

WELSH GOVERNMENT RESPONSE TO THE RECOMMENDATIONS FROM THE CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE REPORT: SCRUTINY OF THE WELSH GOVERNMENT DRAFT BUDGET 2019-20

JANUARY 2019

The Welsh Government Draft Budget 2019-20 was scrutinised by the Children Young People and Education (CYPE) Committee on 8 November 2018. Following on from those sessions, the Committee has completed a report containing 25 recommendations. This paper is the Welsh Government's formal response to those recommendations.

1. Transparency, accountability and impact

Impact Assessments

Recommendation 1

That the Welsh Government, in light of repeated calls by the CYPE Committee and the Children's Commissioner for Wales, reconsider its position in relation to children's budgeting and assessing the impact of its budgetary decisions on children's rights. This should be informed by revisiting the conclusions and recommendations of the 2009 report of the Children and Young People Committee on Children's Budgeting in Wales. Future impact assessments should demonstrate meaningful, evidence-based conclusions.

Response: Reject

The Welsh Government's budget process is shaped by discussions with all National Assembly Committees and a wide range of other key interests. As part of our continuous improvements to the budget process, this year we included a Strategic Integrated Impact Assessment (SIIA) as part of both the outline and the detailed draft

Budget. That integrated process includes a clear consideration of the impact of budgetary decisions on children's rights.

An integrated approach enables us to understand better the overall impact of decisions on children and young people, including consideration of equalities and human rights, the Welsh language and socio-economic disadvantage in those young people's lives. The Welsh Government intends to retain the publication of integrated impact assessments alongside the publication of the draft budget.

Moreover, the Welsh Government acknowledges that detailed impact assessments, including Children's Rights Impact Assessment (CRIA), must be undertaken as part of our ongoing policy development and review. These assessments will continue to be used to inform budget decisions and the wider impact assessment of the budget. This approach, in the context of the budget allocations, ensures that evidence and understanding of impacts are considered from the outset and throughout the course of our budget preparations.

Our new integrated impact assessment tool still requires children's rights to be considered, and where required, a full children's rights impact assessment completed. The CRIA process puts children's rights centre stage when we are developing legislation, new policies and programmes.

2. Education

Recommendation 2

That the Welsh Government clarify:

- the rationale and specific purpose behind the additional £7.5 million in each of 2018-19 and 2019-20 for the teachers' pay award, given the amounts that have already been announced in the Draft Budget 2019-20;
- whether this additional funding is intended to cover employers' pension contributions (for which funding had not yet been secured) or to meet pressures not foreseen or accounted for in the £8.7 million and £13.7 million allocations made in the Draft Budget for 2018-19 and 2019-20 respectively;
- which MEG and BEL the £7.5 million will be allocated to in the Second Supplementary Budget 2018-19 and Final Budget 2019-20;
- what consideration was given to allocating the additional funding to alleviate pressures on schools' core budgets rather than specifically for the teachers' pay award (acknowledging the two are intrinsically linked).

Response: Accept

An additional £21.8m over two years (£8.1m in 2018-19 and £13.7m in 2019-20) was allocated alongside the outline draft Budget to support the school teachers' pay award for years nursery to year 11. The funding for 2018-19 will be directed through a specific grant to local authorities while the funding for 2019-20 will be allocated through the Revenue Support Grant.

Additional funding for teachers' pay of £1.705m over two years (£0.631m in 2018-19 and £1.074m in 2019-20) was also allocated for teachers' pay in sixth forms through the Education MEG.

This funding meets the difference between the teachers' pay award announced by the DfE and the cost of 1% pay award, which local authorities and schools should have planned for under the previous public sector pay cap.

As part of the additional funding package for local government announced on 20 November an extra £7.5m in each of 2018-19 and 2019-20 was allocated. These one-off payments are intended to alleviate some of the budgetary pressures being faced due to the UK Government's austerity agenda. Specifically, this funding is intended to help alleviate the immediate remaining pressures associated with implementing the 2018/19 teachers' pay award and allow local authorities some flexibility when planning for 2019-20.

As part of the additional funding package for local government, we have also written jointly with the WLGA to the Chancellor to repeat our calls for the UK Government to fully fund the increased costs to employers associated with changes to pensions. We have not received a reply to date.

The £7.5m for 2018-19 and 2019-20 will be allocated to the Teacher Development and Support BEL of the Education MEG.

Recommendation 3

That the Welsh Government further reflect, and provide an updated assessment following the Final Budget 2019-20, on the sufficiency of the overall level of revenue funding available for education, in light of the real terms decrease in revenue funding in the Draft Budget 2019-20 (via the Education and Local Government and Public Services DELs respectively).

