

How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Many third sector organisations across Wales share similar concerns regarding the upcoming financial year and how inflation, alongside other economic factors, will impact organisational ability to deliver planned objectives and planning for future years. While NYAS (National Youth Advocacy Service) Cymru has welcomed Welsh Government's decision to extend the Sustainable Social Services Third Sector and Key Third Sector Organisation Grant, the current economic climate and recent decisions made in the UK Autumn Budget are likely to have significant implications for NYAS Cymru. One of the most significant effects on budgets will be the changes to National Insurance contributions required since the budget was announced, which will leave charities in extremely challenging situations.

Across children's services in Wales, there is a continuing increase to support and provide early intervention and preventative services, including advocacy provision and mental health support. However, while the need for these services is growing, the ability for charities to meet this demand is becoming increasingly difficult. The impacts of Covid-19 continue to impact both children, young people and their families in Wales, in addition to the economy, which is leading to overall higher demand and costs for organisations. This has also been driven by increased salary scales to support employees throughout the ongoing cost-of-living crisis and inflation-related price increases which are not being accounted for in commissioning contracts, and ultimately this has resulted in a rise in operational expenses during the last two years. This has already placed considerable strain on NYAS, and we are concerned that operational costs are likely to be further strained in 2025 and beyond because of announcements in the UK Autumn Budget. Increases in national insurance and the national living wage are projected to raise costs across both national insurance contributions and salary scales. This unsustainable, particularly a majority NYAS' current income for service funding comes from local and central government, who are also looking for cuts to their spending.

While the full implications of the UK Budget are still unknown, NYAS Cymru shares wider sector concerns that the proposals are most likely going to have significantly negative consequences for the third sector, voluntary organisations and the children, young people and adults they support across Wales. NYAS has joined over 7,000 other charities across the UK in signing an [open letter](#) to the Chancellor calling for urgent action on the planned increase to employer National Insurance Contributions for the voluntary sector. We strongly urge Welsh Government to work with the UK Government to arrive at an agreement for the third sector to be exempt from the National Insurance changes and use the upcoming budget as an opportunity to offer sufficient financial support to organisations who will be implicated by these changes.

What action should the Welsh Government take to help households cope with inflation and cost of living issues.

The continuation of early intervention, delivered through a whole family approach, is imperative to help households cope with inflation and cost of living issues. This is also important for helping to keep families together, wherever is safe to do so and reduce the number of children entering care in Wales. Achieving this requires a shared commitment as well as sustainable long-term investment in preventative, family support and edge of care programmes of support including provision through the Families First programme, parental advocacy and other vital support programs. While there are some good examples of support already existing across Wales, including some funded by Welsh Government, we believe more could be done to further strengthen the impact of this work.

Free School Meals

NYAS Cymru has welcomed the roll out of free school meals (FSM) for all children in primary schools across Wales, however, we are concerned by the accessibility of this offer. While existing guidance allows local authorities the discretion to provide meals for children from families with 'no recourse to public funds' (NRPF), it is not used by all local authorities in Wales. Children whose families have the status of NRPF therefore miss out on the 'universal' FSM offer as they are not automatically eligible, and a two-tier system is created which disproportionately impacting families from lower socioeconomic backgrounds. NYAS Cymru strongly supports the recommendations of the Children's Commissioner for Welsh Government to review the guidance to ensure no child is without access to FSM. In doing so, we would also recommend Welsh Government to expand the provision of FSM to the school holidays and set out plans for making this offer also available for all children in secondary education.

Child Care Offer in Wales

The Flying Start Program is essential to supporting families with babies and young children in Wales and acts as a key early intervention mechanism to help elevate childcare costs. However, access to Flying Start remains unequal across Wales with nearly 50% of families in disadvantaged areas living outside of the Flying Start catchment, meaning they cannot benefit from the scheme. Though we welcomed Welsh Government issuing outreach guidance for local authorities earlier this year to support families outside of a 'Flying Start area', funding will only allow outreach work to be provided to 25% of local targets. We firmly believe that no family should be unable to access this program just because of where they live. NYAS Cymru would recommend Welsh Government to explore plans for extending the offer of the Flying Start program to all families in Wales and removing any barriers or eligibility criteria to accessing this, such as needing to live within a Flying Start area'.

