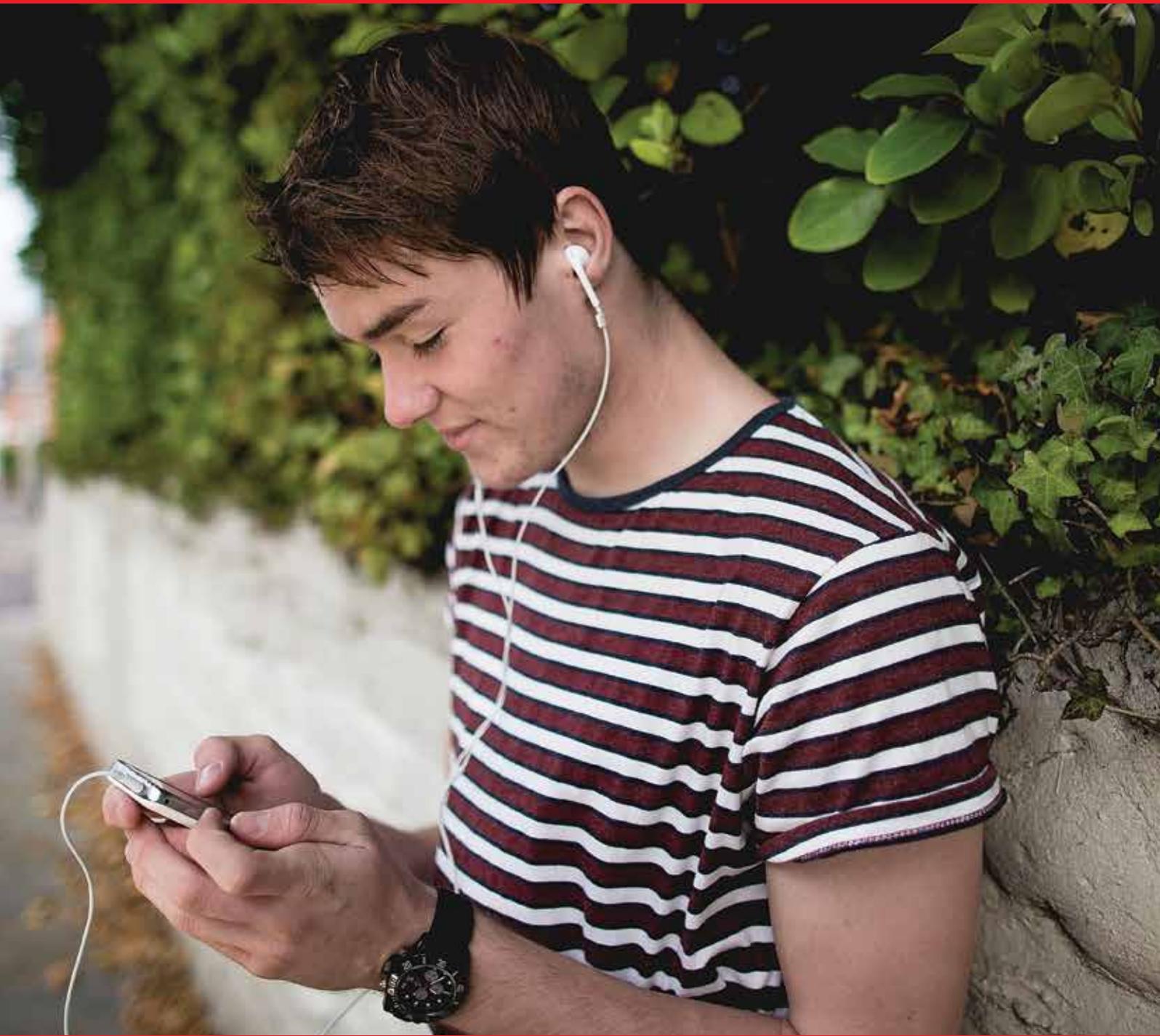


CHILDREN'S BUDGETING IN NORTHERN IRELAND: AN EXPLORATORY STUDY

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INTRODUCTION

Why analyse public expenditure from a children's perspective?

“There are very few promises, programmes or policies that any government can deliver without backing them up with money. For things to happen, well meaning words and assurances usually have to be followed through with cold hard cash. Unfortunately the way in which budgets are constructed [in many countries], actually makes it very difficult to determine whether and when this happens. That is what Children's Budgeting is all about, examining the resources that national and local government allocated to policies and services that affect children and young people, assessing the impact they have, and looking at whether these adequately reflect the needs of children and young people.”

- Foreword to the National Assembly of Wales report on Children's Budgeting in Wales (2009, p4).

Budgets are the most tangible expression of a government's priorities, performances, decisions and intentions. In order to engage effectively with the government it is important to understand the budget process and be able to study and analyse it. Having a proper understanding of budgetary processes, allocations and outcomes enables civil society to recognise efficiencies and successes, as well as create effective advocacy strategies for seeking more commitment from the state, holding it accountable and ensuring more effectiveness and transparency in how public money is spent.

The Welsh government has begun work on analysing expenditure on children and they use the term 'children's budgeting' to describe the work of planning, allocating and tracking expenditure on services aimed primarily at children and young people. They describe the process thus: “Children's Budgeting is about looking at how much, and how well, money is being spent by government to help children and young people. It is about examining the resources that national and local government allocate to policies, programmes and services that benefit children and young people, and about whether these adequately reflect their needs. It is about assessing whether children's rights are effectively enabled by a government's budgetary decisions. It is about looking at whether the policy promises that governments make are backed up with money to make them happen.”

Undertaking this type of children's budgeting enables us to assess how far the political commitment of the government towards young people is translated into policy and programme commitments backed by financial outlays. A 'children's budget' can be defined as a document that summarises spending for children and their families for a nation, state, county, city or community. Producing a children's budget builds upon the practices of budget analysis and applies these principles to understanding how money is spent to support children's needs. It can take account both of what is allocated to be spent on children and young people (which shows governmental or commissioner's intentions) and also what expenditure is actually incurred (which shows actions that have been taken).