Response: Accept

Despite the UK Government's continued austerity programme and real terms reductions to the budget for Wales, we have taken action in the Final Budget 2019-

20 to safeguard the overall level of funding available for education, including schools through the Local Government Settlement.

In Final Budget 2019-20, published on 18 December 2018, an additional £21.6m revenue was allocated to the Education MEG for 2019-20. As reflected in our response to recommendation two, this includes the extra £7.5m for 2019-20 to assist with the immediate pressures associated with the 2018/19 teachers' pay award, announced as part of a package of additional funding for local government worth a total of £141.5m over three years (2018-21). We have also provided an extra £4.8m revenue in 2019-20 to support the Further Education pay settlement.

Further allocations have also been agreed to: further extend the PDG -Access scheme (£1.6m); to enhance support for music activities for young people (£0.5m); and to expand the Food and Fun / Bwyd a Hwyl scheme, which supports children in some of the most deprived areas of Wales in the school summer holidays (£0.4m).

Recommendation 4

That the Welsh Government develop and publish clear criteria explaining the basis for allocating funding to schools either via un-hypothecated local government funding or hypothecated allocations under the Education MEG.

Response: Reject

Local Authorities are responsible for schools funding as is set out in law. As such the Welsh Government does not fund schools directly; funding is directed through local authorities or regional education consortia. The majority of funding provided to local authorities for education is through the local government settlement which is un-hypothecated, and therefore it is not possible to identify the schools element in this way. This is in line with Welsh Government policy that local authorities are best placed to judge local needs and circumstances and to fund schools accordingly. Once the RSG has been distributed to local authorities, it is their responsibility to set

budgets for schools in accordance with a local funding formula. The Green Book¹ sets out how the overall local government funding formula is constituted.

Any specific grants allocated from the Education MEG which support outcomes delivered by schools already have clear grant terms and conditions in place that are agreed with relevant stakeholders.

Recommendation 5

That the Welsh Government:

- work more proactively with local government to reduce the number of schools holding reserves above the statutory threshold;
- provide assurance, following discussion with local government, that all schools holding reserves above the statutory threshold are doing so for a legitimate reason and have a clear plan to spend the money appropriately.

Response: Accept

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 ensuring that all schools are making best use of the resources available to them.

Local Authorities should have in place systems to reduce school balances and deficits in line with legislative limits set out in the School Funding (Wales) Regulations 2010. Powers to direct schools to spend and recover surplus budgets are one of several tools available to local authorities to support schools in good financial management. All schools with budget surpluses should submit to their authority for approval, spending plans detailing how they propose to reduce excess surpluses and these should be subject to ongoing monitoring by the authority, to

¹ <https://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2018-19/green-book-2018-19/?lang=en>

ensure that approved plans are delivered, or an excessive surplus is clawed back. Schools in deficit should have a robust recovery plan in place and this should to be agreed and monitored by the local authority.

The Welsh Government appreciates that some schools will be holding onto reserves for legitimate reasons, such as funding specific projects. We also realise that, working in a period of austerity, schools may want to hold on to a reasonable level of reserves. We will continue to work with local authorities to ensure that they are engaging with schools to address these issues.

Recommendation 6

That the Welsh Government confirm:

- if the additional £9 million allocated to teachers' professional learning for this financial year (2018-19) has been provided from reserves or elsewhere (and if elsewhere, providing detail);
- if the additional £9 million in 2018-19 will be allocated to the Teacher and Development BEL (as with the additional £15 million in 2019-20) and, if so, whether there will be a second transfer into the 2018-19 Teacher and Development BEL of £9 million on top of the £8 million already planned to finance the teachers' pay award for school years 1 to 11.

Response: Accept

As part of the National Approach to Professional Learning (NAPL) the additional £9m investment in this financial year, and £15m next financial year for professional learning will give schools the time and resources they need to plan ahead for the new curriculum. The £9m for 2018-19 will be provided through the re-prioritisation of resources within the Education MEG, and will be allocated to the Teacher Development and Support BEL as part of the Second Supplementary Budget 2018-19, due to be published on 5 February.

The funding is in addition to the £8.7m funding for teachers' pay in 2018-19, and the £7.5m to meet pressures associated with implementing the teachers' pay award, which are being allocated from Reserves to this BEL as part of the Second Supplementary Budget 2018-19.

Recommendation 7

That the Welsh Government provide an outline of the evidence on which the investment to reduce infant class sizes has been based, including considerations of opportunity cost, and an ongoing evidence-based assessment of the impact of the investment on educational outcomes in Wales.

