

Being Bold: Building Budgets for Children's Wellbeing

Interim report: December 2020

Dr Katherine Trebeck with Amy Baker



Commissioned by Children in Scotland, Cattanach and the Carnegie UK Trust

Table of Contents

Foreword from Children in Scotland, Cattanach and the Carnegie UK Trust.....	3
About the project and next steps	3
Understanding wellbeing	4
Wellbeing and rights.....	5
First 1001 days and societal wellbeing	5
Children's wellbeing in Scotland	6
Current scenario	6
Fundamentals of a wellbeing budget....	7
Holistic and human	8
Outcomes-orientated	8
Rights-based	9
Long-term and upstream	9
Preventative.....	9
Precautionary	10
Participatory	10
....that necessitate the following changes:	11
New conversations: around and within the budget process	11
Goal and vision statement	12
Budget mechanisms.....	12
Shifts in spending.....	14
Old money/ new money	15
Departmental changes.....	15
Leadership and support	16
Structural shifts beyond the budget	16

Foreword from Children in Scotland, Cattanach and the Carnegie UK Trust

Scotland has a world-leading wellbeing framework, with aspirations to dramatically improve the lives of children and their families. But after 13 years of existence, and ten years after Campbell Christie called for greater participation, prevention and joined up working to improve public services, our children's wellbeing remains stubbornly resistant to change. None of the indicators on children measured under the National Performance Framework have improved in recent years.

Many point to the budget process as the key barrier to shifting to a more preventative, wellbeing-focused approach to governing. But here we have a problem, because those of us arguing for change in the social sector do not speak in the language of economics. We don't have the training to understand how a budget is put together at a national level, and the jargon of finance and economics often makes it hard to know where and how to intervene.

So this project is our concerted effort to learn that language and to find ways of linking our values and aspirations for children with the way we manage money for the nation as a whole. The field of wellbeing economics is new and developing and we are delighted to have Katherine Trebeck as our guide. We won't get everything right. But we hope we can begin to find ways to remove the structural barriers that get in the way of what so many of us see as self-evidently the right thing to do: investing in our children, first.

Jackie Brock, Sophie Flemig and Jen Wallace

About the project and next steps

This interim report presents emerging ideas that have been distilled from a small-scale research exercise encompassing desk-top research, over thirty interviews and an online workshop with over 200 people from the children's sector to sense-check and add to the recommendations. The suggestions offered here will be expanded, refined, and refreshed in the final paper.

We welcome suggestions and in particular whether there are additional ideas and proposals for the necessary changes that we identify from page 9 onwards. Please send anything for us to consider to Jackie Brock, project manager for the Children's Wellbeing Budget project:

jbrock@childreninscotland.org.uk

Understanding wellbeing

Wellbeing is a broad term that encompasses differing conceptions which potentially lead to differing policy emphases. This project goes beyond measures of wellbeing that simply focus on how an individual feels at a certain moment in time. It also goes beyond seeing wellbeing as health to explore the multiple dimensions of societal wellbeing indicators (**quality of life, material conditions and sustainability**) that relate to children's flourishing. The refreshed Scottish National Performance Framework (which the Children's Parliament influenced) usefully identifies dimensions to focus on and thus flags what outcomes any changes to the budget are in pursuit of: a healthy start in life, physical and social development and quality of children's services; wellbeing and happiness; positive relationships; and material deprivation. The Getting it Right for Every Child strategy also points to the 'SHANARRI' outcomes which are described as wellbeing indicators: Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible, and Included.¹ These somewhat overlap with UNICEF's wellbeing dimensions: material wellbeing; health and safety; education; behaviours and risks; and housing and environment.² The Scottish Government, COSLA and all public bodies have fully accepted the goals of the National Performance Framework and the importance of holistic family support underpins the recommendations in The Promise.³

Children are impacted by the wellbeing of their families, parents and carers – but not always in a linear way, since, for example, families often shield their children by going without themselves in order to meet their children's material needs. Yet there is ample evidence of the extent to which income poverty constrains the resources families have to nurture their children – for example limiting participation and activities (thereby increasing likelihood of social isolation), reducing access to warmth and food, and adding to parental stress which can hamper support for children. This link between various dimensions of wellbeing set out above and income means that a wellbeing budget for children needs to deliver **improvements in the financial circumstances of families experiencing poverty** as a necessary, but not sufficient criteria for success.

