

CYPE(5)-24-19 - Paper to note 21

Julie Morgan AC/AM

Y Dirprwy Weinidog Iechyd a Gwasanaethau Cymdeithasol
Deputy Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA-P-JM - 0436-19

Lynne Neagle AM,
Chair Children, Young People and Education Committee

13 August 2019

Dear Lynne,

Following the passage of the Childcare Funding (Wales) Act 2019 through the Assembly earlier this year and the important role that the Children, Young People and Education (CYPE) Committee played in the scrutiny of the Bill, I wanted to write to you as Chair of the Committee to make you aware of a recent decision I have taken in respect of the Childcare Offer Wales Digital Solution.

Use of HMRC

In line with the agreement of the then Chief Secretary to the Treasury and the former Minister for Children, Older People and Social Care, officials from Welsh Government and HMRC have been exploring options to integrate the Childcare Offer for Wales (the Offer) into existing Childcare Services, and for HMRC to conduct parent eligibility checks on Welsh Government's behalf.

Since January, Welsh Government and HMRC officials have been working closely with suppliers to explore and cost the options of integrating the Offer into existing Childcare Services and in May officials received the detailed outputs of the discovery work. As a result, a number of issues have come to light which have led us to consider whether now is the right time for us to proceed further with integrating our Offer into the existing Childcare Service. As well as some issues with the current Childcare Services delivery model, complexities were identified in relation to the compliance of any integrated system with Welsh Language standards.

Fundamentally, however, the First Minister's commitment to undertake a mid term review of the Childcare Offer means that there could potentially be significant changes in future to the eligibility criteria for the Offer. The review of the Offer will consider the feasibility of widening eligibility to include parents in training and education and those on the cusp of returning to work, with the high level findings expected in early 2020.

On balance, I have therefore concluded that we should suspend any further work between Welsh Government and HMRC on the Childcare Offer for the time being. I acknowledge

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

the significance of this decision and wanted to inform you as soon as possible, despite it being during Recess.

Legislation

I would like to take this opportunity to assure you that the work on the legislation is not wasted and that we hope to be able to continue to use the provisions with respect of data sharing in future. The Childcare Funding (Wales) Act 2019 could still make a significant contribution to a national digital solution because it enables the Welsh Ministers to make subordinate legislation for the purpose of securing access to real-time data and information held by HMRC, DWP and the Home Office which is key to eligibility checking (i.e. information relating to parents' earnings, benefit entitlements and immigration status). The existing draft regulations would need to be revisited and further and different conversations would be required with counterparts in UK Government departments if we decided to pursue this avenue.

Costs to Date

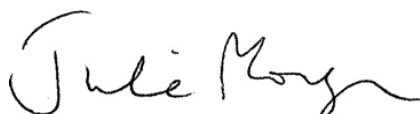
Though I have taken the decision to suspend work with HMRC rather than end the relationship completely, it is likely that a lengthy delay will render some of our work to date to be without benefit. The total cost of development and discovery with HMRC and its contractors to date is estimated at £1m. Without that development work we would not be able to make a sound and balanced judgement on the best way forward. The Welsh Revenue Authority went through a similar process in its systems development and came to the same conclusion to not proceed with HMRC. There is also the time and cost of WG staff and its own contractors to consider, though much of that work will be utilised as part of any alternative processes and systems to be developed in future.

Next Steps

I have asked my officials to continue to work up the Outline Business Case over the summer, considering the other options for delivery. I aim to have a decision on the preferred way forward in September, the details of which I will announce in the Oral Statement I will be making later that month. My officials have been working closely with local authorities and they are content to continue with the present arrangements whilst the digital options are developed and implemented.

I understand this decision will be of great interest to the Committee and would welcome the opportunity to explain the rationale in more detail in the autumn.

Yours sincerely,



Julie Morgan AC/AM

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