Response: Accept in Principle

The most significant UK-based research into class sizes was conducted by the world-leading Institute of Education at the University College London. Tracking over 20,000 pupils in over 500 classes across 300 schools, the research concluded that there was a very clear effect of class sizes on academic achievement during early years and that pupils from lower-attainment groups benefitted in particular from smaller classes. These results are comparable to similar projects and policy interventions conducted in North America.

In 2003, Estyn reported that, for certain groups of children - in particular, our youngest children, those with special needs, those being taught in a language other than their first, and those who live in areas of high social and cultural disadvantage—there were benefits to be gained from being taught as part of a small group. Estyn recommended that if it was decided to pursue a policy of further reduction in class sizes, these groups of children should be targeted. It is also important to note that this policy is not being delivered in isolation - it is part of a suite of policies to raise education standards including new professional standards for teachers and leadership.

As part of their business cases and capital bids for the grant, local authorities were required to provide a wide range of baseline data in respect of class sizes and

performance along with anticipated improvement in outcomes. These plans have now been approved and will see over 90 additional teachers and 18 teaching assistants appointed and an additional 56 classrooms created to reduce the largest infant class sizes in over 100 schools which also have high levels of deprivation and/or additional needs or where teaching and learning need to improve.

There is obviously a lead in time where teachers are being appointed and new classes built. Payment of grant is subject to approval of termly progress reports. We will continue to monitor the impact of the Reducing Infant Class sizes investment on outcomes in these schools through local authority progress reports and school census data.

Recommendation 8

That the Welsh Government provide clarity on whether each of the smaller grants contained within the new larger Regional Consortia School Improvement Grant is ring-fenced.

Response: Accept

A breakdown of the components of the Regional Consortia School Improvement Grant for 2018-19 was provided to the Committee in a letter of response dated 5 December, following the budget scrutiny session of the Education MEG on 8 November.

The letter confirmed that there is no specific requirement for Consortia to ring-fence funding. However, as part of the funding agreement, Consortia are required to ensure that funding is used to deliver against our national priorities for education. In addition, Consortia are required to evidence a clear commitment to passporting the majority of funding to schools when planning activity and setting business plans.

Recommendation 9

That the Welsh Government share, once available, its plans about how the additional £1.8 million for PDG Access in 2019-20 will be used, and how expenditure and outcomes will be monitored for affordability and value for money.

Response: Accept

The Final Budget package for 2019-20 reinforces our commitment to PDG Access, by increasing funding by a further £1.6m in 2019-20. This is in addition to the extra £1.8m allocated in draft Budget. It brings our total investment in PDG Access to over £5m next financial year, which represents an increase of £3.3m on funding for 2018-19.

Financial modelling is being undertaken to assess the most effective use of the additional funding. Options will be discussed with delivery partners to identify potential barriers to implementation. The Welsh Government will share final plans for the additional investment and associated monitoring arrangements once agreed.

Recommendation 10

That the Welsh Government monitor closely the impact of the removal of the standalone School Governance BEL in order to avoid any impairment to the support available to governors and unintended consequences for school improvement.

Response: Accept

We will monitor the extent to which governors receive the support to which they are entitled. Governors primarily receive support through their local authority. The local authority is required to provide information and training as it considers necessary to enable governors to carry out their duties effectively. They must do so free of charge to each individual governor.

The Education (Wales) Measure 2011 includes provisions to allow Welsh Ministers to introduce regulations to make governor training mandatory on specific issues. The Government of Maintained Schools (Training Requirements for Governors) (Wales) Regulations 2013 were made for this purpose and came into force in September 2013. This measure requires certain governors to carry out induction training, understanding school data and training for chairs (where relevant).

We ceased funding for Governors Wales in 2018 following evidence that there was duplication of their provision with the statutory functions of the local authority and low usage of their helpline service. This was not an efficient use of the public purse.

The Welsh Government expect sufficient quality and capacity of governor support across Wales and we have asked local government to consider whether the National Model for Regional Working should include this provision within its scope. At present, this is variable across Wales.

We are considering options to ensure that governors are kept fully engaged in the transformational education reform that is currently under way. Governing bodies are the first line of accountability for schools and therefore they need to be supported sufficiently. A funding line for an external agency, though relatively high-profile, did not previously prove the means to do that.

Recommendation 11

That the Welsh Government ensure:

- the movement of £2 million resource from the Welsh in Education Action to the Welsh Language Action does not lead to a loss of emphasis on Welsh-medium education as a vehicle for meeting the Cymraeg 2050 target;
- the opportunity to align the aims of the childcare offer with those of Cymraeg 2050 continue to be pursued in the manner demonstrated by the innovative use of cross-portfolio capital funding.

