal nature of health services, planned spending is not routinely identified by age category. However, we will consider for future budgets how we can present better information on how our spending plans impact on services for children and young people.

**Financial Implications – None.**

## **Children and Adolescent Mental Health Services (CAMHS)**

### **Recommendation 12 (page 20)**

**We welcome the recurring funding for CAMHS announced in 2016-17, and the detail about the specific areas it was intended to fund. We call on the Welsh Government to provide clarity on:**

- **the proportion of the recurring additional CAMHS funding allocated to each Health Board in 2018-19 and 2019-20;**
- **the Welsh Government's expectations about the areas of CAMHS on which that funding should be spent;**
- **the expected outcomes for that spend and the methods by which they will be monitored.**

### **Response – Accept**

In May 2015 the Welsh Government agreed an additional £7.65m per annum towards improving mental health services for children and young people. In 2016 we also announced additional investment of £318,000, taking total investment in CAMHS to almost £8m p.a.) to fund work with the third sector to employ support workers for young people experiencing the most severe mental illness. Working with Early Intervention in Psychosis teams the workers will work with young people to facilitate their engagement in education, employment and social activities. The amount of funding will not decrease for 18-19 nor 19-20.

The funding was split as follows:

- £2.7m to develop crisis intervention teams
- £2m to develop new neurodevelopmental services
- £1.1m to expand provision for psychological therapies
- £800,000 to improve children's local primary mental health support
- £800,000 to develop early intervention in psychosis teams and a further £318,000 for third sector support workers
- £250,000 to improve provision for those in the youth justice system

Health Board allocation of these additional monies was based on population number of under 18 year olds from the 2011 census. This breaks down as follows;

Abertawe Bro Morgannwg were allocated £1,221,946 (£1.222m). This breaks down to:

- |  |         |
|--|---------|
| • Neurodevelopmental                           | £0.330m |
| • Local Primary Mental Health Support Services | £0.132m |
| • Psychological Therapies                      | £0.182m |
| • Crisis / s136                                | £0.446m |
| • Early Intervention Psychosis                 | £0.132m |

Aneurin Bevan were allocated £1,451,912 (£1.452m). This breaks down to:

- Neurodevelopmental £0.393m
- Local Primary Mental Health Support Services £0.157m
- Psychological Therapies £0.216m
- Crisis / s136 £0.530m
- Early Intervention Psychosis £0.157m

Betsi Cadwaladr were allocated £1,646,665 (£1.647m). This breaks down to:

- Neurodevelopmental £0.445m
- Local Primary Mental Health Support Services £0.178m
- Psychological Therapies £0.245m
- Crisis / s136 £0.600m
- Early Intervention Psychosis £0.178m

Cardiff and Vale were allocated £1,176,625 (£1.177m). This breaks down to:

- Neurodevelopmental £0.318m
- Local Primary Mental Health Support Services £0.127m
- Psychological Therapies £0.175m
- Crisis / s136 £0.429m
- Early Intervention Psychosis £0.127m

Cwm Taf were allocated £984,054. This breaks down to:

- Neurodevelopmental £0.198m
- Local Primary Mental Health Support Services £0.079m
- Psychological Therapies £0.109m
- Crisis / s136 £0.268m
- Early Intervention Psychosis £0.080m
- CAMHS Youth Offending Teams - nursing posts £0.250m

Hywel Dda were allocated £873,096. This breaks down to:

- Neurodevelopmental £0.236m
- Local Primary Mental Health Support Services £0.094m
- Psychological Therapies £0.130m
- Crisis / s136 £0.319m
- Early Intervention Psychosis £0.094m

Powys were allocated £295,702. This breaks down to:

- Neurodevelopmental £0.080m
- Local Primary Mental Health Support Services £0.032m
- Psychological Therapies £0.044m
- Crisis / s136 £0.108m
- Early Intervention Psychosis £0.032m

## Transitional Support Workers (under 18s population)

	2017-18 onwards
Abertawe Bro-Morgannwg	£52,755
Aneurin Bevan	£62,284
Betsi Cadwaladr	£70,790
Cardiff and Vale	£50,949
Cwm Taf	£31,556
Hywel Dda	£37,519
Powys	£12,646
Total	£318,500

The bids for monies from the £7.65m for recruitment specific spending are regularly monitored. We also regularly check on progress of the establishment of the new crisis care and Neurodevelopment teams.

