

Written Response by the Welsh Government to the report of the Equality and Social Justice Committee - Calling Time on Child Poverty - How Wales Can Do Better

DECEMBER 2023

I would like to thank the members of the Equality and Social Justice Committee for their report: *Calling Time in Child Poverty – How Wales Can Do Better* which my officials and I have considered carefully.

As the Committee is aware, our strategic approach to tackling child poverty will be reflected in our Child Poverty Strategy, to be published in the new year. The engagement and consultation undertaken to develop the Child Poverty Strategy (the Strategy) has helped Welsh Government to understand where, as part of the wider delivery of the Programme for Government, we need to focus our efforts to achieve the greatest impact in tackling child poverty in as short a time as is possible and to sustain ongoing change.

The Strategy is a high-level framework to maximise the levers we have at our disposal across government to make our contribution to eradicating child poverty. There are actions that we need to take, and are taking, to ensure that organisations can better collaborate and work with partners with tackling child poverty as a common aim. We will work with our partners to support the implementation of cross-cutting work to achieve this.

I am committed to tackling child poverty as an absolute priority, as is the Welsh Government. We will continue to use every lever we have available, and take a leadership role in co-ordinating wider action to work towards eradicating child poverty in Wales.

I have set out my response to the Committee's recommendations below.

Recommendation 1

In updating its strategic approach to tackling child poverty, the Welsh Government should:

- I. set interim and longer-term **targets** for reducing child poverty learning from the approaches taken in other countries such as Scotland and New Zealand. These should aim for ambitious and realistic reductions for children in relative poverty, absolute poverty, material deprivation and persistent poverty.
- II. Publish a detailed **action plan** setting out how it will achieve its targets. Each activity within the action plan should set out which Minister is responsible for delivering it, timescales, and how it will be monitored. The action plan should be published within 6 months of publication of the final Strategy.

Response: Accept in principle

- I. Work to develop a robust monitoring framework is being taken forwards at pace. The framework will take into consideration the national indicators and national milestones we have in place under the Well-being of Future Generations Act. We believe a framework based on a range of measures will more accurately reflect

progress against our approach to this complex set of problems than a purely target-based measure. The most effective way to implement targets is through a co-ordinated approach across every level where relevant powers are held. Whilst we will continue to liaise with Scottish Government to understand the scope and impact of their suite of interventions on those living in poverty, a range of important powers on child poverty are not devolved in Wales, which limits the value of comparison with countries such as Scotland or New Zealand, remembering of course that tax and welfare benefits are key tools for tackling poverty.

In order to develop clear monitoring arrangements, we have given a commitment to seek independent research advice during 2024 on suitable national poverty indicators, data availability and a framework to monitor and demonstrate transparent accountability in reporting on our progress in tackling poverty. We will also continue to produce a full progress report against the Strategy every three years, as required under the Children and Families Measure 2010. This includes involving people with lived experience, including children and young people, in telling us whether we are achieving progress against the Strategy.

- II. Rather than having an overarching action plan, the Child Poverty Strategy provides a framework in which there are separate action plans across Ministerial portfolios which detail and measure progress under the relevant Programme for Government activity. The new Strategy will support prioritisation, integration and collaboration, encouraging partners to work in new or different ways in order to have the greatest impact.

Financial Implications –

None.

Recommendation 2

The Welsh Government should focus its final Strategy much more clearly on **children's rights, referencing individual articles** and using the five principles set out in 'The Right Way.' The Welsh Government should ensure there is direct read across between what it was told by children, young people, parents and carers, with specific priority actions in the final Strategy to address the needs of groups of children most likely to be affected by poverty.

Response: Accept

The final Strategy will include clearer and more explicit reference to the individual articles of the United Nations Convention on the Rights of the Child (UNCRC).

The final Strategy will also include a reference to '[The Right Way](#)' under Objective 5. As we work with partners to strengthen collaboration, find solutions together and promote good practice, it will be important to ensure that together we take a children's rights approach. The 5 principles of 'The Right Way' will inform this.