Response: Accept

The Welsh Language Division's budget is allocated according to priorities within Cymraeg 2050 and to areas where the greatest impact can be achieved. The actions delivered via the Welsh in Education Action is supported by activity funded and supported via the Welsh Language Action and vice versa. For example, supporting opportunities to use the language in social and community activity supports the development of Welsh-medium education and developing Welsh language skills supports the economy and the workplace. The transfer of £2 million between actions will not lead to any loss of emphasis on Welsh-medium education.

Recommendation 12

That the Welsh Government:

- clarify, for the purpose of transparency and effective scrutiny, the breakdown of the Post-16 Education Action across sixth forms, further education institutions, and adult community learning for both the 2018-19 and 2019-20 financial years;
- outline the level of extra funding to be provided to further education institutions following the Minister's statement of 20 November, and confirm that this will fully fund the pay deal.

Response: Accept

At the time of writing, we are unable to provide a note to the Committee with each allocation of funding (Sixth Form, FEC, ACL, and other material allocations) within the Post-16 Education Action as the specific amounts of funding per activity for 2019-20 have not yet been agreed. We are happy to write to the Committee with the allocations as soon as this is known, which is likely to be the end of this month.

In total Welsh Ministers intend to provide £3.2m in 2018-19 and £4.8m in 2019-20 to support the FE pay settlement. This is in line with the overall request from the sector for additional support, over and above the sector's initial pay offer to staff.

Recommendation 13

That the Welsh Government publish indicative Diamond Dividend projections that show both the projected total size of the Dividend and the projected amount becoming available each year during implementation.

Response: Accept in Principle

We provided the indicative budget planning assumptions associated with implementation of the reforms to students support and higher education in a letter of response of 5 December to the Committee, following the budget scrutiny session of the Education MEG on the 8 November. However, as emphasised previously, it is very important to stress that the figures should be seen as an estimated forecast and not a commitment. Analysis of the budget implications of the Welsh Government response to the Diamond Review is derived from forecasts, based on a range of assumptions that span several years into the future. Whilst these assumptions are agreed and managed through well-established governance procedures within the Welsh Government, they are subject to continual review and change, as more data becomes available. The macro-economic assumptions underlying these forecasts (e.g. projections of future inflation and earnings growth by the Office for Budget Responsibility) will also be subject to regular revision.

Aside from the established uncertainties relating to student entitlement, demand and macro-economic factors, which will cause forecasts to change, there are other external factors that we may need to consider or respond to. The outcome of the Office for National Statistics review of the accounting treatment of student loans was published on the 17 November and we await how this announcement will impact upon the Augar Review of post-18 funding in England. Whilst these reviews cannot disrupt the radical reforms to maintenance support we have implemented, the UK Government's response has the potential to influence some of the financial parameters within which we work and Welsh Government may have to respond. In light of all of the dependencies and uncertainties, we hope it is clear that what you

refer to as the “Diamond Dividend” will be determined by much more than just the student support policy reform itself.

Recommendation 14

That the Welsh Government:

- clarify whether the £5 million reprioritised to the Education MEG from the Student Support Grants BEL in the Draft Budget 2019-20 (the so-called “Diamond Dividend”) will be used for the higher and further education sector in accordance with previous Welsh Government commitments;
- present clearly in future budgets the specific areas to which any Diamond Dividend is allocated.

Response: Accept in Principle

As emphasised in our response to recommendation 13, what you refer to as the “Diamond Dividend” will be determined by much more than just the student support policy reform itself. The amount re-prioritised within the Education MEG is an example of this, whereby demand for full-time undergraduate student support is expected to be lower than previously forecast in 2019/20, due to demographic changes (the ongoing decline in the 18-year-old population) rather than policy. In contrast, demographic increases for younger age cohorts will put pressure on other elements of the education system. These changes will have implications for FE provision over the next few years, and are expected to drive increased demand for HE from the early 2020s.

As future budget requirements will be influenced by more than the student support reforms alone, it won't always be possible to separate out the implications of different changes. We cannot, therefore, commit to being able to identify all elements of what you refer to as “Diamond Dividend” within future budget allocations. Our intentions have been made for the funding of FE and HE in response to the Diamond Review

clear and the indicative budget planning assumptions we have provided for HEFCW demonstrate that we are making good on that commitment.

Recommendation 15

That the Welsh Government provide more information in future budgets about the principles adopted to make decisions between hypothecated and un-hypothecated funding mechanisms for HEFCW.