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?

NYAS Cymru believe not enough is being done to tackle the rising costs of living in Wales or support people living in relative income poverty. Specifically, we are concerned with how this is interacting with the care system in Wales. Poverty remains one of the greatest threats to children's rights being fulfilled and there is a distinctive link between child poverty and the number of children entering care in Wales. With Wales having the second highest rates of child poverty of all the devolved nations, it is unsurprising that the rates of children entering care in Wales are also higher compared with those across the UK. Similarly care leavers are at a much higher risk of experiencing poverty and at the point of leaving care, support services are drastically reduced. NYAS Cymru fundamentally believes that care must not be a respite from poverty, nor should children leave care only to enter back into poverty.

NYAS Cymru has significant concerns about Welsh Government's child poverty strategy. The strategy failed to take a children's rights approach to eradicating poverty or make clear reference to the correlation between poverty and care. We believe the strategy lacks ambition and worryingly, included no targets, objectives, delivery plans, structures for monitoring progress, or a timeline for achieving progress to eradicate child poverty in Wales. NYAS Cymru has welcomed the UK Government's commitments to addressing child poverty through the development of a child poverty taskforce and an upcoming child poverty strategy in Spring 2025. We are also encouraged to hear the taskforce are keen to work with devolved Government's to address child poverty in each individual nation. We believe this is a good opportunity for Welsh Government to truly commit to addressing child poverty and strengthen the existing strategy, by working with the UK Government and actioning the feedback received during the initial consultation on the draft Child Poverty Strategy in 2023. This work should be completed alongside allocating a sufficient amount from the 2025/26 Budget to deliver Wales' Child Poverty Strategy. We would also like to see Welsh Government work with the UK Government on plans to see a benefits system devolved into Wales to support families and children as we believe Welsh Government holding these powers would be a significant lever lift children, young people and their families out of poverty. For example, as a result of devolving the benefits system, the Scottish Government have been able to introduce the 'Scottish Child Payment' which has brought about positive outcomes for parents of eligible children.

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).

Welsh Government's current approach to preventative spending is not adequately reflected in resource allocation. While we welcome the work already undertaken by Welsh Government to improve this, early intervention remains significantly underfunded across Wales.

The elimination of profit from the care of looked after children could play a significant role in redirecting money back to local authorities and in principle, we are supportive of the Health and Social Care (Wales) as no one should profit of the care of children. However, we are concerned about the Bill's practical implementation and the potential impact on children currently living in private provision. We do not think the current funding being provided to local authorities to manage the transition is sufficient in the short or long term. This amount must be increased beyond £68 million by being provided over a longer period to ensure no child or young person is negatively impacted by the transition. Additionally, to enhance preventative spending in relation to care, we recommend prioritising the following:

Before Care: We warmly welcome the extension of the Sustainable Social Services Third Sector Grant into 2025-26, which is key for funding preventative services such as NYAS Cymru's Project Unity service, supporting care-experienced mothers across all 22 Welsh local authorities. However, equal and long-term access to early intervention services like Project Unity must be guaranteed for any parent in need of support in Wales. We recommend Welsh Government make early preventative services a part of core funding to ensure universal, sustained access for young mothers across Wales. This should also include making an active offer of support from Project Unity available for all care-experienced young women at the point of finding out they're pregnant.

During Care: Children must have access to preventative services to support their experiences whilst living in care. Independent Visitors are an opportunity for care-experienced children and young people to build a positive and long-lasting friendship with a trusted volunteer. While IVs are a statutory right for care-experienced children where appears in their best interest, many are unaware of this right and cannot access the service. Welsh Government should therefore implement an active offer of IV services, so access becomes 'opt-out' rather than 'opt-in' to make sure all eligible children are actively aware of their statutory entitlement and can benefit from having an IV.

