

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Tŷ Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6565 SeneddFinance@senedd.wales
Meeting date: 13 November 2025	
Meeting time: 09.30	

Registration

(09.00–09.15)

Private pre-meeting

(09.15–09.30)

- 1 Introduction, apologies, substitutions and declarations of interest**
(09.30)
- 2 Paper(s) to note**
(09.30)
 - 2.1 PTN 1 – Homelessness and Social Housing Allocation (Wales) Bill – Welsh Government response to the Local Government and Housing Committee's report – 4 November 2025**

(Pages 1 – 19)
 - 2.2 PTN 2 – Building Safety (Wales) Bill: Additional information from the Cabinet Secretary for Housing and Local Government to the Local Government and Housing Committee – 5 November 2025**

(Pages 20 – 25)
 - 2.3 PTN 3 – Letter from the Cabinet Secretary for Finance and Welsh Language: Second Supplementary Budget 2025–26 – 6 November 2025**

(Page 26)
 - 2.4 PTN 4 – Welsh Government Draft Budget 2026–27– Written evidence: Chartered Institute of Public Finance and Accountancy (CIPFA) – November 2025**

(Pages 27 – 33)



**2.5 PTN 5 – Welsh Government Draft Budget 2026–27– Written evidence:
Institute of Directors – October 2025**
(Pages 34 – 65)

**2.6 PTN 6 – Letter from Public Health Wales: Public Health policy priorities – 6
November 2025**
(Pages 66 – 73)

3 Welsh Government Draft Budget 2026–27: Evidence session 4
(09.30–10.30) (Pages 74 – 98)
Derek Walker, Future Generations Commissioner for Wales
Marie Brousseau-Navarro, Deputy Commissioner and Director for Health,
Office of the Future Generations Commissioner

Break

(10.30–10.45)

4 Welsh Government Draft Budget 2026–27: Evidence session 5
(10.45–11.45) (Pages 99 – 148)
Steffan Evans, Chief Executive Officer, Bevan Foundation
Simon Hatch, Director, Citizens Advice Cymru
Dr Jessica Laimann, Policy and Public Affairs Manager, Women’s Equality
Network (WEN) Wales / Wales Women’s Budget Group (WWBG)

**5 Motion under Standing Order 17.42 (ix) to resolve to exclude the
public from items 6, 7, 8 and 10**
(11.45)

**6 Welsh Government Draft Budget 2026–27: Consideration of
evidence**
(11.45–12.00)

**7 The Land Transaction Tax (Modification of Special Tax Sites Relief)
(No. 2) (Wales) Regulations 2025**
(12.00–12.15) (Pages 149 – 151)

Supporting documents:

[The Land Transaction Tax \(Modification of Special Tax Sites Relief\) \(No. 2\) \(Wales\) Regulations 2025](#)

[The Land Transaction Tax \(Modification of Special Tax Sites Relief\) \(No. 2\) \(Wales\) Regulations 2025 – Explanatory Memorandum](#)

8 The Land Transaction Tax (Modification of Special Tax Sites Relief) (No. 3) (Wales) Regulations 2025

(12.15–12:30)

Supporting documents:

[The Land Transaction Tax \(Modification of Special Tax Sites Relief\) \(No. 3\) \(Wales\) Regulations 2025](#)

[The Land Transaction Tax \(Modification of Special Tax Sites Relief\) \(No. 3\) \(Wales\) Regulations 2025 – Explanatory Memorandum](#)

Break

(12.30–13.00)

9 Financial implications of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Evidence session

(13.00–14.00)

(Pages 152 – 172)

Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language

Helen John, Deputy Director, Licensing of Visitor Accommodation, Welsh Government

Rebecca Hawkins, Legislative Policy Adviser, Licensing of Visitor Accommodation, Welsh Government

Andrew Hobden, Economist, Welsh Government

Supporting documents:

[Development of Tourism and Regulation of Visitor Accommodation \(Wales\) Bill, as introduced](#)

[Explanatory Memorandum](#)

**10 Financial implications of the Development of Tourism and
Regulation of Visitor Accommodation (Wales) Bill: Consideration of
evidence**

(14.00–14.15)

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ref: PO/JB/539/2025

John Griffiths MS
Chair
Local Government and Housing Committee
Senedd Cymru
Cardiff
CF99 1SN

4 November 2025

Dear John,

Thank you for the Local Government and Housing Committee's report in relation to the Homelessness and Social Housing Allocation (Wales) Bill, published on 17 October 2025.

I welcome the Committee's support for the general principles of the Bill and extend my thanks to you and the membership for your diligent and comprehensive assessment of the Bill. I have set out the Government's response to the Committee's recommendations in the annex to this letter and am pleased to have accepted or accepted in principle all, bar one.

I hope the attached information helps inform further scrutiny of the Bill and I look forward to continuing to work with the Committee as we proceed through the Senedd process.

I am copying this letter to the Chair of the Finance Committee and Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

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

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

Homelessness and Social Housing Allocation (Wales) Bill

Government Response to the recommendations from the Local Government and Housing Committee Report

Recommendation	Government Response	Comments
Recommendation 1: We recommend that the Senedd agrees to the general principles of the Homelessness and Social Housing Allocation (Wales) Bill.	Noted	We are grateful to the Committee for their consideration of the Bill.
Recommendation 2: The Welsh Government should significantly increase the Social Housing Grant and Housing Support Grant for 2026-27 and, in addition find innovative ways of raising funds to deliver the supply of social housing needed to achieve the aims of the Bill.	Accept in Principle	<p>The Regulatory Impact Assessment sets out a detailed and comprehensive assessment of the costs of the Bill and the clear requirement for additional investment.</p> <p>As we have made clear in our Strategic Partnership Agreement with local government, where new responsibilities come with additional cost, it may not always be about seeking extra money but about identifying funding which could be redirected from elsewhere to have the maximum impact. Beyond that, any new responsibilities would be funded.</p> <p>Future budgets are a matter for the next Government, but I have laid strong foundations for the legislation and set the necessary practice change in motion. We have increased the Housing Support Grant by over 60% since 2019-20, now reaching £204 million this financial year. We have also transferred £21.32 million homelessness funding into the Revenue Support Grant to give local authorities more flexibility to meet their needs.</p> <p>With over £240 million provided to homelessness services and prevention work in 2025-26, we are providing a firm foundation for the Bill.</p>

Recommendation	Government Response	Comments
<p>Recommendation 3: The Welsh Government should ensure that delivering more social and affordable homes is a cross-government priority and is not undermined by other policies.</p>	<p>Accept in Principle</p>	<p>We recognise the importance of delivering more homes and addressing barriers to housing supply. We are committed to work across our departments to ensure housing delivery remains a strategic priority. While it is not possible to make commitments on behalf of future governments, creating more homes is one of the First Minister's top four cross-government priorities – not least because we know that social and affordable housing can reduce poverty, improve physical and mental health - and help drive economic growth.</p>
<p>Recommendation 4: We recommend the Bill is amended to place a duty on the Welsh Government to publish a specific timetable setting out the phased approach to implementing the legislation.</p>	<p>Reject</p>	<p>We have published an implementation timetable in the response to the Finance Committee.</p> <p>The Legislation, Justice and Constitution Committee (LJCC) made two recommendations which we have accepted in principle; to amend the Bill so that Welsh Ministers are required to provide progress reports to the Senedd towards full implementation of the Act and a requirement to evaluate the Act by the end of 2033. I believe acceptance in principle of these recommendations provides strong assurance that implementation of the Bill will be progressed efficiently and I am not of the view that an additional requirement to publish a timetable is necessary on the face of the Bill.</p>
<p>Recommendation 5: The Welsh Government should provide regular updates to the Senedd on progress in preparing for the implementation of this legislation, including an update no later than the end of 2029 on the steps it has taken towards full implementation.</p>	<p>Accept in Principle</p>	<p>I welcome this recommendation and note its alignment to recommendation 2 of the LJCC's report. I have instructed my officials to prepare an amendment in relation to the LJCC's recommendation to be tabled at stage 2.</p>
<p>Recommendation 6: The Welsh Government should undertake further work to gather evidence on whether additional groups should be granted exemption to the local connection test.</p>	<p>Accept</p>	<p>The Welsh Government will gather further evidence to inform its consideration of potential exemptions to the local connection requirement and, as the Committee notes, the Bill contains Regulation-making powers to provide for exemptions in the future.</p>

Recommendation	Government Response	Comments
<p>Recommendation 7: The Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness should be strengthened to signpost applicants to independent advice.</p>	<p>Accept</p>	<p>We will strengthen the new Code of Guidance to ensure all applicants are signposted to independent advice throughout their homelessness application.</p>
<p>Recommendation 8: The Welsh Government should ensure that the other provisions affecting care leavers are implemented early enough to mitigate any potential negative impact on care leavers from the abolition of the priority need test.</p>	<p>Accept</p>	<p>We will develop a detailed implementation timetable with delivery partners. I have previously outlined that the prevention and allocations provisions of the Bill will be scheduled for earlier implementation as they will reduce pressure in the overall system. As the policy intention of the provisions targeted towards care leavers focus on homelessness prevention and ending use of the homelessness system at the point of transition, I expect them to fall into this first phase of implementation.</p>
<p>Recommendation 9: The Welsh Government should identify good practice models of intensive support services for households with the highest level of complex need, and should provide the necessary resources and leadership to require these services to be delivered in every local authority where they are needed.</p>	<p>Accept</p>	<p>Work to develop practice guidance and identify good practice models of work is already underway, drawing on international best practice. Addressing homelessness requires a whole system public service response, especially in supporting those who face multiple disadvantage and have complex needs. The Bill will require local housing authorities to promote cooperation between themselves and other bodies, and these arrangements must include a protocol for handling cases involving persons who are or may become homeless and who may also be in need of other support or services.</p>
<p>Recommendation 10: The Welsh Government should provide clarity that the duty to help to retain suitable accommodation can be extended beyond twelve months, in line with the recommendations of the Expert Panel, and bring forward an amendment to specify this on the face of the Bill.</p>	<p>Accept in Principle</p>	<p>The stated timeframe within the Bill is simply a timeframe during which it is expected that any issue related to a suitable accommodation is most likely to arise. The Bill already allows for the duty to continue beyond twelve months if necessary. However, we agree with the principle of providing clarity concerning that flexibility and will consider if an amendment could provide further clarity, whilst ensuring the overall effect of the clause is not undermined.</p>

Recommendation	Government Response	Comments
<p>Recommendation 11: The Welsh Government should undertake further analysis of the potential need under the duty to provide help to retain suitable accommodation by using figures from a greater number of local authorities and provide a revised estimate of the expected costs ahead of implementing this provision.</p>	<p>Accept</p>	<p>The work undertaken to develop the Regulatory Impact Assessment was rigorous and detailed. Our previous experience suggests that local authorities are not always able to provide data around the proposed duty, hence the modelling work based on a smaller number. However, we will undertake further analysis and incorporate any additional evidence into a revised estimate, prior to implementation.</p>
<p>Recommendation 12: The Welsh Government should bring forward an amendment to provide for a formal review of the impact of the ‘ask and act’ duty introduced by section 21. A review should include how the duty is working for the public bodies listed in preventing homelessness and the position in relation to those not listed, monitoring of these sectors, and consideration of whether changes need to be made to the list.</p>	<p>Accept in principle</p>	<p>We recognise the importance of reviewing the operation and impact of the “ask and act” duty, including how it is working for the public bodies listed in the Bill and the position in relation to those not currently listed. We will incorporate evaluation of “ask and act” into the evaluation we have committed to deliver in response to recommendation 3 of the LJCC’s report.</p>
<p>Recommendation 13: The Welsh Government should set out how it expects good practice to be adopted consistently in how schools identify and notify local authorities of homelessness risk, including its own role in disseminating information.</p>	<p>Accept</p>	<p>There are already examples of best practice in several schools and we will use these to support this work. Officials are planning a number of workstreams which will support schools to identify and prevent homelessness, utilising existing legal powers, the “Keeping Learners Safe” guidance and aligning work around safeguarding. We will also work with Community Focussed School Managers and local authorities to support schools.</p>
<p>Recommendation 14: In light of the strong evidence in support of including schools and primary care on the list of public bodies subject to the ‘ask and act’ duty, the Welsh Government should monitor the effectiveness of its alternative approaches with a view to adding these sectors to the duty if</p>	<p>Accept</p>	<p>The Welsh Government will monitor the effectiveness of its alternative approaches with a view to adding these sectors to the duty, if necessary, using the power to amend the list through secondary legislation.</p>

Recommendation	Government Response	Comments
<p>necessary, using the power to amend the list through secondary legislation.</p>		
<p>Recommendation 15: We support the evidence from NYAS and recommend that the Welsh Government should assess the case for extending provisions aimed at care leavers in future, so that they apply to all up to the age of 25, not just those in education or training. This includes the duty to ensure that suitable accommodation is available for care leavers and the reasonable preference for social housing allocation, which we consider later in this report.</p>	<p>Accept in principle</p>	<p>The Bill mirrors the six categories of care leavers set out in the Social Services and Well-being (Wales) Act 2014. I do not believe this Bill is the right vehicle to re-define who care leavers are and for the purposes of this legislation we do not believe that would be helpful.</p> <p>In using the existing categories, we can create an enhanced system of support for care leavers in Wales – providing local authorities with clarity about who is owed duties.</p> <p>A review of the code of practice, alongside the wider needs of care leavers is due to take place in the next Senedd term and this recommendation will be considered as part of that work. If this should result in proposed changes to primary legislation, this is better done through an amendment to the Social Services and Well-being (Wales) Act 2014, which will require more extensive consideration with all stakeholders.</p>
<p>Recommendation 16: The Welsh Government should use existing regulation-making powers to amend the suitability requirements, and to prohibit the use of temporary accommodation which contains category 1 hazard and is unfit for human habitation.</p>	<p>Accept in principle</p>	<p>I remain committed to amending the Homelessness (Suitability of Accommodation) (Wales) Order 2015 so that accommodation where there is a presence of a category 1 hazard or which is unfit for human habitation cannot be considered suitable accommodation. My officials are in conversation with local authorities as part of the planning for this secondary legislation and a stakeholder working group is in the process of being established.</p>
<p>Recommendation 17: The Welsh Government should update us on the changes to be made to the Homelessness (Suitability of Accommodation) (Wales) Order 2015, including the timescale for such secondary legislation. Changes prohibiting accommodation</p>	<p>Accept</p>	<p>As set out under recommendation 16, the Welsh Government remains committed to introducing changes to the Homelessness (Suitability of Accommodation) (Wales) Order 2015 to raise the standards of accommodation across Wales. I will update the Committee on a timetable for these Regulations as soon as possible.</p>

Recommendation	Government Response	Comments
<p>which is unfit for human habitation should be made as soon as possible, regardless of any further changes made which we understand are planned based on the temporary accommodation reviews required by the Bill.</p>		
<p>Recommendation 18: We recommend that the Welsh Government publishes tightly defined referrals guidance that specifies the circumstances in which RSLs may refuse a referral, and also stipulates effective information-sharing about any support needs the applicant may have.</p>	<p>Accept</p>	<p>I confirm my commitment to issue a Code of Guidance that addresses every part of the Bill, including guidance related to section 33. My officials are preparing a Stage 2 amendment which will require this.</p>
<p>Recommendation 19: The Welsh Government should establish a national common standard for data on social housing waiting lists and allocations, publishing robust data at local and national level.</p>	<p>Accept in Principle</p>	<p>The Bill will allow Welsh Ministers to introduce regulations specifically related to technical aspects of Common Housing Registers, including specifying the information they must hold. Such regulations will be developed in close engagement with local authorities to determine the types of information required to ensure effective prioritisation of applicants and the allocation of accommodation. This will ensure minimum standardised information requirements are established across all local authorities within Wales.</p> <p>Once Common Housing Registers are established and embedded we will be able to consider how local and national datasets can be used.</p>
<p>Recommendation 20: The Welsh Government should make its case for including the provision to create qualifying persons criteria in the Bill, and unless it can do so, the provision should be removed.</p>	<p>Accept in Principle</p>	<p>Social housing waiting lists are registers of people who would like social housing. They are not registers of housing need and cannot be relied upon in assessing and understanding housing need at both a local and national level.</p> <p>Allowing local authorities to determine their own qualifying criteria (outside of reasonable preference groups) provides them with the best opportunity to understand local housing need and respond to specific</p>

Recommendation	Government Response	Comments
		<p>localised demographical requirements, whilst managing expectations of local communities.</p> <p>This provision includes safeguards, establishing regulation making powers which allow Welsh Ministers to prescribe what can and cannot be considered qualifying criteria by local housing authorities.</p>
<p>Recommendation 21: As the Code of Guidance will need to be updated to reflect the changes being made by this legislation, the Welsh Government should revise the Guidance to specify that a local authority may write to an applicant, noting that they are minded to find them to be deliberately manipulating the housing system, in the same way as the Code of Guidance provides such powers in the context of intentionality.</p>	<p>Accept in principle</p>	<p>We agree with the Committee that the implications of behaviour which may be classed as deliberate manipulation must be discussed with the applicant as early as possible, to ensure applicants understand the potential consequences of their actions.</p> <p>Guidance will be provided on how the test and outcome are be communicated to applicants. We will consider whether there could be a role for ‘minded to’ letters, considering the stage at which the test is to be applied and the role of such a letter, within the drafting of the provision.</p>
<p>Recommendation 22: The Welsh Government should address concerns about possible unintended consequences arising as a result of new section 167A(2)(b)(ii) of the Housing Act 1996. Evidence provided by legal professionals highlighted how the deliberate manipulation test could negatively impact people who may not intend to manipulate the housing system, but may be considered to have done so given the way the Bill is drafted.</p>	<p>Accept in Principle</p>	<p>The deliberate manipulation test has been carefully drafted to guard against unintended consequences and describes clearly the acts or omissions that amount to deliberate manipulation. The drafting is clear that, for the purposes of section 167A(2), an act or omission in good faith may not be treated as deliberate.</p> <p>We will ensure that supporting training and guidance enhances this message, supporting delivery partners to implement the provision within the spirit of this Bill.</p>

Conclusion	Government response
<p>Conclusion 1: In our legacy report at the end of this Senedd term, we will recommend to our successor committee that it seeks regular updates from the next government on the timing of implementing the provisions.</p>	<p>Thank you.</p>
<p>Conclusion 2: The Welsh Government should engage further with local authorities to understand their concerns on the level of resource needed to implement provisions relating to the prevention support and accommodation plans.</p>	<p>Local authorities are our key delivery partners and we have engaged closely with them throughout development of the Bill, along with other stakeholders. We will continue to work closely with them during implementation planning and as we revise the RIA.</p>
<p>Conclusion 3: We support the provision to abolish the intentionality test as we agree that it should not be part of a trauma-informed homelessness system. However, we acknowledge that local authorities have significant concerns about this, and believe that ahead of implementation the Welsh Government should work to support all local authorities to prepare by adopting existing good practice in avoiding the formal use of intentionality.</p>	<p>We are working with local authorities to support the transition away from intentionality, which will align with the phased commencement of the Bill. Advice to local authorities will promote trauma-informed approaches and be based on good practice.</p>
<p>Conclusion 4: While we support ending intentionality to move to a more trauma-informed service, we also understand the concerns of those who worry that deliberate manipulation could be used in similar ways, leading to vulnerable people being unable to access social housing. The Welsh Government should take steps via guidance and training to ensure that deliberate manipulation is implemented in a trauma-informed way.</p>	<p>The Welsh Government will ensure there is detailed, trauma-informed guidance and relevant training to support implementation by local authorities.</p> <p>The deliberate manipulation test has been carefully drafted to ensure that it relates only to deliberate and intentional actions or actions not taken, that results in the loss of accommodation.</p> <p>Where people are found to have deliberately manipulated the system, the guidance will support local authorities in ensuring the applicant continues to receive wider housing support, including assistance in exploring and</p>

Conclusion	Government response
	accessing other housing options. They will remain entitled to homelessness services.
<p>Conclusion 5: We support the longer period during which local connection referrals relating to prisoners can take place, however we remain concerned as to how effective this will be in reality, especially cross-border. This is an area of concern and we request further information as to how the Welsh Government will work with the UK Government to complement this. We would also welcome further information as to how this will apply to prisoners released 'at time served'.</p>	<p>Under the Bill, a local connection referral can take place six months prior to release where someone is deemed homeless. Where someone is at threat of homelessness, the referral can take place at any time in a sentence, including on the first day in custody, regardless of length of sentence.</p> <p>We note the Committee's concern in relation to an implementation gap between the policy intention of the Bill and practice between prisons and local authorities across the UK. The Post Custody Accommodation Working Group, which is co-chaired between senior officials within the Welsh Government and HMPPS is the vehicle for improving the outcomes for people leaving custody and returning to Wales. The group will manage a specific workstream focussed on cross border practice.</p> <p>Anyone on remand would be considered homeless if they have no accommodation available to them in the community. This will ensure that people in prison who are on remand and released shortly after or upon sentencing will be known to local authorities, who will be better able to prepare for release.</p>
<p>Conclusion 6: We believe that, in providing regular updates to the Senedd on preparations for implementation, the Welsh Government should include details of how the post-custody accommodation working group is progressing its arrangements to meet the need for earlier local connection referrals for prisoners.</p>	<p>Updates on the work of the Post Custody Accommodation Working Group will be included in the progress reports to be laid within the Senedd.</p>
<p>Conclusion 7: We are concerned that ending a duty to provide homelessness support is a drastic step and believe that options for providing further support should be put in place before such action is taken as a last</p>	<p>The focus of this Bill is how we help people, not whether we help people. However, there are a very narrow set of circumstances where it may be necessary to end duties.</p>