Response: Accept

We have made clear that the funding Welsh Government provides to HEFCW, as an arm's length body, is un-hypothecated. The Council has discretion to determine the distribution of funding allocated to it by the Welsh Government and it is then a matter for HEFCW to determine the allocation of those resources, taking account of Government priorities set out in the annual remit letter. The 2019-20 remit letter, which will be issued before the end of March 2019, will set out the financial resources allocated to HEFCW for the 2019-20 financial year.

However, the Welsh Government also provides funding which is hypothecated in order to send a clear message to HEFCW of the level of support it feels is needed to properly fund specific Ministerial priorities – for example, degree apprenticeships and civic mission activity. In reality, HEFCW retains discretion as to how their budget is managed and on the allocations to institutions. The level and focus of such support is dependent on budget constraints and wider discussions about Ministerial priorities across Government.

Recommendation 16

That the Welsh Government provide adequate resource in its Final Budget 2019-20 to enable HEFCW to fully fund its strategic priorities as soon as possible and begin funding the recommendations of the Reid review.

Response: Accept

The draft budget for 2019-20 includes overall funding to HEFCW totalling £150m. We believe that this is sufficient resources to fund their strategic priorities and enough funding to start to implement the recommendations arising from the Welsh Government response to the Diamond review – in this first instance we understand that their priority will be expensive subject premium.

As we have been clear in our statements, the reforms we are implementing to student support and higher education are being phased in over a number of years and future funding to HEFCW will be considered within our planning work for the Comprehensive Spending Review next year in determining budgets for 2020-21 and beyond.

3. Health, social care and children

Recommendation 17

That the Welsh Government:

- reconsider its position in relation to our call for the publication of more transparent data on budget allocations to – and expenditure on – services supporting the emotional and mental health services for children and young people;
- reverse its decision to transfer the additional annual £8 million to support targeted CAMHS into the overall mental health ringfence until support reaches the levels required and outcomes for children and young people have improved demonstrably;
- clarify as a matter of priority how much funding will be available for the development and delivery of the whole-school approach to emotional and mental health and well-being;
- clarify its aims for the additional £2.5 million allocated in 2019-20 to the Youth Engagement and Employment BEL.

Response:

Point 1 – Accept in principle

There are considerable challenges in collecting more detailed information but we will reconsider our position in relation to providing additional data to the committee.

Currently, as part of the Integrated Medium Term Plan (IMTPs) process we have made clear our expectations to health boards to:

- Demonstrate an understanding of the mental health and mental well-being needs of their population.
- Undertake a capacity and demand analysis which also demonstrates how the health board is actioning the areas for improvement
- Define service models to meet population needs which are supported by workforce plans.
- Show expenditure over the previous year against the mental health ring-fenced allocation and the future spending plans against that budget.

As these planning processes mature we expect this approach to become more robust and through our 2016-19 delivery plan we also made it a clear action for

health boards to demonstrate their adherence to their ring fenced mental health allocations and to set out how their expenditure is improving outcomes for people with mental health problems. We recognise that there is more work to do in this area and we continue to work with health boards to improve on this reporting. These actions we are taking throughout the age range.

Point 2 – Reject

The annual £8m targeted for CAMHS has already gone into the ring fence – however service developments in CAMHs will continue to be monitored by the routine reporting of waiting time data and through the implementation of our response to the Mind Over Matter report.

Point 3 – Accept

We have already established a Joint Ministerial Task and Finish Group and a cross-government senior officials group to ensure that the ‘whole school approach’ work is delivered at pace. We will be making funding available to support this, and our broader response to the Mind over Matter report.

Point 4 – Accept

The additional £2.5m in 2019-20 will be aimed at improving services for young people, focusing on wellbeing, resilience, and emerging mental health issues. It will be informed by the youth work pedagogical approach, which supports young people’s personal, social, and emotional development, and which is well placed to help address emerging mental health and well-being issues.

Engaging closely with Health and Social Services Group, stakeholders across Wales, and the Interim Youth Work Board, this work is being led within the Education and Public Services Group. In this way, it is intended that it will form part of the cross-government, coordinated response to the Mind Over Matter report. Activity will therefore align directly with the developing Whole School Approach to Mental Health and Wellbeing, and ensure closer working between Youth Services and Child and Adolescent Mental Health Services.

The grant criteria, against which local authorities will plan their programmes of work, are currently being finalised. However, it is anticipated they will support a non-medical model of intervention aimed at earlier identification, strengthened partnership working and brokerage of support, and tracking of progress of young people with emerging mental health, emotional, and wellbeing needs.