Benefits of analysing budgets for children

While a government's budget directly or indirectly affects the lives of every one of its citizens, it can have the greatest impact on certain groups, such as the elderly, children, the poor, rural residents, and minorities. The well being and prospects of these people can hinge greatly upon government decisions on raising and spending money. Budget cuts tend to have the greatest impact on programmes that benefit the poor and vulnerable since other items may take priority for scarce funds such as interest on the debt or the public-sector wage bill. Policy makers must bear in mind that inadequate support for children's services will have consequences which are cumulative and go beyond any given budget period that they may be focusing upon and tracking budgets for children over time allows for trends in allocation and spend to be examined.²

Moreover, even when funds have been allocated to specific programmes—whether for minorities, children, or the disabled—weak expenditure and programme management can result in funds never reaching the intended beneficiaries.³ The lack of political power among these marginalized people to hold their government accountable can sometimes be another factor in poor budget execution (i.e., after the budget is passed, how money is actually raised and spent).

Producing children's budget statements enables stakeholders to examine with clarity how a child's rights are being implemented. This makes it more possible to identify a specific intervention and changes that are needed to support the delivery of this right to children and improve outcomes.⁴ Producing children's budgets are an enabler to achieving effective participation of children in spending decisions that affect their lives.⁵

There are also benefits to policy makers of understanding current baseline expenditure as well as how child contingent support is distributed through the welfare system. Without such knowledge it is difficult to propose changes in expenditure priorities or fiscal support, monitor expenditure growth or ensure that spending and fiscal support are related to overall need.⁶

Legal obligations

The United Nations Convention on the Rights of the Child (UNCRC) is an international treaty setting out rights relating to children under the age of 18. In 1991, the UK government formally ratified the UNCRC, in effect agreeing to be legally bound to undertake appropriate legislative, administrative and other measures for the implementation of all rights for children (Article 4 of the UNCRC). The analysis of the budgetary process and State budget are therefore part of monitoring the overall implementation of the UNCRC. This was emphasised to the UK Government in UNCRC Committee's Concluding Observations in 2002 where it was recommended:

“...that the State party undertake an analysis of all sectoral and total budgets across the State party and in the devolved administrations in order to show the proportion spent on children, identify priorities and allocate resources to the maximum extent of available resources. (CRC/C15/Add188 Para 11).”⁷

Recommendations from the UN Committee on the Rights of the Child Day of General Discussion on budgeting for children (September 2007) noted the importance for States to:

- ▶ Consider legislating for a specific proportion of public expenditure to be allocated to children and this should be accompanied by a mechanism for independent evaluation;
- ▶ Make children a priority in the budgetary allocations as a means to ensure the highest return of limited available resources;

- ▶ Understand ‘available resources’ more broadly, recognising that it is important to support parents and families as they are among the most important ‘available resources’ for children;
- ▶ Make investment in children visible in the State budget through detailed compilation of resources allocated to them;
- ▶ Use rights-based monitoring and analysis, as well as child impact assessments on how investments in all areas serve best the interests of children;
- ▶ Encourage public dialogue on state budgets by improving accessibility, encouraging literacy in budgetary analysis and ensuring that children are involved in the dialogue;
- ▶ Put in place resource tracking systems for the allocation and use of resources for children and young people.

The UNCRC Committee has stated that ‘No state can tell whether it is fulfilling children’s economic, social and cultural rights ‘to the maximum extent of available resources’ as it is required to do under Article 4, unless it can identify the proportion of national and other budgets allocated to the social sector and within that to children, both directly and indirectly’. It notes that some States have claimed it is not possible to analyse national budgets in this way, but others have done it and publish annual children’s budgets. Wales is an example of a devolved administration which has examined whether the feasibility and usefulness of compiling budgets for children as well as taking active steps to promote the involvement of children and young people in the budget development process.

In 2008, the four UK Children's Commissioners reported to the UN Committee that the allocation of resources in the UK was not dependent on assessed need, was not transparent and was often of a short term nature with its impact on outcomes not always evaluated.

The UN Committee subsequently provided a report on the delivery of UK and devolved administrations on 3 October 2008 saying that it noted with appreciation the increase in expenditures on children in recent years but: "Nevertheless the Committee is concerned that the increases are not sufficient to eradicate poverty and tackle inequalities and that the lack of consistent budgetary analysis and child rights impact assessment makes it difficult to identify how much expenditure is allocated to children across the State party and whether this serves to effectively implement policies and legislation affecting them."⁹

Research on budgeting in Northern Ireland

In 2006 NICCY, in partnership with the Office of the First Minister and Deputy First Minister (OFMDFM) and the Department of Finance and Personnel (DFP), commissioned an analysis of public expenditure on children. This took the form of two reports – one analysing Departmental Expenditure Limits (DEL) and the second analysing Annually Managed Expenditure (AME) for Northern Ireland compared to other parts of the UK.

The first report by ERINI (2007) reviewed expenditure on a number of key areas for children and highlighted where there appeared to be significant differences in spending on children in Northern Ireland compared to other parts of the UK.¹⁰ Two particular areas were Education and Health and Personal Social Services. A more recent report by Save the Children (2008) supported these findings. ERINI (2007) highlighted the risks of comparing expenditure by different countries, particularly in the case of education because the UK jurisdictions calculate their expenditure using different categories. The integrated healthcare system in Northern Ireland also makes it difficult to isolate specific beneficiaries for accurate comparison with other areas, where health and social care are separate.

Research completed for the Assembly in 2010 looking at budgeting processes in Northern Ireland highlighted a number of concerns with regard to public sector budgeting, in particular that:

- ▶ Budgets contain a level of assumption about uncertain future conditions;
- ▶ Measurement of the outcomes and impact of public expenditure is problematic;
- ▶ It is difficult to identify from budget documents how Departmental spending is aligned with the priorities set in the Programme for Government; and
- ▶ There is no explicit link between reallocation of funds in quarterly monitoring rounds and Departmental objectives or performance.¹¹

The research notes that the approach to public sector budgeting in Northern Ireland (and elsewhere in the UK) is incremental. This means the previous year's budget levels for a Department are carried forward for the next budget as a baseline and adjusted for known factors (e.g. new legislative requirements, service developments, anticipated price and wage inflation). The stages within this incremental approach are to:

1. Establish the baseline by deciding what is committed expenditure and then make adjustments to reflect unavoidable changes, e.g.:
 - ▶ Full-year effects of staff appointments;
 - ▶ Full-year effects of capital programmes;
 - ▶ Salary increments;
 - ▶ Non-recurring items which should be removed;
 - ▶ External factors (e.g. changes in legislation or government funding regimes);
 - ▶ Changes in price levels for labour, goods and services.
2. Add to the implications of the budget to reflect proposed savings and growth;
3. Aggregate and produce the new budget.¹²

The research highlighted that this approach can make it difficult for managers and Ministers to gain an overall view of performance and the approach may limit opportunities for creative thinking and change. They examined a number of alternative budgeting approaches (including zero-based budgeting, priority-based budgeting, performance-based budgeting and resource-restricted budgeting) but did not conclude on whether any alternative models would be preferable to the incremental approach currently used in Northern Ireland.

