

The Treasury

Budget 2014 Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Reference: T2014/535

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THE TREASURY
Kaitohutohu Kaupapa Rawa

Date: 27 March 2014

To: Minister of Finance
(Hon Bill English)

Deadline: Budget Ministers Meeting, 31 March at 5.30pm

Aide Memoire: Vulnerable Children Budget 2014 Initiatives - Cost Breakdown and Remaining Decisions

Purpose

At Budget Ministers on 24 March, you indicated that you would like some further information about the breakdown of costs sought in the Vulnerable Children's Budget initiative. This information is provided in this aide memoire, along with some additional information around a couple of outstanding decisions required to finalise the Vulnerable Children's package. An annex summarising this note is included to support your discussion at Budget Ministers.

Breakdown of Budget 2014 Costs Sought for the Vulnerable Children's Package

This table shows the breakdown of costs according to the different high-level workstreams in \$m.

	14/15	[7]
Vulnerable Children Bill Implementation (Justice, Police and CYF)	3.194	
Children's Action Plan – Future Operating Model (including CAP Directorate costs)	3.700	
Children's Teams (operational costs for two existing sites and eight new sites)	9.150	
Interim costs of workforce vetting, and child protection policies	3.500	
CYF Investment Strategy		
Total		

Key messages regarding the funding bids

The administrative costs (those that relate to the CAP Directorate) do not appear to have altered from the initial bid, with CAP's recommendations being to down-size the costs associated with the operational arm (that is, the Children's Teams). However, this is likely because the Children's Teams costs are more scalable due to flexibility regarding when and how many of them are set up. We therefore think the balance is

probably about right for now, however we will work throughout the year with the CAP directorate to look at these costs.

While CAP have reduced costs overall in line with Budget Ministers' request, they appear to have replaced some of the reduced Children's Team costs with renewed bids for funding within the CYF investment strategy.

Our advice is to not fund the CYF investment strategy in outyears, since the operating model is still being developed. We also think the ongoing legislative costs should be considered as part of the CAP Budget initiative in Budget 2015, however options around this are discussed further on page 3.

There are some discretionary costs within the CYF investment strategy (namely, the one-to-one therapeutic placements for high needs young people and the one-to-one targeted support for caregivers) that are not legislatively required. Although our advice is to only fund those initiatives that are required under the bill, we understand that these specific items are likely to be valuable, despite not strictly necessary. The total cost for the two initiatives is \$2.519m in 14/15.

- We suggest you discuss and decide with Budget Ministers **on whether you would like to fund the one-to-one therapeutic placements for high needs young people and the one-to-one targeted support for caregivers.**

Treasury Recommended Funding for Budget 2014

Based on our views, the following table shows the costs (in \$m) that we would recommend funding. In general, our advice is to fund costs that are necessary due to the operation of the bill in 14/15, the roll-out of Children's Teams and investment work on the CYF investment strategy. We would prefer not to fund outyears at this stage, and instead reconsider these bids at Budget 2015.

	14/15	[7]
Vulnerable Children Bill Implementation (Justice, Police and CYF)	3.194	
Children's Action Plan – Future Operating Model (including CAP Directorate costs)	3.700	
Children's Teams (operational costs for two existing sites and eight new sites)	9.150	
Interim costs of workforce vetting, and child protection policies	3.500	
CYF Investment Strategy	13.659 ¹	
Total	33.203	

¹ Note that this figure includes the \$2.519m cost for the one-to-one therapeutic placements for high needs young people and the one-to-one targeted support for caregivers.

Other decisions required to finalise the Vulnerable Children’s Package

Out Years Funding for Legislative Elements of the Package

As well as a decision around funding for Vulnerable Children in 2014/15, Ministers may wish to consider out years funding for the legislative elements resulting from the Vulnerable Children’s Bill (“the Bill”). It is expected that the Bill will be enacted by 1 July 2015 and agencies will therefore face the on-going costs associated with the Bill’s requirements.