Recommendation 18

That the Welsh Government provide:

- an update on the recommendations of our predecessor committee's report on neonatal services;
- a summary of the investments made in this area and the specific outcomes achieved as a consequence of that funding;
- clarification of the situation in relation to a neonatal transport service in north Wales.

Response: Accept

The 3rd edition of the Neonatal standards were officially published on the Wales Neonatal Network earlier this year.

The standards use the most up to date evidence and best practice guidelines to make them clinically and operationally relevant. They are influenced by neonatal developments across the United Kingdom and take into account recommendations by the British Association of Perinatal Medicine (BAPM), the National Neonatal Audit Programme (NNAP), the Royal College of Paediatric and Child Health (RCPCH), Bliss and other standards published in England and Scotland.

The Wales Neonatal Network ensures regular monitoring of progress to full compliance. From early 2019 Health Boards will be asked to self-assess annually against the Standards, as part of the peer review process currently in development at the NHS Wales Health Collaborative.

Between 2015 and 2020, the Welsh Government will have invested just under £110m in capital funding for neonatal developments across Wales. The investments are being made across a number of key acute sites in Wales with the aim of reducing the number of transfers of mothers and babies through the provision of a specialist, space compliant environments to ensure that care for babies is safe and effective. The funding across this period include:-

- £19m invested at the Sub Regional Neonatal Intensive Care Centre (SuRNICC) at Ysbyty Glan Clwyd which was opened by the First Minister in September 2018;
- £37m has been allocated for the Phase II developments at the University Hospital in Cardiff which is due to complete in 2019;
- £25m has been allocated for Phase II of the Women and Children's scheme at Glangwili Hospital, Carmarthen which is due to complete in 2020;
- £10m has been allocated provided for Neonatal and Post-Natal Capacity on the Singleton Hospital site;
- £6m has been allocated for works on the neonatal unit at Prince Charles Hospital, Merthyr and is due to complete in 2019;
- £2m invested in works on the neonatal unit at the Royal Gwent Hospital site, Newport which was opened in spring 2017

£10m was previously invested in phase I neonatal works at both the University Hospital of Wales and Glangwili to enable further investment to be made.

Neonatal transfers help ensure babies receive an appropriate level of care at a unit best suited to meeting their needs.

Neonatal transport services in North Wales are provided by the team at Ysbyty Glan Clwyd over a 12 hour period. In addition, the Health Board has an arrangement with the Cheshire and Mersey Neonatal Network to support out of hours retrieval of a small number of extremely sick/surgical/cardiac babies requiring time critical transfer to a regional Unit in NHS England. WHSSC are due to commission an external review of Neonatal Transport in 2019-20 to inform the ICP for 2020-23, it will be an all Wales review.

Recommendation 19

That the Welsh Government provide further clarity on when decisions in relation to resources for perinatal mental health – particularly mother and baby unit support for families from all areas of Wales, including the north – will be made.

Response: Accept

The Welsh Health Specialised Services Committee (WHSSC) which is responsible for commissioning tier 4 services for health boards in Wales has recently updated the CYPE committee on progress in relation to mother and baby unit resource.

A further update on progress in this area will be provided by the Cabinet Secretary for Health and Social Services in January to the CYPE committee.

We are committed to providing additional detail on the resources for the mother and baby unit when we are in receipt of costed options.

We can confirm that around £0.5m of the £7m transformation funding was allocated by health boards to strengthen perinatal mental health services, the impact of this funding will be monitored by officials over the next year.

In addition to the above, perinatal mental health services will be prioritised in 2019-20 for further funding support from the additional mental health funding allocated to Health Boards.

Recommendation 20

That the Welsh Government in future financial years use any funding consequential arising as a consequence of the UK Government's soft drinks industry levy on tackling childhood obesity directly, and demonstrate such allocations clearly in future Draft Budgets so that their impact can be scrutinised.

Response: Reject

Alongside the introduction of the soft drinks industry levy, the UK Government increased expenditure in a number of areas in England in the March 2016 Budget relating to extending the school day, school sports and breakfast clubs. As a result of these spending measures, Wales received £57m over the four-year period for which we had a revenue settlement (2016-17 to 2019-20). It is an important principle of devolution that funding we receive as a result of spending measures announced in England is not ring-fenced for specific purposes. In line with established practice, the funding we received was added to our reserves and allocated in subsequent budgets in line with our strategic priorities, including promoting good health and well-being for everyone. We do not have a settlement beyond the current budget period. Decisions on the allocation of resources in subsequent years will be made in future budgets in line with our priorities.