¹ <https://www.gov.scot/policies/girfec/wellbeing-indicators-shanarri/>

² https://www.unicef-irc.org/publications/pdf/rc11_eng.pdf

³ thepromise.scot/

Wellbeing and rights

The rights of children are inherently connected to wellbeing goals. They speak to a floor that children should not fall below (via entitlements) and the opportunity for children to meet their full potential. Rights often depend on resources. They remind us that children have rights that are unique to them as children (with distinct needs) and so their rights are not simply wrapped up in those of their parents. Even if the language used is a little different, both rights advocates and advocates for wellbeing emphasise putting people first and directing budgets to address any breaches of a child's rights. For example, the rights concept of continuous improvement ('progressive realisation') resonates with notions of flourishing inherent in wellbeing agendas. A wellbeing budget for children needs to encompass both perspectives: **wellbeing will not be advanced without rights being met**. A wellbeing budget is a way to deliver on the UNCRC which Scotland will shortly incorporate into national law.

First 1001 days and societal wellbeing

Scotland's ambition is to be the best country to grow up in. This requires looking at the circumstances in which children grow up – yes the role of parenting and the home which is where a lot of 'interventions' focus. But it also requires recognising these are in turn shaped by the local community, the labour market, and the macroeconomy. This means asking how are parents faring? Are homes adequate? Are communities safe? Are labour markets offering decent work? What is the nature and impact of vertical and horizontal inequalities? In that sense, almost everything is connected – but when policy makers inevitably search for 'what to do first?', a focus on children's wellbeing (particularly in the first 1001 days) offers an entry point that brings wider benefits across society.



Children's wellbeing in Scotland

Current scenario

Even prior to Covid-19, children's wellbeing was not as it should be in Scotland. The National Performance Framework shows that the wellbeing of children is not improving for any of the indicators for which data is collected. Child poverty rates over the past 5 years vastly exceed the targeted rates outlined in the Child Poverty (Scotland) Act. A quarter of Scotland's children are in relative poverty⁴ and households with children under 6 years comprise almost two-thirds of children in relative poverty.⁵ Low income and living in areas of deprivation is associated with lower levels of other wellbeing dimensions – such as mental health or obesity. Child poverty and inequality overlap strongly with age, sex, ethnicity and disability characteristics of the wider household⁶ and the incidence of in-work poverty is growing. The number of children reporting good relationships with their parents is lower than international averages.⁷

Covid is, of course, exacerbating these inequalities. For example, the socio-economic gradient of mental health problems during lockdown (and before it) is not unexpected, given the straitened circumstances in which people on low incomes often live. Our responses also **need to address these circumstances, not just treat the response to them.**



⁴ www.healthscotland.scot/media/2607/child-poverty-scales-and-trends.pdf

⁵ 'Child poverty by whether there are under 5 year olds or under 6 year olds in the household' in <https://www.gov.scot/publications/additional-child-poverty-statistics-2019/>

⁶ Cited in <https://www.gov.scot/publications/equality-fairer-scotland-budget-statement-scottish-budget-2020-21/pages/15/>

⁷ <https://www.gov.scot/publications/child-adolescent-health-wellbeing-scotland-evidence-review/pages/11/>

Holistic and human. Outcomes-orientated.
Rights-based. Long term and
upstream. Preventative.
Precautionary.
Participatory.



Fundamentals of a wellbeing budget...

Budgets do not stand alone – they reflect wider political agendas and the policy process. They are also shaped via the dynamics through which these agendas are set and how policy is developed. The fundamentals set out below thus apply there too.

Governments around the world are grappling with constructing budget processes in ways that enhance wellbeing. To understand impact across key areas, some record 'negative tags' on budget elements that harm climate targets or 'positive tags' for budget lines which support, say, gender equality goals. Others are moving towards performance budgeting whereby departments are set specific targets to deliver on, with the targets reflecting wellbeing frameworks. Reporting against these various goals and outcomes is then expected at various stages across the budget process, depending on the government. For example:

- Austria is integrating gender budgeting into its performance budgeting framework.
- Canada sets six gender goals ('GBA+') for ministers by which new proposals are assessed.
- Mexico is bringing in 'child spending markers' to estimate and create a baseline of government spending on children.
- New Zealand is taking wellbeing evidence and utilising it to direct resources to where outcomes are below what is sought.
- France uses a dashboard of wellbeing indicators to frame budget discussions and assess the environmental impacts of budget measures.

