

# Briefing: Welsh Government Draft Budget 2024-25

January 2024

## Introduction

The Wales Women's Budget Group and the Women's Equality Network (WEN) Wales have jointly analysed the Welsh Government Draft Budget 2024-25 from a gender equality perspective. This briefing highlights some key points and recommendations. Further detail and background information can be found in our [joint written response](#), which was produced prior to the publication of the draft budget.

## 1. Childcare

While we welcome the Welsh Government's commitment to protect frontline services in the 2024-25 Draft Budget, we are extremely disappointed that childcare is not included amongst the services to be protected. We are particularly alarmed that alongside this omission, childcare funding in Wales is being cut. In addition to the £16million of cuts announced in the Welsh Government's in-year spending changes in October 2023, last month's Draft Budget included a further £11.2million of cuts to childcare.

- 1.1. In both cases, cuts to the childcare budget have been justified on the basis of lower-than-expected uptake forecasts of the Welsh Childcare Offer. It is well-evidenced that the need for affordable and accessible childcare remains critical in Wales, as high childcare costs are compounding financial pressures and pushing families into debt and poverty. A recent report published by Oxfam Cymru highlighted that 43% of parents and guardians in Wales have not been able to pay other essential costs after paying for childcare, and that over two-thirds had to reduce their working hours due to a lack of childcare.<sup>1</sup> These pressures are being felt most acutely by single parents – 86% of whom are women – who face the highest risk of relative income poverty in Wales.<sup>2</sup>
- 1.2. As rising costs of childcare continue to push women into unemployment and their families into poverty, lower-than-expected uptake forecasts are likely indicative of a mismatch between what families need and what is available through the Offer. There are several possible reasons for this, for example, the Offer is only available to parents of three and four-year-olds, and its eligibility criteria 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.
- 1.3. In this context, the Welsh Government's decision to reprioritise childcare funding, instead of using it to accelerate work towards ensuring childcare is available to those who need it most, is highly regrettable. We would urge the Welsh Government to thoroughly investigate the reasons for lower uptake levels and consider whether any aspect of the design or operation of the Offer prevents families who would benefit most from funded childcare from accessing it. These issues should be tackled and resolved before any financial reprioritizations or cuts are made to the childcare budget.

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<sup>1</sup> Oxfam Cymru (2023), Little steps, big struggles: Childcare in Wales  
<https://oxfamapps.org/cymru/wpcontent/uploads/2023/11/Little-Steps-Big-Struggles.pdf>

<sup>2</sup> WEN Wales (2023), Make Care Fair Briefing. <https://wenwales.org.uk/wp-content/uploads/2023/09/Make-Care-Fair.WenWales.3.pdf>

### Recommendations:

- (1) The Welsh Government should refrain from making any cuts to the childcare budget until the reasons for lower uptake levels of the Childcare Offer are fully understood.
- (2) If this analysis identifies any aspects of the design or operation of the Childcare Offer that prevents parents from accessing it, any savings from lower forecast demand should be put toward resolving these issues, starting with those that would have the biggest impact on families on the lowest incomes.

## 2. Public Services

Rising costs have put unprecedented pressure on Wales' public services, endangering their quality of provision and ability to meet demand. This will disproportionately impact women, who are more likely to work in public services, to rely on public services and to become providers of last resort when services are cut.<sup>3</sup> While we welcome the Welsh Government's commitment to protect frontline public services in its in-year spending changes and in the 2024-25 Draft Budget, we are concerned that the allocated funding is not sufficient to keep pace with the cost pressures. We are particularly concerned that the public services most critical to women, such as social care, childcare, and housing, will face real-term and actual funding cuts as a result.

**2.1. Local Government:** Local authorities in Wales provide many of the vital public services that women use and need, including childcare, social care, and housing support. As noted by Wales Fiscal Analysis, Wales' local authorities are facing a £354million shortfall in 2024-2025<sup>4</sup>, which will require difficult decisions regarding service provision cuts. To avoid exacerbating gender inequality, these decisions must be informed by robust equalities evaluation and impact assessment using gender disaggregated data to understand their impact on women in Wales. These evaluations should be reported to and monitored by the Welsh Government who must take necessary action to mitigate any inequitable impacts. By embedding gender budgeting into their budgetary processes, both the Welsh Government and local authorities can ensure that their spending decisions and cuts are not disproportionately impacting the most vulnerable in society. The Gender Equality Review, *Deeds Not Words* (2019) provides a clear, well-evidenced framework through which to do this.<sup>5</sup> The Welsh Government should expediate the full implementation of the review recommendations as a matter of urgency. The Wales Women's Budget Group would be pleased to work with officials in progressing this important piece of work.

