

Finance Committee

FIN(3) 08-09 proposed Children and Families (Wales) Measure, further financial information: Annex A

Date: Thursday 7 May 2009

Time: 9.30 – 11.30am

Venue: Committee Room 3

Proposed Children and Families (Wales) Measure

Paper by the Minister for Social Justice and Local Government – Annex A

Extract from the Explanatory Memorandum

Section 2: Regulatory Impact Assessment

This section is in accordance with Standing Orders 23.18(vi)

6. Part 1: Eradicating Child Poverty (Section 1 – 5, 10 -11 and 12)

6.1 Options

The following three options are considered in relation to the proposed new duties:

- Option 1: Do nothing - with no Measure requiring Welsh Ministers, local authorities or other Welsh authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales;
- Option 2: Introduce legislation which only requires Welsh Ministers and local authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales;
- Option 3: Introduce legislation which requires 'Welsh authorities' including Welsh Ministers, local authorities and other public bodies with relevant functions to prepare and publish a strategy for contributing to the eradication of child poverty in Wales.

Option 1: Do nothing - with no Measure requiring Welsh Ministers, local authorities or other Welsh authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales.

Under Option 1, the Measure would not be progressed and the Welsh Ministers would not be required to prepare and publish a strategy for

contributing to the eradication of child poverty. They would not be required to produce their first strategy by 2010 or to keep their strategy under review or to remake or revise it. They would not be required to publish the strategy when they make, remake or revise it and they would not be required to lay a copy before the National Assembly for Wales. Welsh Ministers would not be required to publish a report containing an assessment of the extent to which they have met, or made progress towards meeting their objectives, every three years commencing 2013. They would not be required to lay a copy of this report before the National Assembly for Wales.

Local authorities and their partners would continue to work in partnership with the Children and Young People's Plans under Section 26 of the Children Act 2004.

For those Welsh authorities who have not entered into an arrangement under section 25 of the Children Act 2004, there would be no requirement to prepare and publish a strategy for contributing to the eradication of child poverty.

Option 2: Introduce legislation which only requires Welsh Ministers and local authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales.

Under Option 2, legislation would require Welsh Ministers to prepare and publish a strategy for contributing to the eradication of child poverty. The strategy would include objectives chosen by the Welsh Ministers in relation to each of the broad aims set out in Section 1.

They would be required to produce their first strategy by 2010 and to keep their strategy under review and to remake or revise it. They would be required to publish the strategy when they make, remake or revise it and they would be required to lay a copy before the National Assembly for Wales. Welsh Ministers would be required to publish a report containing an assessment of the extent to which they have achieved or made progress towards achieving, their objectives every three years commencing 2013. They would be required to lay a copy of this report before the National Assembly for Wales.

Local authorities would be required to prepare and publish a strategy for contributing to the eradication of child poverty and this duty would be discharged on publication by the authority of a plan under section 26 of the Children Act 2004. The strategy would include objectives chosen by the local authority in relation to each of the broad aims set out in Section 1.

It is the intention that the objectives which a local authority sets in relation to parenting support (Section 1 (2) (f)) and the reduction of inequalities in health (Section 1 (2) (g)) and participation in education, training and the community as well as helping young persons take advantage of opportunities for employment (Section 1(2)(k-m)) should include activity currently funded by Cymorth specific grant and guidance will be issued to this effect. This provision is one of the mechanisms to maintain the current level of provision

in respect of Cymorth activity. Others are discussed in relation to Part 1, Section 7-9 of this Explanatory Memorandum

For 'Welsh authorities' other than Welsh Ministers and local authorities, there would be no requirement to prepare and publish a strategy for contributing to the eradication of child poverty.

Option 3: Introduce legislation which requires 'Welsh authorities' including Welsh Ministers and local authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales.

Under Option 3, legislation would require Welsh Ministers to prepare and publish a strategy for contributing to the eradication of child poverty. The strategy would include objectives chosen by the Welsh Ministers in relation to each of the broad aims set out in Section 1 and include objectives relating to their powers to provide funding to any person which promote the broad aims. They would be required to produce their first strategy by 2010 and to keep their strategy under review and to remake or revise it. They would be required to publish the strategy when they make, remake or revise it and they would be required to lay a copy before the National Assembly for Wales. Welsh Ministers would be required to publish a report containing an assessment of the extent to which they have achieved, or made progress towards achieving, their objectives every three years commencing 2013. They would be required to lay a copy of this report before the National Assembly for Wales.

Local authorities would be required to prepare and publish a strategy for contributing to the eradication of child poverty and this duty would be discharged on publication by the authority of a plan under section 26 of the Children Act 2004. The strategy would include objectives chosen by the local authority in relation to each of the broad aims set out in Section 1.

It is the intention the objectives which a local authority sets in relation to parenting support (Section 1 (2) (f) and the reduction of inequalities in health (Section 1) (2) (g)) and participation in education, training and the community as well as helping young persons take advantage of opportunities for employment (Section 1(2)(k-m)) should include activity currently funded by Cymorth specific grant and guidance will be issued to this effect. This provision is one of a number of mechanisms in respect of Cymorth activity. Others are discussed in relation to Part 1, Section 7-9 of this Explanatory Memorandum.

For those 'Welsh authorities' who have entered into an arrangement under section 25 of the Children Act 2004, the duty to prepare and publish a strategy for contributing to the eradication of child poverty would be discharged if the strategy is an integral part of a plan published under section 26 of the Children Act 2004 by each local authority with which it has entered into an arrangement under section 25 of the Children Act 2004.

For those Welsh authorities who have not entered into an arrangement under section 25 of the Children Act 2004, there would be a requirement to prepare and publish a strategy for contributing to the eradication of child poverty.

6.2 Costs and benefits

Option 1: Option 1: Do nothing - with no Measure requiring Welsh Ministers, local authorities or other Welsh authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales.

Costs

Local authorities are already required to produce Children and Young People's Plans under the Children Act 2004.

Section 25 of the Children Act 2004 places a duty on local authorities to take the lead in promoting co-operation with 'relevant' partners and such other bodies as the local authority considers appropriate, with the aim of improving the well being of children in each local authority's area.

Section 26 of the Children Act 2004 and regulations under this section require local authorities and their partners to work together to write a Children and Young People's Plan that sets out their strategic vision for children and young people's services, priorities and targets.

From 2008, each local authority area is required to have a Children and Young People's Plan covering all services for those aged 0-25 and maternity services.

There are no additional costs associated with this option because there are no new demands on local authorities that already have a duty under the Children Act 2004 to take action on child poverty and have already received funding to carry out this work.

Benefits

Local authorities and their partners would continue to work in partnership with the Children and Young People's Plans under Section 26 of the Children Act 2004.

For those Welsh authorities who have not entered into an arrangement under section 25 of the Children Act 2004, there would be no requirement to prepare and publish a strategy for contributing to the eradication of child poverty. There would be no benefit from this option.