The commitments included under the 5 objectives in the Strategy have been informed by what we were told by children, young people, parents and carers and the organisations that support them.

The responses to the formal consultation on the draft Strategy were clear that the objectives and priorities set out in the Strategy are the right ones.

Of those who answered questions on whether they agreed that Objectives 1-5 should be an Objective of the strategy:

- 92% agreed with Objective 1
- 94% agreed with Objective 2
- 91% agreed with Objective 3
- 89% agreed with Objective 4
- 93% agreed with Objective 5

Of those who answered questions on whether they agreed that priorities 1-5 should be a priority of the strategy:

- 87% agreed with Priority 1
- 89% agreed with Priority 2
- 88% agreed with Priority 3
- 86% agreed with Priority 4
- 87% agreed with Priority 5

We will review the Child Rights Impact Assessment (CRIA) to set out the evidence from children and young people and how this influenced the Strategy with more clarity.

We will also publish a more detailed account of the evidence gathered through pre-consultation engagement from those with lived experience of poverty and the organisations that support them.

Financial Implications

None.

Recommendation 3

The Welsh Government should prioritise programmes where there is clear evidence that they are effective at reducing child poverty and should provide sustainable funding to programmes that have proved their worth. This prioritisation should inform allocations in future budgets.

Response: Accept

Resources should always be targeted towards areas where they are most effective. This is particularly relevant when resources are most limited, and it has therefore been a key consideration in the Welsh Government's 2023-24 and 2024-25 budget processes.

We are clear that cross-government momentum on tackling poverty and inequality should be maintained and strengthened at every opportunity to support children, young people, and families. We are also clear on the importance of continuing to carefully assess the cumulative impacts of our decisions on those living in poverty.

The Child Poverty Strategy will focus our activity on those programmes and interventions which have the greatest impact in reducing child poverty within our devolved powers.

We publish a Strategic Integrated Impact Assessment (SIIA) alongside the draft Budget, which outlines the contextual evidence that supports our spending decisions, including those related to children and young people. This helps to ensure we prioritise the right programmes. The SIIA is one of a suite of documents published as part of the draft Budget and is critical to identifying key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.

We continue to outline the steps we are taking to reform budget and tax process improvements as part of our Budget Improvement Plan which is published alongside the Draft Budget and work collaboratively with the Budget Improvement Impact Advisory Group (BIIAG) to explore how we undertake the Strategic Integrated Impact Assessment moving forward (SIIA).

Detailed impact assessments, including a Children's Rights Impact Assessment (CRIA) are undertaken as part of our ongoing policy development and review.

Financial Implications –

None.

Recommendation 4

The Welsh Government should provide an update on progress with the development of the Welsh Benefits System, including:

- I. Milestones it expects to achieve over the next year, timescales for implementing other actions, and how it plans to address barriers to implementing a coherent system such as eligibility criteria, uncertainty around data sharing, and technological challenges.
- II. What consideration it has given to how the pilots being run in Scotland on involving the Department for Work and Pensions can inform its work around the Welsh Benefits System.
- III. Analysis of how a version of the Scottish Child Payment might be introduced in Wales in the future.

The Welsh Government should clarify the timings for the bi-annual progress updates promised in response to recommendation 5 of our debt and the cost of living report.

Response: Accept

- I. The Partnership Council for Wales, which includes all 22 Local Authorities, has agreed:
 - the final draft of the Charter for delivery of Welsh Benefits (Annex A).
 - the establishment of an external Steering Group to develop an implementation plan and oversee its delivery.
 - to nominate representatives for the external Steering Group.

- a plan for regular update reports on progress to streamline the administration of Welsh benefits, grants, and payments.

To ensure focus remains on developing an implementation plan at pace, officials are working with WLGA to confirm the membership of the external Steering Group that will hold its inaugural meeting in January 2024. The external Steering Group will provide regular progress updates to the Partnership Council for Wales and these will be shared with the Equality and Social Justice Committee.

I will continue to provide updates to Senedd Members as we make progress against these actions.