We have in place a Children and Young People Delivery Assurance Group, member representation includes each CAMHS clinical lead, Children's Commissioners office, 3rd sector organisations, ADSS, ADEW, the group meet quarterly and this is where the opportunity to scrutinise the work of CAMHS is given. The Cabinet Secretary meets with health board vice chairs on a quarterly meeting, CAMHS is a standing item on the agenda.

**Financial Implications – None.**

## **Disabled children**

### **Recommendation 13 (page 21)**

**We urge the Welsh Government to monitor closely support for disabled children and to ensure that resourcing decisions prioritise them.**

#### **Response - Accept.**

The Welsh Government ensures the needs of disabled children are given full consideration in funding decisions and we monitor the impact of support provided through grants and other funding routes to ensure the agreed outcomes are achieved.

The Social Services Third Sector Grant Scheme funds third sector organisations to provide support for disabled children and their families and carers. This includes Family Fund awarded £1.5 million over three years (plus an additional £400k for 2016-17) as well as Learning Disability Wales, Carers Wales and the All Wales Forum.

The current grant scheme ends in March 2019 and arrangements for a successor scheme are being developed. In developing that scheme we will set grant funding criteria that enable the available funding to be allocated across priority areas including disabled children.

**Financial Implications – None.**

## **Neonatal services**

### **Recommendation 14 (page 21)**

**Standards should drive the allocation of resources – including budgets –and we urge the Welsh Government to publish the latest edition as a matter of urgency in order to enable the delivery of sustainable, high quality and well-staffed neonatal services across Wales.**

### **Response – Accept in principle**

The revised Neonatal Standards will use the most up to date evidence and best practice guidelines to make them clinically and operationally relevant. The Wales Neonatal Network will support and monitor the implementation of the standards and provide evidence-based and timely advice to the Health Boards, the Welsh Health Specialised Services Committee (WHSSC) and the Welsh Government in relation to neonatal services. The Welsh Government expects Health Boards to work together, with the Wales Neonatal Network, to deliver appropriate and safe neonatal services within the resources available to them.

From January 2018, the governance arrangement for the Wales Neonatal Network will be transferred from the WHSSC to the NHS Wales Health Collaborative. The Wales Neonatal Network will be overseen by the Wales Neonatal Network Board which will be chaired, on behalf of NHS Wales, by the designated lead for neonatal services. The Wales Neonatal Network Board will then be accountable to NHS Wales through the Collaborative Executive Group, which in turn will report to the Collaborative Leadership Forum.

The WHSSC Joint committee agreed in March 2017 to support the standards in principle and requested that a baseline assessment be undertaken by the Health Boards against the revised standards. The Health Boards have undertaken a self assessment and the report was discussed at the WHSSC Joint Committee in November. Due to the change of governance arrangements from January 2018 the WHSSC Joint Committee decided that the standards should be presented to the Collaborative Executive Group for consideration early in the new year. Once the standards have obtained all necessary clearances they will be published by the Neonatal Network.

**Financial Implications – None.**

## **School Nursing**

### **Recommendation 15 (page 22)**

**We would welcome further detail in Welsh Government Draft Budgets about the**

**Resources allocated to deliver school nursing, in accordance with the framework, across Wales. This will enable us to monitor more effectively the service's affordability and its delivery of value for money, and to ensure that it is receiving an appropriate level of prioritisation relative to other service areas.**

### **Response – Accept**

Health boards fund delivery of the School Nursing service from their discretionary allocations. The School Nursing framework published by Welsh Government in May 2017 sets out how these services should be provided with key elements to delivery. It requires that there is an identified registered school nurse to every mainstream secondary school and its cluster of feeder primary schools, stipulating that the service is to be provided by the NHS on an all-year basis. The service should be delivered through a prudent healthcare approach that utilises the expertise from the skill mix within the school nursing teams.

Health Boards have already achieved several components of the Framework. This includes all year round provision of registered school nurses, with a nurse named against each comprehensive school and its cluster of feeder primary schools.

Welsh Government will be setting up a monitoring group in early 2018 to develop key performance indicators to which Health boards can provide assurance of service delivery. A School nursing leads forum currently provides advice and assurance to Welsh Government officials and works collaboratively to ensure the implementation of the new framework.