- Italy's parliament receives an annual report on twelve wellbeing indicators to inform budget discussions and classifies expenditure in terms of different impacts on different genders.
- Since 2010, Iceland has undertaken gender budgeting: assessing gender impacts and deploying corrective measures if needed.
- Bhutan's policy screening tool assesses proposals across the nine domains of its Gross National Happiness measure.
- In Ireland, gender budgeting underpins equality budgeting with departments asked to set targets against to nine dimensions of equality and all policies are poverty proofed.
- Wales has arguably the most comprehensive mechanisms via the [Wellbeing of Future Generations \(Wales\) Act 2015](#) which sets seven high level national goals (with 46 indicators), with the Future Generations Commissioner tasked with scrutinising draft budgets and the extent to which the 44 different public bodies reach their wellbeing objectives.

Drawing on this practice, but also focused on where there is need to go further, the following 'fundamentals of a wellbeing budget' have been distilled. What needs to change to put these fundamentals into practice is then set out.

Holistic and human

While children hold distinct rights, whether they are achieved cannot be separated from the context in which children live. Thus, interventions that focus too narrowly on the child in isolation, without supporting the people and circumstances around them, are unlikely to lead to sustained change. Wellbeing budgets need to focus on the web of relationships necessary to support children. This whole-system approach encompasses support for families in a way that recognises the suite of factors that shape families' scope to thrive. In particular, when families lack financial resources a dual approach is required:

1. Attending to this in an immediate sense (which needs to be done from the perspective of what each family needs rather than what commissioners want to deliver); and
2. Looking to the wider structures that create and enforce inequalities of wealth and income that do so much harm to families and to children's wellbeing.

Outcomes-orientated

Focus and accountability for outcomes is about end results, as opposed to the service or spending in and of itself. Outcome budgeting can be performance or priority budgeting: the former looks at programme results and shapes spending accordingly; the latter moves resources to align with key priorities set out for the whole of government, focusing on outcomes from the beginning. Non-financial goals can thus inform budget decisions. Outcomes budgeting will compel more collaboration across departments as outcomes are rarely the result of a single action in isolation.

Rights-based

Taking a rights-based approach to budgeting has implications for both budget processes and budget orientation: the goals of a budget become upholding and progressively realising human rights, including those of women and children. Public **resources need to be raised and deployed to ensure achievement of minimum essential levels are reached**. With Scotland's imminent incorporation of the UNCRC, development and approval of budgets will have to consider the best interests of children. The UNCRC Committee calls for governments to undertake child impact assessments prior to spending and then evaluate the impact of budget processes on children.⁸ A children's rights-based budget also needs to have authentic opportunities for children's participation across all stages of the budget, with decisions being transparent and decision makers accountable.

Long-term and upstream

As wellbeing is affected by long-term systemic challenges, it is not sufficient to address deficits with injections of short-term funding. A wellbeing budget needs to drive long-term change. **Policy makers should take decisions 'as if they mean to stay'**: in the sense that they will see the benefits of longer-term changes that result from a wellbeing budget, rather than short-term projects.

A bold wellbeing budget will also shift the balance from interventions in areas of high risk (with the onus for change often individuals or families) towards **actions and supports and structural changes that lower risks in the first place**. This is about going beyond a treatment and service-led paradigm towards the wider socio-economic-political conditions that constitute barriers to thriving (for example, not just treating mental ill-health but looking upstream to the causes and taking action there). This necessitates a conversation often lacking in Scotland: about power and ownership and why wealth accrues where it does, with budgets being used to deliver greater equality of distribution. This is about society collectively attending to circumstances that are beyond the control of any one child or family; and removing external stressors on the family that make it hard to sustain good relationships.

Preventative

An upstream focused budget is about **emphasising primary rather than secondary or tertiary prevention**. Preventing harm before it occurs entails focus on whole systems and being able to offer support as early as possible, perhaps before a child is born or even conceived. This is much more ambitious than just coping with the consequences. This will bring better value for government spending and reduce funds being deployed in efforts to cope with the consequences of avoidable harm.⁹

⁸ https://www.childrenscommissioner.gov.uk/wp-content/uploads/2017/07/A_Child_Rights_Impact_Assessment_of_Budget_Decisions-1.pdf

⁹ See <https://www.carereview.scot/wp-content/uploads/2020/02/Follow-the-money.pdf> for a mapped out example of this in relation to children who interact with the care system in Scotland.

