

# Briefing: Welsh Government Draft Budget 2025-26

January 2025

## Introduction

The Wales Women's Budget Group (WWBG) and the Women's Equality Network (WEN) Wales have jointly analysed the Welsh Government Draft Budget 2025-26 from a gender equality perspective. This briefing highlights some key points and recommendations. WWBG and WEN have given oral and written evidence to the Finance Committee on the Draft Budget 2025-26. Our full consultation response can be found [here](#) and a recording of the evidence session is available on [Senedd.tv](#).

## 1. Childcare and early years

- 1.1. The lack of affordable and accessible childcare remains a critical barrier to gender equality in Wales. High childcare costs and significant accessibility issues with government funded provision are compounding the financial pressures faced by families in Wales, leading some parents - particularly mothers - to reduce their working hours or leave the workforce altogether to make up for this shortfall in provision. With over a quarter (25.7%) of women in Wales economically inactive due to caring responsibilities, the lack of adequate childcare provision continues to entrench the unequal economic position of women. These pressures are felt most acutely by low-income families and single mothers, who are being pushed further into debt and poverty in order to care for their children. This has significant implications for tackling children's poverty in Wales, seeing as the root causes and consequences of women's and children's poverty are inextricably linked.<sup>1</sup>
- 1.2. Despite significant investment in childcare at a UK level (and corresponding consequential funding being made available to the Welsh Government), funding for the Welsh Government's Childcare Offer was repeatedly cut during the 2023-24 in-year spending changes and the 2024-2025 Budget. These cuts were justified on the basis of lower-than-expected uptake forecasts of the Welsh Childcare Offer. However, it is well-evidenced that the need for affordable and accessible childcare remains critical in Wales. With mothers being pushed into unemployment and their families into poverty, lower-than-expected demand does not stem from a reduction in need. It rather suggests that the design and operation of the childcare offer is not meeting the needs of many families in Wales. .
- 1.3. The 2025-26 Draft Budget includes a £20 million increase in funding for the Childcare Offer, intended to increase the hourly rate paid to providers from £5 to £6. While we welcome this increase to help support the sustainability of the sector and the female-dominated childcare workforce, it amounts to little more than a sticking plaster in the context of previous cuts.. Indeed, the BEL "Support for Children and Play" which covers the Childcare Offer was £101m in 2023-24, £82m in 2024-25 and is £102m in this Draft Budget. There appears to be no budget commitment towards addressing any of the major challenges identified in the Equality and Social Justice Committee's recent inquiry into childcare, including the disjointed nature of the system, the complexity of the application process and the lack of childcare for low-income families. It is also unclear whether the uprating of payments to providers is sufficient to support providers who face closure due to increases in employer NICs.
- 1.4. While the Welsh Government remains committed to rolling out Phase 3 of the Flying Start programme, and has asked local authorities to prepare plans for the final phase, there does

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<sup>1</sup> Women's Budget Group (2005), Women's and children's poverty: making the links, <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/112550/women's-children's-poverty-010305-en.pdf;jsessionid=7CF916436D8B79C80A6B8D9D25D182CD?sequence=1>

not appear to be a funding commitment to support this.<sup>2</sup> Instead, the Children and Communities Grant, which funds Flying Start, received a real terms cut of 2.3% in this year's Draft Budget.

### Potential questions

1. The Welsh Government has looked at the reasons for low uptake of its Childcare Offer as part of its evaluation of year 6 and 7 of the Offer. While we understand that this information will not be published until the end of the financial year, how have early findings of this work influenced the budget allocations?
2. What funding has the Welsh Government allocated towards addressing the structural challenges with the Welsh childcare system identified in the ESJ Committee's recent inquiry? How will this budget help pave the way to ensure families in Wales are able to navigate and access this provision?
3. How confident is the Welsh Government that the increase in the rate for the Childcare Offer is enough to avoid further settings closing in light of NIC increases and other pressures? How will this investment help ensure more families can access this essential provision, given that uptake levels are only around 55%?
4. How confident is the Welsh Government that this budget provides enough funding for local authorities to progress at pace the roll-out of Flying Start Phase 3?

## 2. Cost of living support

- 2.1. 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. Support measures, such as the Discretionary Assistance Fund (DAF) provides a vital lifeline to those on low incomes. Its increase by over £1 million is therefore welcome.
- 2.2. It is, however, difficult to assess the impact of this allocation on women in Wales, as uptake analysis currently only considers recipients' age. We would therefore welcome a gendered breakdown of the DAF analysis to better understand how many women access this fund.
- 2.3. Regardless of the level of funding, the fact that such payments are made at household level is a concern as it risks undermining women's access to an independent income and increases their vulnerability to financial abuse and financial dependency on an abuser. We would suggest that the Welsh Government could do more to improve the process of these payments as well as ensuring the level of funding is appropriate.
- 2.4. While hardship payments 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 important that they go hand in hand with the longer-term work on the structural causes of poverty and inequality.