Option2: Introduce legislation which only requires Welsh Ministers and local authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales

Costs

The new duty to prepare and publish strategies for contributing to the eradication of child poverty will place additional burdens on Welsh Ministers. There are compliance costs that relate to the new requirement that strategies for contributing to the eradication of child poverty be prepared and published by Welsh Ministers, and the requirement to publish a report containing an assessment of the extent to which the objectives contained within the strategy have been achieved.

Within the Welsh Assembly Government, this will have resource implications for the Child Poverty Unit, which will have to be significantly strengthened to deliver a statutory strategy, keep it under review and report against it. In addition, the Unit would have an important role in issuing Guidance to local authorities, and would need to introduce more robust systems for considering the Children and Young People's Plans.

This work will require additional resource to strengthen the Child Poverty Unit to undertake the strategy work in future years and manage new operational responsibilities in relation to this duty. Costs are estimated as £55,000 for additional staffing resource, based on 2009/2010 projected staff costs.

Local authorities are already required to produce Children and Young People's Plans under the Children Act 2004 and under section 4(1) of the Measure the duty of a local authority to publish a strategy under section 2(1) is discharged on publication of a plan under section 26 of the Children Act 2004.

There are no additional costs associated with the proposals relating to Cymorth activity. The cost benefit analysis associated with section 6-11 discusses this in more detail.

Section 25 of the Children Act 2004 places a duty on local authorities to take the lead in promoting co-operation with 'relevant' partners and such other bodies as the local authority considers appropriate, with the aim of improving the well being of children in each local authority's area.

Section 26 of the Children Act 2004 and regulations under this section require local authorities and their partners to work together to write a Children and Young People's Plan that sets out their strategic vision for children and young people's services, priorities and targets.

From 2008, each local authority area is required to have a Children and Young People's Plan covering all services for those aged 0-25 and maternity services.

There are no additional costs for local authorities under this option; there are no new demands on local authorities that already have a duty under the Children Act 2004 to take action on child poverty and they have already received funding to carry out this work.

Benefits

Under Option 2, legislation would require Welsh Ministers to prepare and publish a strategy for contributing to the eradication of child poverty. The strategy would include objectives chosen by the Welsh Ministers in relation to each of the broad aims set out in Section 1 and include objectives relating to their powers to provide funding to any person which promote the broad aims. Welsh Ministers would be required to produce their first strategy by 2010 and to keep their strategy under review and to remake or revise it. They would be required to publish the strategy when they make, remake or revise it and they would be required to lay a copy before the National Assembly for Wales. Welsh Ministers would be required to publish a report containing an assessment of the extent to which they have achieved or made progress towards achieving, their objectives every three years commencing 2013. They would be required to lay a copy of this report before the National Assembly for Wales.

Local authorities would be required to prepare and publish a strategy for contributing to the eradication of child poverty and this duty would be discharged on publication by the authority of a plan under section 26 of the Children Act 2004.

For 'Welsh authorities' other than Welsh Ministers and local authorities, there would be no requirement to prepare and publish a strategy for contributing to the eradication of child poverty. This option is more beneficial than Option 1 but not as beneficial as Option 3.

Option 3: Introduce legislation which requires 'Welsh authorities' including Welsh Ministers and local authorities to prepare and publish a strategy for contributing to the eradication of child poverty in Wales.

Costs

The new duty to prepare and publish strategies for contributing to the eradication of child poverty will place additional burdens on Welsh Ministers. There are compliance costs that relate to the new requirement that strategies for contributing to the eradication of child poverty be prepared and published by Welsh Ministers, and the requirement to publish a report containing an assessment of the extent to which the objectives contained within the strategy have been achieved.

Within the Welsh Assembly Government, this will have resource implications for the Child Poverty Unit, which will have to be significantly strengthened to deliver a statutory strategy, keep it under review and report against it. In addition, the Unit would have an important role in issuing Guidance to local authorities, and would need to introduce more robust systems for considering the Children and Young People's Plans.

This work will require additional resource to strengthen the Child Poverty Unit to undertake the strategy work in future years and manage new operational responsibilities in relation to this duty. Costs are estimated as £55,000 for additional staffing resource, based on 2009/2010 projected staff costs.

Local authorities are already required to produce Children and Young People's Plans under the Children Act 2004 and under section 4(1) of the Measure the duty of a local authority to publish a strategy under section 2(1) would be discharged on publication of a plan under section 26 of the Children Act 2004.

Section 25 of the Children Act 2004 places a duty on local authorities to take the lead in promoting co-operation with 'relevant' partners and such other bodies as the local authority considers appropriate, with the aim of improving the well being of children in each local authority's area.

Section 26 of the Children Act 2004 and regulations under this section require local authorities and their partners to work together to write a Children and Young People's Plan that sets out their strategic vision for children and young people's services, priorities and targets.

From 2008, each local authority area is required to have a Children and Young People's Plan covering all services for those aged 0-25 and maternity services.

There are no additional costs for local authorities under this option; there are no new demands on local authorities that already have a duty under the Children Act 2004 to take action on child poverty and they have already received funding to carry out this work.

For those 'Welsh authorities' who have entered into an arrangement under section 25 of the Children Act 2004, the duty to prepare and publish a strategy for contributing to the eradication of child poverty would be discharged if the strategy is an integral part of a plan published under section 26 of the Children Act 2004 by each local authority with which it has entered into an arrangement under section 25 of the Children Act 2004. This duty is cost neutral for local authorities and their partners and there are no additional burdens.

For other Welsh authorities set out in Section 12, who have not entered into an arrangement under section 25 of the Children Act 2004, there would be a requirement to prepare and publish a strategy for contributing to the eradication of child poverty and therefore there is likely to be some compliance costs with imposing a duty to prepare and publish a strategy. It is anticipated that these additional demands will be minimal and can be accommodated within their existing allocations. It is also anticipated that these additional demands will be proportionate to the size of the organisation and reflect the likely contribution the Welsh authority could make.

AGSBs are funded through grant in aid, and are currently required in their corporate plans to include a statement explaining how the AGSB will mainstream a range of statutory functions, including equality of opportunity for all, and the Welsh Assembly Government's strategic aims, including social inclusion, although there is no specific mention of child poverty.

Where AGBSs are included in Section 12, the duty may have limited resource implications for those parts of the Assembly Government who work with or support AGBSs either in terms of funding or the implementation of policy. It is anticipated that these additional demands will be minimal and can be accommodated within their existing allocations.

Where AGBSs can not be included in Section 12, Welsh Ministers may consider incorporating these bodies within their strategies and addressing any proposed actions through the remit letters.

Benefits

Under Option 3, legislation would require Welsh Ministers to prepare and publish a strategy for contributing to the eradication of child poverty. The strategy would include objectives chosen by the Welsh Ministers in relation to each of the broad aims set out in Section 1 and include objectives relating to their powers to provide funding to any person which promote the broad aims. They would be required to produce their first strategy by 2010 and to keep their strategy under review and to remake or revise it. They would be required to publish the strategy when they make, remake or revise it and they would be required to lay a copy before the National Assembly for Wales. Welsh Ministers would be required to publish a report containing an assessment of the extent to which they have achieved, or made progress towards achieving, their objectives every three years commencing 2013. They would be required to lay a copy of this report before the National Assembly for Wales.