A number of concerns and criticisms have also been expressed in relation to the process of developing and getting feedback on the budget in Northern Ireland. In relation to the 2011-2015 Budget, a critical evaluation of the draft Budget completed for the NI Assembly (January 2011) noted concerns that:

- ▶ The consultation period for the draft Budget was at the low end of the time period suggested by good practice - good practice suggests 12 weeks and a minimum period of 8 weeks, and the Budget consultation was 8.5 weeks including over the Christmas holiday period which limited opportunities for full consultation;
- ▶ The draft Budget did not provide full details in relation to spending or savings plans for each Department;
- ▶ The draft Budget made allocations for a four-year period with no identification of a formal mechanism for annual review.¹³

A report by the Committee for Finance and Personnel (March 2011) also expressed concern that:

- ▶ A majority of Assembly statutory committees had identified dissatisfaction with the level of engagement with their respective Departments and the level of detail available on Departmental spending proposals;

- ▶ The existing financial systems in Departments and Account NI (the body that processes all purchase orders and invoices for all Departments) were not sufficiently aligned with Public Service Agreement (PSA)ⁱ targets and indicators to provide information on inputs, outputs or outcomes of public expenditure.¹⁴

As a follow-up to the Committee report, further recommendations to improve the budget setting process were made in June 2011 as follows:

- ▶ A budget calendar should be specified in advance to allow for adequate consultation;
- ▶ The future process should include a strategic phase to allow the Assembly to debate both revenue measures and spending priorities;
- ▶ The future process should include a formal stage for reconsideration of the budget in light of emerging spending pressures or policy reorientation;
- ▶ Future documentation should include a more detailed breakdown of expenditure plans, including linkages between expenditure and performance outcomes;
- ▶ The framework for a new budget process should be set out in primary legislation.¹⁵

Purpose of this report

The terms of reference for this report were to:

- ▶ Examine the process for allocating government budgets in Northern Ireland and consider how the funding allocated results in the delivery of services for children and young people;
- ▶ Use two case studies to illustrate the process of budgeting and expenditure for children and young people in relation to:
 - ▶ social care provision for young people with learning disabilities transitioning from child to adult services;
 - ▶ spending on childcare under the Childcare Strategy in Northern Ireland.

Our approach was to identify and review publically available information in order to understand and describe the budgeting process and consider how far the process supported budgeting for children and young people. Desk research was used to source information from websites and publications on the subject. Documentary analysis was undertaken of Programme for Government to highlight where references have been made to specific spend on children and young people. Publically available information on the projected budget for each Department was sourced and the reports on planning and expenditure for different layers within the system were examined. We also held a number of discussions with key informants. Camille McDermott from Moores Stephens assisted with the data collection and literature review in the early stages of the research.

ⁱ Since 1998, all Northern Ireland government departments have been required to publish Public Service Agreements (PSAs) setting out performance targets for each three-year government spending cycle. These specify the targets to be used to measure performance against key departmental objectives. Progress against the targets is reported and published annually by OFMDFM.

We are grateful to individuals from the following departments and organisations for taking the time to take part in interviews and provide their insight and experiences into the budgeting system in Northern Ireland:

Office of the First Minister and Deputy First Minister, Department of Finance and Personnel, Health and Social Care Board, Children and Young People's Strategic Partnership, Department for Social Development, Department of Justice, Department of Education, Department of Health Social Services and Public Safety, Youth Justice Agency, CiNI and MENCAP. We also value the input of the members of NICCY's Budget Advisory Group who provided feedback on the project as the work progressed:

- ▶ Marina Monteith, UNESCO Child and Family Centre, University of Ulster
- ▶ Ellen Finlay, Children in Northern Ireland
- ▶ Professor Rory O'Connor, University of Ulster
- ▶ Eoin Rooney, NICVA
- ▶ Anne Moore, Save the Children
- ▶ Rachel Dennison, Employers for Childcare
- ▶ Dr Bronagh Byrne, Queen's University Belfast.



FINDINGS

Challenges in analysing expenditure on children and young people

As outlined above, concerns have been previously noted about the process of developing the last Programme for Governmentⁱⁱ and multi-year budgetⁱⁱⁱ in Northern Ireland with respect to timing and sequencing. The multi-year budget was released for consultation prior to the Programme for Government and some organisations, including NICCY, felt that there was a lack of information relating to children and young people within the documents. Moreover the consultation period was too short to permit any meaningful engagement with, or on behalf of, children and young people.

The commitments given in the Programme for Government and the various Departmental business plans vary in terms of whether they explicitly identify children and young people as the intended beneficiaries of the work that will be undertaken. In addition, often no statements are provided regarding the amount of expenditure required to deliver on these commitments or how success will be measured.

In Northern Ireland a wealth of information is regularly and freely provided in business plans, annual reports and accounting statements of expenditure produced by government departments and agencies. However, even though a considerable amount of information is available, it is not necessarily the “right” information. The amounts of money that have been allocated for future spend on children and young people are often not specified in these documents separately from total anticipated spend.

Similarly in terms of how much money has been spent, the amounts spent solely on children and young people as the primary beneficiaries are not consistently disaggregated from the total amounts of expenditure presented. There are also challenges in accessing the information, as multiple sources may have to be consulted and the information is not presented consistently by the various parties.

It is clear from the information available that in the current system, there is no straightforward means of disaggregating spending by client group, such as children and young people, from an accounting perspective. The information is inputted into the central accounting system by budget strand (e.g. consultancy, staff, capital costs) rather than by client group. Consequently, it is very difficult to disaggregate on this basis. Disaggregation is only possible when the spend is explicitly identified as being solely on services for children and young people and this is the case in only some situations. This includes expenditure from budgets which have been ringfenced in the Programme for Government (such as the Childcare strategy) because this is identified by separate coding within the system and so can be disaggregated separately. Some programmes of spend at a departmental level are more clearly directed towards children and young people such as expenditure by the Department of Education or by the DHSSPS under its programme for Children and Families, and by the Department of Justice through the Youth Justice Agency.

ⁱⁱ OFMDFM is responsible for delivery of an agreed Programme for Government (PFG) which represents the Executive’s agreed policy agenda and is binding on all ministers. The PFG sets the strategic context for both the Budget and the Investment Strategy for Northern Ireland.