We are continuing to invest in a range of health and educational activities to improve outcomes for children in Wales. Later this month, we will be launching a consultation on 'Healthy Weight: Healthy Wales' which will consider a range of proposals to tackle childhood obesity. A final strategy will be launched by October 2019 through a commitment within our Public Health Wales Act to prevent and reduce obesity across Wales.

Recommendation 21

That the Welsh Government:

- clarify the breakdown of the £15 million in terms of what will go as a grant to local authorities, what will go into the Revenue Support Grant and any other allocations;
- monitor the outcomes of the allocation, particularly the extent to which they are successful in reducing the need for children to be looked after in the longer term.

Response: Accept

The £15 million will be allocated in 2019-20 through the Integrated Care Fund to the Regional Partnership Boards. The Fund will be allocated regionally to support integrated and collaborative working between local authorities, health boards and the third sector within the regional partnership board areas.

The 2019-20 allocations for the Integrated Care Fund will continue to be calculated using the health board needs based formula. It is for Regional Partnership Boards to decide how this funding will be utilised to help reduce the need for care based on the needs of their populations. The allocations are set out below:

Abertawe Bro Morgannwg University Health Board	£1.942 million
Aneurin Bevan Local Health Board	£2.870 million
Betsi Cadwaladr University Health Board	£3.189 million
Cardiff & Vale University Health Board	£2.159 million
Cwm Taf University Health Board	£2.411 million
Hywel Dda Local Health Board	£1.819 million
Powys Teaching Health Board	£0.610 million

The arrangements for monitoring the impact of the funding will be through a combination of both qualitative and quantitative reports received from the Regional Partnership Boards. Officials are working with stakeholders to co-design new guidance for the Integrated Care Fund and reporting processes, using a Results Based Accountability approach to monitoring impacts and outcomes of the programme.

The Improving Outcomes for Children Ministerial Advisory Group will be monitoring the impact of the investment as part of its work programme to safely reduce the need for children to enter care.

This £15m is one element of the package of additional support being provided to Local Authorities to support Social Services in 2019-20 which includes:

- £20m added to RSG for 2019-20 in recognition of the general social care pressures generally – distributed specifically through the social services IBA
- £30m specific grant for 2019-20 for delivering sustainable social services – to be distributed through the formula used for the RSG social services IBA
- £15m grant funding for 2019-20 via the integrated care fund - to be allocated by the health board formula for decisions to be made on individual projects by the joint partnership boards to increase joint working between local authorities and health boards to support adults with care needs in their homes, avoiding unnecessary hospital admissions, or ensuring they can return as soon as possible after hospital admission
- £15m grant funding for 2019-20 via the integrated care fund to expand preventative and early intervention services to support families and reduce the need for children to enter care for individual projects
- £2.3m specific grant for 2019-20 to be allocated to local authorities to strengthen their provision of adoption services to prevent children re-entering care and reduce the time they spend waiting to exit care through adoption.

Recommendation 22

That the Welsh Government:

- undertake the necessary work to establish at least an estimate of the number of adopted children in Wales and fund the Pupil Development Grant accordingly;
- ensure regional consortia work with specialist agencies supporting adopted and looked after children to ensure that funding delivers the support needed to this group of young people.

Response: Accept in Principle

Our national mission commits to delivering a new, transformational curriculum supported by strong and inclusive schools committed to excellence, equity and well-being. In line with this, we want to ensure that every child in Wales – including those who are looked after and formerly looked after – has the right to access an education system that enables them to achieve their potential. We all recognise that good educational attainment can provide the gateway to future stability, security and an independent, fulfilling life.

We recognise that formerly looked after children continue to require support even after being adopted. Any early trauma and loss experienced will not be overcome simply by the granting of an Adoption Order. In order to gain a better understanding of the numbers of adopted children in Wales and their educational needs, we have committed to look at the collection of data on adopted children via PLASC. Collection of this data will require a change to regulations which takes time to work through and therefore it is not feasible to introduce this with immediate effect.

In the meantime, however, we have written to every head teacher to ask that they are conscious of who their adopted children are and ensure appropriate educational support is put in place.

We have also built flexibility into the terms and conditions of the Pupil Development Grant (PDG) for looked after children to enable the use of this funding to support interventions aimed at children who have been adopted.

This element of the PDG is held by the regional education consortia in Wales. This funding is not ring-fenced for each child; enabling consortia, working with schools, local authorities and a range of other partners to determine the most effective, strategic interventions to support the educational arrangements regardless of care or school placement changes. Each consortium in Wales employs a lead coordinator who is responsible for the delivery of a strategic programme of work to ensure effective use of the PDG for care experienced children.