Local authorities would be required to prepare and publish a strategy for contributing to the eradication of child poverty but this duty would be discharged on publication by the authority of a plan under section 26 of the Children Act 2004.

Under Option 3, the duty to prepare and publish a strategy would also require other Welsh authorities to prepare and publish a strategy for contributing to the eradication of child poverty. For those 'Welsh authorities' who have entered into an arrangement under section 25 of the Children Act 2004, the duty to prepare and publish a strategy for contributing to the eradication of child poverty would be discharged if the strategy is an integral part of a plan published under section 26 of the Children Act 2004 by each local authority with which it has entered into an arrangement under section 25 of the Children Act 2004.

For those Welsh authorities who have not entered into an arrangement under section 25 of the Children Act 2004, there would be a requirement to prepare and publish a strategy for contributing to the eradication of child poverty.

Welsh Ministers may consider incorporating AGSBs that can not be included in Section 12 into their strategies and addressing any proposed actions through their remit letters.

Option 3 is the most beneficial option in terms of contributing to the eradication of child poverty in Wales and the intention is that in addition to short term effects, the strategies will help deliver a number of significant medium to longer term interventions.

6.3 Competition Assessment

The competition filter test has been applied and has shown that there are no competition concerns and, therefore, a low risk of detrimental effect on competition. There are no market implications associated with these provisions at this stage, and introducing an Assembly Measure will not result in any changes to current competition. This will be reviewed and reconsidered as more specific information becomes available.

7. Part 1: Eradicating Child Poverty (Section 6-11) and Part 4 : Miscellaneous and General (Section 60 and 61)

The proposed Measure will place additional duties on Local Authorities to:

1. provide prescribed free childcare in accordance with regulations and guidance ;
2. have regard to regulations and/or guidance requiring the provision of parental support services;
3. have regard to regulations and/or guidance requiring the provision of health support services;
4. assess and secure sufficient play opportunities;
5. make arrangements to promote and facilitate participation of children in decisions of the local authority which affect their lives.

The purpose of the legislation is primarily to allow Welsh Ministers to make regulations which require local authorities to provide free childcare for two year olds, and other services including enhanced levels of health visiting and parenting classes in specific areas if the decision is taken to move funding in respect of Flying Start into the Revenue Support Grant (RSG) in the future.

It is also one of the mechanisms in this measure which local authorities and Welsh Ministers may utilise in the context of activity currently funded through the Cymorth specific grant, specifically local authority powers to secure provision of services and Welsh Ministers' powers to make regulations requiring local authorities to secure those services.

Throughout the body of this document, the financial sums quoted will be those

amounts allocated to programme costs unless otherwise stated. Figures will normally be represented in £k (thousands) and £m (millions), and rounded up or down to 1 decimal place, as necessary.

Background - Flying Start

The first of the Assembly Government's seven Core Aims for children and young people, based on the UN Convention on the Rights of the Child, is a commitment to ensure that all children have a flying start in life. This is reflected in the Assembly Government's Child Poverty Strategy – '*A Fair Future for our Children*' which provided that funding would be deployed in disadvantaged areas based on international evidence of the effectiveness of high quality early years services, and in *One Wales* which is committed to progressing "provision of universal affordable childcare and in particular free high quality childcare for two year olds in the areas of greatest need." Flying Start is the delivery vehicle for these commitments.

The Flying Start programme was launched in 2006-07. It is currently being evaluated and policy in respect of this programme will be further developed in the light thereof and in consultation with partners. The programme is based on research evidence that intensive and high quality services lead to improved long-term outcomes. The programme provides targeted investment for children up to the age of three in the most deprived communities in Wales, and aims to improve life chances for these children. Guidance defines the entitlement that families in target areas should be able to access. Local discretion determines the balance between the different elements which include:-

- quality part-time childcare for 2 year olds (from the first term following their second birthday to the first term following their third birthday);
- enhanced levels of health visiting (with a maximum ratio of 1 health visitor to 110 children);
- parenting programmes.

Flying Start programmes across Wales attracted £27m in 2008-09, which is supporting over 16,000 children. This increases to £28.1m in 2009-10, and £31m in 2010-11. In addition, capital funding of £3.9m per annum for the years 2008-2011 is available in respect of Flying Start programmes. In 2010-11 an additional £7m will be transferred from Cymorth, taking the Flying Start revenue allocation to £38m for that year.

There are currently no plans to move Flying Start funding into the Revenue Support Grant (RSG).

The Flying Start Guidance for 2009-10 provides that funding is to be targeted at the most deprived local catchment areas, usually school catchment areas. Funding must target those suffering from multiple deprivation. However, school catchments do not always fit with local geographies of multiple deprivation. In this case, partnerships may put forward adjustments to target school catchment areas for the agreement of the Assembly Government.

Such areas are defined in terms of postcodes and/or Lower Super Output Areas. Arrangements for targeting were subject to significant debate in the context of the *Talking Action on Child Poverty* consultation and remain subject to review.

Background: Cymorth

The aim of Cymorth is to use partnership working and targeted investment in disadvantaged communities to promote the 7 Core Aims for children and young people in order to break the cycle of deprivation that affects children and young people's life chances.

The Cymorth grant consists of the following five themes for activity:

A - Family support ("to ensure families have access to support that will foster positive relationships between parents and children")

B - Health improvement ("to promote the healthy development of children (including before birth) and young people by providing more intensive community health support or to break down barriers to mainstream health services")

C - Play, leisure and enrichment ("to develop play opportunities appropriate to age, and thus to assist with their emotional, physical, social, intellectual and creative development")

D - Empowerment, participation and active citizenship ("to develop and sustain forms of support to children and young people that empowers them to participate fully in their local and wider community")

E - Training, mentoring and information ("to ensure that all children and young people have access to a comprehensive range of education, training and learning opportunities, including acquisition of essential personal and social skills")

A sixth theme – Building childcare provision ("to build the quality, affordability, diversity and accessibility of childcare provision, especially but not exclusively within the Cymorth target areas") – was moved into the Revenue Support Grant (RSG) in 2008/09.

In assessing whether proposed services are appropriate for Cymorth funding, the widely recognised 'tiers of need' model is used. Cymorth services are generally delivered at Tier 2, although Themes C and D with their origins in the UNCRC are at Tier 1. The following represents a version of the model adapted for Cymorth:

- Tier 1 - universal services such as – general information and advice, housing, welfare rights, learning, employment, public health, self-care, health promotion which all of us use at some time.

- Tier 2 - early intervention or preventative services (supported self interventions); 20% of the population might need such services at some point in their lives. This group is characterised by additional needs, and low to moderate risks of exclusion and dependence. These interventions may include those that are offered universally to a disadvantaged community or within a school serving such a community, as the best way to reach those in need of the services.
- Tier 3 - are more intense services which aim to avoid escalation to the highest level of need or restore people to the level of independence that they can achieve. These might include services for people with long term conditions or needs where safety, independence and inclusion will be at risk. This will involve short-term planned help to recover independence. They include children in need and children needing protection, and youth justice services. Such services might be required by 15% of the population. They involve specialist or multi-disciplinary needs assessment and case management.
- Tier 4 - services which involve specialist, acute and complex needs including short term intensive crisis intervention and statutory intervention.