After Care: Care leavers face a higher risk of financial hardship and experiencing poverty than their peers, yet access to financial support is unequal and sometimes inaccessible across Wales. Care leavers often tell us that they did not feel financially prepared or equipped with enough financial knowledge to manage money effectively when leaving care. The basic income pilot launched in 2022 and provided over 500 care leavers in Wales £1,600 each month (before tax) for two years to support transitions into adulthood. The scheme is a vital protective factor in financially supporting care leavers and reducing the risk of experiencing poverty. While NYAS Cymru champions this scheme, we are concerned that it remains available to only a small number of care leavers and no commitments have yet been made to permanently extend the scheme to all care leavers up to 25 years old across Wales. We strongly believe that extending this scheme is a proactive and effective step Welsh Government can take to help care leavers through preventative spending. We would also strongly urge Welsh Government to action their commitment made to introduce legislation to continue local authority support for care leavers beyond the age of 21 years old.

How should the Budget support young people?

Young people working with NYAS Cymru participated in consultation work with the Finance Committee in Summer 2024 to share their views on upcoming budget decisions. Young people told the Committee that housing and homelessness, health and education were the main areas that spending should be focused on to support young people in Wales. They believed that these areas were strongly linked to people accessing their basic human rights and accessing these should be possible for everyone in Wales.

Many young people explained the challenges they face to accessing housing and housing support after leaving care, particularly within the private rented sector. Too often young care leavers are unable to secure private rented homes because they do not have access to guarantors or rent deposits required to secure these homes. Despite corporate parenting duties, a freedom of information request completed by NYAS Cymru found that only 53% of local authorities in Wales will act as a guarantor for care leavers and 44% of these have an eligibility criteria to access these schemes. Similarly, only 76% of local authorities in Wales will provide a rent deposit for care leavers and 46% of these have an eligibility criteria to access these schemes. We welcome that the *'White Paper on securing a path towards Adequate Housing, including Fair Rents and Affordability'* is proposing national guidance for the provision of a Rent Guarantor and that care leavers would likely have priority access to this. However, the upcoming budget must go further to address housing challenges facing care leavers. Welsh Government should prioritise funding for local authorities so they can provide all care leavers with a range of housing support when leaving care, including:

- Rent deposit schemes
- Extending the Basic Income Pilot
- Making housing support services more accessible
- Investing in schemes and resources to end youth homelessness amongst care leavers.

Young people have also told us that more money needs to be invested into community and youth work activities to support young people's mental health, and specifically those with care-experience. NYAS Cymru asked care leavers what 'good' mental health and wellbeing means to them, and they provided examples such as wanting to get out of bed in the morning, socialising with friends and having things to do such as attending youth clubs. On the other hand, 'bad' mental health was associated with not having places to socialise and meet new friends; the rising costs of community activities; and the reduction in community facilities and amenities in Wales. As part of the upcoming budget, Welsh Government should commit to providing annual, sustained funding to local authorities, youth clubs and third sector for the purpose of running long term peer support and participation groups for young people in Wales.

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 the pandemic, sufficient?

NYAS Cymru is very proud to have a strong working relationship with Welsh Government and what we have collectively achieved to improve the outcomes for children and young people in Wales. However, the support provided by Welsh Government for third sector organisations must

be strengthened to continue achieving these outcomes and sufficiently support organisations during the difficult financial climate. While there are some levels of good support offered for organisations through means such as Sustainable Social Services Third Sector and Key Third Sector Organisation Grants, we believe these could be strengthened to better support organisational planning and service delivery. For example, while we are delighted that Welsh Government have announced that funding through these grants will be extended for another year until 2026, the uncertainty around funding leading up to this announcement, and additional pressure this causes at organisational and employee level, cannot be understated. We understand that Welsh Government's budgets are largely dependent on decisions made in Westminster, but for future funding cycles, there must be earlier clarity given to third sector organisations who are reliant on these funds to deliver their services. Without this being known well in advance, it becomes challenging for organisations to plan and ensure there is sufficient resourcing to meet service demand. As highlighted in question one, NYAS Cymru remain gravely concerned about the impacts the changes to employer national insurance will have on charities across Wales. Making sure organisations have advanced notice of funding changes is therefore now even more important and should be prioritised by Welsh Government, alongside seeking what steps can be taken to limit the negative consequences the UK Budget may bring for the third sector in Wales.