Conclusion	Government response
<p>resort. The Welsh Government should amend the Bill to clarify that duties can only be ended for unacceptable behaviour if the local authority is satisfied that there is no other way they can deliver homelessness functions to that applicant.</p>	<p>I am reticent to amend these duties as suggested by the Committee. During the drafting process we worked very carefully to ensure they include strong safeguards against unintended consequences. In the case of property which has been destroyed or seriously damaged, duties can only be ended where there is no reasonable excuse for the actions taken by the applicant or member of their household and there are no special circumstances that would make it appropriate for the duties to continue to apply.</p> <p>In the case of violent or threatening behaviour towards members of the workforce, the duties can only be ended if there are no special circumstances that would make it appropriate for the duties to continue to apply.</p> <p>I believe the very narrow set of circumstances set out in the Bill strike the right balance between an accessible homelessness service and the accountability of applicants. Violence towards people undertaking homelessness functions, and serious, deliberate and intentional damage or destruction of property is not acceptable.</p>
<p>Conclusion 8: The guidance on unacceptable behaviour that brings duties to an end must be strong and emphasise that survivors of abuse must not have their duties ended as a result of the unacceptable behaviour of an abusive person residing with them.</p>	<p>The Bill has been drafted to ensure that duties can only be brought to an end in response to unacceptable behaviour, where there are no ‘special circumstances’ that make it appropriate for the relevant duty to continue to apply. This is intended to capture cases where abusive partners etc. behave unacceptably and it would be unfair for entire households to lose their support.</p> <p>Clear and robust guidance will be developed to accompany the Bill, setting out examples of special circumstances, and other actions that may be appropriate to be taken by local authorities to support the other members of the household in such circumstances. We intend to develop this guidance with expert partners, including exploitation and domestic abuse specialists.</p>

Conclusion	Government response
<p>Conclusion 9: Training for professionals and training packages will be essential in terms of being able to identify the signs of homelessness and in how to respond. We note from the implementation timescale cited by the Cabinet Secretary that the duty is due to commence as part of the second phase in 2028-29, and while there is significant time to plan ahead, this time must be spent wisely.</p>	<p>Training is essential for the effective implementation of “ask and act” and this has been accounted for in the RIA. Pre-implementation planning is already underway including learning from pilot work, the rollout of similar provisions in the Violence Against Women, Domestic Abuse and Sexual Violence Act and identifying appropriate learning platforms.</p>
<p>Conclusion 10: Effective implementation will be key to the success of the ‘ask and act’ provisions and stakeholders must be involved in designing a system that works for everyone. The CAVHIS experience and the input of other bodies must be at the forefront of planning for implementation.</p>	<p>Engagement and working co-productively has been central to the development of this Bill and will continue to be so. We are already working closely with partners to plan for how “ask and act” could be effectively rolled out and how training needs will be met.</p>
<p>Conclusion 11: Strong guidance on the use of the power to refer will be needed and developed by the Welsh Government in partnership with local authorities and RSLs.</p>	<p>The Welsh Government recognises that the new provisions of the Bill regarding co-operation between local housing authorities and social landlords must be supported by technical practice guidance. As set out in our response to recommendation 18, we are committed to developing such guidance and plan to introduce a stage 2 amendment to require this.</p> <p>This guidance will cover the reasonable timeframe for a social landlord to make an offer of accommodation following a request by a local housing authority; good reasons for not making an offer of accommodation; and reasonable requests for information about a social landlord’s accommodation. Guidance will also be provided about the process should a local authority refer a case to the Welsh Ministers for consideration. This guidance will be developed in partnership with both local authorities and RSLs and will be consulted on, as required by the Bill.</p>

Conclusion	Government response
<p>Conclusion 12: The Welsh Government should consider how it intends to monitor the impact of the provisions in terms of allocations acceptances and refusals.</p>	<p>The Welsh Government acknowledges there is a paucity of data surrounding social housing allocation data in Wales.</p> <p>We accept the importance of monitoring the impact of the provisions relating to allocations, particularly in terms of compliance with requests made from local housing authorities for RSLs to make offers of accommodation. We are committed to transparency and accountability in the implementation of the Bill and will consider how best to monitor this, doing so with local authorities and Registered Social Landlords, with a view to obtaining a consistent and meaningful picture of the effectiveness of the provisions over time.</p>
<p>Conclusion 13: We believe that, once implemented, the provisions relating to co-operation between local authorities and RSLs will need to be carefully monitored to assess how they work in practice.</p>	<p>The duty to co-operate between local housing authorities and Registered Social Landlords should be based on improved partnership working between housing provider partners generally. We will work closely with both partners throughout implementation and explore opportunities for understanding and assessing work in practice.</p>
<p>Conclusion 14: Clear guidance will be needed on the implementation of the power in section 35 to determine categories of people eligible for social housing. While local authorities will need flexibility to use the power to meet their local needs, significant divergence across Wales should be avoided to prevent a postcode lottery. Guidance should also be clear that equality legislation should be adhered to when deciding on qualifying criteria. RSLs should be involved in discussions and decisions on what should constitute 'qualifying criteria'.</p>	<p>When making changes to their social housing allocation schemes, section 167(7) of the Housing Act 1996 requires that local housing authorities must share their proposals with every social landlord partner and afford them time to respond. As public authorities, local authorities are subject to human rights and equality legislation.</p> <p>The Bill provides flexibility for local authorities to respond most effectively to local housing need. Where local authorities choose to make use of this power, they will have to ensure that all persons who belong to a reasonable preference group qualify (unless they are ineligible on the grounds of unacceptable behaviour).</p> <p>Robust guidance will be developed to support its implementation and ensure it meets the policy intention to assist in waiting list management and the potential resource savings made as a result.</p>

Conclusion	Government response
<p>Conclusion 15: The Welsh Government should keep the qualifying persons provision under review and remove it in future if it is no longer needed or causing significant unintended consequences.</p>	<p>We will review use of this provision where local authorities choose to use it. The Bill ensures Welsh Ministers are able to respond effectively through regulation making powers where this power is not being used as intended.</p>
<p>Conclusion 16: Disqualification from social housing allocation does not provide a sustainable solution to tackling unacceptable behaviour and further support should be provided prior to such action being taken. The Welsh Government should provide strong trauma-informed guidance to ensure that exclusion from social housing is only used in extreme cases.</p>	<p>Local authorities have a discretion to disqualify a person from allocation if they, or a member of their household, has been guilty of unacceptable behaviour serious enough to make them unsuitable to be a tenant, and at the time the application is considered, that person is still considered to be unsuitable as a tenant by reason of that behaviour. The Bill places emphasis on current risk, rather than historic risk and requires the local authority to take into account, in particular, the likelihood of that behaviour reoccurring. The meaning of unacceptable behaviour was narrowed under the Renting Homes (Wales) Act 2016 and, as such, there should be only a small number of cases that reach this high threshold and result in ineligibility for social housing.</p> <p>As with all other elements of the Bill, robust guidance will be developed to support the implementation of this and promote a trauma-informed approach.</p>
<p>Conclusion 17: We welcome the Cabinet Secretary's commitment to consider amending the Bill to allow for specified types of social housing allocation to take place outside the common housing register and request an update as part of the debate on the general principles of the Bill.</p>	<p>We recognise the initial drafting of the Bill may be too restrictive and we are considering an amendment to be tabled at stage 2 to address this.</p>

Agenda Item 2.2

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref JB-PO-558-25

John Griffiths MS, Chair, Local Government and Housing Committee

5 November 2025

Dear John,

Thank you for providing the Committee's questions on the Building Safety (Wales) Bill. My responses are attached at Annex 1.

I also agreed to write to you on various matters including: the delivery model for Building Safety Authorities, workforce planning and apprenticeships for environmental health officers.

I share the desire to see local authorities working together to deliver their functions under the new regime.

Support from Local Partnerships was commissioned to advise, and work with, local authorities and other stakeholders on developing a delivery model to ensure successful implementation of the Bill. The remit of the Local Partnerships work was confined to the delivery models possible under the Bill, with the functions of Building Safety Authorities being placed on local authorities. Therefore, the Joint Inspection Team was not considered as a potential delivery model. This work involved strategic engagement with local authorities and fire and rescue authorities with the high-level objective of local authorities agreeing an operating model for Building Safety Authorities across Wales.

I have recently received Local Partnerships' report and have agreed with the recommendation for local authorities to work together, mirroring the footprint of each of the three fire and rescue authorities, with a single authority taking the lead in each area.

There was a clear preference for joint working across multiple authorities and a broad consensus that the new Building Safety Authorities should operate in close proximity to fire and rescue authorities. Local Partnerships will now proceed in supporting local authorities in the development of a "critical path" setting out the necessary steps towards working together in this way.

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

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

To further support local authorities in preparing for the new regime, I have also asked my officials to explore the development of a centralised national IT platform. This will be undertaken in partnership with local authorities and fire and rescue authorities to ensure it meets their needs. It will also be undertaken on a cross-Welsh Government basis to ensure join up where appropriate and that we adopt experiences and learn lessons from elsewhere across Government.

As I mentioned to the Committee, to support implementation of the Bill my officials are leading a workstream with a specific focus on local authority workforce. The core objective of the workstream is the development of a strategic workforce plan, which is co-designed with local authorities and the WLGA.

The workforce plan will focus on issues around recruitment, retention and skills development. The plan will feed into investment in skills and apprenticeship training under the new regime, so that we have a cohesive approach to workforce planning. I am happy to share the plan with the Committee once it has been finalised.

I was happy to tell the Committee, we have developed higher apprenticeships for environmental health officers, which went live earlier this year. This programme is already supporting apprentices in environmental health across Wales. My officials continue to engage with the sector and Medr (the Commission for Tertiary Education and Research) in relation to the development of a degree apprenticeship for environmental health practitioners.

I would also like to follow up on the discussion in Committee about additional costs to registered social landlords. Firstly, the transcript of your oral evidence session on 9 October shows that Trivallis did not claim that the costs to them were around £100,000. Community Housing Cymru (CHC) attributed that to another, unnamed, housing association, seemingly reflecting the costs of conducting fire risk assessments in all category 3 buildings. However, fire risk assessments are already required now under the Fire Safety Order for such premises, so these are not additional costs arising from the Bill.

Secondly, we have since had further engagement with CHC, from which it appears they and their members had misinterpreted some elements of the Bill. In particular, they believed that the Bill requires annual fire risk assessments for all buildings in scope. This may well underlie some of the cost estimates that were presented to the Committee. Section 30(5) of the Bill requires the principal accountable person to ensure that the current fire risk assessment is *reviewed* at least once in every 12 months after the assessment was made. A *new* assessment is only required in the circumstances specified in section 30(2) or when directed to do so by the fire safety authority (section 30(4)).

My officials have had extensive engagement with registered social landlords and CHC, including presenting at CHC's Safety Member Community event earlier in the year, to support their understanding of how the Bill will impact the sector. Officials recently responded on 27 points of clarification requested by CHC and a further session with CHC and their members has been arranged. I acknowledge the new

regime is complex and we will continue to work with stakeholders throughout implementation to ensure that everyone understands what is required of them.

I can also confirm that representatives of the telecommunications sector were reassured to learn that, unlike the Building Safety Act 2022, the Bill does not deal with building regulations or construction. Further, the gateway 2 process in Wales will not rely on a single regulator, as it does in England. The telecommunications sector is anxious to avoid the practical difficulties it has experienced with the gateway 2 process in England. To that end, officials are making arrangements for representatives of the sector to work through the detail with Welsh local authorities ahead of implementation of the gateway 2 process in Wales. However, that work is separate from, and has no implications for, the Bill and its implementation in due course.

I hope this information helps with the Committee's ongoing considerations and I look forward to receiving its report in due course.

I am copying this to the Chairs of the Legislation, Justice and Constitution Committee and the Finance Committee.

Yours sincerely,

A handwritten signature in cursive script that reads "Jayne Bryant".

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai

Cabinet Secretary for Housing and Local Government

Annex 1: Responses to Questions from the Local Government and Housing Committee

- 1. Do you recognise that there could be unintended consequences associated with section 65, given the risks to tenants' security of tenure that could arise from withholding rent, and if so do the benefits of the right to withhold rent outweigh the risks?**

Section 65 of the Bill seeks to ensure that certain written demands given to a tenant must contain the relevant building safety information, such as the name and contact details of the principal accountable person. We would encourage residents that consider rent is not due as a result of this provision to seek their own advice. We also intend to issue guidance on this.

Resident empowerment is at the heart of the regime. Ensuring residents have this vital information to allow them to raise concerns and have discussions with the principal accountable person and building safety authority for their building is paramount. I am confident that the amendments made to the Landlord and Tenant Act 1987 are reasonable to ensure that residents are empowered with the vital information they need in order to raise any concerns about the safety of their building.

- 2. We've heard strong representations that providing lots of information to tenants is expensive for landlords and not necessarily more transparent if tenants are unable to understand the information they've been given. Would you consider amending the duty in Section 65 from the provision of information to 'making information available', to address concerns on costs?**

I heard the representations to Committee that providing lots of information to tenants could be expensive, but I don't agree that we need to amend the duty in section 65 nor the duty in section 46. The information that would be required to be provided, on the face of new sections 47B and 49B of the Landlord and Tenant Act 1987 (inserted by section 65), is primarily contact information. We think these duties are proportionate. We have no current plans to prescribe further information under section 49B(5)(e). Section 46 provides a power for the Welsh Ministers to make regulations requiring an accountable person for a regulated building to give information or copies of particular documents to other persons, including, residents. We intend to use regulations to set out what information must be given to residents routinely, and what information must be given to a resident if they have requested it (section 46(4)). What information, how the information or copies of documents must be given, and the format in which they must be given, will be set out in regulations and will of course be subject to public consultation. Regulations could, for example, prescribe that certain information could be provided electronically if this is a resident's preferred method of communication. But in broad terms, we expect the information that would be given routinely to residents would be standard information such as, for example, information about what residents should do in the event of a fire, how residents can raise building safety complaints, the contact details for the principal and

accountable persons and information about residents' duties. An important part of the consultation will focus on the format of information to be provided, ensuring it is clear, proportionate, and accessible and we will of course work closely with stakeholders to shape the content and format of information provided to residents.

The regime is designed to redress the balance between residents and those responsible for their buildings. In the interest of transparency and resident safety, duties placed on accountable persons to provide information to residents are considered reasonable and fair. The critical importance of providing building safety information to residents was a key finding of the Hackitt Report, which noted many residents were frustrated by the intermittent and partial nature of building safety information. It recommended residents should be proactively provided with a set of information that supports them to understand the safety systems in place for their building. In our own research and engagement with residents, they have consistently told us of the importance of receiving building safety information in order to feel safe in their homes and to understand their own role in keeping their building safe.

3. We've heard a call for the Bill to be amended so that accountable persons in Category 1 buildings must involve residents in the development of the engagement strategy required by the Bill, and also specifically in respect of evacuation processes especially for disabled people. What is your view on these representations and would you consider making amendments in respect of these matters at stage two?

We absolutely recognise the importance of meaningful resident engagement and the value of co-producing strategies with residents. I saw firsthand when I visited St Tydfil's Court in Merthyr Tydfil in the summer how empowered residents feel by the processes Merthyr Valley Homes have in place to engage residents and what a difference that is making to how they feel about the building they live in.

That's why we've included regulation-making powers under section 39(7)(a), which will allow the Welsh Ministers to specify circumstances in which consultation with residents about the residential engagement strategy must take place. These regulations will specify the circumstances in which residents will be consulted, which could for example, include when the strategy is prepared or when any revisions to the strategy are made, or when significant material alterations are being made to the building which requires the strategy to be updated. The development of these regulations will be subject to public consultation. I would encourage stakeholders to engage with that process so we can shape the regulations in a way that reflects the lived experience of residents and the operational realities for accountable persons.

In respect of evacuation processes for disabled people, we set out in our response to the Grenfell Tower Inquiry report that we are committed to working with stakeholders to identify the most appropriate means of ensuring provisions are in place to plan for the evacuation of residents whose ability to self-evacuate is compromised. The Bill already requires accountable persons to take all

reasonable steps to ensure residents can escape from the premises quickly and safely. That includes disabled residents. If necessary, the Welsh Ministers can make further provision about this matter in regulations and guidance. Ensuring this work is done in partnership with all those with an interest in this area is of the utmost importance. My officials have had discussions with disabled people, including Disability Wales, about the challenges they face in evacuating buildings and the solutions they would like to see. There is not a one size fits all solution, but evacuation plans formed part of those discussions.

We are also exploring the possibility of using data about vulnerable people, which is already securely held, to inform the response to an emergency and, where necessary, the rescue of such people.

Agenda Item 2.3

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/MDFWL/2671/25

Peredur Owen Griffiths MS
Chair, Finance Committee
The Senedd
Cardiff Bay
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6 November 2025

Dear Peredur,

In line with established practice, I intend to publish a Second Supplementary Budget for 2025-26. This letter is advanced notice of my intention which will allow you to plan for the appropriate scrutiny.

The main purpose of the Second Supplementary Budget will be to formally reflect budgetary changes since the First Supplementary Budget 2025-26, which was published by the Welsh Government in June. It will set out agreed allocations from our reserves, transfers between Welsh Government portfolios, transfers with UK Government Departments and will include revised Annually Managed Expenditure forecasts. It will also include revisions to forecasts of devolved taxes, the Block Grant Adjustment, funds drawn from the Wales Reserve, and proposed borrowing from the National Loan Fund.

I intend to table the Second Supplementary Budget for 2025-26 on 24 February to allow for a debate on 17 March, following a period of three sitting weeks for scrutiny under Standing Orders.

A copy of this letter will be sent to the Business Committee, the Senedd Commission, Audit Wales, and Public Services Ombudsman for Wales for information.

I hope you find this update helpful.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

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

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

FIN (6)-25-25-PTN3

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



Written evidence from the Chartered Institute of Public Finance and Accountancy (CIPFA) Draft Budget 2026-27: Prevention

A submission by:
The Chartered Institute of Public Finance and Accountancy

6 November 2025

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

This written evidence is submitted in response to the Welsh Parliament Finance Committee's (herein referred to as 'the Committee') request for information relating to the [Draft Budget 2026 to 2027](#). It draws on findings from CIPFA's recent report, [Understanding preventative investment: a practical approach to map and measure spend](#) (PDF, 2025), developed with support from The Health Foundation. The report presents a practical approach to define, map and measure preventative investment and includes case studies from England and Wales.

The evidence that follows addresses the Committee's questions in turn. It reflects CIPFA's ongoing collaboration with public bodies across the UK to improve understanding of preventative investment and its importance for the long-term sustainability of public services.

Further information about CIPFA can be obtained at www.cipfa.org

Any questions arising from this submission should be directed to:

Zachary Scott
Policy Manager, Prevention
CIPFA
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1. Defining ‘prevention’

Question 1. While noting your observation that “[d]efining prevention is important, but definitional ambiguity shouldn’t stand in the way of progress”, what changes are needed to the Welsh Government’s definition of prevention and what difference would these suggested revisions have?

- 1.1 CIPFA does not consider that the Welsh Government’s definitions of prevention require substantive amendment. Although the wording differs from CIPFA’s approach in [Understanding preventative investment: a practical approach to map and measure spend](#) (2025), the underlying intent and principles are consistent.
- 1.2 Both frameworks seek to increase resilience and reduce reliance on reactive services. Each describes stages of prevention by reference to the target population and the primary purpose of the activity. These shared features provide a sound basis for alignment.
- 1.3 CIPFA has adopted the term ‘non-preventative activity’, which includes ‘reactive activity’, in place of ‘acute spending’ to ensure applicability across the full range of public services. While ‘acute’ is well-established in a healthcare context, it can imply a clinical focus that does not reflect the wider system of public service delivery. For the purposes of our project, we found that ‘non-preventative activity’ retains similar conceptual positioning while being more relevant to users of the framework.
- 1.4 On this basis, CIPFA sees strong alignment between the two approaches and will continue to work with partners across the UK, including the Office of the Future Generations Commissioner for Wales, to promote consistency and complementarity in prevention terminology and application.

Question 2. Are you able to assess, from your work to date, whether local authorities in Wales adopt a common definition of prevention and the extent to which their definitions reflect that developed by Welsh Government?

- 1.5 CIPFA’s project involved a limited number of participating authorities, including one in Wales, and therefore does not provide a sufficient evidence base to make a definitive assessment of common adoption.
- 1.6 However, more broadly, our experience suggests that local interpretation varies according to organisational purpose, function and context. Differences tend to reflect local strategic, operational or cultural priorities rather than conceptual disagreement.
- 1.7 CIPFA remains committed to working with wider partners to support and promote consistent adoption of prevention definitions across Welsh and UK public bodies.

2. Applying the definition of prevention to the Welsh Government’s budget allocations

Question 3. Do you share the Cabinet Secretary’s views about the definition of preventative spend and applying it in practice? If so, why?

- 2.1 CIPFA neither agrees nor disagrees with the Cabinet Secretary’s interpretation of prevention or its practical application. How prevention is understood and operationalised often depends on organisational context and function.

- 2.2 Prevention takes different forms across sectors. For example, a programme that is preventative for a local authority by reducing demand for housing or social care may be categorised differently by a health board or national government department. Such variation reflects differences in role and accountability rather than definitional inconsistency.
- 2.3 As set out in [Understanding preventative investment: a practical approach to map and measure spend](#) (2025), we note that definitional ambiguity and the potential for subjectivity should not inhibit progress. What matters is the consistent application of working definitions. A shared framework allows organisations to classify activity transparently while recognising that professional judgement is unavoidable in practice.
- 2.4 In addition to its own work on preventative investment, CIPFA actively supports initiatives that aim to build a common understanding of prevention and levels of preventative investment across the public sector, including pilots on preventative spend led by the Deputy Future Generations Commissioner for Wales. As highlighted in the [Cymru Can Newsletter: Health and Well-being](#) (2025), these pilots are helping public bodies understand and evidence their investment in prevention and their role in shifting the focus of spend and activity upstream.

3. Is there a need to ringfence allocations for prevention?

Question 4. Does this accord with your knowledge and experience of working with local government, and specifically your work on prevention?