The proposed new duty on local authorities to set objectives in relation to parental and health support services and participation as well as the proposed new powers and potential duties linked to regulation making powers which would require local authorities to secure provision of parental support services; health support services for parents and children; sufficient play opportunities; and participation of children in local authority decision making embrace activity currently carried out under Cymorth Theme A (Family Support), B (Health Improvement), C (Play, leisure and enrichment) and D (Empowerment, participation and active citizenship).

Currently, Cymorth supports around 1,100 separate projects across Wales in accordance with priorities identified in guidance is as follows:-

- Taking forward priorities set out in the Children and Young People's Plans by investing Cymorth grant as set out in the guidance.
- Focussing on the risks that give rise to inequality of outcome (Cymorth Themes A, and B)
- Ensuring adequate access for children and young people to play opportunities through local assessments of provision and need.
- Ensuring that a local infrastructure is in place to support participation of children and young people aged 0-25 in decisions that affect their lives. This will include, as a minimum, working with children and young people to develop and put in place a Local Participation Strategy as set out in the recently issued Guidance including working to ensure the National Participation Standards are met locally.

In 2007-8 £51.7m was allocated to local authority partnerships, comprising a lump sum of £335k for each authority, the calculation of the remainder being based on the formula for the notional element for children's social services

within the Standard Spending Assessment. In 2008-09, £51.7m will be provided with an additional transitional supplement increasing this to £52.3m, which reflects the need to recommission the portfolio of Cymorth services within the budget available for the next 2 years. The grant for 2009-10 is worth £51.7m and, in 2010-11, the grant will reduce to £46.2m, reflecting the transfer of £7m to Flying Start. Flying Start was funded initially on an assumption that half the existing investments in Cymorth for the 0-3 age group would be adapted to support the delivery of Flying Start. In order to ensure that Flying Start is adequately funded to deliver its objectives the Assembly Government is therefore transferring £7m (around 13.5% of Cymorth allocations) from Cymorth to Flying Start for the 2010-11 financial year. This will ensure that Flying Start remains a highly targeted programme, and will allow a slightly increased investment of £2,100 per child to be made, reflecting the fact that costs have increased over time, and will guarantee the resources in Flying Start areas.

In terms of targeting this support, partnerships are required to focus on wards identified as Cymorth target areas (which should usually include Communities First/Next areas), they also have discretion to offer certain services more widely – for example to reflect non-geographical communities of need, such as disabled children; or where a service provided outside the immediate family's community to young people is the best means of tackling disaffection and exclusion.

At present Cymorth is paid to local authorities as specific grant using the grant giving power in the Education Act 2002. However, there is a general pressure for the Welsh Assembly Government to transfer specific grant schemes into the general settlement (ie the Revenue Support Grant or RSG) and to merge and simplify any that remain. Following consultation with the WLGA, the move to RSG began with the transfer of resources attached to the Cymorth theme 'Building childcare provision' in 2008. The agreement with the WLGA is that, over the three financial years beginning 2011-12, the remainder of Cymorth will move progressively to RSG, provided appropriate legislative provision has been put in place to secure ongoing provision of these services. In this context it should be noted that legislative provision is already in place in respect of Cymorth Theme E (Training, mentoring and information) in S123 of the Learning and Skills Act 2000. The intention is that the provision in respect of local authorities setting objectives as Section 2 (3) will complement this.

Potential duty on local authorities to secure the availability of free childcare

This potential duty reflects activity currently funded by the Flying Start programme.

This section gives Welsh Ministers powers through regulations to place local authorities under a duty to provide free childcare in specific areas. It is the intention that Welsh Ministers would be able to use powers conferred on them in this section to make regulations which would require local authorities to provide free childcare for children aged between two and three years in

disadvantaged target areas specified in regulations and guidance. Such regulations would only be made if a decision were taken to move funding currently associated with Flying Start into RSG. Regulations and guidance would also inform the nature of the provision. All secondary legislation will be subject to full public consultation.

It is not the intention that the potential duty on local authorities to provide prescribed free childcare in specific areas would place any new burdens on local authorities beyond those associated with delivery of the Flying Start programme at current levels.

Parental support services

This section gives local authorities powers to secure the provision of parental support services in respect of which Welsh Ministers may issue guidance. It also gives Welsh Ministers powers to require local authorities by regulations (and guidance) to make such services available to parents free of charge in areas specified either by Welsh Ministers or by local authorities in accordance with guidance. Welsh Ministers will be able to use powers under this Section to make regulations and issue guidance which will reflect activity currently carried out in this context using the Flying Start specific grant. They may also use them to prescribe services to be secured by local authorities in the context of Cymorth related activity.

Flying Start parenting activity recognises that parents are in most cases the first and most important external influence on the way their infants and young children develop. Research shows that children who enjoy warm, secure, affectionate relationships with at least one primary caregiver are more likely to thrive and prove resilient in face of later difficulties, than those who do not. The way that parents and other caregivers treat children, interact with them and respond to their physical and emotional needs can exert an influence on their wellbeing and behaviour that endures through childhood, adolescence and on into adult life¹.

Cymorth Theme A – Family support – aims to ensure that families have access to support that will foster positive relationships between parents and children. This relates to the Core Aims to; “Ensure that all children have a flying start in life and the best possible basis for their future growth and development”, and; “Ensure that all children and young people enjoy the best possible physical and mental, social and emotional health, including freedom from abuse, victimisation and exploitation”.

The proposed duty on local authorities to secure the provision of parental support services is not intended to place any new burdens on local authorities beyond those associated with delivery of related elements of the Flying Start and Cymorth programmes.

Health support services

This section gives local authorities powers to secure the provision of health support services in respect of which Welsh Ministers may issue guidance. It also gives Welsh Ministers powers to require local authorities by regulations (and guidance) to make such services available to parents and children free of charge in areas specified either by Welsh Ministers or by local authorities in accordance with guidance. Welsh Ministers will be able to use powers under this Section to make regulations and issue guidance which will reflect activity currently carried out in this context using the Flying Start specific grants. They may also use them to prescribe services to be secured by local authorities in the context of Cymorth related activity.

The Flying Start programme recognises the benefits of increased health visitor support for families that need it. A greater concentration of resources targeted at vulnerable children and families assists in combating the effects of social and economic disadvantage.

Cymorth Theme B – Health promotion – aims to promote the healthy development of children (including before birth) and young people by providing more intensive community health support or to break down barriers to mainstream health services. This also relates to the Core Aim to “ensure that all children and young people enjoy the best possible physical and mental, social and emotional health, including freedom from abuse, victimisation and exploitation.”

The proposed duty on local authorities to provide [prescribed] health support and preventative services is not intended to place any new burdens on local authorities beyond those associated with delivery of related elements of the Cymorth and Flying Start programmes.