ⁱⁱⁱ The PFG is accompanied by a multiyear budget developed by the Executive. The Multi-year budget process determines the amount of money spent in Northern Ireland, what the money is spent on and how it is spent.

Public engagement in planning budgets

In Northern Ireland there is a public consultation held on the Programme for Government. While, in theory, budgets should follow priorities identified in the Programme for Government, the last multiyear budget 2011-2015 was agreed in advance of the Programme for Government 2011-2015. The consultation process for budgets is often short and lacking in detailed information. This limits the opportunities for assessment, challenge and advocacy by civil society. Moreover, there does not appear to be a distinct procedure within budget consultation to ensure that children and young people themselves are engaged in the process. The EQIA consultation highlighted that more needed to be done to include children and young people in the development of the Programme for Government such as producing user friendly documentation.

In Northern Ireland there are developments currently underway which aim to more actively take account of local needs in planning services and allocating funding. For example, part of the work of the CYPSP involves actively involving children and young people in planning services and this will be a step forward. The CYPSP has developed a Participation strategy which sets out how young people will be enabled and supported to take part in the detailed planning. The CYPSP has also established a subgroup to explore models of joint commissioning and how best to bring together the diverse planning processes.

The Welsh Government identifies a certain proportion of its budget which is developed through participatory budgeting with children, young people and other key stakeholders. Participatory budgeting directly involves local people in making decisions about the priority and spending for a defined public

budget. This involves engaging residents and community groups to represent all parts of the community to discuss spending priorities, make spending proposals and vote on them, as well as giving local people a role in the scrutiny and monitoring of the process. They have developed a toolkit to support participatory budgeting at every level of the system such as Chief Executive, service delivery manager and service delivery staff and highlight that this approach involves a cultural shift in thinking about and involving children and young people¹⁶. It may be useful to incorporate the learning from the Welsh experiences into the planning and commissioning work being undertaken here in Northern Ireland if that has not already been done.

We suggest that:

- ▶ A timetable should be specified in advance to allow for adequate consultation on the Programme for Government and multi-year budget;
- ▶ Attention should be paid to timing and sequencing so that there is sufficient time for public consultation and debate by the Assembly;
- ▶ Future documentation should include clearer breakdown of expenditure plans, including linkages between expenditure and performance outcomes;
- ▶ A children's statement should be developed. This will make it easier to enable children and young people to be more effectively involved in governmental decision making and this may need to be supported by outreach and training;
- ▶ It may be useful to examine how the learning from participatory budgeting undertaken in Wales can inform the work being done in the CYPSP.

Accessibility of information on expenditure

In terms of compiling information on public expenditure on children and young people, several challenges exist. These have been identified in other contexts as well as being relevant to the Northern Ireland administrative system. There are practical difficulties in undertaking children's budget analysis and it can be seen by many as too difficult to do. It is very difficult indeed to undertake a children's budgeting exercise without suitable data. Historical data that has not been collected with this specific purpose in mind, will often be inappropriate because it will not provide sufficient detail. As Professor David Reynolds commented to the Welsh Assembly Inquiry team (2009 p22): "if you try to get data about historical spend from systems that were never designed to do that you risk all kinds of problems." Much historical data concentrates on the category of expenditure rather than the category of recipient and this is the case in Northern Ireland.

In Northern Ireland, it is possible to get more up to date information on specific areas of expenditure during the financial period through questions raised by elected Members to Committees or the Assembly/Executive or by individuals or organisations direct to public bodies (e.g. through Freedom of Information requests). However, Departments may be limited in the level of detail they can provide in response to requests for detail on expenditure, as financial information is not recorded by beneficiary type. It is likely that those trying to respond to the request for information will have to pull together information from a variety of sources which may be difficult and time consuming.

Although each of the Departments, Boards and Trusts provides electronic versions of their Corporate plans, Business plans, Annual reports and Accounts on their websites, it can be difficult to find the relevant information. Compared to several other countries, it is positive that budgetary information is easily accessible at no cost relating to high level figures such as total spend by a Department, Board or Trust. However, published budgets (particularly Departmental budgets) are high level in nature and do not therefore provide a detailed breakdown on spend across the budget. This makes it difficult to identify areas of spend concerning children and young people. There is no central public facing repository which houses all the budgetary information for public expenditure in Northern Ireland for the various budget holding levels within the system.

In Northern Ireland, as in other countries, it can be difficult to decide from all the information available which is most important. As the OECD highlights "Agencies produce so much information that it's very difficult for outsiders to judge which are the more important pieces of information. The lesson here is for agencies to differentiate between the measurements they do for internal purposes and those they perform for external purposes."¹⁷ Government data tends to be complex and sometimes having a surfeit of data can be a substitute for having the right kinds of data. This can result in information overload.¹⁸ The work being undertaken on joint commissioning through the CYPSP offers potential for a clear planning and reporting mechanism so that for new joint spending, at least the public expenditure for children and young people, becomes more transparent and accessible. It may be useful to examine the Welsh Government's experiences of attempting making their budgetary spend on children more transparent.

Similar to other countries, there is no one definitive location in Northern Ireland to find out what is being spent on children. Information is released in multiple documents across multiple departments. It is clear that there is a wealth of information on planning and expenditure freely available but this is not necessarily useful information for aggregating the amount that is spent on children and young people.

It would be useful to bring together the clearly identifiable planned and actual spend from the strands of funding in different departments which can be clearly identified as directed towards children into one easily accessible and regularly updated document. This could form the basis of a preliminary children's budget. Further discussion with departments may identify additional strands of expenditure which could be included. Admittedly, this would be limited in scope as it would not include all the investment made in children across the departments, but would constitute an initial base on which to build a more complex structure of analysis. It would be important to present this information clearly in a non-technical way so that it is readily accessible to members of the public and civil society organisations. This would provide some useful information that could be tracked over time to facilitate an analysis of expenditure on children and young people. To ensure accuracy, care would need to be taken to ensure that the focus on the strands of expenditure remains the same over time so that accurate comparisons can be made over time.

More details of expenditure on children and young people in Northern Ireland may be made available in the future through the work being done by the Children and Young People's Strategic Partnership (CYPSP) Group on Joint Commissioning.