- 3.1 CIPFA recognises the rationale behind proposals to ringfence prevention funding. They reflect a legitimate concern that preventative activity is vulnerable to short-term fiscal pressures. In such circumstances, ringfencing can appear to offer a safeguard by protecting resources for longer-term investment or as an initial incentive to support or encourage shifting resources toward prevention.
- 3.2 However, broader evidence from local government suggests that ringfencing is rarely an ideal or sustainable solution. It can reduce local autonomy and flexibility in how resources are used and create additional administrative complexity.
- 3.3 While ringfencing may act as an incentive to shift resources towards prevention, an alternative, longer-term approach may be to embed prevention within service and financial planning, so that it becomes part of routine decision-making rather than a separate funding stream. This approach aligns with the principle of subsidiarity, ensuring that decisions about how best to achieve a preventative approach are taken as close as possible to the communities they affect. Improving the availability and consistency of information on current levels of preventative investment, as highlighted in [Understanding preventative investment: a practical approach to map and measure spend](#) (2025), would support this direction of travel and help public bodies make more informed choices about the balance between preventative and non-preventative activity appropriate to their unique local circumstances.

Question 5. Would you recommend the ringfencing of funding for prevention and if so, why?

- 3.4 As outlined above, while CIPFA can see the rationale for ringfencing to incentivise or safeguard the shift towards prevention, embedding a prevention-first approach into local planning and decision making would encourage more robust and sustainable

public financial management, while enabling local autonomy. In certain contexts, temporary protections can raise visibility and focus, but they do not replace the need for better information on and understanding of prevention.

- 3.5 Regardless of the mechanism adopted, a credible shift of resources towards prevention depends on a shared understanding of how much is currently invested and what activities that investment supports. Without this, it is difficult to know the extent of the shift required or whether funding levels are proportionate to need. The immediate priority should be to improve the consistency and transparency of financial information on preventative investment across the public sector as recommended by the [Future Generations Commissioner for Wales](#) and [Audit Wales](#).

4. Budget process

Question 6. Is the Welsh Government's investment in prevention clear from its budget documentation and if not, how could it be improved?

- 4.1 CIPFA's current work on preventative investment focuses on actual levels of spend rather than national-level financial plans. As stated above, while Welsh Government allocations can encourage public sector bodies to invest in prevention, building a clearer understanding how resources are used for preventative activities or services, and therefore the nature and extent of the shift required, would involve quantifying expenditure by those organisations.

Question 7. How could the Welsh Government better encourage investment in prevention and its impact through its Draft Budget 2026-27?

- 4.2 The Draft Budget can influence how prevention is prioritised by the way it frames information and signals expectations. At present, references to prevention are limited to specific programmes rather than being presented as a theme that cuts across portfolios or explicitly supports prevention as one of the five ways of working.
- 4.3 Using consistent terminology and definitions when describing how allocations relate to preventative activity would support a clearer narrative about how spending contributes to longer-term outcomes.
- 4.4 Over time, greater visibility of prevention will depend on a shared understanding of what constitutes preventative investment and consistent classification of expenditure across public bodies. This information could then inform future budget statements and provide a firmer basis for discussing the shift toward prevention.

5. A strategic case for prevention

Question 8. Can you provide examples to illustrate these points and the related benefits?

- 5.1 The references to framing, tools and leadership were drawn from CIPFA's previous work on preventative investment, including our report on [Evaluating preventative investments in public health in England](#) (2019) and [Understanding preventative investment: a practical approach to map and measure spend](#) (2025). These points illustrate broad principles for building a strategic case for prevention rather than specific examples of implementation, as the most appropriate and effective preventative interventions will depend on local context and circumstances.

Question 9. How effectively has the Welsh Government made a strategic case for prevention and does it have the right framing, tools and leadership?

5.2 It is not possible for CIPFA to determine how effectively the Welsh Government has made a strategic case for prevention based on information in the draft budget documentation.

Question 10. How well has the Welsh Government used the tools you identify, particularly cost-benefit analysis to support its funding allocations for prevention?

5.3 CIPFA cannot assess how the Welsh Government has used cost-benefit analysis or similar tools to inform funding decisions. This information is not available in the draft budget documentation, and our work has not examined internal processes.

6. Mapping and measuring an investment in prevention

Question 11. Can you provide examples of how they are achieving this?

6.1 Rhondda Cynon Taf County Borough Council used CIPFA's four-step approach from [Understanding preventative investment: a practical approach to map and measure spend](#) (2025) to map and measure preventative investment as part of its wider work with the Health Determinants Research Collaboration (HDRC).

Question 12. Are there any lessons for the Welsh Government and its budget?

6.2 In [Understanding preventative investment: a practical approach to map and measure spend](#) (2025), we make several recommendations that are relevant to the Welsh Government and its budget:

- i. Make prevention a whole-of-government priority, embedding a 'health in all policies' approach.
- ii. Identify and track preventative investment systematically across departments and portfolios.
- iii. Align budgets, funding and accountability frameworks with long-term, cross-sector outcomes.

7. Results of your work to date

Question 13. What local authorities in Wales, other than Rhondda Cynon Taf County Borough Council, are participating in, or contributing to, your project?

7.1 There are no other local authorities in Wales currently participating in CIPFA's project.

7.2 However, CIPFA is committed to continue working with public sector organisations across the UK as reflected in the call to action in [Understanding preventative investment: a practical approach to map and measure spend](#) (2025).

Question 14. What if any barriers did you encounter when collaborating with local authorities during your project?

7.3 The case studies and lessons learned in [Understanding preventative investment: a practical approach to map and measure spend](#) (2025) set out the main barriers encountered by councils and how they were addressed. These include, but are not

limited to, challenges relating to the definition of prevention, the concentration and dispersion of organisational knowledge and the treatment of revenue and capital expenditure.

Question 15. Can you share the results of your work to date?

- 7.4 The findings from CIPFA's research are presented in our recent report, [Understanding preventative investment: a practical approach to map and measure spend \(2025\)](#).

Agenda Item 2.5



Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

15 October 2025

IoD Autumn Budget Submission 2025

About the IoD

The IoD is an independent, non-party political organisation representing 20,000 company directors, senior business leaders, and entrepreneurs. It is the UK's longest-running organisation for professional leaders, having been founded in 1903 and incorporated by Royal Charter in 1906. Its aim is to promote good governance and ensure high levels of skills and integrity among directors of organisations. It campaigns on issues of importance to its members and to the wider business community with the aim of fostering a climate favourable to entrepreneurial activity in the UK.

The economic context

Since last year's Budget, the UK's economic performance has been mixed. The UK once again had the strongest growth in the G7 in the first half of 2025 – as it did in 2024. Despite a significant rise in the tax burden on business, growth in 2024 came in as expected in July 2024, and 2025 growth is set to exceed forecasts made at the same timeⁱ, despite the crystallisation of global risks from tariffs. And yet, despite this resilience, business confidence hit a new record low in September, according to the IoD's decision-maker confidence index.ⁱⁱ

The 2024 Budget brought welcome certainty to the public sector, confirming departmental current and capital budgets. Over the year, this has been supplemented by the Infrastructure Strategy in particular, which has added further welcome clarity to the government's plans for enhancing the UK's infrastructure. Particularly welcome has been the priority placed on regional projects outside London and the South East. These are fundamental to driving stronger growth in activity in other parts of the UK, helping to address the UK's significant regional disparities in standards of living. And greater stability in departmental current budgets – particularly for the NHS – along with commitments to efficiency enhancements, should help support the provision of vital public services.

We are grateful to the government for listening to our requests to deliver a more-growth focussed narrative on the economy. Along with other strategic wins for business, such as the three trade deals and the Industrial Strategy, this has been met favourably by business leaders. The refreshment of growth teams at both the Treasury and No10, brought together by a jointly-chaired "Budget Board", is an important signal of the seriousness with which the growth mission is being taken.

However, growth signals are only part of what is needed to deliver a credible growth strategy for the UK. They can support confidence, but only where they are credible. The reality is that in prioritising public sector budgets at the expense of businesses, sticking with manifesto commitments to not touch personal taxation and VAT, maintaining too slim a margin against the fiscal rules, and difficulties addressing the unsustainable trajectory for benefit spending, all the public finance risk has been left sitting on the business and investment sectors of the economy. It is arguably also contributing to the rise in longer term gilt yields in the UK, which has been greater than our G7 counterparts.

The manifesto commitments are proving increasingly in conflict with the government's growth agenda, as they push policy towards other tax measures which

are more damaging for growth, and therefore for living standards. Speculation over the future direction of taxation in areas such as housing and pensions, including potential wealth taxes, risks capital flight from the UK and is highly damaging to the very environment for investment that we are seeking to improve in the UK. The government is right to prioritise the living standards of working people. But this is best served through going for growth, rather than preserving today at the expense of tomorrow.

Our recommendations for a growth-focussed Budget cover the following themes:

- **A strategic Budget for growth**
- **Addressing a new fiscal rules miss**
- **Public spending management**
- **Tax strategy**
- **Removing regulatory blockers to growth**
- **Skills**
- **Employment**
- **Energy and net zero**
- **Trade**
- **Devolved nations**
- **Innovation and technology**

A strategic Budget for growth

UK business confidence reached a new record low in September, cost pressures rose to a new high, driven by employment costs (both wages and taxes) and investment intentions remained subdued. Particular issues that members cite include tax and regulatory burdens, policy volatility and depressed demand. Concerns are particularly high that this Budget will heap further pressures on business, with members talking of being in survival mode with planning paralysis. It is clear that many businesses feel on the edge.

In September, we asked IoD members what their priorities were for this Budget. This is how they answered:

Table 1:
Which of the following, if any, would you most want to see government do to address business challenges?

Set out a coherent and credible growth strategy	79%
Publish a roadmap to reducing the tax burden on business	63%
Reduce the burden of employment regulation	59%
Simplify the business tax system	49%
Reduce the administrative burden of regulation	41%
Commit to a plan for lowering business energy costs	34%
Improve UK road infrastructure	25%
Improve the availability of finance for SMEs	22%
Improve UK rail infrastructure	19%
Improve support for digital adoption for SMEs	12%
Improve the availability and cost of childcare	10%
Reform the apprenticeship levy	10%
Digitalise customs and trade processes	9%
Expand the UK's aviation capacity	7%
Provide better financial support for exporters	6%
Other	21%

Source: IoD Policy Voice September 2025

Amongst those who provided alternative options, a wide range of ideas were proposed, including a more coherent strategy for the net zero transition, closer trade ties with the EU and innovation and digital priorities – we will delve into these areas in more detail later in our submission. But it is very clear what business leaders are looking for from this Budget.

Addressing a new fiscal rules miss

The UK's public finances are precarious and to a greater degree than many of our competitors. The IMF's April 2025 Fiscal Monitor show that the UK's borrowing is the fifth highest among 36 advanced economics and net debt is the sixth highest.ⁱⁱⁱ And as of the 3rd October, UK gilt yields (both 10 and 30 year) were the highest in the G7.^{iv} Although the UK's debt is not as high as France, and UK borrowing is lower than in the States, France benefits from the EU backstop, while the US remains a global reserve currency. The UK benefits from neither support. Meanwhile, the OBR is expected to report a fiscal rules miss in the tens of billions as it updates its growth forecasts and productivity assessments.

In addition to the above, other factors have contributed to a renewed deterioration in the UK's public finance outlook. Past data revisions have created a less favourable starting point, sticky inflation in the UK is leading to higher expectations for interest rates and global factors have driven up government borrowing costs. But a further driver of UK government borrowing costs is likely to be the overall coherence and credibility of the UK's fiscal strategy. Manifesto commitments to working people today that, as well as posing risks to their living standards in the longer term, concentrate fiscal risk in growth-generating sections of the economy (namely businesses and investors), are driving down broader risk appetite in those sectors, and risking future growth. The cancellation of benefit reform exacerbates fiscal risk concentration on business and investment sectors. And the historically slim margin by which the fiscal rules are being met amplifies risk still further.

There are a number of options for plugging the fiscal gap in the short-term across spending, taxation and borrowing. But the harder question is what combination of policies will best deliver fiscal credibility and stability over the longer term. There are areas of the fiscal framework that can be improved, areas of unsustainable public spending that can and should be addressed, and areas of the tax system to lean on that are the least detrimental to growth. Our recommendations centre on the strategic policy choices that are best suited to maximise the UK's growth to the benefit of all.

The fundamentals needed for fiscal stability

Given where UK borrowing costs are now, particularly by international comparison, additional borrowing would be high risk. With trend growth weak, the UK will already head towards unfavourable debt dynamics as inflation returns to target, raising the risk that we will need to run primary surpluses just to stabilise debt.^v

The IMF in 2021 stated that credible rules and institutions are the fundamental underpins to sound public finance management. They have largely welcomed the reforms to the UK's **fiscal framework** over the past year: in particular they note that aligning the fiscal rules with the budget horizons for departments should support credibility, while enabling borrowing to support investment recognises the payoff horizons for that investment.

However, the UK's fiscal rules have been changed more frequently than any other country over the last 15 years. The current **fiscal rules** are the loosest since 1997, and set to loosen a little further in 2026. But they still remain a vital component of well-designed strategies for fiscal stability. They are intended to indicate a recognition by government that decisions are subject to constraints. But their formation and application is the choice of the government, not of the OBR, and suggestions that the OBR is running UK fiscal policy are false.

Also crucial for fiscal credibility is that the **forecasts** underpinning the fiscal outlook should sit outside the Treasury. This reduces the risk that the Treasury will “game” both the forecasts and the rules. However, it has been surprising that the OBR's forecasts for growth have been so far away from the average independent forecast for such a prolonged period. The OBR's own analysis of its forecast performance finds that since 2010, it has tended to be optimistic in the medium-term, although not significantly more so than other UK forecasters.^{vi}

There has been significant debate over how best to enact the government's commitment to **one fiscal event a year**, so it achieves the best balance between transparency and stability. The IMF's Article IV consultation on the UK^{vii} provided a number of options for consideration. Their first one is that higher fiscal buffers should be maintained against the rules, to ensure small changes in the outlook do not necessitate a policy response. This continues to be our recommendation. We note that the fiscal rules are due to shift in 2026, as follows:

- The “current budget” rule becomes “the current budget must [then] remain in balance or in surplus from the third year of the rolling forecast period, where

balance is defined as a range: in surplus, or in deficit of no more than 0.5% of GDP. [...] If the range is used between fiscal events, the current budget must return to surplus from the third year at the following fiscal event.”^{viii}

- Instead of targeting a fixed year – currently 2029-30 – the target will be measured at a rolling three-year horizon.

We have several reflections on this. Firstly, the wording above is a little unclear. Because budget balance is defined as + or -0.5% of GDP, there is technically nothing to prevent the Chancellor immediately targeting -0.5% of GDP, thus meeting the set definition for balance, but also increasing borrowing. The second part of that rule is quite tough however. In stating that use of the range requires a surplus to be in place at the next fiscal event, it means that even where a surplus of up to 0.5% of GDP has been achieved, a surplus of greater than 0.5% of GDP must be achieved at the target year in the next fiscal event. But there is no statement made regarding what the response would be where the current budget is below -0.5% of GDP. Also, as ever, the challenge with a rolling three year horizon is that the target date never arrives, enabling fiscal rectitude to forever sit in the future.

Recommendations

1. Clarify the date at which the new fiscal rules come into effect.
2. The language of the rules needs tightening to ensure that it actually delivers its intent to reduce the need for fiscal tinkering and achieves meaningful fiscal credibility. The target for current budget balance should be specified as zero. An acceptable range for the current budget can then be set as a fiscal buffer, movements within which will not require a fiscal response. As it has already been announced, the range -0.5 to +0.5% should be utilised as on balance, it could be counterproductive to change the rules yet again at this late stage. However, we note the OBR’s remark that “The average absolute final-year revision to pre-measures borrowing over the past ten forecasts has been £19.4 billion”,^{ix} which equates to 0.7% of GDP.
3. The rolling targets remain a source of fiscal risk. In combination with the potential for the 2026 iteration of the fiscal rules to be interpreted as another loosening in fiscal policy, the risk is that markets apply an even higher risk premium to UK debt. Consideration should be given to setting a level target for PSNFL, to act as a credible anchor for fiscal policy and to support lower government borrowing costs.

The IMF further recommend some changes to the presentation of headroom estimates in the OBR’s analysis. While the provision of further information to enable a better understanding of fiscal risk seems sensible, it should not be used to obfuscate the presentation of the government’s headroom against target. Meanwhile it does not make sense to assess the fiscal rules only once per year, while producing two forecasts from which fiscal rule compliance could be deduced. Both recommendations seem tilted towards reducing **transparency** at a time when markets are highly sensitive to UK-focussed news. This risk could crystallise as yet higher borrowing costs for the government. The solution would seem to be baked into the new iteration of the UK’s fiscal rules, provided they are clarified in line with our recommendations. This would enable the UK to maintain the same level of transparency with respect to public finance performance as key international counterparts while reducing the need for short-term response.

Recommendation

4. The UK should not change the frequency with which the OBR is mandated to provide forecast updates and fiscal rule compliance assessments. This would represent an unwelcome and risky reduction in the transparency surrounding the UK’s public finances at a time when they are under significant scrutiny. Instead, the focus should be on better specifying the next iteration of the fiscal rules, including the clear communication of how the government will respond to indications of fiscal rule misses by the OBR outside of annual fiscal events.

Public spending management

It was right to deliver budget certainty to departments in the last Budget. This was necessary to support the provision of vital public services which themselves support the health and effectiveness of the UK population. Capital investment makes sense to prioritise too, as it can crowd-in broader private sector investment, as well as contribute directly to better productivity. Meanwhile departments have also been set efficiency targets whose delivery are crucial for the UK's growth outlook. When we asked IoD members earlier in the year, public sector efficiency was a clear priority:

Table 2:
January 2025: What do you think should be the top priority for the public sector Spending Review?

Increase public sector productivity	38%
A greater focus on long-termism	20%
Alignment of government spending with the government's stated priorities/missions	11%
Other	9%
Investment in technology	8%
Investment in health	5%
Planning reform	4%
Net zero transition	3%
Devolution of spending	1%
Total	100%

Source: Institute of Directors, Policy Voice, January 2025

However businesses and investors also need certainty in order to drive the UK's economic growth forward. Because borrowing was increased to such a significant degree in last year's Budget, because of manifesto commitments that severely limit the choices for tax increases, because key areas of public spending outside departmental budgets are on unsustainable trajectories, and because the margin against the fiscal rules is historically slim, the whole of the UK's public finance risk sits on the business and investment sectors – those sectors which are most fundamental to the UK's growth. These issues are driving down confidence to record lows according to our own data, undermining investment spend in the UK which is already at an advanced economy low. These risks needs to be spread more evenly across the economy. Attempts to ameliorate risk through the government's growth narrative and through long-term strategy are part of the solution to addressing risk and

uncertainty for business and investors. But as long as they shoulder all the UK's public finance risk, they will not prove sufficient.

There are unsustainable areas of public spending which need to be addressed as part of the work needed to ensure a more equitable sharing of public finance risk across the economy. Departmental budgets – known as DEL and set at Spending Reviews – are less than 50% of Total Managed Expenditure.^x The remainder – AME – is made up of spending areas including social security and welfare, and debt interest payments.

The trajectory for pensions spending has been found to be unsustainable by the OBR and the government has launched the Pensions Commission to look at the long-term future of the pensions system, including outcomes for future cohorts, improving retirement outcomes, and the role of private pension provision. But the affordability of public pension provision needs also to be assessed and wrapped into the remit of the Pensions Commission.

The government's Welfare Reform Green Paper^{xi} draws attention to trends in the incidence and nature of ill health vs trends in the number of incapacity and disability, noting that claims have risen at roughly double the pace of increase in disabled workers. It further notes that the trend in incapacity and benefit spend is not financially stable. Work by the IFS^{xii} has looked at flows onto and off benefits, to understand what's driving the overall rise in caseload, suggesting that changes in the application process may have impacted claims. Meanwhile outflows from disability benefit have also declined. Citizens Advice look at how the structure of the benefits system interacts with incentives to work.^{xiii}

We will not seek to propose the exact mechanisms by which benefit and public pensions spend should be rendered more sustainable. But doing so is a necessary component of a strategic growth plan for the UK, which has sustainable public finances at its heart, and is laser focussed on maximising growth.

Recommendations

5. **We recommend that benefit and pension reform play an enhanced role in the UK's fiscal strategy. A 10 year strategy for benefit reform would sit logically alongside the government's other strategies. This should incorporate success metrics which include bringing down the trajectory for benefit spend. A strategy for pensions affordability needs to dock into the work of the Pensions Commission into the overall pensions landscape.**

Tax strategy: balancing short-term tensions and long-term priorities

Uncertainty, instability and burden in the tax system for business is damaging incentives to hire and invest and having a negative impact on organisations. In our August Policy Voice survey, employment taxes and business taxes were the second and third most cited factors having a negative impact on organisations respectively. Feedback from IoD members indicates that this is both because of tax increases implemented at the last Budget, and also because of fears for this Budget.