Local authority duties in respect of play opportunities for children

This duty reflects the Assembly Government’s commitment to the UN Convention on the Rights of the Child and in particular to Article 31.1 which states that “State Parties recognise the right of the child to rest and leisure, to engage in play and recreational activities appropriate to the age of the child and to participate freely in cultural life and the arts.” and to Article 31.2 which states that “State Parties shall respect and promote the right of the child to participate fully in cultural and artistic life and shall encourage the provision of appropriate and equal opportunities for cultural, artistic, recreational and leisure activity”. This commitment is currently reflected in activity carried out in the context of the Cymorth Play, Leisure and Enrichment Theme and is reflected in the Assembly Government’s *Play Policy Implementation Plan*.

The duty places a general duty on local authorities to ensure that children have sufficient opportunities to play and requires them to inform this process and to evidence its effect by carrying out assessments of the sufficiency of play opportunities in their area in accordance with regulations and guidance made by Welsh Ministers.

This is in line with the priority identified in the Cymorth guidance that local authorities should ensure adequate access for children and young people to play opportunities through local assessments of provision and need. The guidance also provides that Cymorth funding should be used by local authorities to develop play opportunities appropriate to age, and thus assist with their emotional, physical, social, intellectual and creative development. In line with this, the new duty will require local authorities to develop and publish a Play Sufficiency Assessment in accordance with regulations setting-out arrangements for its publication and frequency of its development and with guidance on the content of the Assessment. Guidance will set 'play' (including recreation) in the context of the Play Policy Implementation Plan. It is the intention that guidance may also include National Minimum Standards for play provision as well as Cymorth Guidance. This element of the Measure includes a particular requirement to consider the needs of children and young people with disabilities to have access to play, and the needs of children of different ages.

The proposed duty on local authorities in respect of play would not place any new burdens on local authorities beyond those associated with delivery of related elements of the Cymorth and Flying Start programmes.

Participation of children in local authority decision making

This duty has its origins in and reflects the Assembly Government's commitment to the UN Convention on the Rights of the Child as the basis for its policy-making for children (and young people), and in particular to Article 12.1 which states that "State Parties shall assure to the child which is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child".

Provision in the Measure is restricted to children (0-18) because section 123 of the Learning and Skills Act 2000 makes provision in respect of participation of young people.

The Cymorth guidance currently identifies that as a priority local authorities should ensure that local infrastructure is in place to support participation of children and young people aged 0-25 in decisions that affect their lives. This will include, as a minimum, working with children and young people to develop and put in place a Local Participation Strategy as set out in the recently issued Guidance including working to ensure the National Participation Standards are met locally.

The aim of Theme D - Empowerment, Participation and Active Citizenship is described in guidance as being to develop and sustain forms of support to children and young people that empowers them to participate fully in their local and wider community. The duty will require local authorities to make arrangements to promote and facilitate participation by children in decisions of the authority which affect their lives and, in particular, will require them to publish information about these arrangements.

The Measure also gives Welsh Ministers power to issue guidance which may include guidance on the development of Local Participation Strategies and incorporate the National Participation Standards. This is again in line with the provisions of the Cymorth guidance which provides that it should be read in conjunction with the advisory Guidance on Local Participation Strategies (LPS) which is currently published alongside *Shared Planning for Better Outcomes*. The LPS Guidance gives specific details as to the Assembly Government's expectations in relation to the infrastructure Partnerships need to put in place locally to ensure effective participation of children and young people in decisions which affect their lives.

7.1 Options

The following three options are considered in relation to the proposed new duties:

- Option 1: Do nothing (Cymorth to move into RSG from 2011, Flying Start to continue to be funded through specific grant for the time being)
- Option 2: Do minimum (Continue to implement the Cymorth and Flying Start specific grant schemes without recourse to legislation)
- Option 3: Introduce an Assembly Measure which will place duties on local authorities to:
 - provide prescribed free childcare in accordance with regulations and guidance ;
 - have regard to regulations and guidance requiring the provision of parental support services;
 - have regard to regulations and guidance requiring the provision of health support services;
 - Secure sufficient play opportunities;
 - Make arrangements to promote and facilitate participation.

it will also give a local authority power to secure parental support services and health support services.

Option 1: Do nothing (Cymorth to move into RSG from 2011)

Under this option, no legislation would be developed to put the activity currently funded by the Cymorth and Flying Start specific grant programmes onto a statutory basis. Whilst the Children Act 2004, the Children and Young People's Plan (Wales) Regulations 2007, and Stronger Partnerships for Better Outcomes circular 35/2006, all promote comprehensive planning and co-operation in the interests of children and young people, no specific legislation currently exists to underpin the particular services and programmes supported by Cymorth for the most disadvantaged children.

Under this option, plans to transfer Cymorth funding into the Revenue Support Grant (RSG) over 3 years from 2011-12 would be implemented and the amount of activity currently supported directly by Cymorth would be

progressively reduced over the three years from 2011. Given that there are other pressures on RSG, it is possible that local authorities would not continue to spend at current levels on Cymorth services. Instead, Cymorth funding might be used to fund other Local Authority priorities within tiers 1 (universal provision) and/or tiers 3 and 4 (crisis funding) in accordance with existing statutory duties, leaving insufficient funding to continue investment in (non-statutory under this option) tier 2 Cymorth-related services.

The One Wales commitment to “support the aim to halve child poverty by 2010 and eradicate child poverty by 2020” could be compromised by a lack of investment in services for children & young people who require additional support, and it would prove more difficult to meet the One Wales commitment to build on existing anti-poverty programme achievements.

Loss of these services could have significant implications for need for Tiers 3 and 4 services since the activity currently funded by Cymorth is intended to contribute to the prevention of need for crisis intervention later on.

Similarly, in the absence of legislation, activity in respect of the proposed duties on local authorities with regard to play and participation could be threatened. This could compromise the Welsh Assembly Government’s commitment to articles 12.1, 31.1 and 31.2 of the UNCRC.

Option 1 is therefore least likely to achieve published aims in the context of Cymorth and Flying Start, should the decision be taken to move funding associated with the latter into RSG at some stage in the future. The One Wales commitment to “support the aim to halve child poverty by 2010 and eradicate child poverty by 2020” could be compromised by a reduction of investment in Tier 2 services for children & young people who require additional support, and it would prove more difficult to meet the One Wales commitment to build on existing anti-poverty programme achievements. In the context of Flying Start, although timing is not as critical since there are no current plans to move from a grant-led to an RSG funding base, delivery of the One Wales commitment to progressing “provision of universal affordable childcare and in particular free high quality childcare for two year olds in the areas of greatest need” would not be supported by this option.

Option 2: Do minimum (Continue to implement the Cymorth and Flying Start specific grant schemes without recourse to legislation)

Under this option, the Cymorth and Flying Start specific grant schemes would continue to fund this activity. However, there is a risk attached to overturning prior agreement to move Cymorth into RSG over the three years from 2011. This agreement was made in consultation with key stakeholders and in particular the WLGA, and an outline plan for the move agreed.