**Financial Implications – None.**

## **Sport and physical activity**

### **Recommendation 16 (page 22)**

**Further to the transfer of responsibility for sport to the Minister for Culture Tourism and Sport, we would welcome clarification of how the two portfolios will be aligned across government to deliver the objective of increasing physical activity levels in children and young people.**

### **Response – Accept**

The Welsh Government will ensure that policy development across public health and sport will be closely aligned to increase levels of physical activity across Wales. We have tasked Sport Wales and Public Health Wales to work together to develop an approach to increase levels of physical activity across Wales. This will include close alignment with Natural Resources Wales and will include the establishment of a new outcomes framework for physical activity, some shared performance measures, actions and methods for evaluating impact and value for money. Initial progress will be reported back to Ministers in early 2018. Furthermore, the Public Health Wales Act places a requirement on Welsh Ministers to publish a national strategy on preventing and reducing obesity, where engaging in physical activity and tackling sedentary lifestyles will play an important role. This work is being led by the Chief Medical Officer and both the sport sector and health sectors are fully engaged in the development work.

**Financial Implications – None.**

## **Communities and Children**

### **Childcare Offer**

#### **Recommendation 17 (page 25)**

**We call on the Welsh Government to provide a response to the Childcare Capacity in Wales report, detailing:**

- **its projections for the sector's capacity between now and the anticipated roll out of the programme on an all-Wales basis;**
- **actions the Welsh Government will need to take to increase that capacity to deliver the programme on an all-Wales basis;**
- **the projected capital and resource costs associated with reaching the necessary level of capacity**

#### **Response – Accept in principle**

Further research into the sector's capacity and its ability to expand will continue between now and anticipated full roll out of the childcare offer programme. An evaluation of the early implementer areas will be ongoing through phased roll out and will be identifying any issues with capacity and any challenges faced in areas around the country.

The total number of childcare places in Wales increased from 76,000 in 2012 to 84,000 in 2017 indicating the growing nature of the childcare sector in Wales. A survey with childcare providers was undertaken by Alma Economics in 2017 on behalf of Welsh Government (full research report due to be published on 10 January 2018). Survey findings indicated that 60% of respondents had available spaces to take on more children. Providers were asked about their ability and willingness to expand the provision they offered. From the responses, Alma Economics estimate that current providers could deliver up to 17,800 new places for 3-4 year olds across Wales. It should be noted that this is an indicative estimate only and that forecasting potential capacity has a range of limitations and should be interpreted accordingly due to the variety of unknown factors including, but not limited to, services required, funding rates, availability of capital funding, staff sufficiency and area specific issues.

On 15 December the Welsh Government launched its 10 year childcare, play and early years workforce plan. We want to develop a highly skilled childcare and play workforce which, over time, is highly regarded as a profession and a career of choice. We want to ensure the right people with the right behaviours and skills are attracted to a career in the childcare and early years sector; and we want society to value the vital role the sector plays in supporting our children to learn and develop.

To meet the aspiration of the plan we have focused on 3 key themes:

- Attracting high quality new recruits;
- Raising standards and skills; and
- Investing in capacity and capability

We recognise there are many challenges for the sector in current economic climate with raising costs such as the National Living Wage, pensions and business rates and the impact of these costs on the sectors ability to grow sustainably. To support the sector, we will prioritise support to assist with their business growth and skills development. Whilst the plan is a 10 year vision, we will focus initially on the actions we will take in this Assembly term.

For example, we have already committed £100,000 over the next 3 years to support those providers working with early implementer local authorities and for those seeking to expand their business or become a new business start up. This grant will assist to support childcare providers to increase the number of childcare places available across Wales.

As part of our business support approach we will, in partnership with Business Wales and Cwlwm, support the sector with access advice on areas such as financial planning, business planning and regulatory requirements.

From April 2018, we will increase the small business rate relief we are able to offer to childcare providers from £12,000 to £20,500. We have also committed to exploring how best to support the sector in the future including consideration of Scotland's Barclay Review on non-domestic rates published in 2017.

A key element of our early implementation plans will be the introduction of a new suite of qualifications for the sector across levels 1-5. These qualifications are currently under development to be ready for teaching in September 2019. To support the introduction of the qualifications we will be working in partnership with Social Care Wales, to raise the profile of the sector and to commence mapping workforce capacity and capability in taking forward the implementation of the workforce plan.

Collectively, these actions will provide targeted investment in the sector to support its capacity and build the necessary capability, alongside the revenue funding to support the childcare offer which increases to £25m in 2018-19, and to £45m in 2019-20, and £60m of capital up until the end of this Assembly term for investment in childcare settings alongside the 21st Centuries Schools and Education programme.