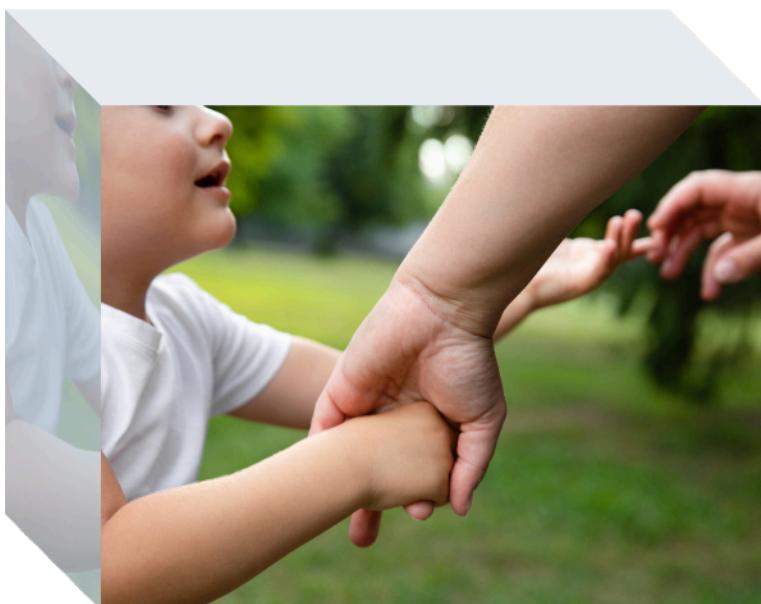
Prevention is also about considering future generations – regenerating the environment today and for the future. This means recognising that a fiscal budget needs to **operate within a science-determined carbon budget** that constitutes a real limit on consumption of the earth's resources. Budget processes need to consider Scotland's true wealth and direct investment toward activities that regenerate ecosystems.

Precautionary

The benefits of most upstream changes that prevent harm being done are impossible to attribute to any single policy action or budget line. The evidence base for supporting children in their earliest years and the extent to which this generates long term benefits is sufficiently sound to be acted upon, even if it is not specific enough to precisely attribute to a single action. Moreover, social outcomes do not easily fit into traditional economics practices and tools, so **quantification and cost benefit approaches that are often reached for need to be relaxed**. Budget analysis needs to adopt theories of change and take a precautionary approach (well understood in sustainable development thinking), where action is taken despite a lack of definitive, conclusive evidence.

Participatory

Children and their families need to collaborate across the entire process via a creative, inclusive mix of methods that welcomes the experiences and ideas of children and families. This is the reverse of disempowerment and being short-changed when at the mercy of external systems. It is also a fundamental tenet of rights-based budgeting: the UNCRC states that children's voices need to be heard and acted upon in policy decisions.



Holistic and human. Outcomes-orientated.
Rights-based. Long term and upstream.
Preventative. Precautionary. Participatory.
These are the fundamentals...

....that necessitate the following changes:

New conversations: around and within the budget process

Building widespread public understanding and support for more effort on the root causes that harm children's wellbeing is vital in sustaining necessary cross-party political endorsement for a children's wellbeing budget. This entails various **awareness raising efforts** to garner recognition of:

- The layers of root causes that shape children's wellbeing
- The importance of investment rather than simply treatment and intervention
- The potential fiscal benefits that result from preventing harm

Within the budget process itself, children's voices need to be heard and their views acted on. This means exploring how children, of all ages and experiences, feel about their own wellbeing and inviting their views of what needs to be done to improve it and ensuring budget allocations reflect these responses. For example, the **Finance Minister and relevant policy teams should hold regular meetings with children's groups throughout the budget cycle as an integral part of a systematic approach to achieving a budget with transforming children's wellbeing as its goal.** Children's groups need to be provided with accessible, understandable and relevant information so they can make recommendations, and barriers to participation need to be addressed. The Finance Minister should report back as to how this advice has been acted on. Existing mechanisms and organisations such as the Children's Parliament and the Children and Young People's Commissioner could facilitate these conversations, but need to be resourced to do so. This will ensure meaningful participation of children, ensure barriers to participation are reduced, and bring on board skilled facilitators to support and interpret messages when needed.