As one of the leading advocacy providers in Wales, NYAS Cymru wants to ensure there is consistency and clarity on how advocacy services are funded in Wales. Within the National Approach to Advocacy, the Range and Level tool is used to calculate the funding levels required per Local Authority to provide advocacy services. Despite a recent review of the tool, it has not been updated since its launch therefore remains outdated and does not consider social and economic changes impacting costs. This has resulted in a lack of clarity and consistency as to how advocacy services should be funded in Wales. Local authorities are continuing to extend contracts, but these are being calculated through an outdated model meaning that meaning advocacy providers are operating on budgets that were set some length of time ago, with only a small uplift being awarded. NYAS Cymru urges Welsh Government to use some of the upcoming budget to update this tool, as well as exploring wider reforms to the National Approach to Advocacy with a view to implement an 'opt-out offer' for all eligible children in Wales.

What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations (Wales) Act 2015?

To deliver effectively on well-being goals, the Welsh Government should prioritise the following areas:

Early Intervention: Sustained, well-resourced, and accessible early intervention for families is crucial for achieving all well-being goals. While Welsh Government have invested in this, children's social care in Wales remains underfunded and stretched, facing growing financial challenges. The upcoming budget must allocate sufficient and ringfenced funding to all local authorities in Wales so they can provide universally accessible early intervention to support families.

Minister for Babies, Children and Young People: NYAS Cymru warmly welcomed the appointment of a Minister for Children and Social Care and a Minister for Mental Health and Early Years. We would now like to see Welsh Government further advance their commitments and ambition for children and young people in Wales through appointing a dedicated Minister for Babies, Children, and Young People. This role would focus exclusively on these groups, leading cross-government initiatives with an accompanying budget to address the specific needs of, and create opportunities for, babies, children and young people. This Minister should also lead efforts to enshrine the UNCRC into Welsh Law.

Care-related discrimination: NYAS Cymru believes Welsh Government must do more to challenge care-related discrimination in Wales. Care-experienced individuals too often encounter care-related discrimination throughout their lives, and this can create barriers to accessing housing, education, employment and health services. Care leavers have told us that they will sometimes hide their experiences of care as they are worried that this may negatively impact others' perceptions of them.

Welsh Government rejected the recommendation from the CYPE Committee in 2023 to lobby the UK Government to amend the Equality Act 2010 and add 'care experience' as a protected characteristic. NYAS Cymru did not agree with this decision and believe Welsh Government must commit to ending care-related discrimination. This could include lobbying the UK Government, increased consultation with care-experienced young people, and identifying the benefits of such legal protections for improving their opportunities and rights.

Mental Health: The draft Mental Health and Wellbeing Strategy is a welcomed start to improving mental health in Wales but does require further work to fully support the goal of a healthier Wales. The upcoming budget presents an opportunity for significant and sustained investment in mental health services, through sufficient funding of the strategy, increased resourcing for current services and developing a specific delivery plan to strengthen mental health support for babies, children, and young people.

Unaccompanied Asylum-Seeking Children: In 2022-23, unaccompanied asylum-seeking children accounted for 4% of all looked after children in Wales, making this the proportion ever recorded. This number has also increased since the National Transfer Scheme became mandatory. UASC are more likely to face complex mental health challenges and adverse childhood experiences because of the trauma they have experienced prior and during their arrival to Wales. These children can also face barriers to accessing support services and are at much higher risk of experiencing exploitation and harm. Despite good progress under the Refugee and Asylum Seeker Plan, consistent, sustainable and equally accessible services are needed to safeguard and improve outcomes for UASC. Welsh Government should prioritise funding for these services in the upcoming budget and establish a national guardianship scheme to ensure robust support for all UASC arriving in Wales. A similar program in Scotland, Guardianship Scotland, has seen incredibly positive outcomes for UASC.