The CYPSP will ensure that each Partner agency's business plan will include details of how they will contribute to outcomes for children and young people both as a single agency and as a member of the partnership. This group plans to detail the resources which each of the partnership agencies intends to use for jointly commissioning services for children and young people in future documentation. Again this will provide useful information, but it will represent only a portion of the full expenditure on services and support for children and young people. Using the opportunity to build on the work being done with the CYPSP to report on both budgetary allocation and actual expenditure may offer potential in terms of budgeting for children across the various Government departments. It would be useful for this reporting to occur, not just in each partner agency's own business plan and annual reports, but also for the information to be collated by the CYPSP to provide an overview of planned and actual spend on children and young people. This would make it easier for outside parties to access and use.

It is critical in the development of a children's budget to consider how the information which is compiled will be interpreted and used. It is clear that to only look at amount of spend would be of limited usefulness, even if spend is monitored over several budgetary periods/financial years. Taking this approach would not help us to understand why levels of investment may change. For example, changes in expenditure may reflect changing government priorities. However decreases in expenditure may also arise due to services becoming more efficient. Conversely, if services are ineffective because they are using a flawed approach, there is little benefit in increasing levels of investment. To be meaningful and useful in guiding further actions, information about expenditure should be placed alongside information concerning what has been achieved by this expenditure for children and young people.



At a basic level, this could be the type and quality of services provided as well as the number of beneficiaries reached. However it would be most useful to include information on the effectiveness of services in improving outcomes (i.e. what positive changes were brought about for children and young people as a result of the investment provided).

It is also important to understand that focusing only on strands of expenditure easily attributable to children and young people will clearly be an underestimate of the investment within the system which children and young people benefit from both directly and indirectly. Commentators in other countries have highlighted the challenges of trying to extract information from systems similar to those in Northern Ireland which have not been designed for the purpose of categorising spend by beneficiary, and the risks in making estimates in expenditure where beneficiary groups cannot be easily disaggregated.

As there is no straightforward way to disaggregate expenditure on children and young people within the current administrative system, there may be some merit in attempting to estimate the proportion of spend that might apply to children and young people (compared to spend on the total population). However, caution should be used in estimating the amount of expenditure as there will be varying degrees of inaccuracy in any method used. For example, one option might be to take the amount of expenditure on a particular service, apportion it by the percentage of children and young people living in the region and use that figure as the amount in the children's budget. This may work in some cases, but the difficulty comes where one can expect different groups within the population (e.g. the young and the old) to have a higher use of some services (e.g. public transport) than other groups.

An alternative method would be to incorporate service usage data by different age groups into the estimations to improve accuracy but this type of information will not be routinely available for all services. If estimates are used to try to fill gaps in known expenditure, the rationale for employing them should be made clearly explicit so that the same assumptions and calculations can be made in future estimations.

A further complication comes where expenditure may have multiple beneficiaries. One example of a service which has multiple beneficiaries would be offering childcare places to mothers so they can attend training to increase their chances of employment. In this situation children are likely to benefit from high quality childcare provision, but the primary intended beneficiaries of the expenditure would be the adult.

It requires resources to compile a children's budget and the costs of disaggregating and presenting information have to be balanced against the perceived value and utility of the activity. For children's budgeting to be useful, this will be best supported with buy-in from Government, including individual departments and relevant agencies and by respectful dialogue between these and civil society organisations, children and young people. There should also be a clear, agreed purpose for compiling children's budgets and a rationale as to how they will be used to improve planning and monitoring.

We suggest that:

- ▶ Key information relating to expenditure on children should be housed together in one location for ease of access. Possible locations may include the websites of the Department of Finance and Personnel, OFMDFM or alternatively the Children and Young People's Strategic partnership;
- ▶ The plans of the Children and Young People's Strategic Partnership to provide information on the resources being used by each of the various partners for joint commissioning will be a useful step forward. It would appear that this will happen in each department's own documentation. It would be helpful if this could be pulled together in the one place for ease of access.

Differentiating between budget allocation and actual expenditure

There is an important difference between budget allocation and actual expenditure. In the course of our discussions, respondents discussed the reasons why there may be differences between the amount of expenditure allocated and what is actually spent on service provision. Some of these relate to processes such as procurement and others relate to reprioritization of funds.

The timescales for procurement can lead to delays and some people we spoke to reflected that there can be an underestimation of how long it takes to get money out into the system. For example tendering for services for a new programme of work may take at least six months. This can lead to perceived delays between when a Minister, for example, announces a funding initiative compared to when the money actually is spent on services. Many services provided by the Voluntary and Community sector have to be tendered. This process can take a service commissioner into a different monitoring round where unspent money is returned to central funds. It might be useful to examine the time taken from statements to award of tenders to see how long this normally takes so that expectations about timescales can be more realistic.

Projects may also be delayed or reprioritised in light of new information. Some of the individuals we talked to also highlighted the importance of efficiency savings in terms of interpreting statements of spending. Sometimes a statement of proposed expenditure may be contingent on an efficiency saving of a particular amount being made.

It is important within the various levels of the system to consider situations when authority has been delegated to set priority over what money is spent on. For example, Whitehall may release additional expenditure for a specific group of beneficiaries, as was the case with the Aiming High project for people with disabilities. The NI Executive can accept this money but then put it against another priority which it deems to be of more local importance given its understanding of local needs. This pattern can be repeated at every level of the system where delegated authority has been granted over expenditure. There are multiple levels within the service delivery system and delegated budgetary authority at many of these levels. A Department may set a commissioning priority but this may not follow through into the next level of the system if it prioritises a different need.

Local Commissioning groups or Trusts may decide that a different area of expenditure is a priority based on their understanding of local needs compared to the Board or PHA. This can be beneficial in terms of flexibility and offering a mechanism to ensure that funding is used for the most pressing local needs. On the other hand, shifting priorities can lead to funding being diverted away from issues which others have set as a priority and it is not always straightforward to track when or why this occurs. Work is currently underway to make this reprioritization of funds more transparent such as the tables used in Annual reports from Arms Length Bodies where Trusts are asked to report against specific funding priorities and highlight whether resources have been an issue in performance.

In terms of how expenditure is presented publically, the Education and Library Boards are one of the few groups which present information clearly to allow for the comparison of planned and actual expenditure.

For example, the outturn statements presented by the Belfast Education and Library Board include a statement of planned vs actual expenditure and information is also provided on activities undertaken for this expenditure. Because of the sole focus of the Department of Education this expenditure can be identified as relating to children and young people as beneficiaries. The clear presentation of the different types of information together in the one document is useful in terms of allowing easy access and interpretation by the reader. Other Departments and Arms Length Bodies present similar information but split across multiple sections either within the same document or in different documents or web sources. It might be useful for other Departments to consider this reporting framework if they are not already using it.