Goal and vision statement

Scotland's National Performance Framework is the government's wellbeing framework. It has cross-party support and is accompanied by a suite of indicators. Both this and child poverty targets need to be more closely aligned with budget processes. **The goal of the budget should be to resource policies and actions (laid out in the Programme for Government) that deliver on the NPF outcomes and the targets in the Child Poverty Act:**

- NPF outcomes should be used as a (retrospective) **wellbeing map that shows distributional analysis** (measuring the extent to which NPF outcomes and reductions in child poverty have been achieved, with sufficient disaggregation to understand groups particularly at risk).
- This needs to inform budget decisions, with policy and spending reorientated accordingly.
- It therefore must be released early enough in the budget cycle (and be positioned as a vital part of that cycle) to enable public and parliamentary scrutiny and actions to be planned and costed to attend to negative or flatlining trends.

Budget mechanisms

Our understanding of the current budget process is as follows:

- Formulation of the Programme for Government each summer with the budget developed during autumn to pay for PfG commitments. This does shift when the UK timetable changes with Scotland having to either wait to know the size of its block grant or proceed on the basis of an estimate.
- The budget encompasses some prioritising to align commitments with available resources and to respect recurring spending commitments.
- While there is some reference to the NPF and the budget papers make a link back to NPF outcomes, it seems that delivering the NPF outcomes is not yet the explicit goal.
- Guidance exists for policy development and associated spending to ask six questions around what outcome is being focused on. These are: knowledge of existing inequalities; how budget decisions will impact them; how will budget decisions contribute to the realisation of human rights; whether the budget could be used differently to better address existing inequalities and advance human rights; and how impacts will be evaluated.¹⁰
- The Scottish budget is subject to the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. A report accompanies the budget, setting out how certain groups and socio-economic equality will be impacted by the proposed budget allocations – in other words, after the budget has been developed.
- Committees undertake some scrutiny of the proposed budget – again, some in the pre-budget stage and then after the draft has been presented to Parliament.

While frameworks are in place, what is needed is to more robustly link policy and budgets to them and to assess progress accordingly.

¹⁰ <https://www.gov.scot/publications/equality-fairer-scotland-budget-statement-scottish-budget-2020-21/pages/3/>

In the future, based on the NPF and child poverty targets, forward-looking **Children's Rights and Wellbeing Impact Assessments** (CRWIAs) should be undertaken to assess the extent to which policies and the budgets that support them (including taxation, subsidies and reliefs) will:

- Prevent harm to children's wellbeing (and that of current and future generations); and
- Create a context which enables children and families to thrive.

They should:

- Be prepared by a dedicated office (see below) and should include children's views and ideas (see above).
- Assess government plans and delivery against the wellbeing map (see above), taking a whole-systems focus that recognises the interdependent nature of policy goals and recognising trade-offs (as opposed to simply considering marginal benefits of individual policies). This will help to surface the hidden contribution of programmes to children's wellbeing or where programmes are not considering the impact on children: promoting transparency and increasing awareness of linkages.
- Assess the extent to which budget plans will generate costs and create benefits (in human terms, not simply monetary measures) over a ten-year period.

The Children's Rights and Wellbeing Impact Assessments should straddle the entire budget cycle: when the Programme for Government is being developed (to inform plans) and also afterwards to assess impact (ie *ex ante* and *ex post*). The cycle will need to be extended to enable this forward and backward analysis and adjustment of policy and spending plans.

Annual budgets need to be recast as steps towards a longer-term goal (even across two terms of parliament) encapsulated in the NPF and the child poverty targets:

- Budgets are annual opportunities to refine strategy and approach.
- Via the Children's Rights and Wellbeing Impact Assessments, annual budgets will be scrutinised for the extent to which they advance the NPF over multi-year horizons. Although it is challenging to impose a definitive typology, this should encompass identification of services according to their value in terms of primary, secondary or tertiary prevention.
- Proactive effort needs to be made to move interventions upstream in the realm of structural inequalities.

Policy ideas (and associated spending bids) should be assessed according to the robustness of the case they make for supporting children's wellbeing: spending guidance such as the Public Finance Manual (which was amended to reflect the latest iteration of the NPF) need to be recast accordingly. Government departments should be rewarded for collaboration and diagonal or shared budget proposals that harness conjoint influence (for example, by providing additional funding for pooled budgets).