Some excellent work has been undertaken by the four regional education consortia through their allocation of the grant, working with specialist agencies, including professional learning for school staff to ensure that they are better prepared and more confident in supporting children who have experienced early trauma or loss. Regional lead coordinators have the opportunity to share good practice across regions at their quarterly meetings, facilitated by Welsh Government.

Officials will work with delivery partners to consider the operation of this element of the PDG to ensure we are maximising both the impact of the grant and its value for money. This is in response to a number of factors, including the recommendations of the Committee in its *On the money?* report. We expect the revised arrangements to come into effect from April 2019.

Recommendation 23

That the Welsh Government:

- undertake a CRIA on the 2019-20 CAFCASS budget, to include consideration of increasing the revenue allocation, as a matter of priority and share it with us;
- provide clarity and reassurance about the sufficiency of CAFCASS's budget for 2019-20 in light of the Minister's reference to a "safe draft budget for next year".

Response: Accept

We accept the committee's recommendation and will undertake to produce a CRIA for the 2019-20 Cafcass Cymru budget by February 2019.

A recurring uplift of £1.04m to Cafcass Cymru's budget from 2019-20 was reflected in the Final Budget published on 18 December. This additional funding will enable Cafcass Cymru to fund all existing Family Court Adviser posts to meet demand for its services and enable the organisation to ensure its statutory duties continue to be met. Robust management of the budget and the ability to continue to fund existing posts in the organisational structure is a priority for the Senior Leadership Team. The Minister for Health & Social Services has agreed the budget uplift and that consideration of the impact of future inflationary pay awards will be reviewed to allow Cafcass Cymru to respond to the continued high service demand.

Recommendation 24

That the Welsh Government:

- (i) clarify the status of its 2015 Child Poverty Strategy and, if in force, which Cabinet member is responsible for delivering it;
- (ii) develop a refreshed child poverty strategy to give direction to its activity to eradicate child poverty in Wales. This strategy should indicate clearly where individual responsibilities for actions lie within the Cabinet. Future budget information should reflect clearly allocations to deliver this strategy and improve outcomes in this area.

Response: (i) Accept

Welsh Government's 2015 Child Poverty Strategy is still current as the objectives remain relevant today. They focus on reducing the number of children living in workless households, increasing the skills of parents and young people, reducing inequalities in education, health and economic outcomes, creating a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty, and action to increase household income and tackle the poverty premium.

Prior to the change in Ministerial Responsibilities in December 2018, responsibility for the Strategy sat with the Minister for Children, Older People and Social Care. Since the change in Ministerial portfolios, responsibility for the continuation of measures to mitigate Child Poverty now sits with the Minister for Housing and Local Government.

(ii) Reject

Welsh Government recognises that it does not have the levers required to eradicate child poverty in Wales. Powers over the tax and welfare system which are needed to bring about such a change in poverty sit with the UK Government. The Welsh Government's child poverty objectives are based on evidence which shows where we can have most impact in improving outcomes for low income households with the levers we have available.

Recognising employment is the best route out of poverty, our key focus is on maximising people's employability and aligning this with the creation of appropriate employment opportunities providing fair, decent work and opportunities for progression. Investment in the early years is also crucially important for children's long-term health and development and their achievements in later life.

Our National Strategy, Prosperity for All, supports the delivery of our child poverty objectives through its focus on employability and growing a strong economy and through its priority area of the early years. The delivery plans underpinning the National Strategy set out the actions we will take to achieve these commitments.

While it is possible to identify those budget allocations which fund programmes aimed primarily at tackling child poverty such as the Pupil Development Grant, our child poverty objectives are focussed on those areas where we can have the most impact in improving outcomes for the whole family. We know that initiatives such as those set out in the Employability Plan and the Economic Action Plan, and through the delivery primary and secondary education funded through the Revenue Support Grant can have a significant impact in improving outcomes. However, this whole family approach makes it difficult to disaggregate spending so that there is a clear picture of where programme funding has improved outcomes for children living in poverty specifically.

Recommendation 25

That the Welsh Government:

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

Response: Accept in Principle

We accept the need for transparency in how grants awarded to local authorities deliver the outcomes sought. The Children and Communities Grant is one of two grants that form part of the Funding Alignment Programme which aims to make more effective use of funding and better meet local needs, enabling local authorities to work differently, giving more scope to design services to support the Government's drive for more preventative, long-term approaches. The programmes which make up the Children and Communities Grant remain and we will monitor delivery and ensure that policy aims are achieved.

A key requirement of the Children and Communities Grant is to provide Welsh Government with assurance that the funding is spent according to the terms of the grant. We will monitor spend on a quarterly basis to ensure the funding is deployed in line with its purpose.