We suggest that:

- ▶ It would be useful to provide information on allocated expenditure alongside actual expenditure and the format used by the Education and Library Boards may provide a useful model;
- ▶ Efforts should be made to ensure the process of budgeting and allocation is more transparent to those outside the system so the restrictions within the system can be more easily understood. It may be worth offering training on budgetary processes similar to that run by the Welsh government.

Tracking expenditure on children

Within government accounting systems, expenditure is not currently classified by beneficiary but rather it is identified by type of expenditure such as capital costs, consultancy, salaries and so on. Nonetheless, there is some data on direct expenditure available at a national level on children in Northern Ireland. For example, the expenditure relating to the Department of Education, the Directorate of Social care and children services for children and families, and the Youth Justice Agency may be comparatively straightforward to identify. It may be reasonable to assume that Budgetary Expenditure Lines such as these which are directly aimed at children and young people (aged 0-17) are assumed to benefit children 100% and therefore allocate the whole of the spending under these budgetary lines to children. This would allow values to be calculated for Government expenditure towards children and young people in certain areas. It will, however, only be part of the total expenditure on children and young people.

Analysing 'indirect' expenditure on children and young people is much harder to do and this might include, for example, expenditure on transport, housing or economic development. Much of the remaining public services expenditure does have an impact on children and young people but monitoring this is complex requiring the identification of the *proportion* and *impact*. With respect to estimating proportion, the Welsh government used two methodologies in making estimates. The first was to use a population breakdown to estimate how much of the budgetary line could be attributable to children. This will lead to inaccuracies where you use the percentage of children in the population but you know that children and young people are more likely to

use, for example, public transport more than the average base of the population. The second method which the Welsh government used to estimate expenditure was to use statistical data on service usage by client group. For budgetary lines which had an age breakdown, more accurate estimates could be calculated and they agreed the decision of who benefitted from each expenditure line with departmental business areas. Additional data to guide this latter type of estimation can be gathered, for example by undertaking sampling exercises of who uses particular services to ensure that the data on service use are age sensitive.

Tracking expenditure over time may be useful when the amount of public expenditure on children and young people is examined as a proportion of total public expenditure. This may help examine the relative prioritisation of children and young people as a beneficiary group. For example if 30% of public expenditure could be identified as relating to children and young people but over the next five years this reduced to 20%, one possibility may be that children are becoming less of a priority issue for government and this would merit further investigation to see what lies behind the figures. Similarly it may be a government priority to increase the proportion of services over the next 20 years to use more preventative and early intervention approaches, so that the need for crisis intervention services for children and young people would diminish over time. In this case examining the amount spent on these prevention and early intervention services as a proportion of the total spend on services for children and young people over time might yield some useful information about whether the intended shift in the types of services being commissioned is taking place.

However, to fully understand the implications of expenditure for children will require looking at what has been achieved with that investment. A key aspect of understanding the impact of government decisions on budgets is to retrospectively look at what outcomes have been achieved for children as a result of expenditure, enabling more accurate cost-benefit analyses. Few examples of cost-benefit analysis of expenditure on children and young people currently exist in children's services. The challenges within the Northern Ireland system of relating expenditure to outcomes have been examined previously. Pidgeon, for example, in his analysis of the Northern Ireland budgeting system suggested that presenting the information that we already have available with some additional disaggregation of new expenditure might present the best way forward in terms of allowing people to assess whether expenditure has been successfully used to achieve outcomes. His focus was not on children's budgeting per se but on budgeting for outcomes (for all beneficiary groups).

The Welsh Government suggested a five step system to developing a 'children's budget'^{iv}:

- ▶ Identification of a Problem
- ▶ Identification of a Desired Outcome
- ▶ Identification of how much money was allocated by government towards achieving that outcome
- ▶ Identification of whether the money was actually used
- ▶ Assessment of the impacts of such expenditure on the desired outcome of the expenditure.

The Welsh government report also discusses the importance of presentation for ensuring participatory budgeting to be most meaningful. It advocates for the presentation of information clearly without governmental or technical jargon and for consistency in the data being presented both across departments and authorities, as well as at different points in time. Training in financial literacy may need to be offered to support participatory budgeting as well as ongoing support from technical experts who have an in-depth understanding of the financial and budgeting systems.

^{iv} <http://www.assemblywales.org/bus-home/bus-guide-docs-pub/bus-business-documents/bus-business-documents-doc-laid/cr-ld7749-e.pdf?langoption=3&ttl=CR-LD7749>



MOVING FORWARDS AND THE NEXT STEPS

Although it would be challenging, we suggest that it would be possible to compile preliminary figures for public expenditure on children using information on budgetary lines where spend relates to children and young people. This however would only highlight a proportion of the total expenditure. The challenge comes in how useful it will be to undertake estimates of how much is spent on children and young people from the remaining expenditure and the most accurate way to do this. Ideally the analysis would also examine what has been achieved for the expenditure, otherwise changes over time will be difficult to interpret.

It is clear from the experiences in other countries that bringing clarity to the public resources allocated to, and subsequently spent on, services for children bears results when there is a receptive government to take it forward and so government needs to be centrally involved.¹⁹ A clear and shared understanding of the objectives behind budgeting for children is essential, as is linking budgets with outcomes. Work on children's budgeting would need to be taken forward in collaboration with the government departments to ensure that the figures produced are most meaningful and representative of actual expenditure. Developments such as the establishment of the Children and Young People's Strategic Partnership in particular may make it easier in the future to understand what we spend on children's services and, equally importantly, what difference this is making to children and young people's lives.

The call from the UNCRC Committee to examine spend on children and young people in the devolved administrations has not occurred in a vacuum and attention needs to be paid to other developments currently underway. In Northern Ireland there is an increasing recognition that a greater understanding of expenditure, in terms of

what is spent, on whom and what difference it makes, would be valuable for MLAs, policy makers, service commissioners, service providing organisations, advocacy groups, young people and other members of the general public. Changes currently underway within our administrative system in Northern Ireland will influence whether and how easily this can be done.