**Financial Implications** – Any additional costs will be drawn from existing programme budgets as identified above.

## Recommendation 18 (page 25)

**We share the Children’s Commissioner for Wales’ concerns that children whose parents are not employed will fall even further behind their peers if they miss out on this provision. We call on the Welsh Government to look closely at the programme’s focus, using the pilot period to:**

- **consider expanding provision to include parents in education or training;**
- **consider carefully re-focusing the offer on each child’s development needs as opposed to his or her parent(s) employment status;**
- **assess the inter-relationship between the new Childcare Offer and Flying Start childcare provision.**

## Response – Reject

There is growing recognition that, in Wales, the majority of children in relative income poverty live in a household where at least one person is working. The evidence is clear that well-paid work is the best route out of poverty, and the greatest protection against poverty. The childcare offer will help tackle in-work poverty by supporting parents into full-time employment and make it easier for parents to take up and retain employment. In particular it will help:

- women who wish to return to work who say that the costs of childcare is acting as a barrier, preventing them from returning to work or making changes to their employment to better suit their family’s circumstances;
- working families on low incomes or living in poverty who say that childcare is unaffordable. The offer will help to increase the disposable income of those already in work by removing some of their childcare costs and allow parents to have employment choices, supporting people working part time to work more hours and supporting second earners into work;
- Children from disadvantaged families – our childcare offer supports the delivery of two Welsh Government child poverty objectives:
  - *To use all available levers to reduce the number of families living in workless households, as children living in workless households are particularly at risk of living in poverty.*
  - *To address the growing issue of in-work poverty in Wales through the creation of a strong economy and labour market, which supports the tackling poverty agenda.*

The childcare offer is one of a suite of policies – including Flying Start, Families First, PaCE and the introduction of children’s zones – which we are pursuing during this government term to support communities and to build resilience. We also have several schemes that can offer support to parents who wish to continue with, or return to, education. Parents in further education may apply for assistance with their childcare costs to the Financial Contingency Fund or to the Welsh Government

Learning Grant. Parents in higher education may apply to the Childcare Grant or the Parents Learning Allowance. We have carefully considered the inter-relationship between these policies and feel there is a clear distinction with different target groups to ensure we are helping as many families as possible.

**Financial Implications – None.**

## **CAFCASS**

### **Recommendation 19 (page 26)**

**We call on the Welsh Government to keep under review the impact of the current static budget allocation on CAFCASS' ongoing performance. Given the potentially life-changing decisions resulting from family court advisers' assessments (e.g. whether a child can be adopted), we ask that particular attention is paid to this budget's impact on the time available to conduct those assessments and on court advisers' caseloads. We request that:**

- **a CRIA is undertaken on this budget decision and shared with us;**
- **six monthly updates on the assessment of the impact of the static budget on CAFCASS' performance are shared with us.**

### **Response – Accept – no financial implications**

Cafcass Cymru accepts the committee's recommendations and will aim to publish a CRIA by the end of March 2018, following a brief consultation exercise with stakeholders within the family justice system. This will enable us to synchronise the CRIA and the six monthly updates to the committee with our budget monitoring schedule for 2018-19 onwards.

**Financial Implications** – Any additional costs will be drawn from existing programme budgets.

## **Communities First**

### **Recommendation 20 (page 27)**

**We remain concerned that the decision to end Communities First is most likely to impact children and young people, with disabled children and young people being most affected. We reiterate our support for recommendations 1 and 11 of the Assembly's Equality, Local Government and Communities Committee report on Communities First Lessons Learnt(July 2017) and welcome the Welsh Government's acceptance of them. We call on the Welsh Government to provide further detail on:**

- **how it has worked with local authorities to identify all programmes currently delivered by Communities First which should be delivered by other statutory bodies;**
- **how it has adjusted programmes to mitigate against unintended consequences from the closure of Communities First;**
- **how such activity has been reflected in the Draft Budget 2018-19;**

### **Response – Accept**

As previously stated in our response to the Equality, Local Government and Communities Committee report, officials have been working closely with Lead Delivery Bodies and other service providers to support the smooth transition and mainstreaming of successful Communities First services and this work will continue throughout this transition year.

In Newport, many of the former Communities First projects are still running in the area but being delivered by a different provider, programme or team. A few examples are:

- The Tackle Project (to deliver pathways to education and opportunity for disadvantaged young people) - now being delivered by Dragons rugby
- Improving physical well being for children age 7-11 – now being delivered by Play Development in Newport
- Improving physical well being children and young people age 12-17 – now delivered jointly by Communities First and the Well Being Support team
- Aspire Programme – now being delivered by Newport Youth Service

In Pembrokeshire, the Lead Delivery Body (the Co-operative Group) has engaged closely with the Health Board to incorporate the Communities First programme of work and approach around healthy eating into the Board's service delivery and there is interest in supporting the Lunch Club and community café (both Communities First activity). The local GP surgery has now taken the lead in facilitating the (previously Communities First run) action group and forum on supporting people with additional needs to live in the community.