Table 3:

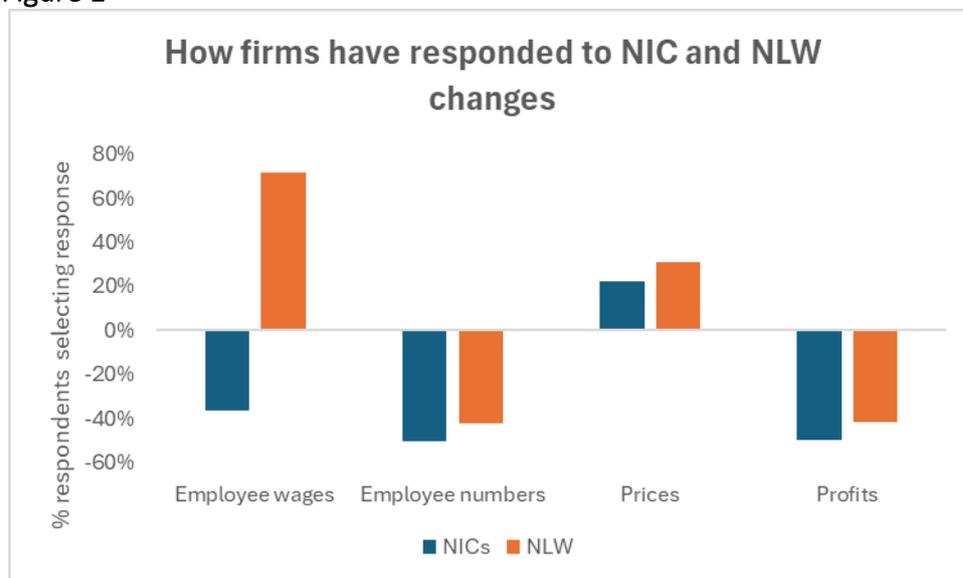
Which of the following, if any, are having a negative impact on your organisation?

UK economic conditions	75.7%
Employment taxes	59.4%
Business taxes	46.9%
Compliance with government regulation	32.0%
Global economic conditions	31.8%
Skills shortages and/or labour shortages	30.8%
Cost of energy	29.6%
Cost/availability of finance	17.1%
Difficulty or delays obtaining payment from customers	17.1%
Trading relationship with the EU	16.6%
Transport cost/speed/reliability	12.3%
Supply chain disruption	8.9%
Broadband cost/speed/reliability	8.8%
None	1.2%

Source: IoD Policy Voice August 2025

The response of IoD members to the changes in NICs and the NLW which came into effect in April 2025 has been in line with the OBR's predictions. Overall, the costs are being absorbed via lower profits, lower numbers of employees and higher prices – wage effects are more mixed:

Figure 1



Source: IoD Policy Voice September 2025

Note: Responses for NIC impacts relate to those firms for whom bills increased (81% of overall survey response). Responses for NLW impacts relate to those companies who hire those on the NLW (26% of overall survey response). The NLW impact on wages reflects the impact on both those on the NLW and other employees.

IoD members favour a tax roadmap which targets a lower tax burden and a simpler business tax system (table 1 above). While the corporate tax roadmap has some welcome elements, its exclusion of significant portions of the tax landscape affecting business significantly compromises its effectiveness as a tool for supporting business planning, while many other areas lack detail.

There has been significant consideration given by analysts to how better to design the tax system to support growth while also delivering revenue. Delivering both higher revenue and better growth in the short-term has been found to be particularly challenging as many of the tax options left when you exclude income tax, VAT and employee NI entail further damage to investment incentives. The reality is that preserving the incomes of working people today risks damaging them tomorrow. The choice must be made to maximise tomorrow's living standards. Therefore, where there is a need to raise significant amounts of tax revenue to deliver public finance stability, the priority must be to raise tax in those areas which are least damaging to growth. Simulations by NIESR indicate that of the main taxes, income tax is the one which is least damaging to growth.^{xiv} Raising corporation tax would damage the supply side of the economy by hitting investment while VAT hits both demand and

supply and risks entrenching higher inflation as well as hitting investment. Higher income tax reduces consumption, but its considerably wider base means much smaller changes can be made to raise similar amounts of revenue to much larger changes in either corporation tax or VAT.

Recommendations

6. Income tax should be part of the tax mix where significant revenue needs to be raised in the short-term.
7. The corporate tax roadmap should be improved:
 - a) In keeping with the government's other strategies, it would make sense to treat the corporate tax roadmap as a live document which can be fleshed out over time.
 - b) As consultations are undertaken and implemented, it would be useful to have their conclusions and the associated actions melded into the overall roadmap to aid interpretation of how they contribute to the overall direction of travel for the tax system.
 - c) The actions in the HMRC transformation roadmap into the overall business tax roadmap. This would cement HMRC's ambition to become more customer-focussed.
 - d) The inclusion of language which frames the fiscal risk exposure of the business community via the tax system would be helpful in supporting the analysis by business of their overall risk exposure, enabling more effective decision-making. **Impact assessments for business**

Recent work by the IFS makes a number of important points about incentives in the tax system and the need for systemic reform.^{xv} If we are focussed on growth, then by definition the incentives that individuals and businesses face as they grow through the tax system matter. These incentives include:

- a) to save and invest
- b) to hire
- c) to choose work over leisure

There are multiple imperfections in the system which compromise individual incentives to work. The marginal rate of corporation tax in the company size bracket £50-250k is 26.5%, above that for both smaller companies (19%) and larger companies (26.5%). Another significant one is the high effective marginal rates of tax experienced by those in the £100-125k wage bracket, particularly those with children. Anecdotal evidence^{xvi} that this distorts choices over hours worked, pension savings

and even effort is growing. As we prioritise growth, it makes sense to look at how taxes and reliefs interact to influence incentives to undertake those activities most beneficial to the economy. Similarly, raising capital taxes or introducing new ones – such as wealth taxes (either regular or one-off) – reduce the returns to investment and will act as a disincentive to it, bearing down on future growth.

Recommendation

8. As part of the UK's tax strategy, efforts should be made to smooth out particularly significant distortions in the tax system that compromise economic choices by individuals and companies, to the detriment of economic growth.
9. Any changes to the taxation of assets held in the UK must be considered carefully. HMRC ready reckoners illustrate the risk that increases in taxes in these areas lead to lower revenues due to behavioural responses.

Different policy choices will have different impacts on different parts of the business community. For example, large retailers who employ significant numbers on the minimum wage and have large premises will experience greater impacts from changes in the minimum wage and business rates than the average UK business.

Recommendation

10. The government should publish impact analysis for different parts of the business community for fiscal events – including SMEs – to enable better transparency over impacts.

Removing regulatory blockers to growth

The priority being placed on reducing regulatory barriers to growth is welcome. We have particularly welcomed the adoption of a target to reduce by 25% the regulatory burden on business and look forward to further progress in setting the baseline against which this target is to be assessed. Regulation consistently scores as one of the top factors having a negative impact on organisations according to our member surveys:

Table: 4

Which of the following, if any, are having a negative impact on your organisation?

UK economic conditions	75.7%
Employment taxes	59.4%
Business taxes	46.9%
Compliance with government regulation	32.0%
Global economic conditions	31.8%
Skills shortages and/or labour shortages	30.8%
Cost of energy	29.6%
Cost/availability of finance	17.1%
Difficulty or delays obtaining payment from customers	17.1%
Trading relationship with the EU	16.6%
Transport cost/speed/reliability	12.3%
Supply chain disruption	8.9%
Broadband cost/speed/reliability	8.8%
None	1.2%

Source: IoD Policy Voice August 2025

We additionally asked members what the top regulatory blockers to growth were:

Employment and workplace regulation (e.g. working time, health and safety)	45.4%
N/A: our organisation's growth is not impacted by administrative barriers	24.7%
Trade and customs requirements	16.9%
Financial regulation (e.g. FCA, PRA, AML)	13.7%
Environmental and sustainability	13.7%
Consumer protection and data protection (e.g. GDPR)	12.6%
Competition	11.9%

Planning and building	11.9%
Other	10.8%
<u>Sector-specific licencing (e.g. food safety, operator licences)</u>	<u>10.8%</u>

Source: Institute of Directors Policy Voice Survey August 2025

Employment and workplace regulation came top of the list regardless of firm size, followed by trade and customs requirements. We will pick up on these in later sections.

Although planning and building regulations fall relatively low down the regulatory burdens listed by companies, they are widely recognised by economists as being part of the impediment to infrastructure delivery in the UK – itself a key priority for business and fundamental to the UK’s future growth prospects. The Chancellor’s decision to back the expansion of Heathrow airport acts as a bold and welcome signal of ambition in this area. Ambitious housing targets are also a positive signal of intent. Meanwhile we welcome progress made to date via the Planning Bill which is making its way through parliament, with the government’s proposed amendments intended to further accelerate progress. There is clearly a great deal of work needed to improve the functioning of the Building Safety Regulator so that it instils the right standards in an efficient and effective manner. Moving the regulator into DCLG may help improve alignment between the strategic direction of the regulator and broader housebuilding ambitions. And the appointment of an Interim Chief Construction Advisor makes sense as the government moves toward a single construction regulator. A single regulator should help accelerate progress towards “systems thinking” in construction regulation.

Skills

While labour shortages are less acute than at their peak after the pandemic, largely due to policy decisions including the increase in employer's National Insurance contributions, the Employment Rights Bill, and above-inflation increases to the National Living Wage, skills shortages remain an issue for employers. IoD research in August 2025 found that 31% of business leaders cited skills and/or labour shortages as having a negative effect on their organisation.^{xvii}

The government's commitment to reforming the Apprenticeship Levy is welcome. The Levy has failed to meet its most basic policy aims; apprenticeship starts have declined since its introduction, with a particularly steep decline in SMEs. At the same time, the lack of flexibility in the Levy is frustrating for Levy payers; apprenticeships are essential to tackling skills gaps but are not the right training answer for every skills need.

Recommendations:

11. Allocate the entirety of the funds raised by the Apprenticeship Levy and Immigration Skills Charge to apprenticeships and other forms of training approved by Skills England as addressing skills shortages. The lack of transparency around how both of these taxes on employers – ostensibly levied in the name of increasing investment in domestic skills – are spent is undermining employer confidence and buy-in to the skills system. This policy should be fully implemented before other approaches to balancing the Levy budget – such as reducing the payroll threshold, increasing the rate at which the Levy is paid, or further limiting the qualifications fundable via the Levy – are considered.
12. Increase the funding bands for apprenticeships in line with inflation. The failure of funding bands to keep pace with inflation leads to either providers having to reduce the quality of the training provided or charge employers top up fees to cover the actual costs of provision.

Employment

The increase in employer’s National Insurance contributions, and above-inflation increases to the National Living Wage have combined to make employing staff a fundamentally costlier proposition for employers. The result has been a decline in employer demand for labour, with the ONS estimating that there were 100 thousand fewer payrolled employees in September 2025 compared to a year earlier.^{xviii} Findings from our own survey data (see figure 1) reinforce findings from the Bank of England’s decision-maker panel^{xix} that the employer response to these changes has been to lower the level of employment.

There has been some debate regarding the scope for enhanced employment rights to improve UK productivity, particularly referencing analysis using the Labour Regulation Index.^{xx} However, more recent research using this index suggests that while the possibility of probability improvement holds, “productivity is inversely related to employment in some systems, mostly liberal market and common law countries”.^{xxi} It specifically finds for the UK an inverse relationship between productivity improvements and employment, reinforcing fears that higher employment rights in the UK will be associated with higher unemployment. This combines with findings from our own research with IoD members in 2024, which found evidence that a majority of business leaders would be less likely to hire were the Employment Rights Bill to be implemented as planned.^{xxii} We remain concerned that the scope and nature of the Employment Rights Bill as currently formed will have a deleterious effect on UK employment.

If the government is to meet its stated aim of achieving an 80% employment rate by the end of the Parliament, it must fundamentally rethink its approach to employment policy.

Recommendations

13. **Make sensible changes to the Employment Rights Bill: introduce additional protections against unfair dismissal at nine months of employment rather than day one; maintain existing thresholds for trade union recognition and industrial action; increase the planned reference period for the entitlement to guaranteed hours to 52 weeks, and make it a right for employees to request, rather than to be proactively offered, a contract reflecting hours regularly worked; and retain one waiting day before employees can access Statutory Sick Pay.**

14. Reintroduce the Statutory Sick Pay rebate for SMEs.
15. Avoid increasing the National Living Wage beyond two-thirds of median income, in order to protect entry-level jobs, particularly in low-margin sectors with high fixed labour costs like hospitality.
16. Increase investment in the tribunal system and Acas to minimise the significant risk that the changes resulting from the ERB will overwhelm both systems. Acas' recent proposal to extend the time limit for early conciliation from 6 weeks to 12 weeks, on account of a recent surge in demand and increasingly complex cases, should serve as a clear warning sign that existing systems will be unable to cope with the additional pressure.
17. Reverse the 2021 IR35 rule changes to enable contractors to self-classify their employment status. Current off-payroll rules are providing a strong deterrent to the engagement of contractors – as hiring companies are liable for any misclassifications that might occur. IoD research from August 2024 found that the 2021 change has increased bureaucracy for a third (34%) of businesses and led to a fifth (21%) of employers reducing their use of contractors.^{xxiii}

Since 2021, responsibility for determining the IR35 status of contractors has rested with end clients (other than small businesses and those based wholly overseas). What effect, if any, has this had on your organisation? Please select all that apply.

Increased bureaucracy due to compliance checks	33.7%
No impact	28.3%
N/A	22.1%
Increased difficulty in recruiting contractors	21.3%
Reduced our use of contractors	20.7%
Increased contractors' pay to compensate for higher taxes	13.4%
Other	3.3%

Source: Institute of Directors Policy Voice August 2024

Energy and net zero

UK electricity prices remain well above the IEA average and discourage investment in the UK.^{xxiv} The recent announcement^{xxv} of the British Industrial Competitiveness Scheme is a welcome recognition of the problem, but the scheme does not tackle the structural causes of high energy costs and will not help the vast majority of UK businesses struggling with energy costs.

Recommendations

18. Decouple UK electricity prices from volatile gas markets and prioritise the development of alternative energy sources capable of providing baseload power, particularly nuclear fission.
19. Tackle wind curtailment by increasing investment in upgrading the national grid infrastructure, particularly in Scotland, to increase transmission capacity and enable more renewable energy to be delivered where it is needed.

Government support and leadership is also needed to support SMEs to reduce their carbon emissions if the UK is to meet its commitment to achieve net zero by 2050.

Recommendations

20. Launch a 'Help to Green' campaign, as proposed by the Independent Review of Net Zero (the Skidmore Review). This should include information resources and vouchers for SMEs to plan and invest in the net zero transition. For example, green vouchers could be used to commission energy audits which would enable SMEs to determine their energy use or emissions profile and obtain expert advice on how to improve energy efficiency.
21. Introduce a requirement for commercial landlords to provide tenants with information about the carbon footprint of the premises they lease. Requiring commercial landlords to share energy, water, and waste data with tenants would remove a key barrier to business' ability to calculate their emissions and create decarbonisation plans.

Trade

Improving the exporting landscape

The government recognises that exporting businesses are important in driving economic growth.^{xxvi} Yet data from the Office for National Statistics (ONS) suggests that only around 11% of UK businesses export.^{xxvii}

At the same time, according to the Office for Budget Responsibility (OBR), UK trade intensity (exports plus imports as a share of GDP) has not recovered in line with other G7 countries since the pandemic. However, they note there has been a significant difference between goods and services trade: whilst at the end of 2023, goods trade was around 10% below pre-pandemic levels, compared to a 5% increase on average in G7 counterparts, UK services growth was actually the strongest of the G7. UK services growth ended 2023 at around 12% above pre-pandemic levels, where the remaining G7, at the end of the third-quarter of 2023, reached around 9% on average.^{xxviii}

Digging deeper into the services trend, it was the sector ‘other business services’, including consulting, research and development and R&D that performed the best, whilst financial services and transport, services the most likely to have been impacted by Brexit, performed less strongly. Meanwhile, goods trade – being predominantly with the EU – has been significantly impacted by changes in the terms of trade with the EU following Brexit.

IoD data from January 2025 shows just over half of members export, 33% regularly and 19% on an ad hoc basis. Of those which have never exported, the primary reasons cited relate to resource constraints:

You said your organisation has never exported, but sells an exportable good or service. Which of the following have contributed to why your organisation has never exported?

Insufficient management time to explore opportunities	47.8%
Lack of business connections in overseas markets	39.1%
Regulatory or tax compliance burdens	26.1%
Sufficient business in the UK	26.1%
Lack of knowledge about export markets	21.7%
Uncertainty about economic conditions in target markets	17.4%
Concerns about payment and financial risks	17.4%

Cultural/language barriers	13.0%
Insufficient returns relative to costs	13.0%
Customs procedures	8.7%

Source: Institute of Directors Policy Voice January 2025

Of those members that used to export but do not anymore, the overwhelming reason is the UK’s trading relationship with the EU:

You said your organisation used to export but do not do so currently. Which of the following, if any, have contributed to why you stopped exporting?

The UK's trading relationship with the EU	54.8%
Regulatory changes	25.8%
Decline in international demand	25.8%
Customs procedures	22.6%
Lack of international business support or partnerships	16.1%
Exchange rate fluctuations	16.1%
High costs of maintaining export operations relative to returns	16.1%
Strategic shift to focus on domestic market	9.7%
Payment and financial risks	6.5%
Logistical challenges and shipping delays	6.5%

Source: Institute of Directors Policy Voice January 2025

IoD data from January 2025 also shows that, on balance, members are expecting a net increase in exports over the next 12 months compared to the previous. However, with the largest proportion expecting no change, there looks to be a certain lack of growth prospects:

Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of exports:

Much higher	4.3%
Somewhat higher	24.9%
No change	48.6%
Somewhat lower	13.5%
Much lower	6.3%
Don't know	2.4%
Total	414 respondents

Source: Institute of Directors Policy Voice January 2025

* This data set removed all those who selected N/A, i.e. those organisations that do not export

When asked what they think would do most to boost growth for their organisation in 2025, 35% responded with ‘an improved trade deal with the EU’, the third most selected option behind ‘a significant scaling-back of the government's employment law reforms’ (42%) and ‘reduction of the tax burden on business’ (58%).

The evidence above shows how the UK’s trading relationship with the EU remains one of the biggest barriers to business growth. The UK-EU reset must therefore be the government’s priority for trade moving forwards. Being the UK’s closest and biggest trading partner, easing trade frictions, including mobility challenges and the customs burden, with the EU will go a long way in encouraging firms to export.

Recommendation

22. Negotiate an improved Trade and Cooperation agreement with the EU in 2026.

The TCA is due to be reviewed by the UK and EU in 2026. Its scope should complement new areas of UK-EU cooperation, such as such as a veterinary agreement and mutual recognition of professional qualifications. Business mobility should be improved by seeking an extension of the current 90-day visit limit. The government should negotiate a Youth Experience Scheme to allow 18-30 year olds to work and study in each jurisdiction, as supported by our members^{xxix}.

Recommendation

23. Restart the development of the Single Trade Window

Last year, the Government announced that it would be halting the development of the Single Trade Window (STW) due to financial constraints following the Budget. This is frustrating, particularly given extensive industry engagement and the project’s proximity to completion. We urge the government to restart the implementation of the STW to facilitate trade for all UK companies.

According to IoD data, paperwork remains the largest obstacle for organisations involved in international exports^{xxx}. The Single Trade Window, designed to streamline border processes through a unified platform, has the potential to significantly ease this administrative burden on firms, making importing and exporting more efficient.

Additionally, it could enhance data collection to better monitor and understand UK trade flows.

Measuring success

To be able to judge when UK export levels are truly improving, there must be a measure of what success looks like.

The Institute of Directors urges the government to aim higher on its strategy for export growth – the previous target set by the Conservative Government of £1 trillion exports in current prices by 2030 is not sufficiently stretching.

In our policy paper, *Setting a Meaningful Export Target for Britain*, [we assessed](#) whether the £1 trillion headline target is appropriate and consider whether there are alternative measures that better capture what government export policy is trying to achieve. We concluded that because the £1 trillion target is affected not only by inflation, but also by longer-term global economic trends, a preferable measure would be linked to the volume of trade and set at a level that takes account of trend growth rates.

In addition, we also urge a second target: to increase the proportion of UK businesses that are exporters. Meaningful targets would enable Parliament to better judge the success of government policy designed to support exporters, as well as providing government itself with a framework around which it can judge the effectiveness of different policy interventions.

Moreover, it would be useful to monitor disaggregate data to assess growth in specific demographics. For example, understanding trends in different regions across the UK, as well as sizes of business – small, medium and large – could help to identify where further policy interventions might spur increased export growth.

Recommendations

24. A chained-volume target of £950bn of exports in 2023 prices by 2030
25. A second target of 15% of all businesses exporting either goods or services by 2030

Export support

IoD data shows there are a significant number of members who feel they lack the relevant tools needed to export internationally. In response to an IoD poll in December 2023, of those businesses which do not currently export, 11% responded this is due to a lack of availability to finance and 16% said they do not have the relevant knowledge and skills.

An IoD survey in January 2025 found that the majority of members have not benefited from export support offerings. However, of those which have, government trade advisors, events and webinars and local embassies have been the most used:

Has your organisation ever benefited from any of the following support offerings to help with exporting challenges?

None of the above	52.8%
Government trade advisors	19.8%
Events and webinars	18.3%
Local embassies	18.3%
Guidance and advice from trade associations	14.9%
Private consulting support	14.2%
Government factsheets and explainers	7.7%
Translation services	6.7%
UK Export Finance	5.7%
The UK Export Academy	4.6%
Government Export Champion programme	3.1%

Source: Institute of Directors Policy Voice January 2025

Anecdotally, members tell us guidance tends to be ad hoc and important communications often do not reach them. At the same time, GOV.UK guidance is seen to be overcomplicated, and often sends the reader into a maze of links to new pages and documents.

Meanwhile, some members have had said trade advisors do not necessarily offer better advice than what is available online. Businesses consistently tell us they value tailored, in person advice over generic guidance fact sheets and have therefore welcomed services like the Export Support Service helpline.

Additionally, funding options are limited, especially as a first-time exporter. The Internationalisation Fund, which offered finance for SMEs looking to expand into new markets, was discontinued in January 2023. UK Export Finance, which provides

government backed insurance and guarantees for UK exports, is primarily aimed at more experienced exporters.

Many members also feel that the government should offer better services which connect businesses to international opportunities. For example, they have not been able to successfully use government sources to find suppliers or connect with international buyers or partners.

Overall, despite the 2021 strategy, practical export support seems rather haphazard and could be much better organised to ensure it is accessible and comprehensible for all types of business.