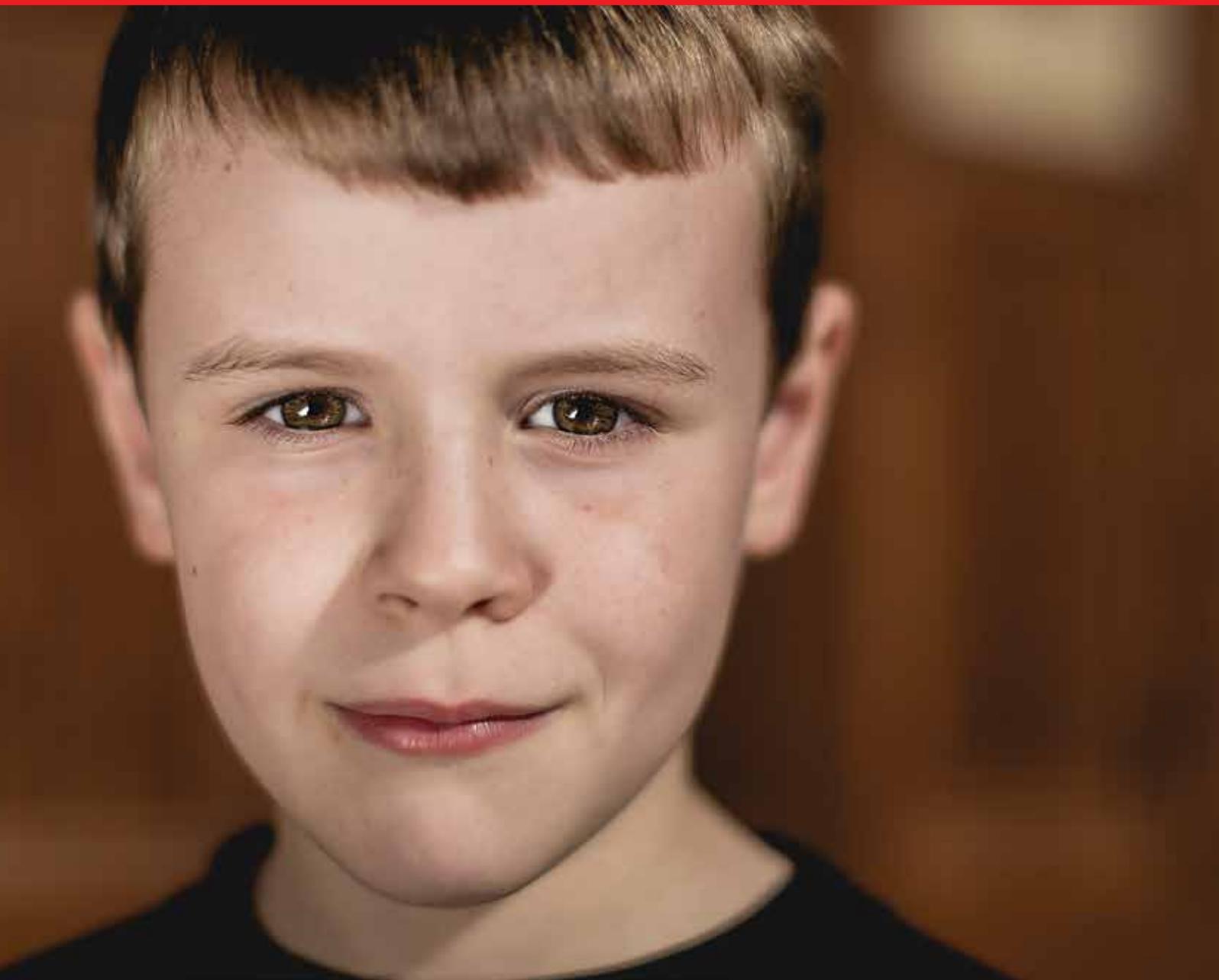
Assembly Committees have consistently called for greater linkages between budgets and Programme for Government targets. Progress has been made within the administrative systems to improve reporting mechanisms, for example by the Performance and Delivery Efficiency Unit (PEDU). Work has also been undertaken by the Department of Finance and Personnel, and the Research and Information Service to look at the feasibility of asking departments and agencies to include better information on the outcomes that are achieved as a result of expenditure. These have concluded that it would be challenging within the current system to produce budgets against outcomes, but steps could be taken to improve the presentation and transparency of the information that can be disaggregated.

Undertaking effective and meaningful children's budgeting in Northern Ireland will require leadership to coordinate the process and to ensure that the information collated is useful, and is used. This leadership could come from a number of sources including NICCY, OFMDFM, the Department of Finance and Personnel, the Assembly Committee for Children and Young People or the Children and Young People's Strategic Partnership. The identification of resources used for joint commissioning by partnership agencies as part of the work of the Children and Young People's Strategic Partnership offers concrete opportunities for exploring how best to take children's budgeting forward.

In taking this work forward, it would be beneficial to establish a group of interested parties to further explore what is required to develop more effective analysis and monitoring mechanisms in respect of children's budgets. This group should include representation from government, the civil service, service commissioners, service delivery organisations, advocacy organisations, and the public (including children and young people). NICCY's involvement would be useful given their interest and previous work on these issues. The Group should include those who have an understanding of the what information is available within the system regarding expenditure and current practices as to collection and use, as well as those who can offer insight into how this information could be most effectively sourced and used in the future. Commitment, active participation and respect will be essential to success. The purpose of the children's budget should be discussed and agreed by various parties. A strategy should be developed as to how the information will be compiled. This will need to balance what information is being asked for given the challenges within the current system, and the resources and burden which different (or additional) reporting will bring. It will only be successful if those responsible for producing the information believe in the usefulness of the exercise, can identify the benefits of it and see that it is resourced adequately. The implementation of the plan will need to be supported and monitored over time, and the usefulness of the information produced to the stakeholders within the system evaluated. This will take time, energy and commitment to achieve.

We suggest that:

- ▶ A working group of interested parties should be brought together to develop work on children's budgeting. The aim of this group should be to consider the benefits and challenges of tracking expenditure on children and young people, examine different ways of overcoming the barriers in the current system (taking account of resource implications) and co-develop strategies for how to take the work forward. This should include representation from different levels within the system including government, the civil service, service commissioners, delivery organisations, advocacy organisations and the public (including young people);
- ▶ Clear goals will need to be discussed and agreed by various parties so that the purpose of compiling a children's budget is specified;
- ▶ A strategy will need to be developed for compiling the information which balances what information is requested against what is currently available (within the constraints of the existing system), and the additional resources that would be required for additional information to be collated;
- ▶ Initially information on expenditure against budget lines such as education, child and family services and youth justice could be compiled as they are identifiable as focusing on children and young people;
- ▶ Options for estimating 'indirect' spend on children and young people include using population breakdowns or more accurate estimations using service usage statistics with age breakdowns;
- ▶ The implementation of the plan will need to be supported and monitored over time and the usefulness of the information produced to the stakeholders within the system evaluated.