The Welsh Assembly Government and Ministers have already committed to the transfer of Cymorth to RSG from 2011-2012. This decision was motivated by the requirement to keep all specific grants under review through the protocol agreed with the WLGA and, in this case, the agreement already

made with the WLGA that Cymorth as a whole would start to be transferred to RSG in 2011. This agreement was based on the understanding that new legislation would place the work of Cymorth on a statutory basis.

Whilst this option would have no negative implications for meeting the policy objectives associated with the Child Poverty agenda, the effect of overturning such an agreement would nonetheless risk the loss of good will with key stakeholders. Option 2 is therefore a politically sensitive option, and could undermine the relationship with partners including the WLGA, local authorities and Children and Young People's Partnerships.

This option has no implications for Flying Start. There are no plans at present to move Flying Start into RSG, and this is likely to remain a specific grant (until at least 2011-2012). Continuation of this programme after 2012 would depend on Ministerial direction and availability of funds.

Option 3: Introduce an Assembly Measure which will place duties on Welsh authorities to:

- Set objectives in relation to the broad aims;
- provide prescribed free childcare in accordance with Regulations and guidance ;
- have regard to regulations and/or guidance requiring the provision of parental support services;
- have regard to regulations and/or guidance requiring the provision of health support services.
- Secure sufficient play opportunities
- Make arrangements to promote and facilitate participation

It will also give a local authority power to secure parental support services and health support services.

This option requires local authorities to set objectives in relation to the broad aims (including parenting support and reduction of health inequalities, participation in education, training and the community as well as helping young people take advantage of opportunities for employment) and gives local authorities powers to secure parental support and health support services in accordance with guidance issued by Welsh Ministers. It would also give Welsh Ministers powers to make regulations and issue guidance requiring local authorities to provide services associated with Flying Start when and if resources were transferred into the Revenue Support Grant (RSG), but also with regard to Cymorth related activity (in the context of parental and health support services. This activity underpins the One Wales Commitment to "support the aim to halve child poverty by 2010 and eradicate child poverty by 2020."

Whilst the Children Act 2004 promotes comprehensive planning and co-operation in the interests of children and young people, more specific legislation is needed to underpin these particular services for the most disadvantaged children.

Delivery of Flying Start would not initially be affected as this will continue to be funded as a specific grant. However, having new legislative powers already in place in respect of free childcare and other services associated with Flying Start would ensure the smooth transition of services associated with Flying Start should the decision be made at some time in the future to move the grant into RSG.

Option 3 is therefore most likely to deliver published aims in the context of the Cymorth and potentially the Flying Start grants if, in the case of the latter, a decision is made to move the funding into RSG.

7.2 Costs and Benefits

There are no additional costs to the programme irrespective of which option is chosen as the proposed legislation seeks to mirror activity currently being undertaken in the context of specific grants if that funding is moved into RSG.

Financial Background

Cymorth

The funding allocated to Cymorth in 2007-08 was £51.7m. This increased to £52.3m in 2008-09, and will reduce to £51.7m in 2009-10.

The total investment in 2007-08 for the Cymorth themes of Family Support, Health Improvement, Play, Leisure and Enrichment, and Empowerment, Participation and Active Citizenship was £44.2m. This breaks down across the individual themes as follows:-

- Family Support - £17.3m
- Health Improvement - £7.1m
- Play, Leisure and Enrichment - £6.3m
- Empowerment, Participation and Active Citizenship - £3.9m
- Training, Mentoring and Information - £9.6m

The balance consists of evaluation and central costs, which amounted to £6.4m, and to investment in Theme F (Building Childcare Provision), which amounted to £1.1m.

Because of the diverse nature of activity associated with this programme, arising because each local authority uses Cymorth funding for programmes developed in accordance with local needs and circumstances, it is not possible to provide an overview of costs and outputs at an All Wales level. Instead, the following provides a snap-shot of activity within one local authority. All data has been provided by the local authority:

Newport City Council

Newport Cymorth allocation 2007-08: £3,455,946

Main theme code	Main theme description	Amount
A	Family Support	£1,381,946
B	Health Promotion	£415,000
C	Play, Leisure & Enrichment	£424,000
D	Empowerment, Participation & Active Citizenship	£115,000
E	Training, Mentoring & Information	£488,000
F	Building Childcare Provision	£319,000
CC	Central costs	£223,000
EV	Evaluation	£90,000
	TOTAL	£3,455,946

From this investment, the following sample details some of the outcomes reported:-

Service	Theme code	Investment	Outcome
WPPA Special Needs Referral Scheme	A	£45,000	Enabled over 15 children with disabilities to attend and benefit from the activities of their local playgroup for 2 sessions a week during term time.
Duffryn Integrated Centre	A	£145,000	Nursery class for 80 children, Play group places for 48 children, increased take up of breast feeding.
Integrated Family Learning Programme	A	£41,000	1000 Baban books delivered, 200 families attending LAP courses, 2600 book bags supplied for distribution to families.
Community Cultural Sports Development	C	£114,000	1239 children & young people accessing the service including 255 new users.
Cultural Community Arts Programme	D	£40,000	3x2hr workshops per week, 10-15 young disabled people per session. 1x2hr workshops per week, 10/15 young people from Refugee and Asylum Seekers.
Disabled Children Inclusion	C	£61,000	68 children accessed holiday schemes for 3 weeks during the summer, 35 children accessing provision regularly providing respite for 36 families

Consideration is being given to the distributional implications resulting from the transfer of Cymorth funding into the revenue settlement. As with any distributional change to the funding provided to local government through the non-hypothecated revenue settlement, this will be considered in consultation with local government through the established partnership arrangements. Consideration will include ensuring that all local authorities continue to have the necessary resources to deliver their responsibilities.

Flying Start

Indicative allocations for Flying Start for 2008/09, and over the following 2 years are £27m; £28.1m; and £31m respectively. In 2010-11, an additional £7m will be transferred into the Flying Start budget from the Cymorth budget, increasing the grant amount to £38m. In 2008-09 the funding was allocated as follows:

- £12.3m free childcare places;
- £7.4m enhanced Health Visitor support
- £1.6m parenting classes
- £1.1m learning and play
- £1.7m workforce
- £3.5m central/evaluation costs

This investment bought 8,268 childcare places, and provided in excess of 100 additional health visitors.

There are no plans at present to move funding for Flying Start into the Revenue Support Grant (RSG)

Option 1: Do nothing (Cymorth to move into RSG from 2011, with no immediate decision on Flying Start)

No legislation would be developed to put the Cymorth and Flying Start programmes onto a statutory basis. Funding in respect of the Cymorth scheme would be progressively transferred to RSG over the three years from 2011. No plans have yet been made to transfer Flying Start funding into RSG.

Benefits

This option would generate resource savings within the Welsh Assembly.

Current staffing arrangements in respect of the administration of Cymorth grant and policy are estimated to be G7 (0.3 FTE), HEO (0.2 FTE), and EO (0.5 FTE). This would represent an approximate actual cost saving of £30k.

However, a transfer of funds into RSG would allow local authorities the ability to manage resources more directly and might reduce the level of administration associated with grant schemes generating administrative

savings at local authority level.