Some examples of the costs which agencies will face include on an on-going basis are:

- The requirement for increased vetting and screening of the children’s workforce, such as costs for Police in terms of greater volumes of police checks being required, and
- the on-going requirement for Justice to implement the new “subsequent children” elements of the Bill which require much more stringent checks on people with previous conviction of seriously harming a child but who go on to have another child.

[7]

	14/15	[7]
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Children’s Teams (operational costs for two existing sites and eight new sites)	9.150	
Interim costs of workforce vetting, and child protection policies	3.500	
CYF Investment Strategy	13.659 ²	
Total	33.203	

[7]

² Note that this figure includes the \$2.519m cost for the one-to-one therapeutic placements for high needs young people and the one-to-one targeted support for caregivers.

We also note that Budget Ministers have decided not to fund the capital elements sought which include funding for:

- a range of bids from Police, Justice, and Child, Youth and Family to implement the legislative requirements of the Bill which will require IT system changes, and
- the Vulnerable Kids Information System (ViKI) which will allow agencies to share information about Vulnerable Children much more easily.

Up-Front or Partial Contingency Funding for the CAP Funding

\$16.35 million in 2014/15 is sought to fund the CAP directorate, the existing Children's Teams and the roll-out of new Children's Teams. Given the uncertainty around the costs associated with, in particular, the roll-out of the new Children's Teams, we suggest that Ministers should consider whether appropriating all of the CAP operating model up-front is the best option.

Another option would be to agree a certain percentage (e.g. half) of the overall funding sought will be appropriated while the rest is held in contingency. The Vulnerable Children's Board can seek to draw down on this contingency subject to a report back to the Ministerial Oversight Group or Joint Ministers indicating progress on the roll-out of the Children's Teams and subject to cost verification.

- We suggest you discuss and decide with Budget Ministers what your **overall level of comfort is with appropriating all of the CAP funding** up-front. If you would like a greater level of oversight, we suggest you agree to **hold some of the CAP operating model funding in contingency.**

Next Steps

You are meeting with Budget Ministers at 5.30pm on 31 March, we suggest you use the attached annex to discuss the areas outlined in the discussion section above.

Julia Pearce, Senior Analyst, Labour Market & Welfare, 04 917 6129

Tony Burton, Principal Advisor, Labour Market & Welfare, 04 917 6053

Annex: Vulnerable Children Key Points for Budget Ministers Meeting

Summary

- Costs have been reduced in the operational areas including the Children's Teams, probably because these are more scalable than the central Children's Action Plan (CAP) Directorate costs.
- In general we suggest only funding the costs that are legislatively necessary. However, there are two items in the CYF investment strategy that you may consider valuable and that you may wish to fund.
- We suggest that you do not fund the outyears costs sought and instead reconsider them at Budget 15. However if you do choose to fund them now, you may want to consider doing this via a contingency.
- You also have the option to fully appropriate the costs for the CAP operating model (including the Children's Teams) for 14/15, or hold part of the funding sought in a contingency.

Discussion points

We suggest that you discuss and decide with Budget Ministers:

- Whether you would like to fund the one-to-one therapeutic placements for high needs young people and the one-to-one targeted support for caregivers.
- Whether to fund out years, and whether this funding is provided up front or put in a contingency.
- What your overall level of comfort is with appropriating all of the CAP operating model funding up-front is. If you would like a greater level of oversight, we suggest you agree to hold some of the CAP operating model funding in contingency.

Vulnerable Children Recommended Package (\$million)

	14/15	[7]
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Children's Action Plan – Future Operating Model (including CAP Directorate costs)	3.700	
Children's Teams (operational costs for two existing sites and eight new sites)	9.150	
Interim costs of workforce vetting, and child protection policies	3.500	
CYF Investment Strategy	13.659 ³	
Total	33.203	

³ Note that this figure includes the \$2.519m cost for the one-to-one therapeutic placements for high needs young people and the one-to-one targeted support for caregivers which Ministers