Recommendations

26. Create a one-stop-shop style portal for all export guidance and funding initiatives. This would include contact information for local trade advisors, simplified, step by step guidance sheets for processes throughout the export journey, and details for customs helplines.
27. Better facilitate business to business connections by publishing a database where firms can find buyers and partners across the globe, attend trade shows and access UK embassies in international markets.
28. Provide training for International Trade Advisors to ensure advice is consistent and dependable across all regions.
29. Reopen an equivalent of the Internationalisation Fund to provide grants to SMEs and first-time exporters, which can be used for travelling to new markets, attending trade shows, using translation services and employing consulting services.
30. Monitor and publish the impact of government assistance for exporters - teams both at overseas missions and those UK-based trade advisors - to assess their effectiveness and ensure all businesses have the right support for their exporting needs.

Devolved Nations

Each of the UK's devolved nations faces distinct challenges that have an impact on the type of budgetary support they require. Although the Autumn Budget looks at the full United Kingdom, it is vital that consideration is given to the potential implications that the Devolved Nations may face. The economic contexts in each nation, growing tax powers, and political mandates mean that any UK budget must account for the distinct needs and contributions of Scotland, Wales and Northern Ireland.

Below we set out a range of recommendations applicable to each/all of the Nations that would help to foster sustainable economic growth and create greater certainty for the respective budget holders in Scotland, Wales and Northern Ireland.

Recommendations

31. A clearer breakdown picture of how UK-wide spending decisions (e.g. NHS, education, apprenticeship levy) translate into devolved funding via the Barnett formula. A review of the formula to better reflect demographic and regional needs across the nations.
32. Look towards a multi-year block grant settlements to improve planning and delivery, especially for capital projects and public service reform in the devolved nations.
33. Tailored and dedicated support packages for rural regions across the nations, who face acute challenges in physical and digital infrastructure. A "rural support fund" would allow these regions to unlock vital funds to address some of the key blockers to economic growth.
34. Improve coordination between HM Treasury and the Scottish Government on income tax policy and administration, especially around the UK-wide Personal Allowance and reliefs.
35. Establish a joint UK devolved tax policy forum to improve transparency, stakeholder engagement, and evidence-based policymaking for future devolved tax policy decisions.

Innovation and Technology Policy

The government has identified digitalisation and AI adoption as foundational to growth, underpinning ambitions for a more productive, competitive and resilient economy. However, policy remains fragmented, with limited coordination across finance, skills, and regulation. Support mechanisms for businesses, especially SMEs, are often hard to navigate and insufficient to offset the risks and costs of adoption. While pro-innovation announcements and the Technology Adoption Review have set the right direction, these must now translate into detailed, evidence-backed and measurable implementation plans. The focus should shift from vision-setting to accelerating meaningful and responsible diffusion, supported by clear governance frameworks, regional delivery, and targeted tax and skills incentives. Government should lead on direction-setting, coherence and enabling conditions, including cybersecurity, standards, interoperable data, and alignment between technology, energy and fiscal policy. Industry, in turn, should lead on execution, with targeted public support where barriers are systemic such as for skills, assurance, guidance and access to finance.

Recommendations

36. Create a single digital front door for innovation finance. Streamline Innovate UK, UKRI and British Business Bank support into one platform with common onboarding and guidance, reducing search costs and duplicative journeys for adopters and scale-ups. Government must also publish further details on the proposed AI Adoption Fund to clarify scope, eligibility and funding mechanisms.
37. Introduce time-limited, digital adoption-focused tax relief for SMEs. Replace fragmented voucher schemes with tiered, outcome-linked support combining upfront subsidies with enhanced tax relief on qualifying digital and AI investments. This must address recurring costs (such as licensing and cloud costs) as well as training to prioritise sustainable capacity-building.
38. Centralise trusted guidance and AI assurance for businesses. Establish a dynamic information portal on AI deployment for business, modelled on the AI Playbook for government, and complement this with a private-sector-led accelerator service offering tailored advice on use cases, vendor selection and governance. In line with recommendations from the SME Digital Adoption Taskforce, the Business Growth Service should be updated to reflect digital and AI priorities, including information on the government's work on AI

- assurance. Effort should focus on providing clearer context and specificity around the types of generative AI tools, technologies, and systems available, rather than presenting AI as a universal solution to productivity challenges.
39. Launch a practical AI guidance programme with regional and sectoral delivery. Develop sector-specific sandboxes to encourage SMEs to adopt AI in a safe, experimental environment; and appoint regional AI champions (potentially aligned with AIGZs) to provide hands-on support alongside digitally-advanced firms. These initiatives may draw on international best practice such as from Germany and Singapore, charting a path for businesses in lower-productivity sectors. With the Made Smarter programme being expanded, this programme provides a proven model.
 40. Develop, scale and support business digital and AI skills and competency frameworks across sectors. DSIT, DBT and DWP should collaborate to establish agile generative AI skills taxonomies. Building on BridgeAI and existing government-industry commitments to upskill 7.5M workers by 2030, the government should deploy underspent Growth and Skills Levy funds to support reskilling aligned with IS-8, closing the gap between generic AI training and industry-specific competencies.
 41. Improve data, transparency and adoption metrics. Upgrade business digital and AI adoption statistics (drawing on existing data from Help to Grow, trade associations and private-sector sales); consider a voluntary Taskforce for AI-Related Workplace Disclosures to share best practices for use and governance; and update classifications where needed to reflect the evolving digital economy (e.g. SIC).
 42. Advance digital governance and guardrails in the form of standards and codes of practice: Building on the Cybersecurity Code of Practice, develop cross-cutting governance standards for emerging technologies, particularly new forms of AI.

We hope you find this helpful.

Yours sincerely,




Jonathan Geldart, Director General

Anna Leach, Chief Economist

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1 Context

People in Wales are currently experiencing unfair and avoidable gaps in health and wellbeing. For example, women in the least deprived areas of Wales live 20 years more of their life in good health than those who live in the most deprived areas. In our most deprived communities, we also see three times as many avoidable deaths and 70% more child deaths. Without change, poor health in our most deprived communities will continue to result in increased demand for our public services.

Through a prevention-first approach to policy and by working together in partnership, we can overcome these challenges and build a healthier future for Wales. We know that every £1 invested in prevention returns £14 for society by creating healthier people, a stronger economy and lowered NHS costs.

Our five policy priorities

1. The best start in life builds lifelong health and wellbeing

The foundation for a life lived in good health is built in our early years. Policies need to promote the wellbeing of babies and young children and protect children from harm, for example from adverse childhood experiences (ACEs) and poverty, to give them the best chance to thrive through life.

- Consider children's wellbeing in all policy decisions.
- Deliver the Best Start in Life framework through cross-government leadership.
- Ensure comprehensive child health data to guide policy, target support, and track outcomes for babies and young children.
- Ensure every family can easily access Health Visitor support, and provide Flying Start based on need, not postcode.
- Embed trauma and adverse childhood experience-informed approaches from pre-pregnancy onwards.

2. Financial wellbeing drives better health and a prosperous economy

Secure and fairly rewarded work that pays a living wage is good for our health. Healthy communities mean a healthy workforce, and a healthy, productive workforce is good for a prosperous Welsh economy. Policies need to support people in Wales to find, stay in or return to healthy, safe and secure work.

- Ensure public bodies provide safe, secure jobs paying at least the Real Living Wage.
- Monitor progress on workplace equality, including gender, ethnicity, and disability pay gaps.
- Support people with health challenges to enter, stay in, or return to work.

- Link employment services with health support especially for those with long-term or mental health conditions so people get help when they need it.

3. Healthy lives start in our everyday places

When the places where we live, eat, shop, and play are healthy, it is easier for all of us to live healthier and happier lives.

National planning and other policies need to create and strengthen healthier places strategically, regionally and locally to support physical, mental and social health and wellbeing and reduce the appeal and availability of health harming products.

Healthy communities – characterised by healthy homes, sustainable transport, safe space for active travel, and green spaces – create additional benefits to the environment.

- Increase the availability of healthy and affordable homes, especially social housing.
- Raise standards in private rental housing.
- Reduce exposure and availability of tobacco and vapes by licensing retailers, and extend smoke-free zones.
- Make healthier food and drink the affordable, visible options in shops and restaurants, and restrict price promotions for less healthy food and drinks

4. Care tailored to local need builds health and resilience

Addressing the root causes of poor health—not just the consequences—means everyone in Wales can prosper and enjoy better health and wellbeing and our health system is resilient.

Policies need to address the needs of local people through earlier intervention and delivery of joined-up, effective care for the whole person when and where people need it.

- Increase the yearly share of the NHS budget spent on prevention and primary and community care instead of hospital treatment.
- Join up health and community care with public services and voluntary organisations to support the whole person.
- Invest in community health facilities, skilled staff, data and digital tools that link with health records to support early and preventative care.

5. A healthy planet protects our people now and in the future

The health of people and the planet are interconnected. Many actions that address climate change also support longer, healthier lives.

Policies need to focus on both preventing the health harms of climate change and tackling its root causes, especially for those most vulnerable and least able to adapt.

- Invest in safe walking and cycling routes, footpaths, and car-free town centres.

-
- Make public transport accessible and affordable, including free bus travel for young people.
 - Protect communities from the health harms of climate change by tackling flooding, improving food security, ensuring sufficient and quality water for private supply, and expanding access to green spaces and tree cover

At Public Health Wales we welcome the opportunity to engage further with the Committee to inform the development of its Legacy Report, and we look forward to ongoing, constructive engagement with your successor Committee. If you would like more detailed information in relation to the specific interventions to tackle these five areas then please do not hesitate to contact us. I have also attached the infographics for the summary and solutions for the priority areas for information.

Yours sincerely,



Tracey Cooper
Chief Executive, Public Health Wales

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Working Together for a Healthier Wales: Get to Know Us

Who we are, what we do, why it matters.

Who we are

Everyone in Wales deserves the chance to live a healthy life. That's what we work for every day.

Public Health Wales is the national public health organisation for Wales. We exist to help all people in Wales live longer, healthier lives.

With our partners, we aim to increase healthy life expectancy, improve health and wellbeing, and reduce inequalities for everyone in Wales, now and for future generations.

**Prevent
disease**



**Protect
health**



**Improve
wellbeing**



**Reduce health
inequalities**



What we do

We play a unique and vital role in population health by focussing on prevention and supporting healthcare.

We deliver national services, such as screening, vaccination, and public health protection programmes, to help people stay healthier for longer.

We also address the full range of issues that shape health. From preventing disease and protecting against threats, to reducing inequalities and shaping the conditions that support wellbeing.

As Wales's national public health organisation, we lead long-term prevention and population health efforts, working with partners across the country to help create healthy and prosperous communities.

Our goal is a Wales where everyone can live longer, healthier lives with fair and equal access to the things that support good health and wellbeing.

Our work covers:

Health Protection and Infection

Diagnosing, treating and controlling infectious diseases, environmental threats and public health emergencies.

Policy and Partnerships

Advising and supporting government and partners with trusted, expert public health insight.

Screening Services

Detecting conditions like cancer and newborn disorders early through national screening programmes.

Health Improvement

Supporting ways of living that improve health, from reducing smoking and substance use to better nutrition, physical activity, and mental wellbeing.

Research and Innovation

Improving health outcomes through evidence-based change and new ideas.

Surveillance and Intelligence

Turning data into actionable insights to inform decisions and raise awareness.

Why it matters

Not everyone in Wales has the same chance to live a healthy life.

Health isn't just about healthcare. Housing, education, jobs, income, and the environment all affect how long and well we live. That's why we work across sectors to put health at the heart of decisions about Wales's future.

By bringing evidence, partnership, and innovation together, we help to create the conditions for people and communities across Wales to thrive.

We are Public Health Wales.
Working together for a healthier Wales.

Working together for a healthier Wales: A summary

Longer, healthier lives and a fairer, more prosperous Wales - practical actions to make a difference.



The best start in life builds lifelong health and wellbeing

We need to prioritise the health and wellbeing of babies, children and young people so they can thrive today and shape resilient communities tomorrow.

This means families have access to the right support, safe places to play, and nurturing care. Children are protected from harm, including poverty and adverse childhood experiences, so they can grow up strong and healthy.



Financial wellbeing drives better health and a prosperous economy

We need to support more people to stay healthy and in work, and improve financial security so families can live well.

This means access to fair, secure jobs that pay a living wage, affordable childcare for working parents, and support for people with health issues to stay in or return to work. When families can afford essentials like healthy food and social connection, they stay healthier, and local economies benefit.



Healthy lives start in our everyday places

We need to make homes, shops, and public spaces healthier so it's easier for people to live well and avoid harmful habits.

This means healthy homes and food are affordable and accessible, and tobacco and vaping products are less visible, less appealing, and not seen as a normal part of daily life.



Care tailored to local need builds health and resilience

We need to strengthen primary and community care to prevent illness, respond early, and better meet the needs of supporting those with long term conditions.

This means services have the resources and staff to provide timely care that supports all aspects of people's wellbeing, close to home and when it's needed most.



A healthy planet protects our people now and in the future

We need to protect people and communities from the health risks of climate change and environmental harm.

This means clean air and water, access to healthy food and health services that can withstand extreme weather and disease. Pollution and environmental risks must be reduced to protect lives and mental wellbeing.

Working together for a healthier Wales: How we make change happen

Longer, healthier lives and a fairer, more prosperous Wales - practical actions to make a difference.



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- Protect communities from the health harms of climate change by tackling flooding, improving food security, ensuring sufficient and quality water for private supply, and expanding access to green spaces and tree cover.

Action across these five areas will help build a healthier, fairer and more prosperous Wales for the future and support a strong sustainable health and care system

Agenda Item 3

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2026-27](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2026-27](#).

WGDB26-27 09: Ymateb gan: Comisiynydd Cenedlaethau'r Dyfodol Cymru | Response from: Future Generations Commissioner for Wales





Peredur Owen Griffiths MS
Chair of Senedd Finance Committee

By email

25 September 2025

Dear Peredur,

Thank you for the opportunity to provide evidence to inform the Finance Committee's scrutiny of the Welsh Government Draft Budget 2026/27.

In my Future Generations Report, published in April this year, I included a [chapter on Budget Setting for Future Generations](#). The chapter on budget setting sets out four recommendations.

These recommendations summarise my advice to Welsh Government on how to apply the Well-being of Future Generations Act to national budget setting. While my advice has always been consistent, I am encouraged to see that there has already been some progress since publishing my report.

Two recommendations are specifically for Welsh Government:

- 44. Welsh Government should ring-fence funding for prevention which increases over time.
- 45. Welsh Government should bring forward the budget setting process and produce multi-year funding settlements.

And a further two recommendations are aimed at public bodies (including Welsh Government) and Public Services Boards:

- 46. Public bodies must set their annual budgets against the national well-being indicators of Cymru (following similar models in the Republic of Ireland and the City of Strasbourg).
- 47. Public bodies should use the agreed definition of prevention between Welsh Government and my office to map their preventative spend and invest progressively more upstream towards primary prevention

Prevention (recommendations 44 and 47)



You will be aware that I wrote to the Cabinet Secretary for Finance and Welsh Language at the start of this year to ask that ringfencing for prevention be considered. While it is not the policy of the current Welsh Government to hypothecate funds in order to allow the flexibility for local decision making, I believe there is an opportunity to explore this further with the involvement of key stakeholders. I would be interested to know what other techniques could be used to safeguard and enhance spend on prevention.

Our discussions with the Cabinet Secretary and with officials in the Welsh Government to date have looked at whether the definition of prevention is being used. It is still my expectation that the definition agreed between the Welsh Government and the Future Generations Commissioner is used and that intended spend on prevention is clearly indicated and is progressively moving towards primary prevention.

In discussion with Welsh Government colleagues, conversations have started on mapping parts of the Welsh Government budget for preventative spend, but progress here appears to have stalled for the time being.

My recommendations above also ask that all public sector organisations apply this same approach to gradually shifting preventative spend to primary prevention. A pilot project is currently being led by my team to explore the budgets of several public bodies, including health boards, to start mapping out spend on prevention and learning the lessons to share with others.

Bringing forward the budget setting process and multi-year funding settlements (recommendation 45)

I am pleased to see that this Future Generations report recommendation has been actioned for the Draft Budget 2026/27 with an outline budget set to be published October 14th and more detailed budget on November 3rd. This is a positive change, which will be welcomed by public bodies and other stakeholders. It will help them with their own budget planning. I hope that this approach will continue in future years.

There has been some limited engagement with my team in the Spring of this year to consider the importance of the Act in the context of the Welsh Spending Review. We have been asking to continue to be involved in this work as this Review is an opportunity to set a gold standard in long-



term thinking around budget setting but have been told that so far it had been an internal exercise and that we will be involved later on with other stakeholders. Whilst recognising the potential for political change following the next Senedd elections, I would like this Review to set a long-term vision of the direction of travel for Welsh spending that is used to inform annual, and multi-annual budgets.

Setting budgets against national well-being indicators (recommendation 46)

It is important that the national budget for Wales is clear about how it is delivering the Wales we want to live in, as articulated through our seven shared Well-being Goals.

The Committee will be aware that I undertook an exercise for the 2025/26 Draft Budget to look more closely at how lines of expenditure appear to impact on the seven Goals. Whilst this methodology didn't allow for completely accurate assessment, mainly due to insufficient information being available, some of the findings did raise red flags.

I would like to see a more robust assessment of impact against the Goals, or the National Indicators if preferred, or both, during the process of Strategic Integrated Impact Assessment (SIIA). A published assessment would enable stakeholders to identify where a change of direction may be needed to avoid harmful impact. A better solution would be for stakeholders, such as those represented on the Budget Impact Improvement Advisory Group (BIIAG), to be involved in the process of that assessment adding their wealth of expertise and insight to the process.

Using the 5 ways of working

My team has supported the Budget Impact Improvement Advisory Group (BIIAG) to better understand the Well-being of Future Generations Act over this year. We have delivered a short training session on the five ways of working and a broader follow-up session on the WFG Act.

We have now also been invited to collaborate with the Welsh Government on its internal Draft Budget process this year by presenting on the five ways of working to internal teams within Welsh Government. There appears to be a more collaborative approach within the Welsh Government this year in delivering the SIIA by considering a wider range of evidence and experience. This approach is to be encouraged, and I am happy for my team to be involved. However, I would like to



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Commissioner
for Wales

see the process built on to become more effective and inclusive, for example, of the wider BIAG group members.

I have been disappointed with the effectiveness of the BIAG meetings in recent years. I accept that there have been several staff changes during that time, but we have seen many meetings cancelled and sub-group work to develop the SIIA and to work on a pilot for prevention have fallen aside. There is also a danger of the group becoming a sounding board for Welsh Government updates. With a new team in place, this is an opportune time to look again at the value the BIAG group members can bring. I believe the expertise, knowledge and commitment shown by the group members are an asset which could be better used to achieve a difference to the budget setting process, for example, the impact assessment.

I hope you find the Chapter on Budget Setting from my Future Generations Report 2025 helpful, and I look forward to meeting with the Committee to discuss further in November.

Yours sincerely

Derek Walker
Future Generations Commissioner for Wales

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted

Agenda Item 4

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB_26-27 28: Ymateb gan: GYnX JUX 6Yj Ub |Response from: 6Yj Ub: ci bXUjcb



Senedd Finance Committee Inquiry into Welsh Government Draft Budget 2026-27

The Bevan Foundation is Wales's most influential think tank. We create insights, ideas and impact that help to end poverty, inequality and injustice in Wales. We are a registered charity and company limited by guarantee, funded by charitable trusts and foundations, donations, and trading as a social enterprise.

We welcome the opportunity to contribute our views on the draft budget for 2026-27 in advance of its publication. Our responses are focused on the Committee's questions that concern poverty and inequality.

1. What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget?

The cost-of-living crisis is still having a significant impact on people in Wales. The Bevan Foundation currently have a survey in the field with YouGov to look at whether people's living standards have improved over the past 12 months, but other indicators such as the number of people living in temporary accommodation and the number of people using foodbanks suggest that any progress in reducing its impact has been modest.¹

One of the reasons why the Welsh Government's Budget has had a limited impact on poverty overall is that the depth of poverty has increased significantly over the past 25 years. New analysis published by the Joseph Rowntree Foundation earlier this year showed that the median poverty gap for a family of two adults and two primary school aged children has increased from £3,800 to £7,200 between 1994-97 and 2020-23.² This means that families need greater levels of support to lift them out of poverty than was the case two decades ago.

The Welsh Government's interventions have undoubtedly helped to relieve some of the most severe consequences of poverty. The introduction of the Young Persons' Bus Travel Scheme for instance will ease some of the financial pressures faced by young people living in low-income households whilst continuing investment in schemes such as the Discretionary Assistance Fund provides a vital lifeline to people in financial crisis.

In other areas it is unclear what progress is being made with extra funding allocated in 2025-26. The Bevan Foundation welcomed the allocation of an extra £30m of funding for childcare as per the budget deal between the Welsh Government and Jane Dodds.³ Beyond a recent update on the fact that the expansion of Flying Start has been completed in Merthyr Tydfil,⁴ very little information has been published on how the expansion of Flying Start is progressing elsewhere in Wales and when parents of children aged 2 across the nation could benefit from the scheme's expansion.