A saving will be made in terms of resources needed to develop the Measure. Resources currently dedicated to the DCELLS element of the Measure are 1 HEO FTE and 0.6 G7. Based on the three point salary scale, this means indicative DRC savings would be approximately £56k. Approximately half of this cost - £28k - can be considered to be sunk in reaching the stage of producing the Explanatory Memorandum and introducing the draft Measure.

Key benefits for service users would include the continuance of the Flying Start specific grant programme. Targeted and intensive investment would be expected to continue to bring about long-term benefits for children. Ultimately, we would expect to see such outcomes as better educational attainment, health and well being, and avoidance of offending or antisocial behaviour.

Stemming the numbers of children and young people entering care and the youth justice system and accessing expensive targeted services requires robust strategies for early interventions to provide greater support to vulnerable children and families. Tackling this requires a whole system approach across local authorities and their partner to provide services across the four tiers of need is essential.

Research shows that providing a range of universal and targeted interventions can have a positive impact on both child welfare and significant cost savings and early preventative schemes such as Flying Start and Cymorth have a key social and economic contribution to make in assisting social services in supporting children and families who are disadvantaged.

These early interventions also provide the important links between community and more specialist services to reduce the need for more expensive social service interventions. Any reduction in level of preventative service would lead to increase demand for more intense specialist services that are high cost. For example overall spending on social services in Wales by client group over the period 2001-2007 has risen from £745m to £1.25 billion, with the highest increase in respect of learning disability (+67%) and children service (+96%).

Flying Start and Cymorth have a key social and economic contribution to make in assisting social services in supporting children and families who are disadvantaged and will make a significant contribution to the proposals for stronger families through Integrated Family Support Teams.

Costs

The direct WAG staff resource costs devoted to the administration of the Flying Start grant are approximately 0.3 G7, 0.3 HEO, and 1 EO. Based on the three point salary scale, this represents an actual cost of £42.7.

Costs allocated to local authorities to enable them to maintain the basic infrastructure to deliver the scheme are £3.5m across Wales.

The long-term costs of this option are more difficult to quantify but should not be ignored. In the case of participation, for example, not investing in provision of related Cymorth services could lead to children and young people feeling and being generally disempowered in many situations in their lives at home, at school/college and in the community. This can lead to disengagement, disaffection, disruptive behaviour, a culture of bullying, possibly in some cases violence/vandalism. Working to develop their participative skills and creating situations where those skills can be put to good effect leads to improved self esteem and self confidence, an ability to negotiate, to listen, to respect other people's views even if different to your own, to policies which are better, to children and young people being part of the solution rather than the problem.

The wider social and financial costs in terms of welfare outcomes, social capita and economic activity that may result for any dilution of a preventative action offered by Flying Start and Cymorth for children and young people could be major and result in disproportionate increases in numbers of children becoming looked after by a local authority and children and young people entering the youth justice system.

Option 2: Do minimum (Continue to implement the Cymorth and Flying Start specific grant schemes without recourse to legislation)

Benefits

The infrastructure is already in place to deliver these programmes and if they were to continue to be funded by specific grant then the activity generated by them would continue to be protected.

As with Option 1, the Flying Start programme would continue to invest intensively in target areas with the aim of improving long-term outcomes for children. In addition, under this option, Cymorth activity would also continue. The long-term outcomes from Cymorth investment would also be expected to be improved life chances for children as well as young people.

Under this option, the resource costs associated with developing legislation would not be triggered and would therefore generate a cost saving. Resources currently dedicated to the DCELLS element of the Measure are 1 HEO FTE and 0.6 G7. Based on the three point salary scale, this means indicative DRC savings would be approximately £56k. As with Option 1, approximately half of this cost - £28k - can be considered to be sunk in reaching the stage of producing the Explanatory Memorandum and introducing the draft Measure.

Costs

The programme costs of delivering Cymorth and Flying Start would remain as set out in Option 1, above, without any transfer to RSG.

A decision not to move programme funding into RSG could undermine prior agreements with key stakeholders, and loss of good will – although the cost of

this would be impossible to quantify. Discussions are soon to commence between Welsh Assembly Government and local government on moving more grants into RSG. To have such a significant grant not now going into RSG would make these discussions more difficult.

Reduced administration costs associated with moves away from specific grant based funding would not be made by local authorities nor indeed by WAG.

Option 3: Introduce an Assembly Measure

Benefits

This option would help to ensure that activity currently funded by Cymorth and Flying Start would continue, when and if there were a transfer from specific grant funding to RSG. Local authorities might make savings from a transfer of funds into RSG as they would be able to manage resources more directly.

Key activity currently funded through the Cymorth and Flying Start specific grant programmes would continue. Consequently, we would expect this to lead to an improvement in the long-term outcomes of children and young people.

As with Option 1, there would be DRC savings within the Welsh Assembly if Cymorth were to move into RSG. Current staffing arrangements in respect of Cymorth policy are estimated to be G7 (0.3 FTE), HEO (0.2 FTE), and EO (0.5 FTE). This would represent an approximate actual cost saving of £30k.

As with Option 2, the infrastructure is already in place to deliver these programmes and children, young people and their families would continue to benefit from them. In the medium/long term this would reduce pressure on Tier 3 and 4 services

Costs

Full resource costs for the DCELLS element of the Measure would be incurred. Based on the three point salary scale, this means indicative DRC costs would be approximately £56k, being 1 HEO FTE and 0.6 G7.

No additional costs for the provision of services under the new duties would fall to local authorities as they are already providing related services under the Cymorth and Flying Start programmes.

Current programme costs in 2008-09 for the Flying Start and Cymorth programmes are £79.3m, being £27m for Flying Start and £52.3m for Cymorth. The actual programme investment, in terms of activity that would be covered by the new duties, is costed at £55.6m:-

Duty/potential duty	Current Cymorth investment	Current Flying Start investment	Total
----------------------------	-----------------------------------	--	--------------

To secure (prescribed) childcare free of charge	£0	£12.3m	£12.3m
To secure (prescribed) support services for parents	£17.2m	£1.6m	£18.8m
To secure (prescribed) health support services	£7.1m	£7.4m	£14.5m
To secure sufficient play opportunities	£6.2m	£0	£6.2m
Participation of children and young persons in local authority decision making	£3.8m	£0	£3.8m
TOTAL			£55.6m

7.3 Competition Assessment

The competition filter test has been applied and has shown that there are no competition concerns and, therefore, a low risk of detrimental effect on competition.

The Measure proposes only to put on a legislative basis those specific services already provided by local authorities through the specific Cymorth and Flying Start grant schemes. Therefore, as these schemes are already established, introducing an Assembly Measure will not result in any changes to current competition.

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of firms?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid	No

The competition filter test	
Question	Answer yes or no
technological change?	
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

8. Part 2: Child Minding and Day Care (sections 13 – 48)

These proposals will not impact the ability of persons to register with Welsh Ministers under Part 10A of the Children Act 1989 and will also not impose any additional regulatory costs or compliance costs. The proposals will enable Welsh Ministers to take a quick, decisive, and proportionate response to a regulatory breach in relation to childminders and day care providers.

It is considered that a regulatory impact assessment for Part 2 of the Measure is not required.