**2.2. Council Tax:** In the absence of additional funding, local authorities in Wales are likely to resort to council tax rises to meet cost pressures. As council tax is not based on income, it can have inequitable effects on low-earning tenants and homeowners, especially in the context of other cost pressures. Rises in regressive council taxes are therefore likely to disproportionately impact single parents in Wales – 86% of whom are women<sup>6</sup> – who

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<sup>3</sup> UK 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-services1.pdf>.

<sup>4</sup> 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-for-local.pdf](https://www.cardiff.ac.uk/data/assets/pdf_file/0007/2779342/The-medium-term-fiscal-outlook-for-local.pdf)

<sup>5</sup> Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*.

<sup>6</sup> Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*.

rely on a single income. To mitigate these inequitable impacts, the Welsh Government must accelerate its current work to establish a more fair and progressive council tax system in Wales.

### Recommendations

- (1) Funding cuts to public services must be informed by robust equalities evaluation and impact assessment using gender disaggregated data to understand their impact on women in Wales. The Welsh Government should monitor these impacts and take necessary action to mitigate any inequitable consequences.
- (2) To avoid further entrenching gender inequality through spending decisions, the Welsh Government should progress the full implementation of the Gender Equality Review and roll out gender budgeting approaches across Government.
- (3) The Welsh Government should accelerate its ongoing work to establish a more fair and progressive council tax system in Wales as a matter of urgency.

### 3. Cost of Living Support

The Covid-19 pandemic and ensuing cost of living crisis have not impacted all households in Wales equally. Due to deep-rooted gender inequality and a disproportionate share of caring responsibilities, women in Wales – particularly ethnic minority, racialised, disabled women and single mothers – occupy an unequal position in the Welsh economy and are being hit hardest by the impacts of the crisis. In this context, we are concerned that government support measures do not go far enough to protect women from falling deeper into debt and poverty.

**3.1. Hardship Payments:** Support measures such as the Discretionary Assistance Fund (DAF), are welcome interventions which can help to reduce pressure on women's incomes as the costs of essentials remain high. We therefore welcome the Welsh Government's continued funding of the DAF in the 2024-25 Draft Budget. However, a lack of gender disaggregated data and analysis makes it difficult to ascertain the impact of this support on women in Wales. The Welsh Government should produce a disaggregated DAF analysis to better understand the demographics of those accessing the fund.

3.1.1. From a gendered perspective, the fact that hardship payments are made at household level can undermine women's access to an independent income and increases the opportunities for financial abuse and financial dependency on an abuser.<sup>7</sup> The Welsh Government should therefore consider splitting DAF payments for households with more than one individual.

**3.2. Winter Fuel Support Scheme:** In the context of rising energy costs and colder weather, current levels of governmental fuel support are insufficient. While some emergency support is available through the Fuel Bank Foundation, this does not go far enough to protect the numerous households in Wales facing fuel poverty this Winter. To do so, the Welsh Government must progress the implementation of the delayed Warm Homes Programme as a matter of urgency.

**3.3. Long-term measures:** While hardship payments and support schemes are essential, they are short-term measures that do little to address the underlying causes of the crisis and help households cope in the longer term. It is therefore vital that these measures go

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<sup>7</sup> Chwarae Teg (2019), *Trapped: Poverty amongst Women in Wales today*.

hand in hand with the longer-term work to tackle the structural causes of poverty and inequality in Wales. This should include full implementation of the recommendations of the Gender Equality Review, including gender budgeting.

### Recommendations:

- (1) The Welsh Government should provide a breakdown of the Discretionary Assistance Fund analysis by gender and other protected characteristics.
- (2) The Welsh Government should consider splitting DAF payments for households with more than one individual to safeguard women's access to hardship payments.
- (3) The Welsh Government should progress the implementation of the Warm Homes Programme without further delay.
- (4) The Welsh Government should tackle gender inequality at its root by progressing the full implementation of the Gender Equality Review recommendations as a matter of urgency.