Across this process, children and their families, parliamentary committees and the dedicated office (see below) need to have scope to review the Children's Rights and Wellbeing Impact Assessment and make recommendations as to how to improve the budget accordingly.

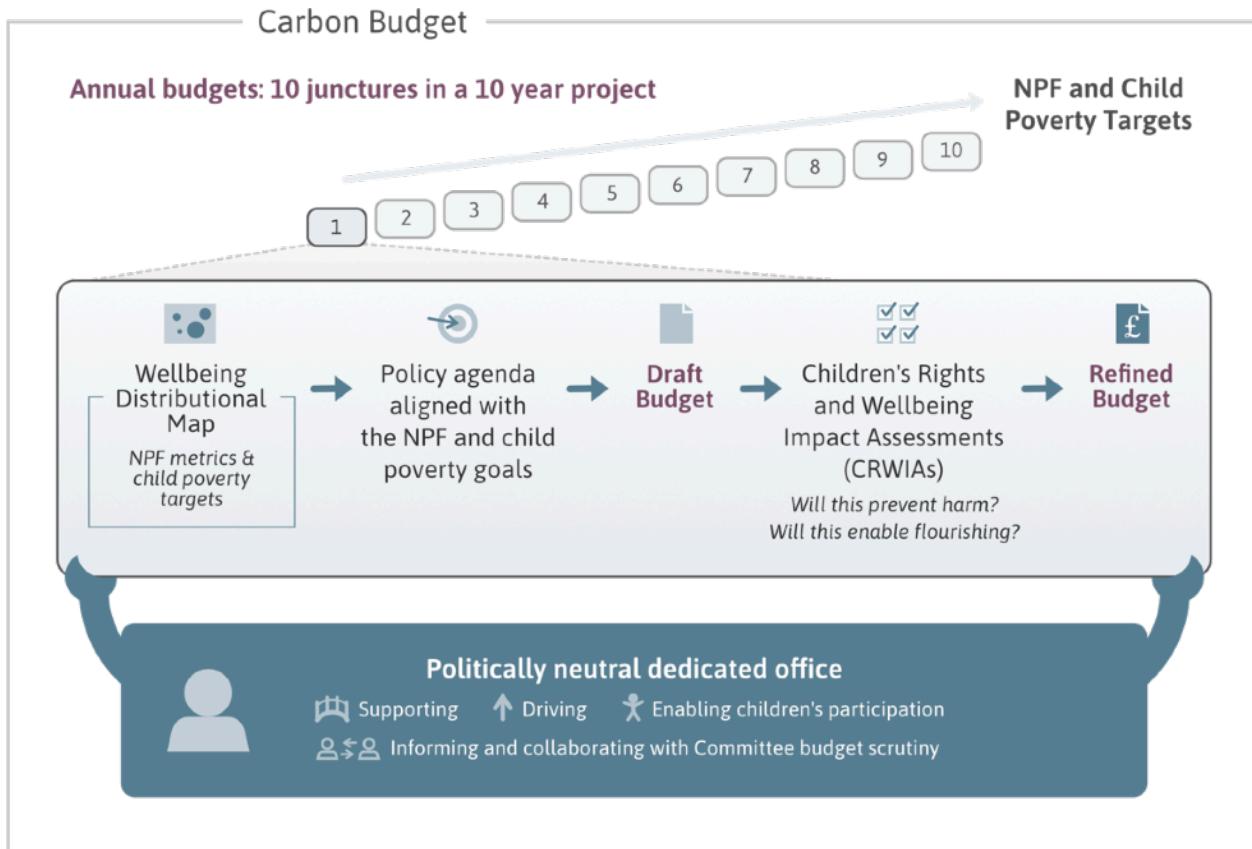


Diagram: Summary of budget process recommendations

Shifts in spending

No budget starts with a blank sheet: recurring commitments mean not everything can be quickly adjusted or redeployed. Yet much recurrent spending can contribute to wellbeing and should be subject to the Children's Rights and Wellbeing Impact Assessment in order to ensure a whole-of-government effort in creating a context in which children's rights are met and they and their families thrive. 'Wellbeing spend' should not be seen as icing on the cake.