¹ Dearden, W. (2025), *The impact of temporary accommodation on children and their families*. <https://www.bevanfoundation.org/resources/temporary-accommodation-children/>; and Trussell (2025), *Hunger in the UK* www.trussell.org.uk/sites/default/files/2025-09/hunger_in_uk_sept25.pdf

² Joseph Rowntree Foundation (2025) *Poverty in Wales 2025*. York: Joseph Rowntree Foundation <https://www.jrf.org.uk/poverty-in-wales-2025>

³ Bevan Foundation (2025), *Bevan Foundation welcomes extra childcare funding in final budget* <https://www.bevanfoundation.org/news/2025/02/childcare-final-budget/>

⁴ Welsh Government (2025), *All two-year-olds in Merthyr Tydfil can now receive free Flying Start childcare* <https://www.gov.wales/all-two-year-olds-merthyr-tydfil-can-now-receive-free-flying-start-childcare>

2. What action should the Welsh Government take to:
a. help households cope with cost of living issues

The Bevan Foundation will shortly be publishing a document outlining what it believes should be the priorities for all political parties ahead of the next Senedd election when it comes to poverty and managing cost of living issues. Whilst many of these actions require longer-term investment, we believe that there are some measures that could be taken over the next few months that could support households to manage living costs. These include:

- *Protect the Discretionary Assistance Fund*

The Discretionary Assistance Fund (DAF) is a lifeline for people in financial crisis. Given the importance of DAF, we urge the Welsh Government to, at a minimum, protect the amount allocated to DAF and ideally increase it to ensure people in financial crisis have the support they need ahead of the Senedd election in May 2026.

- *Uprate the eligibility criteria and cash value of Welsh benefits in line with inflation*

Decisions taken by the Welsh Government over recent years to increase the cash value and expand the eligibility criteria of some Welsh benefits like the Education Maintenance Allowance are to be welcomed. However, the eligibility criteria for other Welsh benefits like the School Essentials Grant and Free School Meals in secondary school have not increased in line with inflation. Even where the Welsh Government have made changes these have been one-off announcements. For example, the Education Maintenance Allowance was increased from £30 a week to £40 a week in 2023. Whilst the Bevan Foundation welcomed this change, the value of that increase has already started to erode given the failure to uprate it in line with inflation in the following years.

Welsh Government has previously urged the UK government to uprate benefits in line with inflation. We believe it ought to apply the same principle to its own grants and allowances.

- *Funding for fair free school meals*

Ahead of the Senedd election the Bevan Foundation will be calling on all parties to commit to expanding the provision of free school meals in secondary schools. Whilst we acknowledge that any significant expansion will likely have to wait until after the election we believe that there are some changes that could be made to make free school meals fairer in the 2026-27 budget.

Most local authorities in Wales do not provide free school meals to children from low-income families who have no recourse to public funds with the few authorities that do provide meals doing so on an ad hoc basis.⁵ The Bevan Foundation and partners have urged the First Minister to protect children's rights,⁶. We have urged the Welsh Government to permanently extend eligibility for free school meals to all children from all low-income households, irrespective of a child's immigration status, and introduce a fair and appropriate system for assessment of financial eligibility.

- *Adequately fund Phase 3 of the Flying Start Expansion*

⁵ Bevan Foundation (2024), "*What am I suppose to do? Living with No Recourse to Public Funds in the Nation of Sanctuary*" <https://www.bevanfoundation.org/resources/living-with-no-recourse-to-public-funds-in-the-nation-of-sanctuary/>

⁶ Bevan Foundation (2024) "*Join our call for fair free school meals in Wales*" <https://www.bevanfoundation.org/news/2024/10/join-our-call-for-fair-free-school-meals/>

With more than half of children living in poverty in Wales living in a family with a child aged 0 to 4, affordable, accessible and good quality childcare for this age group is crucial to enabling parents (especially the second adult in a couple household) to work and help to reduce poverty. The Welsh Government's plans to expand the childcare element of Flying Start are positive. The allocation of extra money to childcare provision in the last budget was welcomed by the Bevan Foundation and others.

As noted above however, with exception of Merthyr Tydfil, very little information has been published as to how the expansion of Phase 3 is progressing. The Bevan Foundation believes that the Welsh Government should provide both greater clarity as to how the expansion of Phase 3 is progressing, including information as to when each local authority plans to complete its rollout, and if needed, allocate extra funds to ensure that no child aged two misses out on the opportunities provided by the childcare element of Flying Start.

- *Remove the risk of serious harm from temporary accommodation*

The Bevan Foundation believes that increasing the availability of social housing should be a key priority for whichever party form the next Welsh Government. A report published by the Foundation in September, however, identified urgent concerns with the homelessness system that should be addressed ahead of the election.⁷

The Foundation identified that children across Wales are exposed to a risk of serious harm due to poor quality temporary accommodation. The report identifies a number of practical changes that could be made to reduce this risk. It is vital that sufficient funding is allocated to address these concerns.

3. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

The Bevan Foundation has recently undertaken work examining the Welsh Government's plans for decarbonising the transport sector.⁸ Significant funds have been invested by the Welsh Government in improving transport infrastructure over recent years, but the Foundation believes that there is room to improve how this investment is made so that the Welsh Government can more effectively build a greener economy whilst also reducing poverty and inequality.

The Foundation's work highlighted the disproportionate reliance on both walking and buses amongst low-income households. This is despite bus patronage falling over more than two decades and funding constraints that have led to the withdrawal of many services⁹, and active travel spending being low per head compared to many countries including Scotland.

Increasing investment in both the bus network and active travel infrastructure offers the potential twin benefits of achieving decarbonisation through modal shift away from cars and making it easier

⁷ Wendy Dearden n(1)

⁸ Davies, J. and Evans, S. (2025), *The route to net zero transport in Wales: how to make it work for people in poverty*. [<https://www.bevanfoundation.org/resources/the-route-to-net-zero-transport-in-wales-how-to-make-it-work-for-people-in-poverty>]

⁹ See for example WalesOnline, 'Full list of bus services cancelled and changed in Swansea, Neath Port Talbot and Carmarthenshire' (2023). Available at: <https://www.walesonline.co.uk/news/wales-news/full-list-bus-services-cancelled-27828181>

for people on low income to access work and goods and services. While there are some positive steps being taken, such as the introduction of the Bus Services (Wales) Bill, which could allow investment to be targeted better at socially necessary bus routes rather than those which are most profitable, we are yet to see investment in buses match what has been spent on rail in recent years. Spending on improvements to pavements and cycleways falls short of what we and others have recommended (around 10% of the transport budget, in line with the target in Scotland), while the Welsh Government has now combined its active travel fund into a 'regional transport and active travel' budget line, making it impossible to track discrete spending on active travel.

Taking a whole-system approach to transport investment offers benefits for all. Taking the example of active travel spending, the UK Department for Transport's own analysis established that the return on investment for active travel in the economy is £5.62 for every £1 spent, far more than investment in roads for example.¹⁰

4. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

The Bevan Foundation reiterates its view that the Welsh Government should make fuller use of its borrowing and taxation powers as well as the block grant when determining its budget. In respect of income tax, we have recommended that the Welsh Government seeks powers to set tax bands as well as rates, although we recognise that the revenue raising potential is relatively limited. Other sources of revenue, notably a more progressive council tax regime, could also be developed.

5. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

- a. Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?

No progress has been made in reducing poverty in Wales for over two decades. Indeed, as outlined in response to question 1, the Joseph Rowntree Foundation's recent work has shown that depth of poverty in Wales has increased significantly over the past 25 years.¹¹

The Bevan Foundation recognises that some of the levers that reduce poverty and help people to manage rising living costs rest with the Westminster government. However, the Welsh Government's actions also support people on low incomes, both directly, through cash transfers or subsidies, and indirectly by creating the conditions for an improvement in living standards.

The Welsh Government has made effective use of some of these policy levers over recent years. For example, it directly boosts household income through its devolved, means-tested grants and allowances (such as Council Tax Reduction, Education Maintenance Allowance, School Essentials Grant, and Discretionary Assistance Fund). We have welcomed the first steps being taken to bring

¹⁰ Davis, A, 'Claiming the Health Dividend: A summary and discussion of value for money estimates from studies of investment in walking and cycling' (2014). Available at: https://assets.publishing.service.gov.uk/media/5a7dd183ed915d2acb6ee528/claiming_the_health_dividend.pdf, page 6.

¹¹ JRF n(2)

these grants and allowances into a Welsh Benefits system, and as mentioned earlier we are urging that their value and eligibility thresholds be reviewed and updated in tandem. In our evidence last year we argued that the Budget would need to make provision to compensate local authorities for additional costs arising from increased uptake, extended eligibility and higher value payments if progress is to be maintained. We believe that the arguments to do so remain compelling.

The Welsh Government also directly reduces some costs faced by low-income households, for example through the provision of social housing at below market rents; home energy efficiency measures; and free school meals for secondary school pupils. These are very welcome, but as noted earlier, many lack the scale needed to make a significant difference. For example, the new Nest Warm Homes scheme provides welcome support with the energy efficiency of homes of low-income households, but provides for improvements to just 11,500 properties over seven years, compared with 340,000 households estimated to live in fuel poverty.

Looking to the longer term, the Bevan Foundation recently worked with Policy in Practice and others to explore which policy interventions could have the greatest impact on reducing child poverty in Wales.¹² The work found that whilst no single intervention can eliminate poverty, targeted, well-designed policies, particularly those focused on children (e.g. the greater provision of funded childcare), can result in substantial progress. Whichever party or parties form the next Welsh Government should look to prioritise funding for such policies for the first budget after the Senedd election.

¹² Charlesworth, Z. Bahia, I. and Collins, K (2025), *An examination of the impact of policy interventions designed to reduce poverty in Wales* <https://www.bevanfoundation.org/resources/policy-interventions-to-reduce-poverty-in-wales/>

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB_26-27 19: Ymateb gan: Cyngor ar Bopeth Cymru |Response from: Citizens Advice Cymru





Citizens Advice Cymru evidence to Finance Committee

Scrutiny of the Draft Budget 2026-27 (September 2025)

1. Introduction:

- 1.1. Citizens Advice in Wales is a network of 18 local offices, all individual charities, offering free, confidential advice online, over the phone and in person.
- 1.2. Since January 2025 we've helped over 101,000 people across Wales with a range of problems, including issues with benefits, debt, crisis support, housing, employment, discrimination, relationships and consumer rights. Over the last year on average people seeking our advice needed help on 7 different issues, reflecting both the complexity of people's situations, and the holistic way we provide support.
- 1.3. We have responded to questions with most relevance to our work and the people we support.

Consultation questions:

2. What action should the Welsh Government take to help households: cope with cost of living issues?

- 2.1. The Welsh Government has demonstrated a consistent commitment to tackling poverty in Wales since the start of devolution. However, despite funding multiple important programmes and interventions, costing [billions of pounds](#), levels of poverty in Wales remain persistent. In fact, recent [analysis](#) shows poverty levels are only becoming deeper and more entrenched.
- 2.2. Almost a year ago Citizens Advice Cymru published [Reaching Crisis Point: the story in Wales](#), highlighting the scale of hardship facing Welsh households. Since then we have seen an increase in the National Minimum Wage and a small 1.7% increase in working-age benefits. However, while welcome, these developments do not compensate for years of high inflation, benefit freezes and cuts, and insecure employment. Tens of thousands of people across Wales still can't afford to heat their homes or pay their bills at the end of each month.

- 2.3. Our client evidence confirms the worrying daily reality for many households. [During 2025](#) local Citizens Advice offices across Wales have continued to help near record numbers of people with energy debt, crisis support and homelessness related issues. Thousands of people are also seeking help with other household debts, such as council tax, water and rent. Many of these households include children and people with long-term health conditions or disabilities. Around half of our debt clients are still living in a negative budget, where their income just isn't enough to cover all their essential outgoings.
- 2.4. **Citizens Advice believes there needs to be a renewed focus on raising living standards and improving the economic security of lower income households in Wales, with more ambition to change peoples' lives for the better.** While much of the responsibility for tax and social security decisions sits with the UK Government, the Welsh Government does have important economic, social and cultural levers which must be maximised if more people living in poverty are to benefit.
- 2.5. **Investing in the Welsh benefits system so it provides the right support to people when they need it is vital.** We welcome the Welsh and local governments' continued commitment to ensuring over 200,000 households in Wales receive maximum entitlements to a council tax reduction, so they don't pay any council tax at all; continued investment in the Discretionary Assistance Fund (DAF); and the introduction of Universal Free School Meals for all primary school children. These interventions, along with others, provide essential support to many struggling households. We also urge the programme of work to streamline and simplify the Welsh benefits system to continue. However, **if living standards are really going to improve in the coming years we believe more needs to be done to help boost income.**
- 2.6. **We are therefore calling on the next Welsh Government to:**
- **Introduce a weekly Wales Child Payment**, similar to the Scottish Child Payment. This should be introduced gradually. For example, starting with smaller payments to households with children under school age
 - Ensure **Welsh benefits, entitlements and income thresholds** are **routinely uprated and/or increased in line with inflation**, and
 - **Introduce Free School Meals** for **all secondary school children living in households in receipt of Universal Credit**, regardless of income.

- 2.7. The Discretionary Assistance Fund (DAF) remains a critical source of support for thousands of people across Wales. We strongly welcome the Welsh Government's recognition of this with continued boosted funding over the last year (at nearly £40m), an increase in the value of off-grid support, and improvements which ensure better tailored support is now available under the Individual Assistance Payment element.
- 2.8. However, the ongoing financial pressures on many households in Wales is likely to continue for the foreseeable future. Household bills, such as energy, rent (especially in the private rented sector), water, council tax, and food costs remain high, while income levels remain fairly static, putting people at increasing risk of financial hardship.
- 2.9. As noted in our Reaching Crisis Point report, crisis support in any form, whether that's DAF Emergency Assistance Payments, food parcels or fuel vouchers, is not designed to solve systemic poverty. Much broader policy changes are needed, not all of which are within the powers of the Welsh Government.
- 2.10. People in Wales with disabilities or long-term health conditions continue to face disproportionately high levels of hardship. They are nearly three times as likely to experience material deprivation compared to non-disabled people¹. Over recent months Citizens Advice and others have called for the UK Government to urgently rethink some of their disability benefit reforms. While we welcomed the removal of cuts to Personal Independence Payment (PIP) from the Universal Credit Bill during its passage through parliament, pending a review of the PIP assessment, **the final Universal Credit Act 2025 contains [harmful cuts](#)** to the health element of Universal Credit for new claimants from April 2026. This will leave affected claimants **around £3,000 a year worse off** on average, compared to current claimants. The uplift to the standard allowance (also in the Act) is too small to make a meaningful difference. And despite assurances to the contrary, as it stands, the Act is likely to leave many seriously disabled people without protection or support.
- 2.11. We recognise the Welsh Government does not have powers over the UK social security system however, we urge them to push the UK Government to rethink reforms to the UC health element. **Citizens Advice is calling for the cuts to UC health to be delayed until a real assessment of the policy and its potential impacts has taken place.** We are also calling for greater clarity and legal protections within the severe conditions criteria to ensure that it won't exclude people with

¹ Scope, Disability Price Tag 2023: the extra cost of disability, 2023

fluctuating conditions or those who may struggle to get a formal NHS diagnosis.

- 2.12. In addition, we are urging the UK Government to implement other long overdue reforms to help relieve the financial pressures, and reliance on crisis support, many UC claimants across Wales are currently experiencing. This includes
- ensuring **benefit payments are at least enough to cover essential costs**
 - ensuring LHA rates are **annually updated in line with the 30th percentile of local market rents**, and
 - **removing the 2-child limit and benefit cap.**
- 2.13. Until broader policy changes such as these are implemented, the need for crisis support, often vital lifelines, will remain, **particularly given the aforementioned disability benefit changes** and ongoing increases to essential living costs.
- 2.14. **Citizens Advice also believes that giving people the option of additional support (where a need has been identified) as close to that point of crisis as possible, should be more routinely embedded into crisis interventions, such as the DAF.** There are proven benefits of formally integrating wider support. Evidence gathered during the evaluation of the Standard and Enhanced DAF Project Pilots² showed that being referred into Citizens Advice services resulted in a number of positive outcomes for DAF clients, including improvements in their financial circumstances (with an average annual income gain of £251), as well as enhanced mental and general health.
- 2.15. Citizens Advice is therefore calling on the next Welsh Government to:
- **Protect future funding of the Discretionary Assistance Fund** to at least the allocated budget for 2025-26
 - Incorporate **a more preventative approach** into the Fund's design through **an adequately resourced integrated partner network**
 - **Protect and expand emergency financial support for households at risk of disconnection or living off-grid.**

² Citizens Advice, Evaluation of Welsh Government Enhanced DAF Project Pilot, 2022 (unpublished)

3. What action should the Welsh Government take to address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

3.1. We know that access to good quality, accessible and affordable housing is the foundation of a healthy fulfilling life however, rising rents (especially in the private rented sector), record numbers in temporary accommodation, widespread issues with damp/mould, and growing demand for support with housing costs highlights the extent this is out of reach for thousands of people across Wales.

3.2. During 2024 local Citizens Advice offices across Wales helped over 27,000 people with housing affordability issues³, predominantly supporting renters including 4,650 people with rent arrears. Although there has been a decrease in recent months as Figure 1 shows, the overall trend since 2019 has been upward.

Figure 1: Number of people helped with housing affordability issues (by housing tenure)



³ This includes rent and mortgage arrears, homelessness issues, rent/mortgage increases, LHA restrictions, discretionary housing payments, and lack of affordable/suitable accommodation in the local area.

- 3.3. The number of people seeking our help on homelessness issues has decreased by 20% since this time last year, but remains 65% higher than August 2019.
- 3.4. Long waiting lists for social housing and high mortgage costs have left more people relying on an increasingly unaffordable private sector. Latest figures show the average private rent in Wales was £811 in August 2025 (up 7.8% from a year earlier)⁴. Our previous [research](#) with private tenants highlights how the ongoing struggle to afford rent can negatively impact people’s health, employment prospects and relationships. While our more recent research found that **more than half (54%) of private renters in Wales are currently experiencing damp, mould or excessive cold** in their rented home.⁵
- 3.5. This can all have a significant impact on people’s financial well-being, sense of security and physical and mental health. **We are therefore calling on the next Welsh Government to:**
- **Increase protections for private renters** by:
 - exploring options that would limit rent increases in the private sector and help stabilise the market, and
 - banning no-fault evictions completely.
 - **Commit to action that will increase supply of social housing** across Wales by at least 30,000 by 2030.
 - Take decisive action by **incorporating the right to adequate housing into law**. Enshrining this right would hold governments accountable and embed long-term solutions to the housing crisis.

4. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget: Do you have any specific comments on any of the areas identified below?

Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?

Is the Welsh Government’s approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

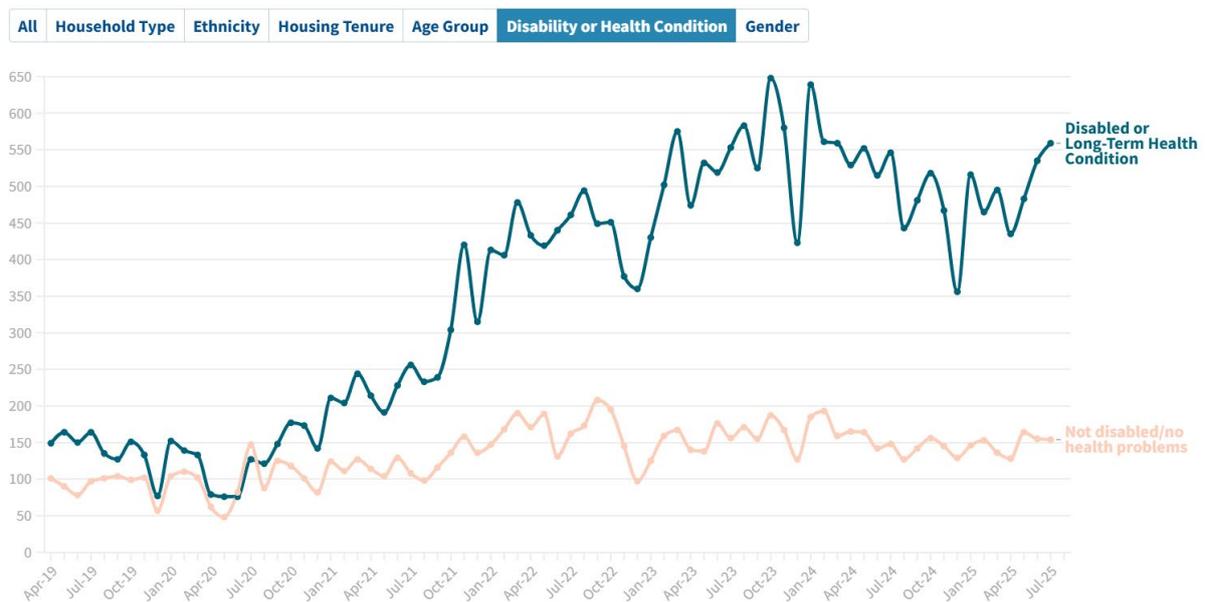
⁴ ONS, [Private rent and housing prices, UK](#), September 2025

⁵ Data is based on a nationally representative online survey of 2,430 private renters in England and Wales, conducted by Yonder Consulting between 13th- 26th February 2025. This included a ‘boost’ sample for Wales of 509 renters in Wales.

4.1. Four years on from the start of the energy crisis, more than a quarter of homes in Wales are still struggling with unaffordable energy bills - and prices aren't expected to drop anytime soon with the [price cap](#) set to rise again (by 2%) between October and December 2025. While bills have come down from their peak, average bills are still around £600 a year more than they were pre-crisis. In 2024, energy debt was the second most common debt issue we helped with, rising by 144% since 2019.

Figure 2: Number of people helped with energy debt issues (by disability/health condition)

Number of people helped with energy debt in Wales



4.2. Recent changes to the Winter Fuel Payment and Warm Homes Discount by the UK Government go some way to supporting those who need it most, but they still fall short of [adequate targeted support](#) that make energy prices genuinely affordable to those on lower incomes with high energy needs.

4.3. Some groups have been hit harder by high costs including households with children and, as Figure 2 shows, those with a long-term health condition or disability. This means that energy prices are not just a cost-of-living issue, they're a public health risk, placing additional strain, and [costs](#), on an already overstretched health service.

4.4. The situation in Wales is exacerbated by the fact we have some of the least efficient housing in England and Wales⁶, making homes expensive

⁶ The median efficiency score in Wales is 66 which is joint lowest out of the regions in England and Wales, with Yorkshire and Humber.

and difficult to heat, as well as more prone to damp and mould - as referred to earlier in our response.