## 4. Gender Budgeting

In the current context of unprecedented budgetary pressures, gender budgeting remains a key tool at the Welsh Government's disposal to both safeguard and advance equality in Wales. It provides the tools to restructure spending decisions by taking account of their gendered impacts and redistributing resources in a way that eliminates inequitable outcomes. We welcome the Welsh Government's commitment and ongoing work to implement gender budgeting but are concerned that the pace of progress remains slow.

**4.1. Gender Budgeting Pilots:** Each of the Welsh Government's gender budgeting pilots – Personal Learning Accounts, Young Persons Guarantee and E-Move – were scheduled to conclude by 2022-23. After some delay, the external evaluation of the Personal Learning Accounts pilot was published in June 2023. The evaluation identified several important learnings and recommendations on how to apply gender budgeting in a practical context, including the timing of the implementation and building up staff expertise. However, it remains unclear if and how these findings were used to inform the development of the other two pilots and how the implementation of gender budgeting has been refined throughout.

4.1.1. To prevent pilots becoming siloed and to ensure steady progress towards the wider rollout of gender budgeting, information on progress throughout the pilots must be clarified without delay. It can then be used to inform plans for mainstreaming gender budgeting across the Welsh Government, in order support better policymaking and budget allocation. The Wales Women's Budget Group would be pleased to work with officials to progress this important piece of work.

### Recommendations

- (1) The Welsh Government should provide without delay a progress update on the Young Persons Guarantee and E-Move gender budgeting pilots, and, if the pilots have concluded, publish their evaluations. This information should then be used to developing plans to mainstream gender budgeting tools across the Welsh Government.

## 5. Social Justice and Third Sector Funding

**5.1. Precarity of the Welsh third sector:** Third sector organisations in Wales play an indispensable role in scrutinising policies and advocating for the most disadvantaged in our society. The Welsh third sector is facing unprecedented challenges due to the loss of

EU funding and rising costs pressures. Recent research published by the Wales Council of Voluntary Action showed that 43% of the over 300 organisations surveyed had to actively reduce staff numbers.<sup>8</sup> The impact on the women's sector is especially severe, as it is already seriously underfunded. Research by the Rosa Foundation showed that only 1.8% of the total grants awarded to charities in the UK in 2021 went to women and girls focused activity.<sup>9</sup> The incredibly sad loss of Chwarae Teg is symptomatic of these pressures and representative of an alarming loss of capacity and expertise in the Welsh third sector, whose workforce is predominantly female.

**5.2. Equalities, Inclusion and Human Rights:** In this context, the Welsh Government's decision to rationalise funding for Equalities, Inclusion and Human budget within the draft budget is deeply concerning.

5.2.1. This decision follows an in-year spending change to cut the Social Justice budget by £7million. Despite making up just 13% of the total Social Justice Budget, 60% (£4.2 million) of these savings fall under the Equality, Inclusion and Human Rights expenditure group, which funds a number of important equality and human rights programmes and third sector organisations in Wales. Since the announcement in October 2023, it remains unclear which particular programmes will be postponed or downgraded as part of this savings exercise. To facilitate proper scrutiny of these impacts, the Welsh Government must clarify the details of the in-year re-prioritisation without delay.

5.2.2. The cuts to the Equality, Inclusion and Human Rights budget come at a time when we need to be especially vigilant about protecting equality and human rights. To prevent further loss of expertise, safeguard the delivery of long-term equality and human rights objectives, and protect disadvantaged groups, the Welsh Government should take urgent action to protect the sustainability of a rapidly contracting third sector in Wales.

### Recommendations

- (1) The Welsh Government should clarify without delay what programmes will be affected by the in-year spending change to the Equality, Inclusion and Human Rights.
- (2) The Welsh Government should take urgent action to protect the sustainability of the third sector in Wales to prevent further loss of expertise, safeguard the delivery of long-term equality and human rights objectives, and protect disadvantaged groups.

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<sup>8</sup> WCVA (2023), The Aftermath of an afterthought, <https://wcva.cymru/views/the-aftermath-of-an-afterthought/>

<sup>9</sup> Rosa (2023), Mapping the UK Women and Girls Sector and its Funding: Where Does the Money Go? <https://rosauk.org/wp-content/uploads/2023/04/Women-and-Girls-Sector-Research-Mapping-ReportAmended.pdf>