- II. Welsh Government officials have regular contact with Scottish Government officials to learn lessons from their experience of delivering benefits and their adoption of a Charter and evaluation framework. We will be carefully examining the pilots being planned by Social Security Scotland for joint work with the DWP to understand how outcomes could inform our approach to delivering the Welsh benefits, payments, and grants.
- III. The devolution settlement does not give the Welsh Ministers the powers to implement a scheme along the lines of the Scottish Child Payment. However, we are doing detailed work to more clearly establish the balance of reserved and devolved powers in this area, as well as liaising with the Scottish Government to understand the scope, impact and challenges of their child payment.

Paragraph 130 of Schedule 7A to the Government of Wales Act 2006 (as amended by the Wales Act 2017) states 'social security schemes supported from public funds' are matters reserved to UK Parliament, on which the Senedd cannot legislate. The definition of social security schemes specifically includes schemes providing financial assistance for social security purposes and in particular, includes providing assistance to individuals who qualify by reason of old age, survivorship, disability, sickness, incapacity, injury, unemployment, maternity or the care of children or others needing care, who qualify by reason of low income, or in relation to their housing costs.

The Scotland Act 1998 gives the Scottish Government limited powers for elements of social security. As a result, the Scottish Government also receive a Barnett consequential for social security, something that is not available to the Welsh Government under the current devolution settlement.

It is recommended that updates in response to recommendation 5 of the Committee's Debt and the Cost of Living report are aligned with the progress reports to the Partnership Council for Wales. The arrangements for this will be discussed by the External Steering Group in January 2024.

Financial Implications –

None.

Recommendation 5

The Welsh Government should commit to funding seamless and affordable childcare provision through the Barnett consequential it will receive from increased childcare spending in England. It should develop plans for doing this by July.

Response: Accept in Principle

Developing high quality support for children and families in the early years has been a long-standing priority for the Welsh Government, and this commitment is reflected in the Programme for Government and in the Cooperation Agreement. Our Children and Communities Grant (CCG) which supports early intervention and prevention activities for children, young people and their families provided funding of £172.269m in 2023-24. High quality learning and care in the early years supports child development and plays an important role in supporting school readiness and addressing the attainment gap to maximise child development outcomes to support the best start in life, particularly for our most disadvantaged children.

Since 2022, as a result of Flying Start Expansion, 4,589 additional childcare places have been offered as well as extending opportunities to those in training or on the edge of work. The Welsh Government is facing the toughest financial situation we have faced since devolution. This means we need to prioritise the finite resources we have. As a result of the extremely difficult economic conditions currently, this means that we are not currently in a position to confirm any new commitments to funded expansion of childcare beyond those we have already published.

As has been the longstanding practice of WG, any consequential for 2024-25 received via the Barnett formula will be managed through the Draft Budget process based on the funding received. Where there is a case for using the consequential funding for similar purposes, Welsh Ministers will deploy in line with its priorities.

Financial Implications –

None.

Recommendation 6

At the earliest available opportunity, the Welsh Government should improve coordination across government of its efforts to tackle child poverty by appointing a dedicated Minister for Babies, Children and Young People with responsibility for tackling child poverty. In the interim, the First Minister should take responsibility for this area, as is being done in Ireland and has previously been done in New Zealand.

Response: Reject

The allocation of ministerial portfolios is the responsibility of the First Minister, but tackling poverty is the responsibility of all Welsh Ministers within their portfolio. The Minister for Social Justice and Chief Whip has specific responsibilities related to co-ordination of measures to mitigate Child Poverty and regularly discusses shared interests in poverty and inequalities with other Ministers.

Every member of the Cabinet has a duty placed on them as Welsh Ministers to give due regard to the United Nations Convention on the Rights of the Child.

The 'due regard' duty set out in section 1 of the Rights of the Children and Young Persons (Wales) Measure 2011 Measure, applies to all Welsh Ministers, when exercising any of their functions.

The strategy confirms we will continue to take a children's rights approach to the delivery of our Programme for Government, in line with the UNCRC, with tackling poverty and inequality as cross cutting policy drivers.

Financial Implications –

None.