4.5. Citizens Advice believes we need a bold plan to retrofit homes, expand support, and make the transition to low-carbon heating fair and inclusive.

We are therefore calling on the next Welsh Government to:

■ **Accelerate the retrofit of poorly insulated homes to shield households from energy price shocks and reduce fuel poverty by:**

- Committing to **invest consequential from the UK Government Warm Homes Plan** to make Welsh homes warmer, healthier, and more energy efficient - prioritising those in greatest need
- **Expanding funding for the Nest scheme** to ensure the transition to low-carbon heating is accessible to all - continuing to provide trusted advice as well as fully funded upgrades for low income homeowners and renters in inefficient homes.

5. Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and additional costs following increases to National Insurance Contributions, sufficient?

5.1. The financial hardship experienced by individuals and families across Wales continues to place immense pressure on our local Citizens Advice offices, as well as other third sector organisations. Demand for our services considerably outstrips supply, with the Welsh Government's own [needs analysis](#) showing the potential scale of the unmet need for advice services in Wales, particularly for advice on welfare benefits, housing and debt.

5.2. Advice services provide a vital intervention when people are in need of support. They also act as a preventative measure. By helping to stop problems occurring or escalating, advice has been [proven to reduce pressure on public services](#), improve people's mental and physical health, and boost household income. In 2024-25 our Wales-wide services achieved income gains of **£155 million** and debt write offs of **£22 million**.

5.3. In previous budget scrutiny sessions we have highlighted the pressure that flat budgets have put on the **delivery** of headline Welsh Government programmes such as the Single Advice Fund. **We are therefore calling on the next Welsh Government to:**

- **Support and increase funding** for free, independent and quality assured bilingual advice services in light of rising demand from people across Wales.
- Recognise and **meet the full costs of the delivery** of essential Welsh Government programmes such as the Single Advice Fund (SAF) and ensure that additional funding for the SAF is a central part of the new Government's strategic approach to delivery of preventative services.

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB_26-27 21: Ymateb gan: ; f d'7m`]XYV'A Ybnk cX'7na fi 'fj 7A 7E'UF\k nXk UJh`
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Wales Women's Budget Group (WWBG) and Women's Equality Network (WEN) Wales joint submission to the Finance Committee

Welsh Government Draft Budget 2026-27

September 2025

About the Wales Women's Budget Group (WWBG): WWBG is a registered charity, currently housed by the Women's Equality Network (WEN) Wales, which works with government and civil society in pursuit of a more prosperous and gender equal Wales. Bringing together leading economic thinkers, academics, policymakers and women's networks, the WWBG works to influence and inform public policy to promote a gender equal economy in Wales through the use of gender budgeting.

About the Women's Equality Network (WEN) Wales: Our vision is of a Wales free from gender discrimination where all have equal authority and opportunity to shape society and their own lives. We work with our vibrant coalition of organisational and individual members to transform society. Our work sits under three pillars. We will Connect, Campaign and Champion women so our vision is realised.

Key Messages

- 1) Due to persistent gender inequality, women in Wales – particularly single mothers, disabled women, ethnic minority and racialised women – continue to feel the brunt of high costs of living. While support measures and hardship payments are welcome, renewed effort and investment are needed to address the systemic drivers of women's economic inequality.
- 2) Gender budgeting remains a key tool at the Welsh Government's disposal to tackle inequality and poverty. In the context of a continuation budget, this year's budget cycle presents an ideal opportunity to progress with its roll out in Wales. This requires publishing the findings of the 2022-23 gender budgeting pilots as a matter of urgency, improving the transparency of the Strategic Integrated Impact Assessment (SIIA).
- 3) The third sector in Wales, particularly women's sector organisations, continue to face increased demand and costs alongside limited resources. The Welsh Government must take urgent action to protect the sustainability of the sector by recognizing its value and protecting organisations through medium to long-term funding.
- 4) Childcare provision in Wales remains unaffordable, disjointed and inaccessible. As costs for many in Wales continue to rise above those in England and Scotland, the Welsh Government must improve its childcare support by allocating more funding to tackle its systemic issues and deliver the support that parents, particularly mothers, desperately need.
- 5) The unequal economic position of women means that they are being hit hardest by the housing crisis in Wales. With home ownership being unaffordable for women in all local authority areas and private renting only being affordable in six areas, urgent action is needed to improve the availability and affordability of housing in Wales.

Detailed Response

Please note that for the sake of brevity and to avoid repetition some questions have been combined in the below response.

1. What, in your opinion, has been the impact of the Welsh Government's 2025-26 Budget?

1.1. Continuing levels of high inflation and rising prices have not impacted all households equally in Wales. Due to deep-rooted gender inequality, women occupy an unequal position in the Welsh economy and bear a disproportionate share of caring responsibilities. This care is mostly unpaid and has a knock-on effect on women's paid employment.

1.1.1. For example, it means that women in Wales are over 2.5 times more likely than men to be working part-time, and are more likely to be economically inactive, with 27.9% of women in Wales being economically inactive compared to 21.2% of men.¹ Additionally, women are three times more likely than men to be economically inactive due to caring responsibilities.²

1.1.2. The situation is starker for ethnic minority and disabled women, as well as single mothers, who face additional barriers to accessing and remaining in employment. Forthcoming research from WEN Wales shows that the percentage of economically inactive ethnic minority women in Wales has risen by 2.8% over the last year. The percentage of disabled women who are economically inactive has also risen by 2.7%.³

1.1.3. Women also dominate some of the most insecure and low-paid employment sectors in Wales, including health and social care as well as food, accommodation and other services.⁴ Women in Wales remain underrepresented in higher paid directorial, managerial and senior roles, which are dominated by men (64% of individuals in these roles are men, and only 36% are women).⁵

1.2. These patterns mean that women earn less than men on average, which has resulted in a gender pay gap of 8.9% in Wales.⁶ Consequently, women have less savings and wealth overall and are more vulnerable to the impacts of successive economic crises. As we continue to navigate a worsening cost of living crisis, women in Wales – particularly those facing specific intersectional disadvantage – are being pushed into debt and poverty as costs remain high.

1.3. Cost of living support: In this context, we welcome the cost of living support measures announced in the 2025-26 Budget. For example, we were pleased to see the Welsh Government's uplift of the Discretionary Assistance Fund (DAF), which provides a vital lifeline to those on low incomes. We were also pleased to see the expansion of the Welsh Government's Warm Hubs programme and additional funding to tackle food poverty here in Wales.

1.3.1. The Welsh Government's Council Tax Reduction Scheme is an essential form of support for lower income households and carers. Its continued funding in the 2024-

¹ WEN Wales (2025), State of the Nation 2025 (forthcoming)

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ WWBG (2025), *The Gender Pay Gap Explained* <https://wwbg.org.uk/the-gender-pay-gap-explained/> [Last accessed 13.09.25]

2025 Budget was therefore welcome. We were also encouraged to see work undertaken this year to reform the Council Tax system in Wales. This includes abolishing imprisonment for non-payment, streamlining the Council Tax Reduction Scheme application process and retaining the Single Person Occupancy discount, all of which will help to support women and other lower income households to cope with rising council tax payments. It is disappointing however that, the revaluation of house prices for the purposes of council tax will not take place until 2028. In the face of continuing shortfalls for local governments in Wales and the possibility of further council tax rises which will disproportionately impact those on low incomes, this delay risks pushing more Welsh households into poverty and debt.

1.4. While the above hardship payments and support measures are necessary, we must emphasise that they are short-term measures which do little to address the structural causes of inequality here in Wales. We were, however, pleased to see some progress in this area in the 2025-26 Budget.

1.5. Public services: The unequal economic position of women in Wales means that they are more likely to work within public services, to rely on public services for support and to become providers of last resort when services are cut. Reductions, delays or cuts to public services therefore represent a ‘triple whammy,’⁷ for women. In light of this imbalance, we welcome the much needed investment into Wales public services within the 2025-26 Final Budget. We are concerned, however, that some of these allocations are inadequate and fall far behind what is needed.

1.5.1. Health and social care: We welcome the increased investment in the Welsh NHS, which has a predominantly female workforce, to tackle waiting times and improve patient outcomes. With nearly a third of women in Wales economically inactive due to ill-health, we were particularly pleased to see £3 million allocated to strengthen women’s health services and progress the 10-year plan for women in Wales.⁹

1.5.1.1. We were also encouraged to see the Welsh Government acknowledge the value of social care and the need for a holistic approach to funding health and social care in Wales. This was reflected in the additional £30million allocated for social care in the Final Budget to tackle delayed hospital discharges. With a predominantly female workforce (78%), the allocated support to help local authorities pay carers the Real Living Wage is also a positive announcement.⁸ However, significant challenges remain with recruitment and retention in social care, with a quarter of its predominantly female workforce looking to leave the sector over the next year.⁹ Furthermore, despite the Welsh Government’s continued commitment to pay all social care workers the Real Living Wage, only 35% of the workforce are satisfied with their pay¹⁰ and 59% are finding it ‘slightly’ or ‘a lot’ more difficult to manage financially compared to last year.¹¹ Alongside low pay, poor working terms and conditions continue

⁷ Women’s Budget Group (2022), *The Gendered Impact of the Cost-of-Living Crisis on Public Services* <https://wbg.org.uk/wp-content/uploads/2022/11/Gendered-impact-of-cost-of-living-crisis-on-public-services-1.pdf>

⁸ WEN Wales (2025), *State of the Nation 2025* (forthcoming)

⁹ Ibid.

¹⁰ Social Care Wales (2024), *Have Your Say 2024*

<https://insightcollective.socialcare.wales/assets/documents/Have-Your-Say-2024-Report.pdf>

¹¹ Ibid.

to exacerbate the recruitment and retention crisis in social care. With Welsh local authorities facing funding shortfalls of £432 million in 2026-27¹², it is unlikely that the announced funding for social care will meet cost pressures and help to address the significant structural issues across the sector. Doing so requires urgent action to tackle the prevalence of precarious, zero-hour contracts, lack of job security, and shortage of training and progression opportunities within the sector.

1.5.2. Childcare: The 2025-26 Budget provided vital funding for childcare provision in Wales. By allocating £20million to increase the hourly rate of childcare providers (with their predominantly female workforce) and £30million to expand provision to all two year olds under Flying Start, the Welsh Government has taken positive steps towards supporting this vital sector. Unfortunately, for many, childcare remains prohibitively unaffordable and complex, with gaps in provision driving parents, particularly mothers, out of work. For example, the phased expansion of Flying Start only amounts to 12.5 hours per week at 2.5 hours a day. Research shows that funded childcare in the region of 15 hours or less is largely ineffective in addressing parental employment, whereas expanding entitlements to 30 hours leads to significant increases in labour force participation and employment of mothers whose youngest child is eligible.¹³

1.5.2.1. WEN Wales' recent survey of 780 parents of pre-school children in Wales showed that 60% had to reduce their working hours, 42% had to reduce spending on essentials like food, rent or heating and 35% had to reduce spending on non-essentials for their children, like clothing, toys or activities. The vast majority (89%) of parents who did not access formal childcare were unable to work or study as much as they would like. Among those who were using formal childcare, this figure was still as high as 60%. Figures were worse for families with below average income, with two-thirds of respondents unable to work or study as much as they would like (66%), compared to a little over half (55%) for families with above average income. Alongside costs, other reasons preventing parents from working or studying as much as they would like were issues with drop-offs, pick-ups and transport between settings and childcare not being available at the times needed. The survey findings also show that families struggle with navigating the complex, disjointed system, with nearly 70% struggling to find information on financial support, and that over 40% reporting that their childcare arrangements had a negative impact on their home life.

1.5.2.2. While lack of affordable childcare impacts the whole family and the economy, much of the burden falls heaviest on women. In Wales, 23.5% of whom are economically inactive due to caring responsibilities.¹⁴ The price of childcare in Wales increased across all age groups over the past year, in some

¹² WLGA (2024), £25 million welcomed by local government, but sustainable long-term funding needed <https://www.wlga.wales/25-million-welcomed-by-local-government-but-sustainable-long-term-funding-needed> [Last accessed 13.09.25]

¹³ Institute of Fiscal Studies (2022), Does more free childcare help parents work more? <https://ifs.org.uk/publications/does-more-free-childcare-help-parents-work-more>

¹⁴ WEN Wales (2025), State of the Nation 2025 (forthcoming)

areas increasing by as much as 10%.¹⁵ Yet many providers struggle to break even, let alone pay early years professionals a wage that reflects the demands and responsibilities of their role, leading to a continuing crisis in recruitment and retention and gaps in provision. With lack of affordable childcare remaining one of the biggest drivers of gender inequality in Wales, the funding provided in last year's budget is not sufficient to address its systematic issues and meet the needs of families in Wales.

1.5.3. Violence against Women and Girls: It is positive to see £1.2 allocated to support the delivery of the *Violence against Women and Domestic Abuse and Sexual Violence Strategy* and provide survivors with essential support and advice. However, in the context of rises to employer national insurance contributions announced in last year's UK Autumn Budget, providers are facing cost and demand pressures at an all-time high. To protect the sustainability of the sector, there is a pressing need to develop a more long-term legislative and funding framework for VAWDASV specialist services in Wales.

1.5.4. Local Government: Local councils in Wales provide many of the vital public services that women use and need, including social care, childcare, housing and transport. As noted above, women are more likely than men to work in public services and to rely to them in times of crisis. Inadequate funding for local government therefore disproportionately impacts women as employees, service users and service providers of last resort. In the face of continued funding shortfalls of over £400million¹⁶, the 4.3% uplift for local government and additional £25million allocated in the 2025-26 Budget is insufficient to meet cost pressures. To balance budgets, local authorities may be forced to raise council taxes further or to make cuts to service provision. As discussed in this response, both of these eventualities impact women in Wales most acutely. There is an urgent need for a long-term sustainable funding plan to adequately fund local authorities and protect the vital services they provide.

1.6. Gender budgeting: Gender budgeting remains a key tool at the Welsh Government's disposal to tackle inequality and mitigate unequal gendered impacts such as those discussed above.

1.6.1. We were pleased to see some progress in this area over the past few years within the Welsh Treasury including the development of an online gender budgeting resource for government officials and policymakers. We also welcome the continued work by treasury officials and other stakeholders through the Budget Improvement and Impact Advisory Group (BIIAG) to improve the Strategic Integrated Impact Assessment (SIIA) published alongside the Draft Budget. We are particularly pleased that, following the SIIA Review, we have been invited to participate in a series of collaborative SIIA workshops with policymakers and officials, where we will further explore how to embed a gender lens within the budget process.

1.6.2. Despite these developments, we are still awaiting the evaluation of the Welsh Government's gender budgeting pilots – Personal Learning Allowance, Young Person's Guarantee and E-Move – which were scheduled to end in 2022-23. Given

¹⁵ Coram (2025), Childcare Survey 2025

<https://www.coram.org.uk/wp-content/uploads/2025/03/ChildcareSurvey2025-1.pdf>

¹⁶ WLGA (2024), £25 million welcomed by local government, but sustainable long-term funding needed

<https://www.wlga.wales/25-million-welcomed-by-local-government-but-sustainable-long-term-funding-needed> [Last accessed 13.09.25]

the context-specific nature of gender budgeting as an approach – gender budgeting works best when it is specific to the political, cultural and structural context at hand – these context-specific learnings are crucial to informing plans for the wider roll out of gender budgeting and therefore must be clarified without delay. We are also disappointed to that the ongoing work to incorporate gender budgeting questions within the Welsh Government’s departmental Equality and Human Rights Impact Assessment was delayed and urge the Welsh Government to resume this important work as soon as possible.

2. How financially prepared is your organisation for the 2026-27 financial year, how confident are you that you can deliver on planned objectives, and how robust is your ability to plan for future years?

- **Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and additional costs following increases to National Insurance Contributions, sufficient?**

2.1. WWBG is currently housed by WEN Wales, both of which are women’s organisations within the Welsh third sector. Post-EU funding challenges, the cost of living crisis and recent increases to National Insurance Contributions have all had marked impacts on the third sector in Wales, with organisations facing increased demand and operational costs alongside limited resource.

2.2. These pressures are amplified for the Welsh women’s sector, which faces unique and disproportionate pressures when compared to the wider charities sector.

2.2.1. Recent research from the Rosa Foundation shows that 9 out of 10 women’s organisations have experienced an increase in demand for their services over the past year. In contrast, only 65% of organisations in the wider charities sector have experienced an increase.¹⁷

2.2.2. 93% of women’s organisations are expecting this demand to grow, rising to 100% for organisations supporting black and/or minoritised women and girls.¹⁸

2.3. Financial constraints are a critical barrier to women’s organisations being able to meet this demand and deliver their vital services. Alongside increased costs, women’s organisations in Wales and across the UK rely on a small number of narrow funding schemes. This is further problematised by the short-term nature of grants, which rarely last more than two years. This uncertainty falls far short of the long term security we need to meet growing demand and provide specialist services. It also affects our ability to meet our planned objectives and makes it extremely difficult to plan strategically for the future. As per Rosa (2025), 59% of women’s organisations do not have enough capacity to meet their organisational objectives.¹⁹

2.4. Faced with having to do more with less, three quarters of women’s organisations have had to compromise in some way, either by reducing service provision and staff hours, increasing costs or even drawing on financial reserves to address shortfalls.²⁰ The serious consequence of this situation is illustrated by the regrettable closure of

¹⁷ Rosa Foundation (2025), Underfunded, under resourced and under the radar: the state of the women and girls’ social sector <https://rosauk.org/wp-content/uploads/2025/04/Underfunded-under-resourced-and-under-the-radar.pdf>

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

longstanding organisations such as Chwarae Teg, which represented a significant setback in the fight for gender equality in Wales.

2.5. The fiscal precarity of the Welsh women's sector is extremely problematic at a time when we are seeing the growth of an anti-equalities political and public discourse in the UK. These worrying movements highlight the vital need for our work, which ensures that the voices of women and other vulnerable groups are heard and protected. In this context, the £1m support package allocated for the Welsh third sector in last year's budget does little to support charities in Wales or to mitigate the funding challenges they face, particularly following the increase to employer National Insurance Contributions in last year's UK Autumn Budget.

2.6. To counteract the alarming loss of expertise in the Welsh third sector, the Welsh Government must take urgent action to protect its sustainability, particularly with regards to the women's sector in Wales. We urge the Welsh Government to recognise the value of the women's sector in the current political context and to protect its organisations through targeted, medium to long-term funding, as delineated in its new Third Sector Scheme: code of practice for funding the third sector.²¹

3. What action should the Welsh Government take to help households cope with cost of living issues; address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

- **Is enough being done to tackle the rising cost of living and support those people living in relative income poverty?**

3.1. The unequal economic position of women in Wales means that they are more exposed to the cost of living crisis and more likely than men to be living in poverty and/or debt as a result. This is particularly the case for single mothers, who rely on a single income and lack a co-parent to share childcare responsibilities. Single parents – the majority of whom are women – remain the most likely household type to be living in relative income poverty in Wales, with 35% currently doing so.²² The likelihood of living in relative income poverty in Wales also increases to 50% for households headed by individuals from Black, Asian or minority ethnic groups.²³

3.1.1. In the UK, 59% of young women report experiencing a real struggle to make cash last to the end of the month.²⁴ For young women with children, 42% report being unable to afford food or essentials within the last 12 months. This rises to 49% for young women on benefits.²⁵ As a result, 36% of young women have taken on new debt within the last 12 months to cope with high inflation and rising costs.²⁶

²¹ Welsh Government (2025), Third Sector Scheme: code of practice for funding the third sector <https://www.gov.wales/sites/default/files/pdf-versions/2025/5/3/1746614524/third-sector-scheme-code-practice-funding-third-sector.pdf>

²² Welsh Government (2025), Relative income poverty: April 2024- March 2025 <https://www.gov.wales/sites/default/files/pdf-versions/2025/3/4/1743067839/relative-income-poverty-april-2023-march-2024.pdf>

²³ Ibid.

²⁴ Young Women's Trust (2024), A world not designed for us: Annual survey 2024 <https://www.youngwomenstrust.org/our-research/a-world-not-designed-for-us-annual-survey-2024/>

²⁵ Ibid.

²⁶ Ibid.

3.2. In this context, while we welcome Welsh Government's cost of living support measures, we are concerned that they do not go far enough to help women and other vulnerable groups cope with inflationary pressures and associated cost of living issues.

3.2.1. Discretionary Assistance Fund: As highlighted above, the Discretionary Assistance Fund (DAF) provides a vital lifeline to those on low incomes. The financial and in-kind support provided by the scheme can help to reduce pressure on women's incomes as the cost of essentials remains high. This is particularly important for single parent households, the majority of whom are women and 35% of which are living in relative income poverty in Wales.²⁷ In the context of perpetually rising costs and increased demand for Emergency Assistance Payments in Wales, it is vital that funding for the DAF is uprated in line with inflation in the Welsh Government's upcoming Draft Budget.

3.2.2. Council Tax Reduction Scheme: As it is not based on income, council tax has inequitable effects on low-earning tenants and homeowners. In the context of rising cost pressures, many local authorities in Wales have resorted to raising council tax rates to plug funding gaps. Due to its regressive nature, council tax rises are felt most acutely by those on lower incomes. The Council Tax Reduction Scheme offers support to these households by reducing their council tax bills with discounts of up to 100%. With Welsh local authorities facing projected funding shortfalls of £432million in 2025- 2026²⁸, it is essential that support for this scheme is retained in the upcoming Draft Budget. To protect the most vulnerable households from inflationary and cost of living pressures, the Welsh Government should also accelerate its work towards a more fair and progressive council tax system in Wales. The Welsh Government could also make the council tax system more progressive by linking the council tax reduction scheme more closely to income and making it automatic for low-income households, as well as introducing a caregiving discount for unpaid carers. Nevertheless, as discussed in question 6 below, council tax is ultimately a regressive and unfair tax. To adequately tackle cost of living issues and support households in poverty, the Welsh Government should explore more progressive alternatives to council tax in Wales.