A Children's Rights and Wellbeing Impact Assessment will encourage **longer term allocations and enable departments to take a wider focus and attend to root causes**. This will prevent avoidable demands arising by investing in human capital for later in life and for future generations. While any savings released will likely flow to unmet demand and ongoing unavoidable demands, in the longer term it can be hoped that avoidable demands can be reduced. This is not about seeking a 'prevention dividend', but obtaining best value from government investment by ensuring it meets needs and creates positive contexts for children to flourish rather than being deployed in dealing with avoidable harm.

The analysis of the capital budget can encourage this shift:

- Preparedness to see benefits in the longer term.
- Construing spend as investment rather than a cost (avoiding future costs).
- Readiness to tolerate uncertainty and judgement in terms of predicted impact.

Positioning investment in children's wellbeing as more akin to capital spend needs to be considered. It would thus not compete with acute or recurrent costs (and might be able to access borrowing).

Old money/ new money

A challenge is finding sufficient money to deploy on early investment when acute needs are profound. To avoid any sense of zero-sum or suggestion of divestment when demand remains, a **new, ring-fenced resource will be needed to act as a change fund/ bridging finance** (with the support and scrutiny of the dedicated office [see below]), this will have more chance of being built in and not go the way of previous attempts that did not have the transformational impact. Such additional funds will pump-prime transition towards greater upstream focus that will alleviate some acute needs by reducing avoidable harm and enable a steady and incremental migration of funding. The Promise Fund – if focused on family support – might constitute such a source of additional resource, as might SNIB investments.

But Scotland should not shy away from **levying higher taxes**. This will not only reduce high levels of economic inequality at the top end, but despite the Covid crisis, there is a lot of wealth that has been captured prior to and during the pandemic which can be a source of new money. A hypothecated small charge on the highest earners, on sources of wealth (such as land and inheritance), or on firms that profit from failure demand would be a good investment in Scotland's children. This would also help the budget reshape the economy.

Departmental changes

The shifts in spending, new data collection, analysis and appraisal and altered ways of working are a significant change from what most civil servants have been trained and accustomed to.

Substantial and ongoing training will be needed, and new guidance, heuristics and tools developed and rolled out. Collaboration, and sharing of information and resources needs to be encouraged and rewarded: internal targets and incentives need to be aligned with the NPF, child poverty targets and analysis of the CWRIA. The dedicated office (see below) will play a vital role in scoping, sourcing and delivering this support and in driving the recalibration of internal processes as necessary.

Leadership and support

Consistent leadership is needed for these changes to:

- Mobilise government staff behind them and ensure the systemic nature of children's wellbeing is recognised and acted on.
- Drive implementation and coordination across government: offering advice and guidance.
- Scrutinise delivery.
- Facilitate regular, transparent and accessible mechanisms for stakeholders to feed in (perhaps also acting as the coordination mechanism for ensuring children's involvement throughout the budget process).
- Ensure continuity of effort regardless of the political party in power.

A politically neutral **dedicated office or officer** (supported by a delivery team) is recommended, drawing on the model of the Future Generations Commissioner in Wales which brings robust scrutiny and accountability. This office must have sufficient independence to be a critical friend and to monitor progress. It must also be close enough to government teams to have an ongoing and recognised role in budget formulation. It should work closely with Audit Scotland to ensure audit mechanisms support delivery of the fundamentals set out above. Broadening the remit of and bolstering the resources for an existing body (such as the Children and Young People's Commissioner, the Budget Equality Advisory Group, the National Task Force for Human Rights Leadership, or the First Minister's Advisory Council on Women and Girls) could be considered as a mechanism to serve this function.

It is suggested that children come up with the name for this office.

Structural shifts beyond the budget

Often, improvement in children's wellbeing will be the result of legislation and regulation (and its enforcement), not just spending and service provision. To undo the fundamental causes of inequalities that undermine the contexts in which children live their first 1001 days requires **addressing imbalances of power and better predistributing money and wealth**. Questions around the nature of democracy, stigma, the tax base, procurement, employment law, work life balance, environmental protection and regulation of business behaviour need to be considered for sincere assessment of children's wellbeing. Not all of the levers of power to bring about change sit within the Scottish Parliament, but there is more that Holyrood could be doing with current powers. The conversation about ensuring Scotland is the best place to grow up is more than outcomes-based budgeting: it is about systems change governing.