SUMMARY OF RECOMMENDATIONS

Planning expenditure:

- ▶ A timetable should be specified in advance to allow for adequate consultation on the Programme for Government and multi-year budget;
- ▶ Attention should be paid to timing and sequencing so that there is sufficient time for public consultation and debate by the Assembly;
- ▶ Future documentation should include clearer breakdown of expenditure plans, including linkages between expenditure and performance outcomes;
- ▶ A children's statement should be developed. This will make it easier to enable children and young people to be more effectively involved in governmental decision making and this may need to be supported by outreach and training;
- ▶ It may be useful to examine how the learning from participatory budgeting undertaken in Wales can inform the work being done in the CYPSP.

Presentation of information on expenditure:

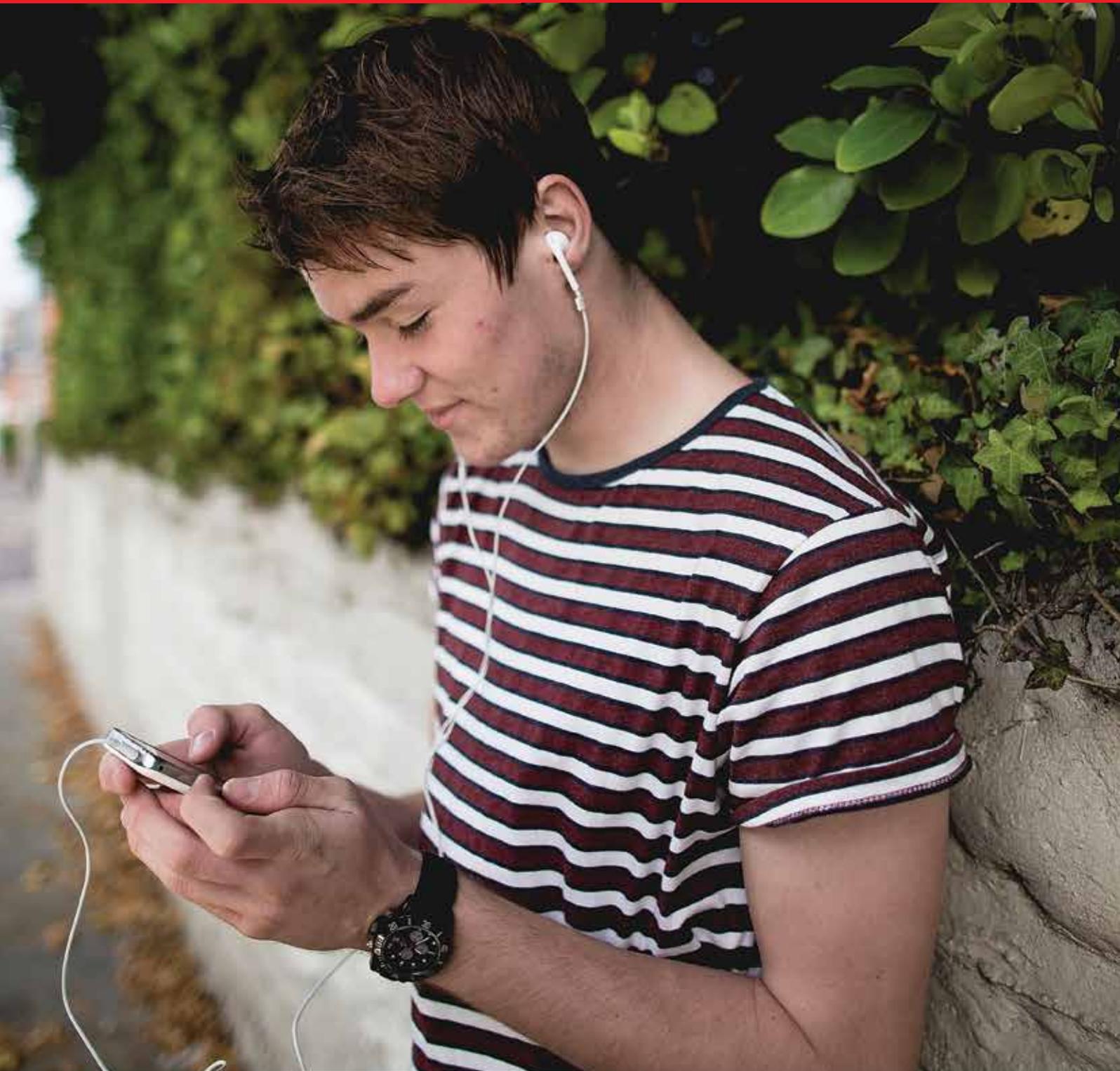
- ▶ Key information relating to expenditure on children should be housed together in one location for ease of access. Possible locations may include the websites of the Department of Finance and Personnel, OFMDFM or alternatively the Children and Young People's Strategic partnership;
- ▶ The plans of the Children and Young People's Strategic Partnership to provide information on the resources being used by each of the various partners for joint commissioning will be a useful step forward. It would appear that this will happen in each department's own documentation. It would be helpful if this could be pulled together in the one place for ease of access.
- ▶ It would be useful to provide information on allocated expenditure alongside actual expenditure and the format used by the Education and Library Boards may provide a useful model;
- ▶ Efforts should be made to ensure the process of budgeting and allocation is more transparent to those outside the system so the restrictions within the system can be more easily understood. It may be worth offering training on budgetary processes similar to that run by the Welsh government.

Taking work on children's budgeting forward

- ▶ A working group of interested parties should be brought together to develop work on children's budgeting. The aim of this group should be to consider the benefits and challenges of tracking expenditure on children and young people, examine different ways of overcoming the barriers in the current system (taking account of resource implications) and co-develop strategies for how to take the work forward. This should include representation from different levels within the system including government, the civil service, service commissioners, delivery organisations, advocacy organisations and the public (including young people);
- ▶ Clear goals will need to be discussed and agreed by various parties so that the purpose of compiling a children's budget is specified;
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- ▶ Initially information on expenditure against budget lines such as education, child and family services and youth justice could be compiled as they are identifiable as focusing on children and young people;
- ▶ Options for estimating 'indirect' spend on children and young people include using population breakdowns or more accurate estimations using service usage statistics with age breakdowns;
- ▶ The implementation of the plan will need to be supported and monitored over time and the usefulness of the information produced to the stakeholders within the system evaluated.

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