### Potential questions

1. What gender and equalities evidence has the Welsh Government considered in its impact assessment on budget allocations for cost of living support measures such as the DAF?
2. Are there plans to collate and publish data on the number of claimants who are women?
3. What long-term action is the Welsh Government undertaking to tackle gender inequality here in Wales?

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<sup>2</sup> Neath Port Talbot County Borough Council recently published plans according to which Phase 3 will not be completed until 2030.

<https://democracy.npt.gov.uk/documents/s103442/ESW%20Scrutiny%20Report%20-%20Expansion%20of%20Flying%20Start%20Childcare%20Phase%203.pdf>

### 3. Third sector, VAWDASV and equality and human rights funding

- 3.1. The Violence against Women, Domestic Abuse and Sexual Violence budget has seen an additional £1.3m revenue and £0.9m capital funding in 2025-26. The draft budget allocated an additional £2m revenue and £2.9m capital funding to support the Third Sector. The Equality, Inclusion and Human Rights budget has been increased by £0.7m through the 2025-26 Draft Budget.
- 3.2. While these increases are welcome, pressures on the third sector and the Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) specialist support services are at an all-time high and likely to increase with rises to employer national insurance contributions (NICs).
- 3.3. Employer NICs increases represent the third successive hit to charities in Wales, following from the loss of EU funding and the cost of living pressures. These have accelerated a worrying loss of expertise in the Welsh third sector, as exemplified by Chwarae Teg's closure last year.
- 3.4. Women dominate the third sector and specialist workforce and charities often provide public services when provision is cut at local government level. Women also comprise the majority of service users and support receivers, particularly for VAWDASV services.

#### Potential questions

1. **Is the Welsh Government confident that the funding levels are sufficient to halt the rapid loss of capacity in the Welsh third sector and protect the sustainability of support services?**
2. **How is this budget supporting third sector and VAWDASV organisations to mitigate the impacts of increasing employer NICs?**

### 4. Gender Budgeting and Strategic Integrated Impact Assessments (SIAs)

- 4.1. The deprioritisation of equalities issues within the 2024-25 Budget highlighted the urgent need for gender budgeting in Wales. Embedding an intersectional gendered lens in the budget process will ensure that spending decisions are subject to robust equality impact assessment, helping to avoid unequal gendered impacts. As the main source of information on the impact of Welsh Government funding decisions, improving the Strategic Integrated Impact Assessments (SIIA), is key to promoting transparency and accountability in the Welsh budgetary process.
- 4.2. *Gender budgeting*: Some positive steps have been made, including the development of an online gender budgeting resource for government officials and policymakers and the ongoing work to incorporate gender budgeting questions within the Welsh Government's departmental Equality and Human Rights Impact Assessment. However, we are still awaiting the publication of the evaluation of the Welsh Government's remaining two gender budgeting pilots – Young Person's Guarantee and E-Move – which were scheduled to end in 2022-23. The learning from these pilots is essential to progress the wider roll-out of gender budgeting within the Welsh Government.
- 4.3. *Strategic Integrated Impact Assessments (SIAs)*: We welcome the continued work by the Budget Improvement and Impact Advisory Group (BIAG) to review the Strategic Integrated Impact Assessment (SIAs). Both WWBG and WEN have been involved in the latest SIIA review and were pleased to see some improvements to this year's SIIA as a result. For example, its format was more coherent, the rationale behind key spending decisions was clearer, there was greater intersectional focus and evidence linked using in-text hyperlinks.

4.4. However, some issues with SIAs remain. There was little to no discussion of any negative impacts of spending decisions or measures to mitigate these. While transparency of decision-making improved, it remains difficult to cross-reference spending decisions with actual budget lines, because the MEG tables do not provide enough detail and BEL headings do not always correspond to the terms used in the budget narrative. 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 generally after the timeframe during which civil society stakeholders can provide evidence to the Finance Committee.

### Potential questions

1. What work is the Welsh Government undertaking to progress the roll-out of gender budgeting and when can we expect the evaluation of the pilots to be published?
2. How does the Welsh Government plan to use the findings of these pilots to inform the wider roll out of gender budgeting?
3. What work is the Welsh Government undertaking to improve the transparency of budgetary decisions and their equalities impact, and to ensure civil society stakeholders can fully scrutinise these?

**For more information please contact:**

#### **Hannah Griffiths**

Wales Women's Budget Group  
Coordinator and Policy Assistant  
[Hannah@wenwales.org.uk](mailto:Hannah@wenwales.org.uk)

#### **Dr Jessica Laimann**

Women's Equality Network (WEN) Wales,  
Policy and Public Affairs Manager  
[Jessica@wenwales.org.uk](mailto:Jessica@wenwales.org.uk)