In addition, the Communities First Transition Team has been working closely with internal colleagues to consider the impact on other Welsh Government programmes and delivery streams.

The Draft Budget for 2018-19 reflects the commitments made by the then Cabinet Secretary when he announced his intention to phase out Communities First. This includes the £6m Legacy Fund to help local authorities preserve the most successful aspects of Communities First, the £12m employability grant (now known as Communities for Work Plus) and the extra £4m a year for the Communities Facilities Programme with priority for Communities First areas.

- **how the £13 million “efficiency” savings arising from the amalgamation of grants will be used, particularly what –if any –proportion of that saving will be allocated for services supporting children and young people.**

### **Response – Reject**

The savings are required as part of the previous Communities and Children portfolio’s contribution to meeting the overall reduction in the Welsh Government’s budget as a result of the UK Government’s austerity policies. The WAO has previously estimated the potential savings from de-hypothecation at 10%. £13 million reflects savings of 5% which should be achieved through amalgamation by reducing bureaucracy and duplication. The new funding flexibilities and efficiencies derived from moving to a single grant are designed to allow councils to prioritise the delivery of service directly supporting children.

**Financial Implications – None.**

## **Child Poverty**

### **Recommendation 21 (page 28)**

#### **We call on the Welsh Government to outline:**

- **how much of its funding is directed at tackling child poverty;**
- **what the desired outcomes for such funding are;**
- **how it is preparing for the impact of Universal Credit, particularly in relation to the impact on children and young people.**

#### **Response – Accept**

Action to tackle poverty is the shared responsibility of every Cabinet Secretary and every Minister. Significant funding from across government is directed at actions which will help us to achieve our child poverty objectives.

The Welsh Government's Child Poverty Strategy sets out five strategic objectives for tackling child poverty in Wales. These focus on:

- Reducing the number of children living in workless households
- Increasing the skills of parents and young people to enable them to secure well paid employment
- Reducing the inequalities which exist in the education, health and economic outcomes of children and families living in poverty
- Using all available levers to create a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty in Wales
- Supporting families living in poverty to increase household income through debt and financial advice, action to address the "poverty premium and action to mitigate the impacts of welfare reform.

These objectives are based on what the evidence tells us around where we can have most impact, in terms of improving outcomes for low income families and delivering prosperity for all. They also reflect the policy levers available to the Welsh Government.

Our Child Poverty Strategy also identifies five key priority areas where we can do more with the levers available to Welsh Government to improve outcomes for low income households in the here and now. Funding is currently provided across portfolios in the areas are childcare, housing and regeneration, mitigating the impacts of welfare reform, in-work poverty and food poverty.

The Welsh Government remains deeply concerned about the impact of the roll out of Universal Credit on individuals and families across Wales. The Minister for Housing and Regeneration has repeatedly called on the UK Government to halt the roll out of Universal Credit and fix the fundamental flaws within the system.

The Welsh Government maintains its ongoing commitment to fund front-line services across Wales that provide advice and support to people on their financial entitlements, debt, housing-related issues, etc. The DWP provide Universal Support

grant funding to all Local Authorities across the UK to help support the transition for new claimants to Universal Credit with access to digital and personal budgeting support. Welsh Government will be working with the DWP, Local Authorities and advisory support networks to maximise the effectiveness of this support and ensure that it targets those most vulnerable. The Welsh Government has also invested an additional support of £1 million to the Discretionary Assistance Fund to help people needing emergency support.

To meet the projected future demand for access to advice and support services, Welsh Government will work with key stakeholders (from all sectors) ensuring that the future funding and delivery of advice and support services is based on coordinated and collaborative planning to reduce duplication in process, streamline the access point for users and maximise output from service provision. The Welsh Government funding criteria will place an emphasis on funding services where the delivery model enable providers to:

- target people in 'most need' - early interventions will reduce the likelihood of minor problems escalating to a crisis. This is an important response which will be able to better manage the growth in Universal Credit issues when managed migration commences in 2019.
- offer households advice (problem resolution) and support (capability building) as an integrated package. This approach will develop a household's resilience, as far as practical, to prevent similar problems developing in the future.

**Financial Implications – None.**