Assembly officials will evaluate the effectiveness of any new or amended regulations made under this Measure within the first 24 months of operation. Following this evaluation we will consider further revision of the regulations if the need for change is identified.

9. Part 3 : Integrated Family Support Team – IFST (Sections 49 – 58 and Section 59)

9.1 Options

Option 1: Do nothing: This is not sustainable and will inevitably result in increased numbers of children being referred to local authority care. This will lead to further increased costs to the public purse and greater of number of children and their families would be disproportionately disadvantaged in both social and economic terms. Local authorities have responsibility for some 4,686 children in care and leaving care¹. Although relatively small numbers, expenditure of children in care present significant pressures on local authorities expenditure with average cost of £32,000² per annum. Local authorities report an 89% increase in the cost of care since 2001. In 2008/9 local authorities reported £375 million spend on child poverty and family social services against £180m spend in 2001/2002.

Option 2: Legislation to require local authorities and Local Health Boards to establish IFST to work in a different way to provide holistic support to the

¹ Local authority spend in leaving care services for 2007/8 - £8.3m - Local Government Finance Statistics, Welsh Assembly Government

²

Unit costs of Health and Social Care 2007, PSSRU

These weekly costs are based on DCSF Children in Need Census 2005 uprated to 2006/07 costs

whole family as opposed to individual clients groups will deliver on the policy aims and create the environment and culture shift for a change in the way service to vulnerable children and families are organised, resourced and delivered to the benefit of child, family, professionals working in the service and the contribution it makes to the social cohesion and economic mobility of communities. Over time earlier intervention should improve outcomes for children and families and reduce the need for more intensive expensive services. It should also make a positive contribution to the workforce in terms of recruitment, retention and motivation of social workers and other professionals working with complex families

9.2 Cost and Benefits of IFST

There are a number of tangible and intangible benefits to options above. IFST will stimulate action by local authorities and local health boards to reconfigure service towards prevention and earlier intervention to improve outcomes for children and families.

Stemming the numbers of children and young people entering care and the youth justice system and accessing expensive targeted services requires robust strategies for early interventions to provide greater support to vulnerable children and families. Tackling this requires a whole system approach across local authorities and their partners to provide services across the four tiers of need. IFST will plug the gap for more targeted services at tier 3 and 4 where families have intractable problems that require specialised intervention by a range of highly skilled professionals.

Research shows that providing a range of universal and targeted interventions can have a positive impact on both child welfare and significant cost savings and early preventative schemes such as Flying Start and Cymorth have a key social and economic contribution to make in assisting social services in supporting children and families who are disadvantaged.

These early interventions also provide the important links between community and more specialist services to reduce the need for more expensive social service interventions. Any reduction in level of preventative service would lead to increase demand for more intense specialist services that are high cost. For example overall spending on social services in Wales by client group over the period 2001-2007 has risen from £745m to £1.25 billion, with the highest increase in respect of learning disability (+67%) and children service (+96%).

The wider social and financial costs in terms of welfare outcomes, social capita and economic activity that may result for any dilution of a preventative action offered by targeted Integrated Family Support Services and broader prevention services available at tiers 1 and 2 through programmes such as Flying Start and Cymorth (See Part 1 of Measure) will result in disproportionate increases in numbers of children becoming looked after by a local authority and children and young people entering the youth justice system.

Research shows that providing a range of universal and targeted interventions can have a positive impact on both child welfare and significant cost savings. The application of evidenced based interventions within social service systems for family support is shown to have positive benefits in terms of cost for children's care and early return home of children to live safely with parents. In an environment of scarce resources it is essential that public service resources are spent in the most efficient way to ensure Wales can get the best return for "the Welsh pound". It is therefore imperative that local authorities and their partners focus investment to develop and deploy effective interventions that have been rigorously evaluated and proven to be effective in improving outcomes. IFST will provide systems to effect the change and to place greater emphasis on local authorities and the local health boards of their joint responsibility for safeguarding and wellbeing of children and to provide integrated seamless services to families as a whole.

A comprehensive evaluation of Option 2 (a focussed intervention to families where parents have a drug or alcohol problem and there are children at risk of harm and operating in Cardiff and Vale of Glamorgan) reported that it significantly reduced the time spent in care by 766 days to 958 days of the comparison group (who were in receipt of some other type of service). It also reports a minimal average cost saving of £1,178 per child and will be particularly effective with lone parent families where the parent misused alcohol. This is of significance as Wales has a higher proportion of lone parents than England (25% compared to 23%) and high incidence of alcohol misuse (across the adult and teenage population³). Most notably a success of option 2 is the relationship between families and skilled professionals who had managed to engage with families where other professionals had failed. A lack of listening, and other skills needed to interact with children and families may have been a major obstacle to families agreeing to earlier support.

The report suggests that this is the first British evaluation with a robust methodology to show a reduction in the need for care from a support service for families. It acclaims its status and proven impact to the long follow-up period (averaging 3.5 years) against a valid comparison group and concludes that Option 2 in Wales is a ground-breaking asset of national and potentially international significance.

It is not possible at this stage to quantify or estimate the total cost for implementing the full range of provisions in the Measure for IFST. The commencement of section 66 of the Measure will initially be limited to referrals to IFST for substance misuse. The main cost will be the establishment of IFST where regulations require core staff. It is anticipated that the team will require at least 5 professionals. Annual salary cost for operating similar teams are in the order of £400- 500k per annum. A grant of £0.6m will be made available to each of the three pioneers each year of three years to establish IFST. The pioneer is designed to inform the full business case and realised benefits that IFST will bring in economic and social terms. The three pioneer

³ Wales has the highest rate of drunkenness compared with other European states, North American countries (Figure 3.12, 2002 HBSC international report)

areas, and their evaluation, will need to take into account the full cost in terms of the potential reduced number of children becoming looked after, and/or earlier return home. In addition the wider benefits in terms of workforce and improved public service delivery will place the citizen at the centre and will respond to meeting local circumstances and priorities.

9.3 Competition Assessment

IFST - There are no market implications associated with these provisions. IFST will place duties on statutory bodies to delivery services in a different way to support families as opposed to individual clients where the safeguards and wellbeing of the child and the parents' ability to care for the child may be overlooked. The main burden will fall to local authorities and local health boards. As is the case now they will continue to procure where appropriate services from the third sector (voluntary and independent organisations) sector to support the delivery of services to vulnerable children and families with complex needs. It is optional also for local authorities to use the new power to co-opt third sector practitioners to be part of the IFS team.

9.4 Post Implementation Review

The implementation of IFST will be closely monitored in a number of ways. Initially the pioneer areas will test the new arrangements in the area of substance misuse before commencing the provisions across Wales or to include wider groups for example mental health . The aim is that the IFST will become a core service of local government and health and measured through; the local government Performance Management Framework; the Annual Operating Framework in Health and the developing outcomes framework for the Children and Young People Partnerships linked to the planning requirements under section 26 of the Children Act 2004. The IFST will also be inspected by the relevant Inspectorates with the Care and Social Service Inspectorate Wales (CSSIW) taking the lead.