3.3. Childcare: A well-designed childcare system is a key tool to tackle poverty and inequality here in Wales. Despite recent investment, childcare provision in Wales remains unaffordable, disjointed and inaccessible for those who could benefit most.

3.3.1. As per Coram's Childcare Survey 2025, the cost of childcare for all ages in Wales has increased over the last year.²⁹ Since the expansion of funded childcare in England, Wales has the highest average weekly nursery costs of the countries covered in the survey (England, Scotland and Wales).³⁰ Costs for childminders remain slightly lower in Wales compared to Scotland. Wales also saw the biggest

²⁷ Welsh Government (2025), Relative income poverty: April 2024- March 2025

<https://www.gov.wales/sites/default/files/pdf-versions/2025/3/4/1743067839/relative-income-poverty-april-2023-march-2024.pdf>

²⁸ WLGA (2024), £25 million welcomed by local government, but sustainable long-term funding needed

<https://www.wlga.wales/25-million-welcomed-by-local-government-but-sustainable-long-term-funding-needed> [Last accessed 13.09.25]

²⁹ Coram (2025), Childcare Survey 2025 <https://www.coram.org.uk/wp-content/uploads/2025/03/ChildcareSurvey2025-1.pdf>

³⁰ For families in England who *cannot* access the new entitlements for working parents, weekly nursery costs remain highest compared to Wales and Scotland.

year-on-year costs increases compared to England and Scotland, at nearly 10% for part-time nursery childcare for under-twos and 7% for two-year olds. The average full-time place in a nursery for a three- and four-year-old costs £119.23 a week, a 5.6% increase on 2024.

3.3.2. Childcare provision in Wales is also disjointed, complex and inaccessible. For example, the Welsh Government's Childcare Offer, which provides 30 hours of funded provision to parents of three and four-year-olds, is only available to those in work, education or training. This excludes families on the lowest incomes. There are also significant gaps in provisions for parents working atypical hours, for disabled children and for those living in rural areas, meaning that many families who are formally entitled may be unable to access settings that meet their needs. Furthermore, while we welcome increased investment to expand funded provision for two-year-olds under Flying Start, this only amounts to 12.5 hours a week/2.5 hours a day, which does little to enable parents to work.

3.3.3. These issues directly impact families in Wales, particularly those on the lowest incomes. WEN's survey showed that, to manage childcare, 36% of households in relative income poverty had to borrow money or got into debt and almost half (44%) had reduced spending on things like clothing, toys and activities for their children. As discussed above, 60% of parents stated that they had to reduce their hours as a result. Most strikingly, over a quarter (27%) of respondents from households in relative income poverty said they had to leave work or employment, compared to only 4% of households above average income. Due to gender inequality, the lack of affordable and accessible childcare hits mothers the hardest, who are more likely to be economically inactive due to caring responsibilities.³¹ Childcare provision in Wales as it currently stands represents a key barrier to women's workforce participation and entrenches their unequal economic position.

3.3.4. To address this inequality and protect women and their families from poverty, the Welsh Government must take action to improve its childcare support. This would require a major reform of the existing, fragmented system towards a streamlined system that ensures support is available for those who need it most.

3.4. Housing: Having a safe, secure and affordable home is essential to us all. However, the housing crisis in Wales means that housing is increasingly unaffordable. A lack of social housing, rapidly increasing private rents and persistent issues with home ownership affordability are fuelling this crisis. While both men and women face issues of housing affordability, these are more acute for women in Wales due to their unequal economic position. New research by WWBG shows that, in both private renting and home ownership, women are much less likely than men to be able to afford a home in Wales.³²

3.4.1. Renting: Our analysis shows that private renting is unaffordable for women in 16 of Wales' 22 local authorities. The least affordable areas are Cardiff, Newport and Torfaen, where rent takes up over 40% of women's monthly income. In contrast, private rent is only unaffordable for men in two Welsh local authorities (Cardiff and Newport).³³

3.4.2. Home ownership: We have also calculated that women require 8.4 times their average annual income to buy a home in Wales, whereas men require 6.3 times their

³¹ WEN Wales (2025), State of the Nation 2025 (forthcoming)

³² WWBG (forthcoming), Housing affordability in Wales – A gendered analysis

³³ Ibid.

average income.³⁴ As few people buy their homes outright, we also considered the average income required for an 80% mortgage in each local authority. Our analysis shows that women's incomes fall short of the income required for a mortgage in every local authority in Wales.³⁵

3.4.3. Social housing: The unequal economic position of women in the context of a worsening cost of living crisis pushes women in Wales to become more reliant on social housing. Unpaid caring responsibilities and lower average pay lock many women out of the private renting and home owning sectors, as they are unable to afford the rising costs. This is particularly the case for single mothers, domestic abuse victims and disabled women who face additional barriers to work and may require specialist housing and support. As noted by the Welsh Government, demand for social housing in Wales has increased by 16% since 2023³⁶ with single parent households – the majority of which are women – being disproportionately represented on housing waiting lists.³⁷

3.4.4. To support women in the housing crisis, the Welsh Government must take action to improve the availability and affordability of housing in Wales. This requires increasing the pace with which affordable social housing is being built, introducing measures outlined in the *White paper on Adequate Housing* as a matter of urgency to improve affordability in the private rental market and revisiting the issue of the regulation of rent in the private rental sector. Additionally, the Welsh Government should implement the Right to Adequate Housing as recommended by Tai Pawb, Shelter Cymru and the Chartered Institute of Housing Cymru³⁸, and improve the collection and publication of data related to existing schemes, such as Help to Buy Wales, to determine whether they are supporting men and women equitably.

3.4.5. The gendered nature of the crisis and its impacts mean that addressing the housing crisis in Wales also requires tackling the economic gender inequality which has left women more vulnerable to its consequences. As noted throughout this response, this requires adequate and sustainable investment in the public services that women rely on and work within as well as the integration gender considerations into spending and policy decisions through gender budgeting.

3.5. Gender budgeting: Tackling poverty in Wales requires addressing gender inequality at its root and reducing the economic inequalities that have left women vulnerable to successive crises. The Welsh Government can do this by progressing with the roll out of gender budgeting in Wales. As an approach, gender budgeting ensures more targeted spending, a clearer formulation of policies and the allocation of resources which corresponds to the diverse needs of the population, beginning with the most disadvantaged. In this way, it equips the Welsh Government with effective and equitable means to tackle poverty. The Welsh Government must take concerted steps to progress with the rollout of gender budgeting by:

³⁴ Ibid.

³⁵ Ibid.

³⁶ Welsh Government (2024), Exploring the allocation of social housing in Wales: summary <https://www.gov.wales/sites/default/files/pdf-versions/2024/12/2/1733213354/exploring-allocation-social-housing-wales-summary.pdf>

³⁷ Shelter Cymru (2025), Waiting for a home: An update on social housing waiting lists in Wales <https://sheltercymru.org.uk/wp-content/uploads/2025/04/Waiting-For-a-Home.pdf>

³⁸ Tai Pawb et. Al (2024), Back the Bill: the Right to Adequate Housing <https://www.taipawb.org/wp-content/uploads/2024/11/Alternative-White-paper.pdf>

- Publishing the evaluation of its gender budgeting pilots as a matter of urgency and using them to develop a gender budgeting implementation plan.
- Improving the transparency of decision-making by hyperlinking the evidence used within SIIA and through better linking the decisions to MEG/BEL tables in all budgetary documentation.
- Incorporating gender budgeting in the SIIA through a gender impact assessment case study of one or more policy areas/allocations.
- Resuming work to incorporate gender budgeting questions in departmental EQIAs.
- Building gender budgeting capacity with officials and policymakers through training.

3.6. Further recommendations and a roadmap for implementation can be found in the Gender Equality Review *Deeds Not Words*³⁹, which provides a clear well-evidenced framework to embed an intersectional gender lens in Welsh policymaking.

4. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

4.1. Following the election of a new UK Government in 2024, the Welsh Government received a more generous block grant settlement for this year. The earlier timing of the 2024 UK Autumn Budget also allowed for improved financial planning in Wales, enabling the Welsh Government to align its own budget process more effectively. Nevertheless, the continuing cost of living crisis means that while the settlement amounted to £1 billion more in nominal terms, much of that increase was eroded by inflation, which rose to 3.8% in July 2025. The situation is compounded by gaps such as the £70 million shortfall in funding needed to cover increased employer NICs, limiting the Welsh Government's actual spending power. In this context, the Welsh Government continues to have limited taxation and borrowing tools at its disposal to manage its budget and address shortfalls. The Institute of Welsh Affairs (IWA) has described this as a 'lack of fiscal firepower',⁴⁰ which constrains the Welsh Government's policymaking abilities in gendered areas such as health, economy, housing and transport.

4.2. Taxation: Notwithstanding a small number of devolved taxes – Welsh Rates of Income Tax, Council Tax, nondomestic rates, land transaction tax and landfill disposals tax – Wales' tax powers are limited.

4.2.1. Income tax: While income tax is more progressive than council tax, there is limited scope to use it as a fairer means to raise revenue in the Welsh context. Unlike in Scotland, the Welsh Government cannot adjust income tax bands (which are formulated on a UK basis) or create new ones. Instead, under Welsh rates of income tax, the Welsh Government can amend the top 10p paid by Welsh taxpayers in every £1 of income in each tax band (Basic, Higher, Additional). As noted by Wales Fiscal Analysis, current income tax thresholds are not suitable to income levels in Wales, where 93% of taxpayers pay the basic rate.⁴¹ The Welsh Government must continue

³⁹ Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*.

⁴⁰ Institute of Welsh Affairs (2022), *Fiscal Firepower: Effective Policy-Making in Wales*.
<https://www.iwa.wales/wp-content/media/IWA-Fiscal-Firepower-and-Effective-Policy-Making.pdf>

⁴¹ Wales Fiscal Analysis (2023), *The medium-term fiscal outlook for local government in Wales*,
https://www.cardiff.ac.uk/_data/assets/pdf_file/0007/2779342/The-medium-term-fiscal-outlook-forlocal.pdf

to make the case for further devolution of taxation powers to Wales, to allow more flexibility and to respond to the needs of Welsh taxpayers.

4.2.2. Council tax: We are pleased that the Welsh Government has undertaken work this year to reform the Council Tax system in Wales such as abolishing imprisonment for non-payment, streamlining the Council Tax Reduction Scheme application process and retaining the Single Person Occupancy discount. These initiatives will help to support women and other lower income households to cope with rising council tax payments. However, in the context of projected shortfalls of £432million for local authorities in 2025-2026,⁴² the delay to property revaluations for council tax is highly regrettable. As noted above, the regressive nature of council tax means that any rise in council tax to plug local authority funding gaps will disproportionately impact those on the lowest incomes, many of whom are women. To protect the most vulnerable households, the Welsh Government must accelerate its work towards a more fair and progressive council tax system in Wales. It can do this by linking the council tax reduction scheme more closely to income and making it automatic for low-income households, as well as introducing a caregiving discount for unpaid carers. We also urge the Welsh Government to ensure that gender impact assessments are undertaken before any council tax reforms are implemented, to prevent any unequal gendered consequences.

4.2.2.1. Nevertheless, while council tax in Wales can be made fairer, it will ultimately remain a regressive form of taxation that disproportionately impacts lower-income households. The Welsh Government should therefore explore replacing or supplementing council tax with more progressive alternatives that better reflect the ability to pay. Such options include, for example, a land value tax based on the value of land itself rather than property, or progressive property tax levied yearly on the value of the property. By targeting predominantly male held/owned wealth rather than taxing renters or lower income households via council tax, these options could also help to narrow the gender wealth gap which stands at 23% in Wales.⁴³

4.2.3. Wealth tax: While the Welsh Government do not have the power to implement a wealth tax in Wales, they should actively lobby the UK Government to introduce a 2% annual wealth tax on assets over £10 million, as proposed by Tax Justice UK.⁴⁴ As noted in the inaugural episode of our podcast *WWBG Explains*, this would contribute billions to the UK economy each year.⁴⁵ This funding would not only help tackle deepening inequality and close the gender wealth gap, but it would also provide sustainable funding for the crumbling public services that women rely on and work within. While only 0.04% of the UK population would be affected by a 2%

⁴² WLGA (2024), £25 million welcomed by local government, but sustainable long-term funding needed <https://www.wlga.wales/25-million-welcomed-by-local-government-but-sustainable-long-term-funding-needed>

⁴³ Wales Women's Budget Group (2025), WWBG Explains Ep 1 - Wealth Tax and the Gender Wealth Gap in Wales <https://www.youtube.com/watch?v=UMP8vVExp4Q>

⁴⁴ Tax Justice UK (2025), How would a wealth tax work in practice? <https://taxjustice.uk/blog/how-would-a-wealth-tax-work-in-practice/>

⁴⁵ Wales Women's Budget Group (2025), WWBG Explains Ep 1 - Wealth Tax and the Gender Wealth Gap in Wales <https://www.youtube.com/watch?v=UMP8vVExp4Q>

wealth tax,⁴⁶ it would generate significant and vital revenue to support the most vulnerable in our society.

4.3. Borrowing: As noted by the IWA, the Welsh Government's current borrowing cap 'embeds expensive borrowing and essentially bans cheaper forms of borrowing above a certain level.'⁴⁷ This arrangement locks Wales into lower levels of development than other parts of the UK. To address this, the Welsh Government should continue to call for and explore the case for the devolution of prudential borrowing powers with the new UK Government.

5. How could the budget further address gender inequality in areas such as healthcare, skills and employment?

5.1. Health inequalities: While women in Wales tend to live longer than men, they have a shorter healthy life expectancy and live fewer years 'in good health.'⁴⁸ Entrenched gendered biases in Wales' healthcare system mean that women experience barriers to accessing services and have poorer health outcomes than men.

5.1.1. A key reason for this disparity is the traditional underrepresentation of women in clinical trials, which has resulted in diagnosis, treatments and clinical guidelines largely based in men's experience of illness.⁴⁹ Another reason is that health conditions which specifically affect women— such as endometriosis and menopause – remain under-researched and poorly understood. As a result, women report that symptoms are often dismissed as 'normal' or erroneously attributed to psychological causes.⁵⁰ This results in diagnostic delays and poorer health outcomes for women. For example, at almost 10 years, Wales has the longest average diagnosis times for endometriosis out of all four UK nations.⁵¹ Such prolonged waiting times and multiple GP visits significantly impact patient's employment, education, mental health and wellbeing.⁵²

5.2 With almost a third of women in Wales currently economically inactive due to ill-health⁵³, we welcome the introduction of the Welsh Government's 10-year NHS Women and Girls' Health Plan which sets out 60 short, medium and long-term actions to tackle gender health inequality in Wales. We were also pleased to see the allocation of £3million in the 2025-26 Budget to support its implementation, and an additional £3.7million invested to bolster women's health research. To address long standing gaps in healthcare access and outcomes, it is vital that research into health issues and conditions affecting women is funded on an ongoing, long-term basis.

⁴⁶ Tax Justice UK (2024), Ten tax reforms to raise £60 billion for public services and a fairer economy <https://taxjustice.uk/blog/ten-tax-reforms-to-raise-60-billion-for-public-services-and-a-fairer-economy/>

⁴⁷ Institute of Welsh Affairs (2022), Fiscal Firepower: Effective Policy-Making in Wales. <https://www.iwa.wales/wp-content/media/IWA-Fiscal-Firepower-and-Effective-Policy-Making.pdf>

⁴⁸ WEN Wales and Oxfam Cymru (2024), Feminist Scorecard 2024

⁴⁹ Senedd Research (2024), Women's health needs and the pursuit of equity: the absence of a dedicated plan, <https://research.senedd.wales/research-articles/women-s-health-needs-and-the-pursuit-of-equity-the-absence-of-a-dedicated-plan/>

⁵⁰ Welsh Government (2022), The Quality Statement for women and girls' health

⁵¹ Fair Treatment of Women in Wales (2024), FTWW Statement on the NHS Wales 10-year Women's Health Plan [FTWW Statement on the NHS Wales 10-year Women's Health Plan - Fair Treatment for the Women of Wales](#)

⁵² WEN Wales and Oxfam Cymru (2024), Feminist Scorecard 2024

⁵³ WEN Wales (2025), State of the Nation 2025 (forthcoming)

- 5.2.1 While the establishment of one specialist endometriosis nurse in each health board is a step in the right direction, it is insufficient to support the 1 in 10 women in Wales who are currently affected by the condition.⁵⁴ We urge the Welsh Government to allocate further investment to increase the provision of specialist care.
- 5.2.2 We welcome the creation of Women's Health Hubs which focus on menstrual health, conception and menopause. However, systemic issues remain in other healthcare areas such as maternal care, abortion care and cancer diagnosis.⁵⁵ These disparities are more acute for women in marginalised and rural communities, who experience additional barriers to healthcare access. For example, Asian women are twice as likely to die in childbirth than white women, with this figure rising to almost four times for Black women in the UK.⁵⁶ The Welsh Government needs to take further action to ensure equitable access to healthcare across demographics and geographies in Wales. This requires developing targeted solutions to improve access amongst the most marginalised women and working across government to improve public transport in rural areas.
- 5.3 **Employment and skills:** Due to deep-rooted gender inequality, women in Wales are more likely to be working in part-time, insecure and low-paid jobs. To address the gender inequalities in employment, the Welsh Government must reduce the barriers that women face to entering, progressing and remaining in the workplace.
- 5.3.1 **Unpaid care:** With nearly a quarter of women economically inactive due to caring responsibilities, one of the biggest barriers to women's economic activity in Wales is the lack of affordable and accessible childcare provision.⁵⁷ As laid out in detail in Section 3.3, prohibitive costs, limited entitlements to funded provisions and barriers to accessing these significantly limit women's ability to engage and progress in the labour market. The Welsh Government must urgently commit further and sustained funding to build a childcare system that meets the needs of families in Wales.
- 5.3.2 **Underrepresentation:** Another key contributing factor to women's economic inequality is their underrepresentation in high-paid sectors such as mining and quarrying, energy production and supply, and water supply, sewage and waste.⁵⁸ As highlighted in the forthcoming State of the Nation 2025, each of these sectors are heavily male dominated, with men making up over 70% of the workforce in each sector.⁵⁹ Women in Wales are also underrepresented in higher paid directorial, managerial and senior roles, which are dominated by men (64% of individuals in these roles are men, and only 36% are female).⁶⁰
- 5.3.2.1 To address these labour market disadvantages, the Welsh Government should use its upcoming budget to invest in employability programmes and interventions designed to meet the

⁵⁴ [Endometriosis affects one in ten women in Wales - Endometriosis Cymru](#)

⁵⁵ WEN Wales and Oxfam Cymru (2024), Feminist Scorecard 2024

⁵⁶ UK Women and Equalities Committee (2023), Black maternal health, <https://committees.parliament.uk/publications/38989/documents/191706/default/>

⁵⁷ WEN Wales (2025), State of the Nation 2025 (forthcoming)

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid.

needs of women and girls in Wales and increase their representation in high-earning sectors.

5.4 **Gender budgeting:** A key way to tackle gender inequality in areas such as healthcare and employment is to roll out gender budgeting across the Welsh Government. As an evidence-led approach, it ensures that resources are allocated to meet the needs of women in these and other policy areas and provides for more effective use of public money. It is, however, context-specific approach which works best when it is specific to the political, cultural and structural context at hand. The specific steps that the Welsh Government need to take to progress gender budgeting in Wales are outlined in question 3.5 above.

6. How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?

- **How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**
- **How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

6.1. Successful external scrutiny of budgetary decisions requires transparency in government processes and assessments. As external stakeholders, our main source of information on the rationale and impact of funding decisions published alongside the Draft Budget is the Strategic Integrated Impact Assessment (SIIA). The SIIA aims to identify strategic and cumulative impacts on different areas and groups, so as to reduce disproportionate impacts on any one specific group or area and help to reduce inequalities.

6.2. While this approach is commendable, there have been long standing issues with the transparency of the SIIA and the quality of impact assessment within it. The SIIA's value for understanding the gendered impact of spending decisions is generally limited due to the lack of transparency on the information fed in from Integrated Impact Assessments (IIAs) and wider evidence at the portfolio level. Without any linking to IIAs or other evidence substantiating the SIIA narrative conclusions, it is impossible fully understand the gendered impact of spending decisions or the extent to which they are driven by robust data and evidence.

6.2.1. We were pleased to feed this information back during the SIIA Review which took place through the Budget Improvement and Impact Advisory Group (BIIAG). We welcome the outcome of this Review and look forward to participating in the upcoming SIIA collaborative workshops which will bring together finance officials, policy makers and civil society. It is hoped that the collaborative nature of these sessions can tackle issues of siloed working with regards to IIAs and the SIIA, ultimately improving its transparency.

6.3. A further issue with the Welsh Government's budget documentation is that it is not always possible to cross-reference spending decisions (i.e. in the SIIA or budget narrative) with actual budget lines, because the MEG tables do not provide enough detail. This makes it difficult to contextualise spending decisions and understand how spending has developed historically. More detailed information on the impact of specific spending decisions in each MEG is only published as part of the Ministerial evidence to Senedd scrutiny committees. This is after the timeframe during which civil society stakeholders can provide evidence to the Finance Committee and therefore can only inform our scrutiny work retrospectively. Better linking to MEG/BEL tables within budget

documentation is therefore required so that stakeholders can contextualize spending decisions, cross referencing them to actual budget lines and tracking their development historically.

- 6.4.** Incorporating gender budgeting within the Welsh budgetary process and the SIIA would raise the standard of information on which decisions are made by ensuring that they are grounded in evidence. This would not only promote transparency and accountability but also ensure that public money is being spent most effectively, and that support reaches the societal groups most in need. One way to incorporate gender budgeting in the SIIA is by including a gender impact assessment case study of one or more policy areas/allocations.

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Agenda Item 9

By virtue of paragraph(s) ix of Standing Order 17.42

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